

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF NUNAVUT
FOR THE YEAR ENDED MARCH 31, 2023

HONOURABLE LORNE KUSUGAK

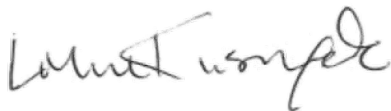
Minister of Finance



This page intentionally left blank

**THE HONOURABLE EVA AARIAK
COMMISSIONER OF NUNAVUT**

I have the honour to present the Public Accounts of the Government of Nunavut for the fiscal year ended March 31, 2023. 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.

A handwritten signature in black ink, appearing to read "Lorne Kusugak". The signature is written in a cursive style with some loops and flourishes.

The Honourable Lorne Kusugak
Minister of Finance

Government of Nunavut
Iqaluit, Nunavut

This page intentionally left blank

GOVERNMENT OF NUNAVUT**PUBLIC ACCOUNTS**March 31, 2023

Table of Contents	Page
INTRODUCTION	1
<u>SECTION I - FINANCIAL STATEMENT DISCUSSION AND ANALYSIS</u>	3
Executive Summary	5
Revenues and Expenses	7
Summary of Significant Risks and Uncertainties	10
Indicators of Financial Condition	11
<u>SECTION II - CONSOLIDATED FINANCIAL STATEMENTS</u>	15
Management Responsibility For Financial Reporting	17
Independent Auditor's Report	19
Consolidated Statement of Financial Position	23
Consolidated Statement of Operations and Accumulated Surplus	24
Consolidated Statement of Change in Net Financial Assets	25
Consolidated Statement of Cash Flow	26
Notes to Consolidated Financial Statements	27
Schedule A - Consolidated Schedule of Revenues by Source	45
Schedule B - Consolidated Schedule of Tangible Capital Assets	46
Schedule C - Consolidated Schedule of Segmented Information	47
<u>SECTION III - NON-CONSOLIDATED FINANCIAL STATEMENTS (unaudited)</u>	49
Non-Consolidated Statement of Financial Position	51
Non-Consolidated Statement of Operations and Accumulated Surplus	52
Non-Consolidated Statement of Change in Net Financial Assets	53
Non-Consolidated Statement of Cash Flow	54
Notes to Non-Consolidated Financial Statements	55
Schedule A - Non-Consolidated Schedule of Revenues by Source	71
Schedule B - Non-Consolidated Schedule of Expenses	72
Schedule B.1 - Non-Consolidated Schedule of Expenses Funded under Approved Appropriations	73
Schedule B.2 - Non-Consolidated Schedule of Expenses Funded under Third-Party Agreements	76
Schedule B.3 - Non-Consolidated Schedule of Expenses Funded by Revolving Funds	77
Schedule C - Non-Consolidated Schedule of Tangible Capital Assets	78
<u>Supplementary Schedules to Non-Consolidated Financial Statements (unaudited)</u>	
Schedule 1 - Non-Consolidated Schedule of Recoveries of Prior Years Expenditures	79
Schedule 2 - Non-Consolidated Schedule of Special Warrants	80
Schedule 3 - Non-Consolidated Schedule of Inter-Activity Transfers Over \$250,000	81
Schedule 4 - Non-Consolidated Schedule of Write-offs and Student Loan Remissions	82
Schedule 5 - Non-Consolidated Schedule of Contractual Obligations under Operating Leases	83

This page intentionally left blank

GOVERNMENT OF NUNAVUT**PUBLIC ACCOUNTS****Introduction to the Public Accounts of Nunavut****March 31, 2023**

These consolidated financial statements, presented through the publication of the Public Accounts, 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 of Nunavut (the Government) to show its accountability for the resources, obligations and financial affairs for which it is responsible. 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 by the Department of Finance in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board of Canada. Please refer to the Notes to Consolidated Financial Statements for details of the significant accounting policies that have been used in the preparation of the consolidated financial statements.

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). 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. 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.

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 consolidated budget figures are the appropriations approved by the Legislative Assembly and the approved budgets for the consolidated entities, adjusted to eliminate budgeted inter-entity revenues and expenses. They represent the Government's original consolidated fiscal plan for the year and do not reflect supplementary appropriations.

The Department of Finance publishes the Public Accounts, as well as the Main Estimates and Capital Estimates, for this year and those of past years, in PDF format at the following addresses:

<http://www.gov.nu.ca/finance/information/public-accounts>

<https://www.gov.nu.ca/information/budgets-and-business-plans>

This page intentionally left blank

SECTION I
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

This page intentionally left blank

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Financial Statement Discussion and Analysis
for the year ended March 31, 2023
(in thousands of dollars)

Executive Summary

This financial statement discussion and analysis (FSDA) has been prepared by the Government of Nunavut (GN) to provide additional information related to its financial position, changes in its financial position and its performance. The FSDA should be read in conjunction with the GN's consolidated financial statements for the fiscal year ended March 31, 2023. The 2022 comparative financial information has been restated to reflect the impact of changes in accounting standards implemented in 2023. Financial highlights for the current and prior period are provided below.

Financial Highlights

<u>Consolidated Statement of Financial Position</u>	<u>2023</u>	<u>2022</u>
Total Financial Assets	\$ 2,033,489	\$ 1,838,423
Less: Total Liabilities	1,505,859	1,463,108
Net Financial Assets	<u>527,630</u>	<u>375,315</u>
Tangible Capital Assets	2,753,863	2,746,086
Other Non-Financial Assets	65,616	58,409
Total Non-Financial Assets	<u>2,819,479</u>	<u>2,804,495</u>
Accumulated Surplus	<u>\$ 3,347,109</u>	<u>\$ 3,179,810</u>

<u>Consolidated Statement of Operations</u>	<u>2023 Budget</u>	<u>2023</u>	<u>2022</u>
Revenue from the Government of Canada	\$ 2,382,443	\$ 2,394,233	\$ 2,347,240
Revenue generated by the Government of Nunavut	457,402	540,234	469,505
Total Revenues	<u>2,839,845</u>	<u>2,934,467</u>	<u>2,816,745</u>
Less: Total Expenses	2,731,527	2,767,168	2,553,285
Surplus for the Year	<u>\$ 108,318</u>	<u>\$ 167,299</u>	<u>\$ 263,460</u>

<u>Consolidated Statement of Change in Net Financial Assets</u>	<u>2023</u>	<u>2022</u>
Net Financial Assets, Beginning of Year	\$ 375,315	\$ 234,871
Surplus for the Year	167,299	263,460
Change in Tangible Capital Assets	(7,777)	(118,167)
Change in Other Non-Financial Assets	(7,207)	(4,849)
Total Increase in Net Financial Assets	<u>152,315</u>	<u>140,444</u>
Net Financial Assets, End of Year	<u>\$ 527,630</u>	<u>\$ 375,315</u>

At March 31, 2023, the GN continued to invest in its tangible capital assets while maintaining its strong net financial asset position. The GN increased its net financial assets by \$152.3M largely due to an operating surplus of \$167.3M. The surplus was \$59.0M higher than the budgeted surplus. Increased revenues accounted for \$94.6M of the increased surplus while increased departmental spending reduced the surplus by \$35.6M.

GN revenues were higher than expected and accounted for \$82.8M of the increase in revenues for the period when compared to budget. Increased spending in the Health (\$64.6M), Community and Government Services (\$53.1M) and Housing (\$38.5M) was offset by lower spending in Finance (\$60.9M), Economic Development and Transportation (\$33.7M) and Education (\$18.3M). These departments accounted for the majority of the changes in expenses when compared to budget for 2023.

GOVERNMENT OF NUNAVUT

PUBLIC ACCOUNTS

Financial Statement Discussion and Analysis

for the year ended March 31, 2023

(in thousands of dollars)

The GN continues to grow its revenues. Total revenue grew by \$117.7M in 2023 over 2022. Revenues from the Government of Canada increased by 2% (\$47.0M) while GN own source revenues increased by 15.1% (\$70.7M) compared to 2022. Revenue from the Government of Canada changed due to a 4.3% (\$77.3M) increase in Territorial Formula Financing which was offset by a 5.4% (30.3M) decrease in Other Transfers from the Government of Canada. The increase in Territorial Formula Financing is due to the consistent annual increase in the formula to offset the increased cost of providing public services. GN own source revenue increased mainly due to a 35.0% increase in petroleum product sales (\$40.8M), a 39.1% increase in other revenues (\$22.3M) and an increase of 242.5% in investment income (\$13.3M). The increase in GN own source revenues was offset by a decrease of 32.6% in personal income tax revenue (\$13.5M).

Consistent with other jurisdictions, GN expenses continue to grow. Expenses grew by 8.4% (\$213.9M) in 2023 over the prior period. The majority of the growth in expenses is attributable to four departments. Expenses increased by \$89.8M in Community and Government Services, \$41.9M in Health, \$28.7M in Finance, and \$28.2M in Housing. Community and Government Services increased spending was driven by increased costs for utilities, mobile equipment, and the municipality funding program. Increased spending in Health was driven by increased staffing requirements and operating costs, inflation, and overall population growth. Finance expenses increased due to the implementation of a new computer software system, increased interest expense in Qulliq Energy Corporation, and increased product costs in the Liquor and Cannabis Revolving Fund. Housing increases were due largely to increased utility and other operating costs.

The Conference Board of Canada expects Nunavut's economy to grow by 7.4% in 2023. This growth is expected to have a positive impact on the GN's finances. The GN will however continue to face many challenges such as changes in global commodity prices, demographic changes which increase the demand for programs and services resulting in continued upward pressure on program spending, an unemployment rate which is higher than the Canadian average, and aging tangible capital assets. The GN continues to take action to mitigate and manage the potential impacts of these challenges including efforts to grow its tax base, providing support to residents and businesses, and investing in tangible capital assets. In 2023, the GN invested \$162.8M in tangible capital asset additions.

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Financial Statement Discussion and Analysis
for the year ended March 31, 2023
(in thousands of dollars)

Revenues and Expenses - Variances

Revenue Variance Analysis

	2023		2022		Budget to Actual		Actual to Actual	
	Budget	Actual	Actual	Actual	\$ Variance	% Variance	\$ Variance	% Variance
Territorial Formula Financing	\$ 1,859,400	\$ 1,859,408	\$ 1,782,111	\$ 1,782,111	\$ 8	0.0%	\$ 77,297	4.3%
Other Transfers from the Government of Canada	523,043	534,825	565,129	565,129	11,782	2.3%	(30,304)	-5.4%
Revenues Generated by the Government of Nunavut	457,402	540,234	469,505	469,505	82,832	18.1%	70,729	15.1%
Total Revenue	\$ 2,839,845	\$ 2,934,467	\$ 2,816,745	\$ 2,816,745	\$ 94,622		\$ 117,722	

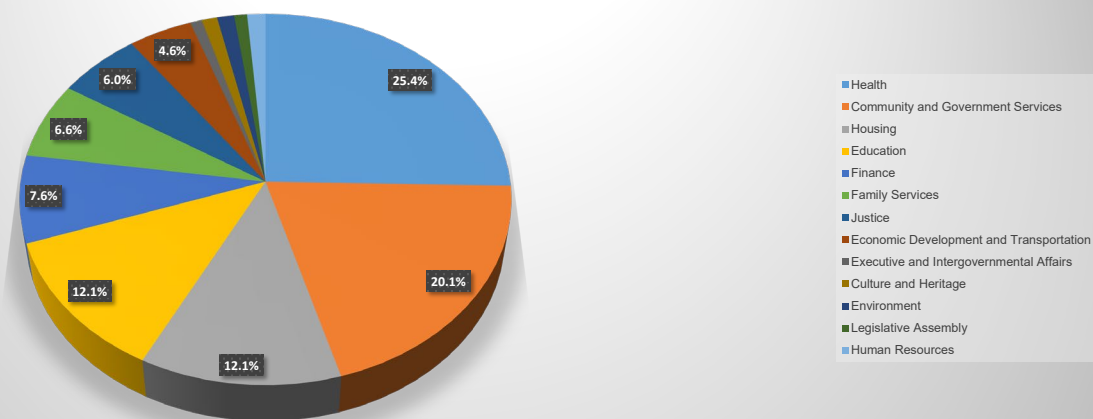
Budget to Actual

For the year ended March 31, 2023, actual revenues were \$94.6M higher than the budget. GN own source revenues accounted for \$82.8M of the \$94.6M increase. GN own source revenue increases were mainly related to an \$48.4M increase in other revenues, increased petroleum sales of \$17.1M, and increased revenue from Qulliq Energy Corporation of \$6.4M. Increased revenues were offset by a decrease of \$6.1M in personal income tax revenue.

Actual to Actual

Total revenue for the year increased by \$117.7M over the prior period. Revenues from the Government of Canada increased by \$47.0 while GN revenues increased by \$70.7M compared to the prior year. The increase in revenues from the Government of Canada consisted of an increase in revenue from Territorial Formula Financing of \$77.3M (4.3%) over the prior period which was offset by an decrease in Other Transfers from the Government of Canada of \$30.3M (-5.4%). This decrease of \$30.3M in other transfers from the federal government are mainly due to the termination of pandemic-related support. GN own source revenue increased mainly due to a 35.0% increase in petroleum product sales (\$40.8M), a 39.1% increase in other revenues (\$22.3M) and an increase of 242.5% in investment income (\$13.3M). Overall, GN own source revenues increased by \$70.7M (15.1%). This increase was offset by a decrease of 32.6% in personal income tax revenue (\$13.5M).

Expense by Department



Expense Variance Analysis

	2023		2023 Percent of Total	2022		Budget to Actual		Actual to Actual	
	Budget	Actual		Actual	Actual	\$ Variance	% Variance	\$ Variance	% Variance
Health	\$ 637,121	\$ 701,763	25.4%	\$ 659,883	\$ 64,642	10.1%	\$ 41,880	6.3%	
Community and Government Services	503,507	556,588	20.1%	466,735	53,081	10.5%	89,853	19.3%	
Housing	297,119	335,590	12.1%	319,497	38,471	12.9%	16,093	5.0%	
Education	353,245	334,968	12.1%	307,415	(18,277)	-5.2%	27,553	9.0%	
Finance	271,406	210,486	7.6%	181,762	(60,920)	-22.4%	28,724	15.8%	
Family Services	177,661	183,677	6.6%	164,140	6,016	3.4%	19,537	11.9%	
Justice	173,104	166,163	6.0%	145,142	(6,941)	-4.0%	21,021	14.5%	
Economic Development and Transportation	160,961	127,232	4.6%	121,003	(33,729)	-21.0%	6,229	5.1%	
Executive and Intergovernmental Affairs	27,756	23,565	0.9%	78,542	(4,191)	-15.1%	(54,977)	-70.0%	
Culture and Heritage	37,082	30,826	1.1%	29,860	(6,256)	-16.9%	966	3.2%	
Environment	30,176	34,142	1.2%	29,051	3,966	13.1%	5,091	17.5%	
Legislative Assembly	29,534	25,680	0.9%	27,072	(3,854)	-13.0%	(1,392)	-5.1%	
Human Resources	32,855	36,488	1.3%	23,183	3,633	11.1%	13,305	57.4%	
Total Expenses	\$ 2,731,527	\$ 2,767,168	100%	\$ 2,553,285	\$ 35,641	1.30%	\$ 213,883	8.38%	

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Financial Statement Discussion and Analysis
for the year ended March 31, 2023
(in thousands of dollars)

Budget to Actual

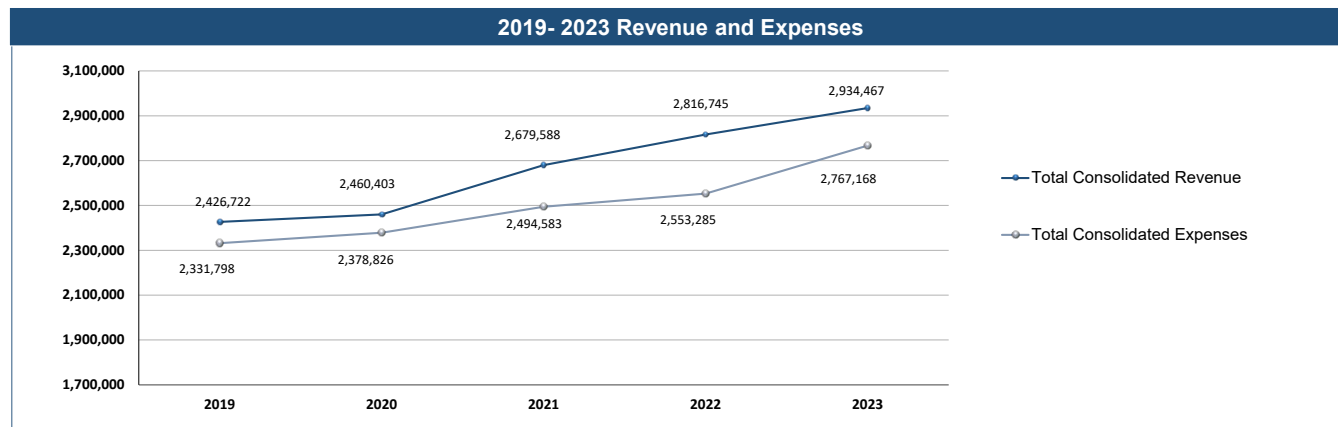
Total expenses were \$35.6M higher than the budget. Increased spending in Health, Community and Government Services, Finance and Housing accounted for the majority of the increase in expenses. Increased spending in these departments was offset by decreased spending in Economic Development and Transportation and in Education. Community and Government Services increased spending was driven by increased costs for utilities, mobile equipment, and the municipality funding program. Increased spending in Health was driven by increased staffing requirements and operating costs, inflation, and overall population growth. Finance expenses increased due to the implementation of a new computer software system, increased interest expense in Qulliq Energy Corporation, and increased product costs in the Liquor and Cannabis Revolving Fund. Housing increases were due largely to increased utility and other operating costs.

Actual to Actual

Total expenses grew by \$213.9M in 2023 over the prior period. Community and Government Services accounted for \$89.9M of the increase, \$41.9M of the increase was in Health, \$28.7M was in Finance and \$16.1M was in Housing. The total increase in expenses in these three departments accounted for \$176.6M of the increase in spending. Increased spending was offset by \$55.0M in lowering spending in Executive and Intergovernmental Affairs. Increased spending in Community and Government Services was attributed to increased funding to the municipality funding program and increased operating costs. Increased spending at Health over last year is mainly attributed to an increased population requiring access to medical services and increased prices of commodities and equipment due to inflation. Increases in Finance were due primarily to interest costs in the Qulliq Energy Corporation, ERP software costs in Finance and liquor product costs. Housing cost increases were driven by operating costs largely due to energy price increases.

Revenues and Expenses - Trends

The following chart represents the GN's total consolidated revenues and expenses for the last five years:

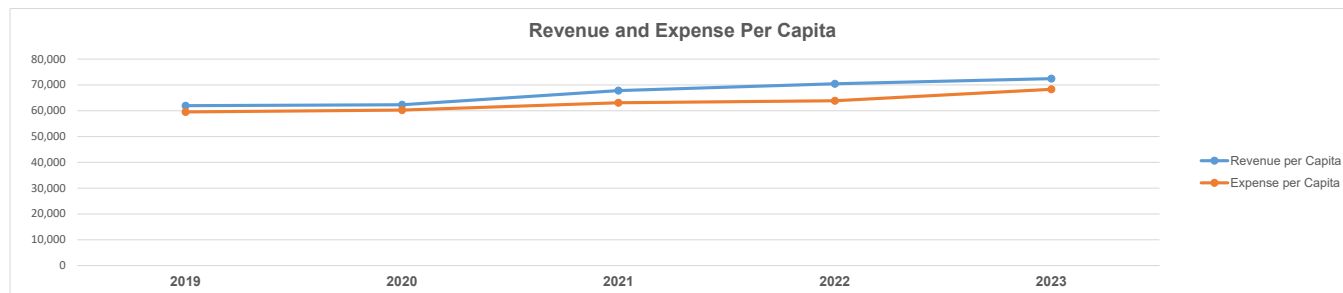


Results of Operations

	2019	2020	2021	2022	2023	5 Yr Avg
Revenue	\$ 2,426,722	\$ 2,460,403	\$ 2,679,588	\$ 2,816,745	\$ 2,934,467	
Expenses	2,331,798	2,378,826	2,494,583	2,553,285	2,767,168	
Surplus for the Year	\$ 94,924	\$ 81,577	\$ 185,005	\$ 263,460	\$ 167,299	
Annual Revenue Growth	2.8%	1.4%	8.9%	5.1%	4.2%	4.5%
Annual Expense Growth	6.0%	2.0%	4.9%	2.4%	8.4%	4.7%

The GN has operating results have produced surpluses in each of the last five years. Annual revenue growth has averaged 4.5% over this period while growth in expenses has averaged 4.7%.

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Financial Statement Discussion and Analysis
for the year ended March 31, 2023
(in thousands of dollars)



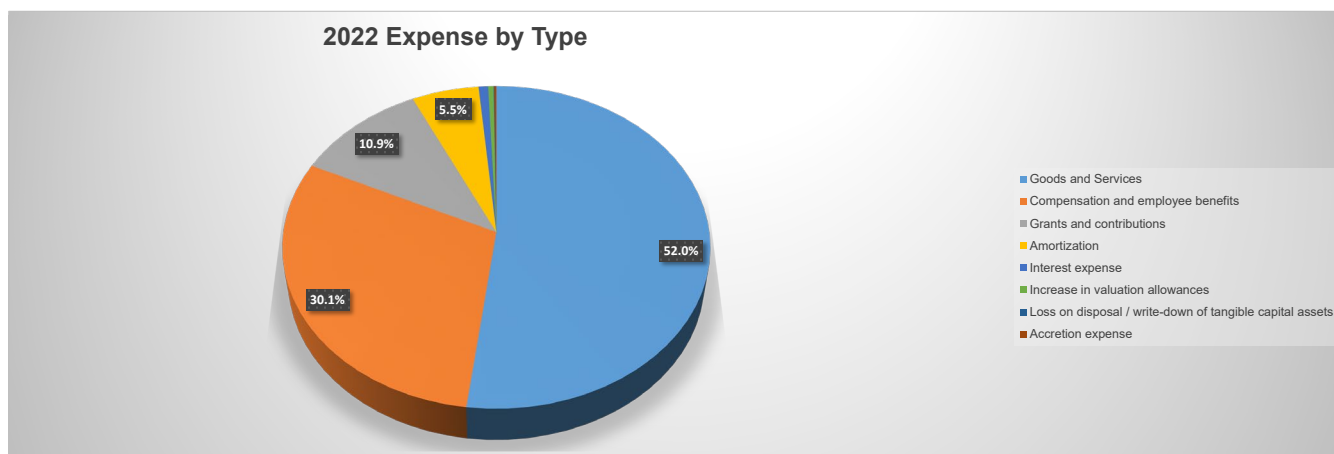
Revenue and Expenses per Capita	2019	2020	2021	2022	2023	
Population	39,170	39,486	39,536	40,003	40,521	
Revenue per Capita	61,954	62,311	67,776	70,413	72,418	
Expense per Capita	59,530	60,245	63,096	63,827	68,290	
Population Growth	2.0%	0.8%	0.1%	1.2%	1.3%	1.1%
Per Capita Revenue growth	0.8%	0.6%	8.8%	3.9%	2.8%	3.4%
Per Capita Expense growth	3.9%	1.2%	4.7%	1.2%	7.0%	3.6%

[Statistics Canada, Table 17-10-0009-01 Population estimates, quarterly](#)

The GN continues to face challenges with rising costs which results in the GN continuing to spend more each year in total and on a per capita basis on its programs and services. On average, per capita revenue and expenses have grown faster than the population over the past five years. The population has grown by an average of 1.1% per year while per capita revenue and expenses have increased by an average of 3.4% and 3.6% respectively over this five year period.

Expense by Type

Spending on compensation and benefits and goods and services account for the approximately 82.1% of GN's expenditures. The majority of the annual growth in GN's expenses is also attributed to these accounts and this trend is expected to continue.



Expense by Type	2019	2020	2021	2022	2023	2023 Percent of Total
Goods and Services	\$ 1,171,479	\$ 1,185,721	\$ 1,257,301	\$ 1,294,625	\$ 1,439,857	52.0%
Compensation and employee benefits	724,258	755,759	777,752	777,373	831,831	30.1%
Grants and contributions	270,184	273,826	299,950	311,232	301,468	10.9%
Amortization	136,228	131,653	133,904	143,136	153,512	5.5%
Interest expense	21,134	20,883	17,443	16,217	21,843	0.8%
Increase in valuation allowances	7,295	7,412	4,702	6,065	12,390	0.4%
Loss on disposal / write-down of tangible capital assets	1,220	3,572	3,531	-	1,501	0.1%
Accretion expense				4,637	4,766	0.2%
Total	\$ 2,331,798	\$ 2,378,826	\$ 2,494,583	\$ 2,553,285	\$ 2,767,168	100%
Top two expense categories as a percentage of total expenses	81.3%	81.6%	81.6%	81.2%	82.1%	

Summary of Significant Risks and Uncertainties

The Government of Nunavut is exposed to risks and uncertainties that can affect its financial position, changes in its financial position, and future operations. The GN is responsible for setting and applying risk management policies and procedures to manage significant risks and uncertainties and is fully accountable for outcomes. The following risks and uncertainties are considered significant:

- » High reliance on funding from the Government of Canada
- » Impact of changes in the the economy, access to resources, and demographic changes
- » Unknown effects of climate change (ex. infrastructure damage, natural resource development, water shortages, etc.)
- » Impairment of and timely replacement of significant infrastructure such as roads, airfields, power plants, water systems and petroleum storage facilities
- » Exposure to interest rate, market, and credit risk
- » Uncertainty related to the measurement and valuation of financial assets and liabilities due to the use of accounting and other estimates such as those related to asset retirement obligations and contaminated sites

The Government of Nunavut actively monitors and manages risks and uncertainties in order to make informed decisions, make effective use of available resources, and to enhance strategic and contingency planning. The GN tailors its risk management policies and practices to take into account the scope, size, and nature of risk exposures. The GN is currently monitoring these risks and uncertainties and, to the extent possible, developing and implementing plans to mitigate the exposure and/or impact.

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Financial Statement Discussion and Analysis
for the year ended March 31, 2023
(in thousands of dollars)

Indicators of Financial Condition

Changes in a government's financial position and its results of operations are important in assessing financial condition and performance during the reporting period, however, it is not the only measure of a government's overall financial health. Sustainability, flexibility and vulnerability are also important indicators of fiscal health and changes to it. While these measures are important, they must be considered in light of the many risks and exposures over which a government has no control. These would include items such as changing global economic and financial conditions, changes in federal transfer programs, and emergencies such as natural disasters and pandemics.

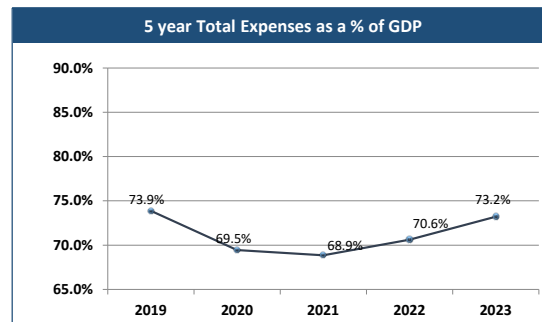
Although many indicators are available, the following sections discuss the more relevant measures and are intended to improve transparency and provide a clearer understanding of the GN's financial condition and performance.

Sustainability

Sustainability indicates a government's ability to maintain its existing programs and services and meet its financial obligations without the need to increase revenues or incur debt. This indicator provides insight into the sustainability of government practices of generating revenues and incurring expenses.

- **Total Expenses as a Percentage of GDP.** This indicator compares the growth rate of the GN's spending to the rate of growth in the economy (GDP) in which it operates. The GN's ratio for 2023 is 73.2%, which means GN spending was 73.2% of the GDP of Nunavut for the period. The ratio had declined from 2019 to 2021 due to growth in the economy driven largely by resource development. In 2022 and 2023, the rate of growth in GN spending was higher than the rate of growth in the economy. This is largely attributed to the effects of the pandemic. Over the last five years, growth in the economy has been higher than the growth in GN spending. This provides the GN with an opportunity to increase its revenues and thereby lower its reliance on Federal Transfers.

March 31	Growth in Expenses	Total Expenses	Nunavut Real GDP	Total Expenses to GDP
2019	6.0%	2,331,798	3,156,400	73.9%
2020	2.0%	2,378,826	3,425,000	69.5%
2021	4.9%	2,494,583	3,623,000	68.9%
2022	2.4%	2,553,285	3,616,000	70.6%
2023	8.4%	2,767,168	3,780,000	73.2%
\$ change, 2022 to 2023		213,883	164,000	
% change, 2022 to 2023		8.4%	4.5%	
\$ change, 5 year trend		435,370	623,600	
% change, 5 year trend		18.7%	19.8%	



Source: Statistics Canada, System of National Accounts, Table # 36-10-0402-01, "Nunavut Real Gross Domestic Product by Industry"
 Forecasted Real GDP for 2023 was based on the projection of the Key Economic Indicators in GN's Budget 2022-23.

The Conference Board of Canada (CBOC) expects Nunavut's economy to continue to grow. The expected growth for 2023 is 7.4%. The mining sector accounts for approximately one third of Nunavut's real GDP. Planned infrastructure construction, including a new port, will improve access to remote regions, support natural resource development, and create economic opportunities for local communities. Nunavut's unemployment rate is higher than the Canadian average and that will remain a principal challenge in the years ahead.

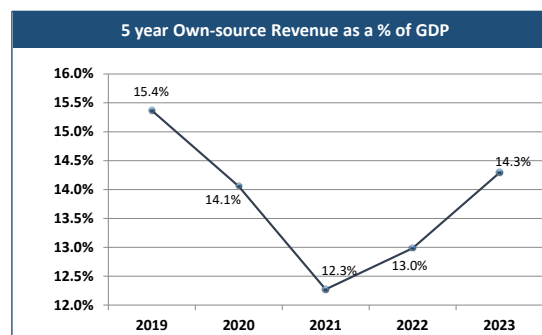
Flexibility

Flexibility indicates a government's ability to either expand its revenues or increase debt to meet existing financial obligations and to provide programs and services. Flexibility provides insight into how a government manages its finances.

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Financial Statement Discussion and Analysis
for the year ended March 31, 2023
(in thousands of dollars)

- **Own-Source Revenue as a Percentage of GDP.** Own-source revenue as a percentage of GDP indicates the extent to which the government is generating funds through taxation, user fees and other charges. A declining ratio indicates a government is taking less out of the economy relative to the growth in the economy leaving a government with a greater degree of flexibility to respond to changing circumstances.

March 31	Own-source revenue	Nunavut Real GDP	Own-source revenue to GDP
2019	485,087	3,156,400	15.4%
2020	481,451	3,425,000	14.1%
2021	444,606	3,623,000	12.3%
2022	469,505	3,616,000	13.0%
2023	540,234	3,780,000	14.3%
\$ change, 2022 to 2023	70,729	164,000	
% change, 2022 to 2023	15.1%	4.5%	
\$ change, 5 year trend	55,147	623,600	
% change, 5 year trend	11.4%	19.8%	

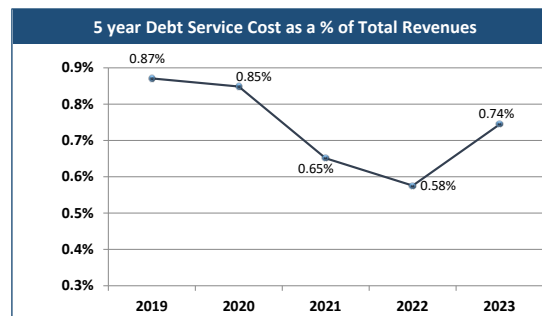


Source: Statistics Canada, System of National Accounts, Table # 36-10-0402-01. "Nunavut Real Gross Domestic Product by Industry"
 Forecasted Real GDP for 2022 was based on the projection of the Key Economic Indicators' in GN's Budget 2022-23.

After a period of decline, the GN's own source revenue increased in 2022 and again in 2023. The current year increase was primarily due to petroleum sales, investment income and other revenues. Most Canadian jurisdictions generate their revenue primarily through taxation. In Nunavut, personal, corporate, and other taxes accounted for only 27.8% (\$150.4M) of total consolidated own-source revenue in 2023 and 32.5% (\$152.4M) in 2022. The GN continues to work to increase its own-source revenues by working to expand its tax base and thereby reduce reliance on federal revenues.

- **Debt Service Cost as a Percentage of Total Revenues.** This ratio indicates how much of a government's current revenues will be needed to finance past borrowing decisions. If current revenues are needed to fund past borrowing, they are not available to fund current and future programs and services to residents.

March 31	Debt Service Costs	Total Revenue	Debt cost to revenue
2019	21,134	2,426,722	0.87%
2020	20,883	2,460,403	0.85%
2021	17,443	2,679,588	0.65%
2022	16,217	2,816,745	0.58%
2023	21,843	2,934,467	0.74%
\$ change, 2022 to 2023	5,626	117,722	
% change, 2022 to 2023	34.7%	4.2%	
\$ change, 5 year trend	709	507,745	
% change, 5 year trend	3.4%	20.9%	

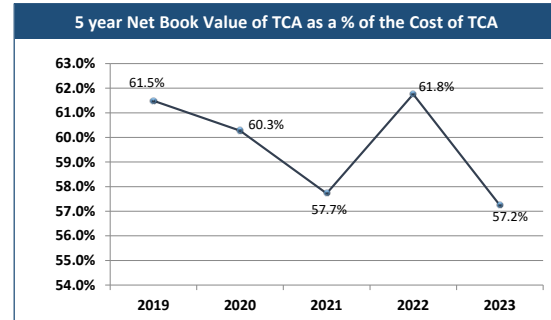


The ratio of debt service cost-to-revenues over the last five years ranged from 0.87% in 2019 to 0.74% in 2023. The ratio has remained stable over this period. While the ratio has increased slightly in 2023 over the prior period, it is currently relatively low which indicates that interest costs are not a strain on the GN's resources leaving, it with greater flexibility. At March 31, 2023, the GN had an authorized borrowing limit of \$750.0M of which \$347.7M remained available.

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Financial Statement Discussion and Analysis
for the year ended March 31, 2023
(in thousands of dollars)

- **Net Book Value of Tangible Capital Assets as a Percentage of the Cost of Tangible Capital Assets.** This ratio measures the estimated useful life of a government's tangible capital assets. A decreasing ratio indicates that tangible capital assets are aging and are not being replaced as fast as they are being used. An aging pool of tangible capital assets indicates a potential for increased repairs and maintenance costs in the future as well as the potential need to replace a significant amount of tangible capital assets.

March 31	Total net book value of TCA	Total Cost of TCA	NBV to cost of TCA
2019	2,513,892	4,088,134	61.5%
2020	2,586,215	4,290,675	60.3%
2021	2,627,919	4,552,520	57.7%
2022	2,746,086	4,446,611	61.8%
2023	2,753,863	4,810,736	57.2%
\$ change, 2022 to 2023	7,777	364,125	
% change, 2022 to 2023	0.3%	8.2%	
\$ change, 5 year trend	239,971	722,602	
% change, 5 year trend	9.5%	17.7%	



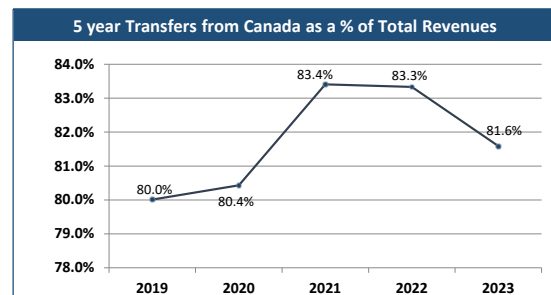
The GN ratio of net book value to total cost of tangible capital assets declined in the current period indicating assets are getting older. As assets get older, repairs and maintenance costs increase which results in less funds available for other programs and services. The aging tangible capital asset base also presents a risk to future programs and service delivery as assets become less reliable and the potential for failure increases. The GN is aware of the challenges presented by an aging asset base and continues to actively monitor asset conditions and invest in its tangible capital assets.

Vulnerability

Vulnerability indicates the degree to which a government is dependent on, and therefore vulnerable to, sources of funding outside of its control or influence. This indicator shows the extent of reliance that a government has on external sources of funding which could affect its ability to provide programs and services and meet existing commitments if the level of funding were to change. The higher the ratio, the greater the risk and less control a government has over its revenues.

- **Transfers from Canada as a Percentage of Total Revenue.** This ratio measures the degree of dependence a government has on the Government of Canada. A decreasing ratio indicates a lesser degree of reliance on the Federal Government.

March 31	Total Transfers from Canada	Total GN Revenues	Transfers from Canada to GN revenue
2019	1,941,635	2,426,722	80.0%
2020	1,978,952	2,460,403	80.4%
2021	2,234,982	2,679,588	83.4%
2022	2,347,240	2,816,745	83.3%
2023	2,394,233	2,934,467	81.6%
\$ change, 2022 to 2023	46,993	117,722	
% change, 2022 to 2023	2.0%	4.2%	



The ratio of transfers from the Government of Canada to total GN revenue has fluctuated over the past five years but on average account for approximately 81.8% of the GN's total revenue. Transfers from the Government of Canada increased in 2021 due to an increase in pandemic related support. Pandemic related funding has since decreased, but overall funding from the Government of Canada has increased over the prior year through the Territorial Financing Formula and other transfers. The GN remains highly dependent on federal sources of funding and is vulnerable to changes in the level of funding. The GN recognizes this high degree of reliance and is pursuing ways to increase its own source revenues without raising tax rates and thereby reduce its dependence on the Federal Government.

This page intentionally left blank

SECTION II
CONSOLIDATED FINANCIAL STATEMENTS

This page intentionally left blank

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

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

The Government, through the Department of Finance, is responsible to prepare the consolidated financial statements 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 and to ensure compliance with applicable authorities. 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, through the Department of Finance, is responsible for maintaining systems of financial management, while all departments are responsible for implementing and maintaining the 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 Legislative Assembly, through its Standing Committee on Oversight of Government Operations and Public Accounts, is responsible to review the tabled Public Accounts and make recommendations where appropriate, to improve financial management, financial reporting practices and the systems of internal control. Management is responsible to review these recommendations and take action where appropriate.

The Government's independent external auditor, the Auditor General of Canada, is responsible to conduct an annual audit of the consolidated financial statements and to examine transactions that have come to its notice to ensure that they are, in all material respects, within the statutory powers of the Government and those organizations included in the consolidation. The Auditor General's opinion is accompanying the consolidated financial statements.



Daniel Young
Deputy Minister of Finance



Susan Nichols, CPA, CGA
Comptroller General

April 11, 2024

This page intentionally left blank



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Nunavut

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Government of Nunavut and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and the consolidated results of its operations, consolidated changes in its net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in Sections I and II of the 2022–23 Public Accounts of the Government of Nunavut, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Qualified Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Government of Nunavut and its controlled entities coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Nunavut Act*, the *Financial Administration Act* of Nunavut and regulations, and the specific operating authorities disclosed in Note 1 to the consolidated financial statements.

In our opinion, except for the matter of non-compliance described in the Basis for Qualified Opinion section of our Report on Compliance with Specified Authorities, the transactions of the Government of Nunavut and its controlled entities that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above.

Basis for Qualified Opinion

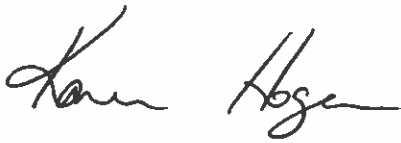
Section 44 of the *Nunavut Act* and section 74 of the *Financial Administration Act* of Nunavut require the Government of Nunavut to lay before the Legislative Assembly the public accounts on or before 31 December for the preceding fiscal year. The Government of Nunavut did not meet its statutory deadline for laying the public accounts before the Legislative Assembly for the year ended 31 March 2023.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Government of Nunavut and its controlled entities' compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Government of Nunavut and its controlled entities to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

A handwritten signature in black ink, appearing to read "Karen Hogan". The signature is fluid and cursive, with the first name "Karen" and the last name "Hogan" clearly distinguishable.

Karen Hogan, FCPA
Auditor General of Canada

Ottawa, Canada
11 April 2024

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Consolidated Statement of Financial Position
as at March 31, 2023
(in thousands of dollars)

	Note	2023	Restated (Note 3) 2022
Financial assets			
Cash and cash equivalents	4	791,909	1,123,825
Portfolio and other investments	5	635,250	177,933
Accounts receivable	6	315,517	333,675
Inventories for resale	7(a)	272,899	184,454
Condominiums held for resale	8	1,052	4,047
Loans receivable	9	16,862	14,489
Total financial assets		2,033,489	1,838,423
Liabilities			
Bank indebtedness	10	10,055	10,060
Accounts payable and accrued liabilities	11	559,549	499,414
Deferred revenues	12	242,823	242,590
Liability for contaminated sites	13	8,548	9,153
Liabilities for pension and other employee benefits	14	120,033	117,993
Long term debt	15	184,917	196,562
Liability for Iqaluit International Airport	16	147,669	149,743
Capital lease obligations	17	41,755	48,274
Liability for Nunavut Energy Management Program	18	17,896	16,981
Asset retirement obligations	19	172,614	172,338
Total liabilities		1,505,859	1,463,108
Net financial assets		527,630	375,315
Non-financial assets			
Tangible capital assets (Schedule B)		2,753,863	2,746,086
Condominiums held for resale	8	10,903	7,908
Inventories for use	7(b)	46,667	42,175
Prepaid expenses		8,046	8,326
Total non-financial assets		2,819,479	2,804,495
Accumulated surplus		3,347,109	3,179,810
Contractual obligations (Note 21)			
Contractual rights (Note 22)			
Contingencies (Note 23)			

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

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Consolidated Statement of Operations and Accumulated Surplus
for the year ended March 31, 2023
(in thousands of dollars)

	2023 Budget	2023 Actual	Restated (Note 3) 2022 Actual
Revenues (Schedule A)			
From the Government of Canada	2,382,443	2,394,233	2,347,240
Revenues generated by the Government of Nunavut	457,402	540,234	469,505
Total revenues	2,839,845	2,934,467	2,816,745
Expenses (Note 20)			
Health	637,121	701,763	659,883
Community and Government Services	503,507	556,588	466,735
Housing	297,119	335,590	319,497
Education	353,245	334,968	307,415
Finance	271,406	210,486	181,762
Family Services	177,661	183,677	164,140
Justice	173,104	166,163	145,142
Economic Development and Transportation	160,961	127,232	121,003
Human Resources	32,855	36,488	23,183
Environment	30,176	34,142	29,051
Culture and Heritage	37,082	30,826	29,860
Legislative Assembly	29,534	25,680	27,072
Executive and Intergovernmental Affairs	27,756	23,565	78,542
Total expenses	2,731,527	2,767,168	2,553,285
Surplus for year	108,318	167,299	263,460
Accumulated surplus, beginning of year	3,179,810	3,179,810	2,916,350
Accumulated surplus, end of year	3,288,128	3,347,109	3,179,810

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, 2023
(in thousands of dollars)

	2023	2023	Restated
	Budget	Actual	(Note 3)
			2022
			Actual
Surplus for year	108,318	167,299	263,460
Tangible capital assets (Schedule B)			
Additions	(187,806)	(162,790)	(263,094)
Disposals	5,476	-	1,791
Amortization	140,495	153,512	143,136
Write-downs	3,568	1,501	-
	(38,267)	(7,777)	(118,167)
Additions to inventories for use	(11,519)	(76,095)	(66,165)
Consumption of inventories for use	11,167	71,603	61,976
Purchases of condominiums for resale	-	(2,995)	-
Net use (additions) of prepaid expenses	-	280	(660)
	(352)	(7,207)	(4,849)
Increase in net financial assets	69,699	152,315	140,444
Net financial assets, beginning of year	375,315	375,315	234,871
Net financial assets, end of year	445,014	527,630	375,315

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, 2023
(in thousands of dollars)

	2023	2022
Cash provided by (used for) operating activities:		
Cash received from:		
Transfers from the Government of Canada	2,435,596	2,326,926
Taxation	146,735	149,902
Other generated revenues	333,766	277,935
Interest on loans receivable and portfolio investments	18,815	5,494
Cash paid for:		
Interest payments on long term debt	(20,675)	(14,837)
Interest payments on capital leases	(1,168)	(1,380)
To and on behalf of employees	(849,832)	(769,215)
Grants and contributions	(301,467)	(311,232)
Suppliers	(1,440,064)	(1,276,059)
	<u>321,706</u>	<u>387,534</u>
Cash provided by (used for) capital activities:		
Purchases of tangible capital assets	(173,710)	(255,691)
Proceeds from sale of tangible capital assets	-	-
	<u>(173,710)</u>	<u>(255,691)</u>
Cash provided by (used for) investing activities:		
Loans issued to municipalities, businesses and individuals	(7,116)	(3,691)
Loan repayments by municipalities, businesses and individuals	5,108	3,600
Investments in portfolio and other investments	(502,519)	(128,216)
Proceeds from sale of portfolio and other investments	45,202	40,125
	<u>(459,325)</u>	<u>(88,182)</u>
Cash provided by (used for) financing activities:		
Proceeds from long term debt issuance	1,112	32,869
Principal payments on long term debt	(15,175)	(36,018)
Principal payments on capital leases	(6,519)	(6,883)
	<u>(20,582)</u>	<u>(10,032)</u>
(Decrease) increase in cash and cash equivalents	(331,911)	33,629
Net cash and cash equivalents, beginning of year	1,113,765	1,080,136
Net cash and cash equivalents, end of year	781,854	1,113,765
Represented by:		
Cash and cash equivalents	791,909	1,123,825
Bank indebtedness	(10,055)	(10,060)
	<u>781,854</u>	<u>1,113,765</u>

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, 2023*(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 reporting entity.

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

Consolidated Revenue Fund, including those departments and public agencies set out in the Government's Main Estimates
Revolving Funds
Liquor and Cannabis Revolving Fund
Petroleum Products Revolving Fund
Public Stores Revolving Fund
Student Loan Fund
Territorial Corporations
Nunavut Arctic College (NAC) (*June 30*)
Nunavut Business Credit Corporation (NBCC)
Nunavut Development Corporation (including subsidiaries) (NDC)
Nunavut Housing Corporation (including subsidiaries) (NHC)
Nunavut Lottery
Qulliq Energy Corporation (QEC)
District Education Authorities (*June 30*)

Authority for Operations

Financial Administration Act
Revolving Funds Act

Nunavut Arctic College Act
Nunavut Business Credit Corporation Act
Nunavut Development Corporation Act
Nunavut Housing Corporation Act
Partnership agreement
Qulliq Energy Corporation Act
Education Act

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 (disclosed in Schedule C), 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.

(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 consolidated budget figures are the appropriations approved by the Legislative Assembly and the approved budgets for the consolidated entities, adjusted to eliminate budgeted inter-entity revenues and expenses. They represent the Government's original consolidated fiscal plan for the year and do not reflect supplementary appropriations.

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.

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

March 31, 2023*(in thousands of dollars)*

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(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 are reasonable.

The most significant management estimates relate to income tax revenues, pension and other employee benefit liabilities, liability for contaminated sites, asset retirement obligations, contingencies, useful life of tangible capital assets, valuation of inventories for resale and use as well as valuation allowances on loans and other receivables.

(c) Financial Instruments

The following is a list of the Government's financial instruments and their related measurement basis as at March 31, 2023:

Financial Assets	Measurement Basis
Cash and cash equivalents	Cost
Portfolio and other investments	Cost
Accounts receivable	Cost
Loans receivable	Amortized cost
Financial Liabilities	
Bank indebtedness	Cost
Accounts payable and accrued liabilities	Cost
Long-term debt	Amortized cost
Liability for Iqaluit International Airport	Amortized cost

All financial assets are annually tested for impairment. When financial assets are impaired, impairment losses are recognized in the consolidated statement of operations and accumulated surplus. A write down of a financial asset to reflect a loss in value is not reversed for a subsequent increase in value. On disposal or derecognition of a financial asset or liability, the resulting gain or loss is recognized in the consolidated statement of operations and accumulated surplus.

Upon initial recognition, transactions costs which are incremental and directly attributable to the acquisition or issuance of a financial asset or financial liability are added to the carrying value of the financial instruments measured using the cost or amortized cost method.

For financial instruments measured using amortized cost, the effective interest method is used to determine interest revenue and expense.

(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.

(e) Portfolio and other investments

Portfolio and other investments include long-term investments in Guaranteed Investment Certificates, Bankers' Acceptances, investments related to the Supplementary Retirement Allowances Fund (SRAF), and investments in the equity of private enterprises.

Portfolio and other investments are accounted for at cost, which approximates fair value.

Where there has been a loss in value of a portfolio or other investment, that is other than a temporary decline, the investment is written down to recognize the loss. A write-down of portfolio and other investments to reflect a loss in value is not reversed if there is a subsequent increase in value. The new carrying value is deemed to be the new cost basis for subsequent accounting purposes. Interest income is recognized using the effective interest method, dividend income is recognized as it is declared, and capital gains and losses are recognized when realized.

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

March 31, 2023*(in thousands of dollars)*

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(f) Inventories**

Inventories for resale include bulk fuels, liquor products, finished goods and packaging materials and supplies. Inventories for resale are valued at the lower of weighted average cost or net realizable value. Impairments, when recognized, result in a write-down to net realizable value and are recorded as an expense within the consolidated statement of operations and accumulated surplus.

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 cost, with the cost being determined on a first-in, first-out basis. Impairments, when recognized, result in a write-down and are recorded as an expense within the consolidated statement of operations and accumulated surplus.

(g) Condominiums held for resale

Condominiums held for resale are recognized as a financial asset when all of the following criteria are met: (i) prior to the date of the consolidated financial statements, the Government commits to selling the asset; (ii) the asset is publicly seen to be for sale; (iii) there is an active market for the asset; (iv) there is a plan in place for selling the asset; and (v) the Government reasonably anticipates sale of the asset to an external purchaser within one year of the consolidated financial statement date.

When condominiums intended for resale are being developed for sale they are classified as a non-financial asset. Condominiums held for resale are not amortized and are valued at cost less any valuation allowance to reflect its net recoverable value. Cost includes amounts for improvements to prepare the condominiums for sale.

(h) Loans receivable

Loans receivable are recorded at amortized cost, net of valuation allowances, if any. 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 recognized using the effective interest method. An uncollectable or impaired loan receivable balance can be written off only upon receipt of required statutory approvals.

(i) 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. Cost includes all outlays to ready the asset for use including contracted services, materials and supplies, direct labour, attributable overhead costs and directly attributable interest. Capitalization of interest ceases when a tangible capital asset is ready for use in producing goods or delivering programs and services. 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 generally amortized over their estimated 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 Nunavut Housing Corporation applies a declining balance amortization method to certain of its tangible capital assets. The Government has assessed the impact of the method against its stated policies and has determined it to be immaterial to the consolidated financial statements and has therefore not adjusted the consolidated financial statements. The following amortization rates are being used:

Asset Category	Amortization Period
Buildings	20 - 35 years
Leased Buildings	20 - 30 years
Storage Facilities	20 - 30 years
Tank Farms	30 years
Equipment	5 - 30 years
Warehouse and Equipment (QEC)	10 - 45 years
Electric Power Plants	20 - 40 years
Transmission Distribution Systems	15 - 45 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.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(j) 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 the service. The contributions represent the total pension obligation of the Government of Nunavut.

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 life of the plan members. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuation. In addition, upon a plan amendment, curtailment or settlement, previously unrecognized net actuarial gain or loss balances are immediately recognized in the consolidated statement of operations and accumulated surplus.

Other employee benefits

Under the terms and conditions of employment, Government employees may earn severance and removal benefits based on years of service. Severance and removal benefits are recorded when employees are identified for lay-off or removal. These benefits are paid upon resignation, lay-off or termination, retirement or death of the employee. Upon retirement, employees are entitled to enroll in health and dental benefit programs, the cost of which is cost-shared with the Government. The estimated liability and related expenses for these benefit programs are recorded as employees earn them. Actuarial valuation estimates of the Government's obligations and related costs for each of these benefit programs have been prepared using data provided by management and assumptions based on management's best estimates.

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.

(k) Asset retirement obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii) The past transaction or event giving rise to the liability has occurred;
- iii) It is expected that future economic benefits will be given up; and
- iv) A reasonable estimate of the amount can be made.

Recognized liabilities include all costs directly attributable to asset retirement activities, including costs related to post-retirement operation, maintenance, and monitoring that is an integral part of the retirement of the tangible capital asset. Estimates are based on the Government's best estimate of the total expenditure required to complete retirement activities using information that was available at the reporting date.

When an asset retirement liability is initially recognized, asset retirement costs are capitalized and added to the carrying value of the related tangible capital asset. The capitalized asset retirement obligation is amortized on the same basis as the related tangible capital asset and any accretion expense is recognized in the consolidated statement of operations and accumulated surplus. Asset retirement costs related to unrecognized tangible capital assets and tangible capital assets no longer in productive use are immediately expensed.

The estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. The liability is discounted using a present value calculation and adjusted annually for accretion expense. The discount rate used reflects the Government's cost of borrowing, associated with the estimated number of years to complete the retirement or remediation.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

At each financial reporting date, the carrying amount of the liability is reviewed. The Government recognizes period-to-period changes to the liability due to the passage of time as an accretion expense. Changes to the liability arising from revisions to either the timing or the original estimate of the undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Government continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(l) 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, in which case the transfers are recorded as deferred revenue.

Taxes

Tax revenues are recognized in the period in which the taxable event occurs and when they are authorized by legislation or the ability to assess and collect the tax has been provided through legislative convention. 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 benefit, the cost of living tax credit and the business training tax credit. Taxes, under the *Income Tax Act*, are administered 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 period they become 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.

(m) 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. Tangible capital assets built by the Government on behalf of municipalities are classified as a grant and contribution to the municipality.

(n) 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 or fail to occur and is quantifiable, an estimated liability is accrued as part of accounts payable and accrued liabilities. 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.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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 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.

(p) Future changes in accounting standards

A number of new and amended standards and guidance 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 will adopt these new and amended standards and guidance on their effective dates. The Government is currently assessing the impact they will have on its consolidated financial statements. The following standards for governments will become effective as follows:

PS 3400 Revenue (effective April 1, 2023), a new section establishing standards on how to account for and report on revenue, differentiating between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

PS 1202 Financial Statement presentation (effective April 1, 2026), defines how financial statement information is presented. Key changes include removal of the statement of change in net financial assets or net debt and the addition of a new statement of net assets or net liabilities and how this amount is determined.

3 ADOPTION OF NEW ACCOUNTING STANDARDS

(a) Implementation of PS 3450, Financial Instruments

Effective April 1, 2022, the Government has prospectively adopted *PS 3450 Financial Instruments* (PS 3450). The adoption of PS 3450 also requires the adoption of *PS 1201 Financial Statement Presentation* (PS 1201), *PS 2601 Foreign Currency Translation* (PS 2601), and *PS 3041 Portfolio Investments* (PS 3041), effective April 1, 2022. These new standards provide detailed requirements for the recognition, measurement, presentation, and disclosure of financial instruments and foreign currency transactions. The Government assessed the requirements of these standards and determined PS 1201, PS 2601, and PS 3041 do not have a significant impact on the consolidated financial statements. All financial instruments included on the consolidated statement of financial position are measured at cost or amortized cost. See Note 2(c). There were no significant remeasurement gains or losses recognized in the consolidated financial statements and there were no changes to previously reported amounts as a result of PS 3450 being adopted.

(b) Implementation of PS 3280, Asset Retirement Obligations

On April 1, 2022, the Government adopted *PS 3280 Asset Retirement Obligations* on a modified retroactive basis. This standard requires public sector entities to recognize liabilities for legal obligations to incur costs associated with the retirement of tangible capital assets on their acquisition, construction, development or through their normal use and to expense those costs systematically over the life of the asset.

The Government recognized asset retirement obligations relating to buildings that contain either asbestos, lead, mercury, or polychlorinated biphenyls (PCBs). On initial application of the standard, the Government recognized:

- i) a liability for any existing asset retirement obligation, adjusted for accumulated accretion to that date;
- ii) an asset retirement cost capitalized as an increase to the carry amount of the related tangible capital asset;
- iii) accumulated amortization on that capital cost, and
- iv) an adjustment to the opening balance of the accumulated surplus.

These amounts were measured using information, assumptions and discount rates that were current at the beginning of the current fiscal year. The amount recognized as an asset retirement cost was measured as of the date the asset retirement obligation was incurred. Accumulated amortization and accretion were measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date of the transition. When an asset retirement obligation is settled, any liability and associated asset retirement costs are removed from the consolidated statement of financial position.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

3 ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

The effect of the adoption of PS 3280 on the March 31, 2022 comparative information is presented below.

	As Previously Reported 2022	2022 Restatement	As Restated 2022
Consolidated Statement of Financial Position			
Asset retirement obligations (Note 19)	-	172,338	172,338
Tangible capital assets	2,732,570	13,516	2,746,086
Accumulated surplus	3,338,632	(158,822)	3,179,810
Consolidated Statement of Operations and Accumulated Surplus			
Community and Government Services	464,560	2,175	466,735
Housing	316,374	3,123	319,497
Finance	181,700	62	181,762
Accumulated surplus, beginning of the year	3,069,812	(153,462)	2,916,350
Accumulated surplus, end of the year	3,338,632	(158,822)	3,179,810
Consolidated Statement of Change in Net Financial Assets			
Surplus for the year	268,820	(5,360)	263,460
Amortization	142,413	723	143,136
Net financial assets, beginning of the year	402,572	(167,701)	234,871
Net financial assets, end of the year	547,653	(172,338)	375,315
Consolidated Schedule of Tangible Capital Assets (Schedule B)			
Cost, closing balance			
Buildings	2,869,378	100,103	2,969,481
Storage facilities	49,250	4,643	53,893
Warehouse / equipment (QEC)	59,118	1,146	60,264
Electric power plants	348,588	1,166	349,754
Accumulated amortization, closing balance			
Buildings	1,232,419	86,952	1,319,371
Storage facilities	27,755	4,364	32,119
Warehouse / equipment (QEC)	29,320	1,098	30,418
Electric power plants	139,757	1,128	140,885
Total 2022			
Cost, opening balance	4,132,561	107,058	4,239,619
Cost, closing balance	4,339,553	107,058	4,446,611
Accumulated amortization, opening balance	1,831,782	92,819	1,924,601
Amortization	142,413	723	143,136
Accumulated amortization, closing balance	1,968,104	93,542	2,061,646
Net Book Value	2,732,570	13,516	2,746,086

4 CASH AND CASH EQUIVALENTS

	2023	2022
Cash and cash equivalents	774,362	1,117,936
Designated and internally restricted cash	17,547	5,889
	791,909	1,123,825

Designated and internally restricted cash represents funds reserved for further investments, financing for subsidiary business enterprises, venture investments and debt repayments related to capital asset acquisitions.

The cash and cash equivalents yield for the year ended March 31, 2023 varied from 0.80% to 6.70% (2022 - 0.63% to 2.70%).

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

5 PORTFOLIO AND OTHER INVESTMENTS

	2023	2023	2023	2022
	Effective Rate of Return	Term to Maturity	Carrying Value	Carrying Value
Portfolio investments				
Guaranteed Investment Certificates	0.90% - 5.43%	10 - 1,670 days	550,196	115,000
Various Bankers' Acceptances	1.35% - 3.50%	50 - 1,228 days	55,063	35,112
			<u>605,259</u>	<u>150,112</u>
Other investments				
SRAF designated investments			29,373	27,128
Venture investments			618	693
			<u>635,250</u>	<u>177,933</u>

The market value of the portfolio investments at March 31, 2023 was \$603,280 (2022 - \$148,556).

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, 2023 was \$30,357 (2022 - \$28,770) with a positive return of 3.49% (2022 - positive 3.60%).

6 ACCOUNTS RECEIVABLE

	2023	2022
Due from Government of Canada	199,757	231,084
Other revenues receivable:		
- Of the Territorial Corporations	82,546	70,874
- Of the Departments of Government	70,575	66,807
- Of the Petroleum Products Division	59,225	50,537
	<u>212,346</u>	<u>188,218</u>
Less: Allowance for doubtful accounts:		
- Territorial Corporations	(54,463)	(50,497)
- Departments of Government	(21,349)	(20,944)
- Petroleum Products Division	(20,774)	(14,186)
	<u>115,760</u>	<u>102,591</u>
	<u>315,517</u>	<u>333,675</u>

7 INVENTORIES

	2023	2022
(a) For resale		
Bulk fuels	263,712	176,053
Liquor products	7,474	6,404
Finished goods	1,545	1,820
Packaging materials and supplies	168	177
	<u>272,899</u>	<u>184,454</u>

During the year, Nunavut Development Corporation inventories of \$17 (2022 - \$14) were marked-down and bulk fuels inventory of \$76 (2022 - \$230) were written down by the Petroleum Products Division.

(b) For use		
Supplies and lubricants	28,944	26,438
Fuel	12,753	8,727
Health and medical supplies	3,942	6,039
Raw materials and work-in-progress	1,028	971
	<u>46,667</u>	<u>42,175</u>

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

8 CONDOMINIUMS HELD FOR RESALE

In 2016-17, the Nunavut Housing Corporation acquired 62 residential units in Iqaluit with the intention of selling the units to the Government staff through the Staff Condominium program. In 2017-18, two of the units were added to the Staff Housing portfolio and work was undertaken to make the remaining 60 units available for sale as condominiums. The Nunavut Housing Corporation advertised its intent to sell the condominiums to Government staff, held an information session and sought applications from prospective buyers. Expected sales were delayed in prior years due to obstacles in establishing a condominium corporation. Thirteen of the units were sold in previous years and there are signed purchase and sale agreements on four of the units. The value of the four units where a purchase and sale agreement has been signed are classified as a financial asset as the Nunavut Housing Corporation anticipates completing the sales during the 2023-24 fiscal year. The value of the remaining 43 units have been classified as non-financial assets as it is uncertain when these sales will be completed.

9 LOANS RECEIVABLE

	2023	2022
Nunavut Business Credit Corporation loans to businesses with a maximum maturity of 25 years, bearing interest between 5.25% and 8.78% (2022 - 5.25% and 6.96%), net of a valuation allowance of \$2,401 (2022 - \$2,350). The principal collaterals held as security and other credit enhancements for loans include: (i) various securities on assets; and (ii) corporate and personal guarantees.	13,370	10,988
Student Loan Fund loans, interest rate of 0.0% (2022 - 0.0%), net of doubtful accounts and valuation allowances of \$6,572 (2022 - \$5,928).	2,152	1,967
Nunavut Housing Corporation mortgage loans to individuals with a maximum maturity of 25 years, bearing interest between 2.0% and 11.25% (2022 - 2.0% and 11.25%), net of a valuation allowance of \$3,164 (2022 - \$3,183) and subsidy to mortgage holders of \$4,129 (2022 - \$4,129).	1,235	1,395
Other, net of valuation allowance of \$64 (2022 - \$64).	105	139
	16,862	14,489

10 BANK INDEBTEDNESS

	2023	2022
Bankers' Acceptances	10,000	10,000
Line of credit - Uqqurmiut Arts and Craft Ltd.	55	60
	10,055	10,060

Qulliq Energy Corporation (QEC) has a credit facility with a limit of \$20,000 (2022 - \$20,000). Interest charged on the credit facility is at Bankers' Acceptances' (BAs) rate (2023 - 4.95%; 2022 - 2.2%).

The facility also allows for the use of Bank Acceptances (BAs) for borrowing. The BAs have a stamping fee of 50 basis points per annum and the interest rate is approximately prime minus 2.0%, subject to market, with terms not less than 7 days and not more than 365 days and issue and reissued in minimum aggregate amounts of Canadian \$1,000 and multiples thereof.

Uqqurmiut Arts and Craft Ltd., a subsidiary of Nunavut Development Corporation, has a non-interest bearing, revolving demand operating line of credit with a limit of \$100, secured by a guarantee signed by the parent company, for financing the day-to-day operations of the RBC Agency in Pangnirtung.

11 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Due to the Government of Canada	42,670	32,867
Trade and other account payables:		
- Of the Departments of Government	157,684	157,461
- Of the Territorial Corporations	70,983	64,608
- Of the Petroleum Products Division	3,833	2,729
	232,500	224,798
Accrued liabilities, payroll deductions and contractor holdbacks		
- Of the Departments of Government	160,513	142,221
- Of the Petroleum Products Division	72,136	48,660
	232,649	190,881
Vacation pay and lieu time		
- Of the Departments of Government	42,900	42,228
- Of the Territorial Corporations	8,700	8,510
- Of the Petroleum Products Division	130	130
	51,730	50,868
	559,549	499,414

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

12 DEFERRED REVENUES

	Balance April 1, 2022	Receipts during the year	Transfer to revenue	Balance March 31, 2023
Gas Tax Agreement	96,388	20,623	(13,918)	103,093
Other deferred revenue	42,950	21,841	(15,356)	49,435
Canada Mortgage and Housing Corporation	43,281	29,844	(34,439)	38,686
Nunavut Wellness Agreement	25,981	26,189	(25,981)	26,189
Nunavut Agreement	32,016	10,926	(18,492)	24,450
Provincial-Territorial Base Funding (Building Canada Fund)	941	29	-	970
Strengthening Financial Management	1,033	800	(1,833)	-
	242,590	110,252	(110,019)	242,823

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 2023-24 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.

13 LIABILITY FOR CONTAMINATED SITES

	2023	2022
Liabilities for remediation of contaminated sites	8,548	9,153
	8,548	9,153

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, 2023, there were 6 sites (2022 - 6), 2 storage tank farms (2022 - 2) and 4 waste sites (2022 - 4) identified as requiring environmental remediation. In addition to the number of sites disclosed above, Nunavut Housing Corporation has also recognized costs related to the remediation of 3 sites (2022 - 11) contaminated as a result of oil spills. Quilliq Energy Corporation has recognized costs related to 3 sites (2022 - 4) resulting from oil spills at the Corporation's power plants. 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. Where remediation costs have been estimated and a liability has been recorded, the methodology used to estimate the liability is either based on third party analyses or extrapolated from costs previously incurred to remediate, monitor, or manage sites of similar size and contamination.

The Government has identified an additional 73 sites (2022 - 73) 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:

	2023	2022
Storage tank farms	25	25
Power plants	29	29
Town and waste sites	11	11
Garages and other public works	5	5
Airports	2	2
Quarries	1	1
	73	73

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 29 power plant sites (2022 - 14 and 29) would cost, without considering inflation, approximately \$9,700 and \$45,000 (2022 - \$9,700 and \$39,000), respectively. In addition, the Government has estimated that remediation at the other sites could cost, without considering inflation, between \$63,000 - \$134,000 (2022 - \$63,000 - \$134,000) depending on the approach taken. No liability for remediation of these 73 sites (2022 - 73) 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 only when future economic benefits are expected to 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 operations and/or sites, there is no ongoing monitoring program in place, but plans for one are to be developed in the future.

In addition, the Government has identified 146 sites (2022 - 144) 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.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

14 LIABILITIES 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 as well as retirement health benefits. 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 liabilities which are estimated actuarially using information and assumptions approved by management. As of March 31, the liabilities for pensions and other employee benefit arrangements were as follows:

	2023	2022
Pension Benefits		
Pension plans for MLAs	24,246	23,295
Total pension benefits	24,246	23,295
Other Employee Benefits		
Retirement health benefits	63,403	55,073
Severance and removal	23,481	27,457
Sick leave	8,903	12,168
Total other employee benefits	95,787	94,698
Total pension and other employee benefits	120,033	117,993

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, 2023 was 1.02 times (2022 - 1.02 times) for members enrolled before January 1, 2013, and 1.0 times (2022 - 1.0 times) for members enrolled beginning January 1, 2013. Total employer contributions of \$41,816 (2022 - \$38,656) were recognized as expense in the current year. Total employee contributions were \$41,395 (2022 - \$38,463).

Pension Plans for MLAs

The Government sponsors two defined benefit pension plans for 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.

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 2023 (no changes in 2022).

As per the *Legislative Assembly Retiring Allowance Fund Act* and the *Supplementary Retiring Allowance Fund Act*, an actuarial valuation is to be done as at April 1 following each general election, not necessarily every three years. The last actuarial valuations were completed for these plans as of April 1, 2022. The valuations were performed using the projected unit credit actuarial cost method. The valuations were based on a number of assumptions as approved by the Management and Services Board of the Legislative Assembly and represents the best estimates of expected long-term experience and short-term forecast, as well as the demographic assumptions underlying the most recent actuarial valuations for funding purposes. The main assumptions include inflation rate of 2.0% (2022 - 2.0%), expected discount rate of 4.0% (2022 - 4.0%), return on assets of 5.1% (2022 - 4.3%), increases in remuneration of 3.0% (2022 - 3.0%), and mortality.

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.

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

14 LIABILITIES FOR PENSION AND OTHER EMPLOYEE BENEFITS (continued)

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

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

	LARAF	SRAF	2023	2022
Accrued benefit obligation	11,996	21,376	33,372	36,900
Deduct:				
Pension fund assets	17,940	-	17,940	16,776
Unamortized actuarial (gain) / loss	(4,229)	(4,585)	(8,814)	(3,171)
Pension (asset) liability	(1,715)	25,961	24,246	23,295

As at March 31, 2023, LARAF pension fund assets had a market value of \$18,390 (2022 - \$17,758). The actual rate of return was positive 3.20% (2022 - positive 3.71%). The SRAF has no pension fund assets; however, the pension liability is funded all or in part by designated investments (Note 5).

LARAF and SRAF actuarial gains/losses are both amortized over 6.0 years (2022 - 3.0 years) 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	2023	2022
Current period benefit cost	1,368	2,140	3,508	3,878
Amortization of actuarial (gain) / loss	(535)	(522)	(1,057)	602
MLAs contributions	833	1,618	2,451	4,480
Pension expense	(289)	-	(289)	(319)
Interest cost on the average accrued benefit obligation	596	978	1,574	1,354
Expected return on the average pension plan assets	(874)	-	(874)	(707)
Pension interest (revenue) expense	(278)	978	700	647
Total expenses related to pensions	266	2,596	2,862	4,808

Pension benefits paid for the LARAF and SRAF were \$1,092 and \$1,030, respectively (2022 - \$1,948 and \$999, respectively).

The Government's contributions related to the LARAF and SRAF during the year were \$880 and \$1,774, respectively (2022 - \$850 and \$1,769, respectively).

Other Employee Benefits

Actuarial valuations for severance, removal and sick leave benefits as well as retirement health benefits were completed as of March 31, 2022. The principal actuarial assumptions used in measuring the accrued benefit obligation of other employee benefits as at March 31, 2023, based on management's best estimate, included increases in remuneration of 3.0% (2022 - 3.0%) and an average discount rate of 4.0% (2022 - 4.0%).

The changes in the other employee benefits liabilities during the year were as follows:

	Severance and removal	Sick leave	Retirement health benefits	2023	2022
Accrued benefit obligations at beginning of the year	22,781	7,368	52,763	82,912	121,922
Benefits earned	1,605	1,271	3,036	5,912	5,864
Interest cost on the average accrued benefit	738	245	2,196	3,179	3,484
Benefits paid	(5,554)	(3,830)	(270)	(9,654)	(7,051)
Actuarial gain	-	-	-	-	(41,307)
Accrued benefit obligations at end of year	19,570	5,054	57,725	82,349	82,912
Unamortized net actuarial gain	3,911	3,849	5,678	13,438	11,786
Other employee benefits liabilities, end of the year	23,481	8,903	63,403	95,787	94,698
Benefit Expenses¹					
Benefit earned for the period	1,605	1,271	3,036	5,912	5,864
Amortization of net actuarial (gain) / loss recognized during the year	(765)	(950)	3,368	1,653	14,865
Other employee benefits expense	840	321	6,404	7,565	20,729
Interest cost on the average accrued benefit	738	245	2,196	3,179	3,484
Total expense related to other employee benefits	1,578	566	8,600	10,744	24,213

¹ The components are other employee benefit expenses included in the compensation and employee benefits category in Note 20.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

15 LONG TERM DEBT AND BORROWING AUTHORITY LIMIT

	2023	2022
Loans and mortgages payable		
Loans payable to Canada Mortgage and Housing Corporation (CMHC), repayable in annual installments until the year 2032, bearing interest at a rate of 6.97% (2022 - 6.97%).	5,302	6,047
Loans payable to CMHC, assumed from Inuit Non-Profit Housing Corporation in 2017, repayable in monthly installments, maturing in 2028, bearing interest of 10.375% (2022 - 10.375%).	110	126
Non-revolving committed loan in nine tranches with interest calculated at a variable rate of prime minus 0.5% per annum, with principal payments on the first tranche of \$100 plus interest due monthly, beginning on April 1, 2015 with the final payment due on April 1, 2025; on the second tranche of \$58 plus interest due monthly, beginning on April 1, 2016 with the final payment due on April 1, 2026; on the third tranche of \$82 plus interest due monthly, beginning April 1, 2017 with the final payment due on April 1, 2027; on the fourth tranche of \$166 plus interest due monthly, beginning April 30, 2018 with the final payment due on April 30, 2028; on the fifth tranche of \$160 plus interest due monthly, beginning April 30, 2019 with the final payment due on April 30, 2029; on the sixth tranche of \$80 plus interest due monthly, beginning April 30, 2020 with the final payment due on April 30, 2030; on the seventh tranche of \$66 plus interest due monthly, beginning April 30, 2021 with the final payment due on April 30, 2031; on the eighth tranche of \$137 plus interest due monthly, beginning April 30, 2022 with the final payment due on April 30, 2032; and on the ninth tranche, interest only monthly payments until March 31, 2023. This tranche was repaid on April 28, 2023. This facility has an option to utilize BAs with stamping fees calculated at 50 basis points per annum with terms not less than 7 days and not more than 365 days and issued and reissued in minimum aggregate amounts of \$1,000 and multiples thereof.	160,971	170,055
Non-revolving committed loan facility, payments of \$83 plus interest due monthly, beginning on December 1, 2012 with the final payment due November 30, 2022. The facility was extended on a monthly basis until its repayment on June 19, 2023 under the same conditions. Interest at prime minus 0.5%.	9,667	10,667
Non-revolving committed loan facility, payments of \$67 plus interest due monthly, beginning on May 1, 2014 with the final payment due April 30, 2024. Interest at prime minus 0.5%.	8,867	9,667
	184,917	196,562

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
2024	22,592	9,301	31,893
2025	19,138	8,327	27,465
2026	22,014	7,094	29,108
2027	16,144	6,152	22,296
2028	17,847	5,125	22,972
2029 and beyond	87,182	8,739	95,921
	184,917	44,738	229,655

Interest expense on long term debt was \$7,319 for the year (2022 - \$2,087). During the year, interest costs of \$67 (2022 - \$78) were capitalized as part of additions to tangible capital assets. The interest paid on long term debt during the year was \$7,361 (2022 - \$2,111).

Borrowing Authority

As of March 31, 2023, the Governor General in Council of Canada, pursuant to subsection 27(4) of the *Nunavut Act*, had approved the Government of Nunavut borrowing up to \$750 million (i.e., authorized borrowing limit).

	2023	2022
Qulliq Energy Corporation, long term debt	179,505	190,389
Nunavut Housing Corporation, long term debt	5,412	6,173
Consolidated Revenue Fund, Liability for Iqaluit International Airport (Note 16)	184,917	196,562
Capital lease obligations (Note 17)	147,669	149,743
Consolidated Revenue Fund, Liability for Nunavut Energy Management Program (Note 18)	41,755	48,274
	17,896	16,981
Bank indebtedness (Note 10)	392,237	411,560
Total debt	10,055	10,060
Authorized borrowing limit	402,292	421,620
Available borrowing capacity	750,000	750,000
	347,708	328,380

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

15 LONG TERM DEBT AND BORROWING AUTHORITY LIMIT (continued)

The Government of Nunavut guarantees the long term debt of Qulliq Energy Corporation and Nunavut Housing Corporation as well as any outstanding 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), Canada Mortgage and Housing Corporation (CMHC) 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 *National Housing Act (NHA)* section 79 debt under the SHA) and loans payable to CMHC (referred to as NHA section 82 debt under the SHA). Under the SHA, part of the funding provided to NHC was used to reduce 100% of the NHA section 79 debt and reduce by 5/9th of the NHA section 82 debt, and to fund the related interest repayments 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 legally 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.

16 LIABILITY FOR IQUALUIT INTERNATIONAL AIRPORT

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 airport officially opened and began operations on August 9, 2017. The estimated cost of the project was \$305,376. The actual cost incurred by the private partnership was \$298,430. The capital costs of the arrangement was partially funded by the Government of Canada. The Government of Nunavut received \$74,160 from the Government of Canada during 2017-18.

	2023	2022
Loan payable in monthly installments of \$1,069 to December 2047, bearing interest at a rate of 7.23%.	147,669	149,743

Interest expense on long term debt relating to the Iqaluit International Airport was \$10,756 for the year (2022 - \$10,900). Interest paid during the year was \$10,756 (2022 - \$10,900).

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

	Principal	Interest	Total
2024	2,229	10,601	12,830
2025	2,395	10,435	12,830
2026	2,574	10,256	12,830
2027	2,766	10,063	12,829
2028	2,973	9,857	12,830
2029 and beyond	134,732	118,656	253,388
	147,669	169,868	317,537

17 CAPITAL LEASE OBLIGATIONS

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

	2023	2022
Total minimum lease payments	45,083	52,739
Less: imputed interest	(3,327)	(4,452)
Less: executory costs	(1)	(13)
Present value of minimum lease payments	41,755	48,274

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

	Principal	Interest	Executory	Total
2024	6,355	983	1	7,339
2025	6,529	805	-	7,334
2026	6,561	621	-	7,182
2027	6,571	438	-	7,009
2028	5,989	286	-	6,275
2029 and beyond	9,750	194	-	9,944
	41,755	3,327	1	45,083

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 \$1,168 (2022 - \$1,380) at an implied average interest rate of 2.8% (2022 - 2.9%). The capital lease obligations expire between 2024 and 2030.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

18 LIABILITY FOR NUNAVUT ENERGY MANAGEMENT PROGRAM

	2023	2022
Project financing payable - Baffin	208	538
Project financing payable - Kivalliq	17,688	16,443
	<u>17,896</u>	<u>16,981</u>

Under the Nunavut Energy Management Program Project - Baffin region, the Government has entered into an energy savings contract arrangement that includes an ongoing responsibility for making all principal and interest payments associated with the third-party financing of costs of improvements under the project. Payments were due monthly at \$139 to 2019, \$95 to 2022 and \$21 to July 2023 at an average interest rate of 5.13% (2022 - 5.13%). Interest expense on the project for the year was \$13 (2022 - \$62). Interest paid during the year was \$13 (2022 - \$62).

Future payments for the Nunavut Energy Management Program Baffin Project, for the next year is as follows:

	Principal	Interest	Total
2024	208	1	209
	<u>208</u>	<u>1</u>	<u>209</u>

Under the Nunavut Energy Management Program Project - Kivalliq region, the Government has entered into a contract for \$24,258 that includes all principal and interest payments associated with the third-party financing of costs of improvements under the project. The project was completed in November 2022, and payments are due monthly at \$254 until August 2030, at an average interest rate of 6.63% (2022 - 6.3%). Interest expense on the project for the year was \$418 (2022 - \$452). Interest paid during the year was \$418 (2022 - nil).

Future payments for the Nunavut Energy Management Program Kivalliq Project, for each of the next five years and thereafter are as follows:

	Principal	Interest	Total
2024	1,929	1,115	3,044
2025	2,061	983	3,044
2026	2,201	842	3,043
2027	2,352	692	3,044
2028	2,513	531	3,044
2029 and beyond	6,632	551	7,183
	<u>17,688</u>	<u>4,714</u>	<u>22,402</u>

19 ASSET RETIREMENT OBLIGATIONS

The Government owns and operates buildings that are known to have asbestos, lead, mercury, and PCBs which represents a health hazard upon demolition of the building and there is a legal obligation to remove it in accordance with *Canada Occupational Health and Safety Regulations (10.26 Schedule, Division II – Hazardous Substances Other than Hazardous Products)*. Following the adoption of *PS 3280 Asset Retirement Obligations*, the Government recognized an obligation relating to the removal and post-removal care of asbestos, lead, mercury, or PCBs in buildings at April 1, 2022 (see Note 3 (b)). Post-closure care is estimated to extend for up to one year after the closure of the building, while demolition and decommissioning continues.

The transition and recognition of asset retirement obligations involved an increase to the buildings and the restatement of prior year balances (see Note 3 (b)). The liability was estimated using costs for similar remediations and then discounted to the present value amount using a discount rate as noted in the table below. There are no expected recoveries and the estimated liability includes a contingency of 10%. No assets have been designated to settle any asset retirement obligations and amortization of the asset retirement obligation is on the same basis as the related asset.

	2023	Restated (Note 3) 2022
Opening balance	172,338	167,701
Accretion expense	4,766	4,637
Revisions to estimated cash flow and revaluation	(4,490)	-
Closing balance	<u>172,614</u>	<u>172,338</u>

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

19 ASSET RETIREMENT OBLIGATIONS (continued)

In addition to assumptions based on the costing and prevalence of asset retirement obligations determined using sample testing of units throughout the territory, the following is a summary of the key information and assumptions upon which the carrying amount of the asset retirement obligations are based:

	2023	2022
(i) Total undiscounted asset retirement obligations	249,591	249,763
(ii) Expected timing of payments	2024 to 2054	2023 to 2054
(iii) Discount rate	3.04% and 5.45%	1.46% and 2.79%
(iv) Inflation rate	2.00%	2.00%

This provision is highly sensitive to the discount rate and inflation rate used.

i) A 1% increase in the discount rate would decrease the obligation by	18,926	19,057
ii) A 1% increase in the inflation rate would increase the obligation by	22,746	23,419

20 EXPENSES BY TYPE

	2023	Restated (Note 3) 2022
Goods and services	1,439,857	1,294,625
Compensation and employee benefits	831,831	777,373
Grants and contributions	301,468	311,232
Amortization of tangible capital assets	153,512	143,136
Interest expense	21,843	16,217
Increase in valuation allowances	12,390	6,065
Accretion	4,766	4,637
Loss on disposal / write-down of tangible capital assets	1,501	-
	2,767,168	2,553,285

21 CONTRACTUAL OBLIGATIONS

In addition to other commitments disclosed elsewhere in these consolidated financial statements, the Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2023:

	Total
Commitments under operating leases	129,119
Capital commitments	369,762
Policing agreement	604,701
Iqaluit International Airport commitments	615,750
Other commitments	626,735
	2,346,067

Contractual obligations by fiscal year are as follows:

2024	682,153
2025	311,617
2026	213,716
2027	137,931
2028	121,351
2029 and beyond	879,299
	2,346,067

22 CONTRACTUAL RIGHTS

The Government enters into agreements to provide goods and services with various businesses and government agencies. These agreements will result in revenue and assets in the future. The following table summarizes the contractual rights of the Government when the terms of those agreements are met.

	Total
Canada Infrastructure Plan	535,033
New Building Canada Fund	131,540
Canada Mortgage and Housing Corporation	274,175
Health Canada Agreements	133,131
Others / Third party agreements	139,964
	1,213,843

Contractual rights by fiscal year are as follows:

2024	214,749
2025	221,818
2026	315,897
2027	305,013
2028	91,640
2029 and beyond	64,726
	1,213,843

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

23 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, 2023, no new post-division adjustments were recorded (2022 - nil).

(b) 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. Where it is likely that there will be a future payment and a reasonable estimate of the amount can be made, the Government has recorded a liability. For those pending cases, where the outcome is not determinable as at March 31 and a reasonable estimate of the amount can be made, the total amount of those claims is estimated at \$270 (2022 - \$11,270). No liability has been recorded for these claims as the outcome of these cases is not determinable.

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. Where it is likely that there will be a future payment and a reasonable estimate of the amount can be made, the Government has recorded a liability. For those pending cases, where the outcome is not determinable as at March 31 and a reasonable estimate of the amount can be made, the total amount of those claims is estimated at \$130,958 (2022 - \$146,775). No liability has been recorded for these claims as the outcome of these cases is not determinable.

(c) 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 \$292 as at March 31, 2023 (2022 - \$338).

24 TRUSTS UNDER ADMINISTRATION

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

	2023	2022
Public Trustee	8,170	7,462
Natural Resources Conservation Trust	1,755	1,465
Territorial Court Trust	661	596
	10,586	9,523

25 FINANCIAL RISK MANAGEMENT

The Government is exposed to certain risks as a result of holding financial instruments. The following risks have no significant impact on the Government's consolidated financial statements.

(a) Credit Risk

Credit risk is the risk that a third party will be unable to fulfill its payment obligations and cause a financial loss to the Government. The Government is exposed to credit risk through its cash and cash equivalents, accounts receivable, portfolio and other investments and loans receivables. The maximum extent of the exposure is the carrying value at the reporting date. At the end of 2023, there were no known relevant concentrations of credit risk by type of customer or geography. The Government's credit risk exposure is mainly influenced by individual customer characteristics.

Exposure to credit risk associated with its cash and cash equivalents is substantially minimized by placing these assets in senior Canadian chartered banks and the Government monitors these assets. The Government invests surplus funds to earn investment income with the deposits in a recognized large financial institution and cash equivalents are invested in 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. As a result, credit risk arising from cash and cash equivalents is considered negligible.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

25 FINANCIAL RISK MANAGEMENT (continued)

The Government has a concentration of accounts receivable from the Government of Canada which is considered low risk. Territorial Corporations, departments, and the Petroleum Products Division account for the remaining balance of accounts receivable. For certain loans, credit risk is managed through collateral security pledged by the borrowers and personal guarantees provided by borrowers. There is no concentration of loans receivable which further mitigates credit risk. Loans receivable are regularly reviewed and assessed to mitigate credit risk.

To mitigate risk, the Government regularly monitors its accounts receivable and assesses collectability. Where collection is at risk, an allowance for doubtful accounts is recognized. The allowance is based on specific accounts and is determined by considering the Government's knowledge of the financial conditions of customers, the aging of the receivable, current business conditions and historical experience. Receivables from the Government of Canada are not considered impaired.

Accounts receivable are generally due in 60 days or less. The Government utilizes an allowance account for potential losses related to accounts receivable. Any amounts subsequently recovered are reflected as recoveries in the consolidated statement of operations and accumulated surplus.

The aging analysis of other unimpaired accounts receivable is as follows:

	31-60 days	61-90 days	Over 90 days	2023
Territorial Corporations	5,460	5,005	11,012	21,477
Departments of Government	-	-	30,987	30,987
Petroleum Products Division	9,440	7,228	3,062	19,730
	14,900	12,233	45,061	72,194

* Comparative figures are not presented as the new accounting standard PS 3540 is applied prospectively.

With respect to accounts receivable past due but not impaired, based on credit history and credit ratings, there are no indications customers will not be able to meet their obligations.

The Government's investment policy for portfolio and other investments is designed to limit credit risk. Portfolio and other investments risk is mitigated by investing in low-risk Guaranteed Investment Certificates and Bankers' Acceptances.

(b) Liquidity Risk

Liquidity risk is the risk that the Government will not be able to meet its short term financial obligations. To manage liquidity risk, the Government maintains cash reserves (cash and cash equivalents) at levels that will meet future cash requirements. The Government's liquidity risk is further mitigated by its short-term portfolio investments, access to credit facilities and the timing of debt repayments.

A maturity analysis of the Government's financial liabilities is as follows (the contractual cash flows reported are undiscounted and include principal and interest payments):

	Carrying Amount and Interest	2024 Estimated	2025 to 2028	2029 to 2047	2023
Bank indebtedness	10,055	10,055	-	-	10,055
Accounts payable and accrued liabilities	559,549	559,549	-	-	559,549
Long-term debt	229,655	31,893	101,841	95,921	229,655
Liability for Iqaluit International Airport	317,537	12,830	51,319	253,388	317,537
	1,116,796	614,327	153,160	349,309	1,116,796

* Comparative figures are not presented as the new accounting standard PS 3540 is applied prospectively.

The Government does not currently believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market place. The Government is not significantly exposed to interest rate risk on its portfolio investments as these investments are not held on the open market, are intended to be held until the end of the term and have fixed interest rates until that time. Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

Long-term debt is comprised primarily of instruments with fixed interest rates; therefore the Government has not provided a sensitivity analysis to show the effect of interest rate changes on operating results.

The Government is not exposed to significant foreign exchange or other price risk.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS****SCHEDULE A****Consolidated Schedule of Revenues by Source****for the year ended March 31, 2023***(in thousands of dollars)*

	2023	2022
	Actual	Actual
From the Government of Canada		
Territorial Formula Financing	1,859,408	1,782,111
Transfers under third-party funding agreements	322,145	361,313
Other transfer payments	212,680	203,816
	2,394,233	2,347,240
Revenues generated by the Government of Nunavut		
Personal income tax	27,803	41,253
Corporate income tax	22,706	13,230
Payroll tax	41,079	39,340
Tobacco tax	23,466	24,617
Fuel tax	17,783	18,947
Property tax	14,403	12,063
Insurance tax	3,120	2,904
Sales		
Petroleum Products Revolving Fund - before cost of goods sold of \$127,023 (2022 - \$84,733)	157,347	116,595
Liquor Revolving Fund - before cost of goods sold of \$9,793 (2022 - \$7,435)	21,756	17,525
Nunavut Development Corporation - before cost of goods sold of \$3,970 (2022 - \$3,923)	3,897	3,669
Qulliq Energy Corporation - power sales	72,185	73,844
Staff housing recoveries	18,860	20,302
Transfers under third-party funding agreements	1,595	1,423
Recoveries of prior years expenditures	16,010	16,769
Investment income	18,815	5,494
Insurance proceeds	-	4,420
Other revenues	79,409	57,110
	540,234	469,505
Total revenues	2,934,467	2,816,745

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

SCHEDULE B

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2023**

(in thousands of dollars)

	Restated (Note 3)		Restated (Note 3)		Restated (Note 3)	Restated (Note 3)	Restated (Note 3)	Restated (Note 3)	Restated (Note 3)	Restated (Note 3)	Restated (Note 3)	Restated (Note 3)
	Buildings	Leased Buildings	Storage Facilities	Tank Farms	Equip- ment	Warehouse / Equipment (QEC)	Electric Power Plants	Transmission Distribution Systems	Infra- structure	Land	2023	2022
Cost of tangible capital assets												
Opening balance (Restated Note 3)	2,969,481	183,835	53,893	211,501	158,951	60,264	349,754	82,413	376,192	327	4,446,611	4,239,619
Additions	9,344	-	11,500	-	3,803	-	-	-	1,518	-	26,165	53,901
Transferred from work in progress	190,897	-	1,464	12,611	-	3,934	37,222	3,047	97,418	-	346,593	160,973
Disposals	-	-	-	-	-	(850)	-	-	-	-	(850)	(7,882)
Adjustments*	(4,201)	-	(117)	-	-	-	-	-	-	-	(4,318)	-
Write-downs	(3,465)	-	-	-	-	-	-	-	-	-	(3,465)	-
Closing balance	3,162,056	183,835	66,740	224,112	162,754	63,348	386,976	85,460	475,128	327	4,810,736	4,446,611
Accumulated amortization												
Opening balance (Restated Note 3)	(1,319,371)	(133,542)	(32,119)	(114,009)	(139,018)	(30,418)	(140,885)	(29,071)	(123,213)	-	(2,061,646)	(1,924,601)
Amortization	(97,742)	(6,777)	(2,000)	(7,691)	(8,142)	(2,137)	(11,365)	(1,721)	(15,937)	-	(153,512)	(143,136)
Disposals	-	-	-	-	-	850	-	-	-	-	850	6,091
Write-downs	1,964	-	-	-	-	-	-	-	-	-	1,964	-
Closing balance	(1,415,149)	(140,319)	(34,119)	(121,700)	(147,160)	(31,705)	(152,250)	(30,792)	(139,150)	-	(2,212,344)	(2,061,646)
Work in progress												
Opening balance	180,742	-	5,228	12,611	-	17,560	41,288	3,570	100,122	-	361,121	312,901
Additions	113,717	-	5,373	-	214	9,028	2,751	2,665	7,195	-	140,943	209,193
Transferred to cost of tangible capital assets	(190,897)	-	(1,464)	(12,611)	-	(3,934)	(37,222)	(3,047)	(97,418)	-	(346,593)	(160,973)
Closing balance	103,562	-	9,137	-	214	22,654	6,817	3,188	9,899	-	155,471	361,121
Net book value	1,850,469	43,516	41,758	102,412	15,808	54,297	241,543	57,856	345,877	327	2,753,863	2,746,086

Estimated useful life **20-35 years** **20-30 years** **20-30 years** **30 years** **5-30 years** **10-45 years** **20-40 years** **15-45 years** **30 years** **n/a**

During the year, interest of \$67 was capitalized (2022 - \$78) as part of the cost of additions.

The tangible capital asset additions presented in the consolidated statement of cash flow exclude non-cash acquisitions totalling \$37,053 (2022 - \$46,742) which represent unpaid purchases and holdbacks that are included in accounts payables and accrued liabilities as well as the liability for the Nunavut Energy Management Program at March 31, 2023.

Included in tangible capital asset additions are \$364 (2022 - \$874) of corporate overhead costs of the Qulliq Energy Corporation.

* Consists of the impact of revisions in estimated cash flows on the asset retirement obligations (Note 19), largely as a result of the change in the discount rate during the year.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

SCHEDULE C

Consolidated Schedule of Segmented Information

for the year ended March 31, 2023

(in thousands of dollars)

	Consolidated Revenue Fund	Revolving Funds	Territorial Corporations	Total for All Segments	Consolidation Adjustments (1)	2023	Restated (Note 3) 2022
Revenues							
From the Government of Canada							
Territorial Formula Financing	1,859,408	-	-	1,859,408	-	1,859,408	1,782,111
Transfers under third-party funding agreements	322,145	-	-	322,145	-	322,145	361,313
Other transfer payments	133,666	-	79,014	212,680	-	212,680	203,816
	<u>2,315,219</u>	<u>-</u>	<u>79,014</u>	<u>2,394,233</u>	<u>-</u>	<u>2,394,233</u>	<u>2,347,240</u>
Generated by the Government of Nunavut							
Corporate and personal income taxes	50,509	-	-	50,509	-	50,509	54,483
Other taxes	99,851	-	-	99,851	-	99,851	97,871
Sales	-	265,980	140,610	406,590	(151,405)	255,185	211,633
Transfers under third-party funding agreements	1,595	-	-	1,595	-	1,595	1,423
General	66,005	-	430,967	496,972	(379,888)	117,084	87,326
	<u>217,960</u>	<u>265,980</u>	<u>571,577</u>	<u>1,055,517</u>	<u>(531,293)</u>	<u>524,224</u>	<u>452,736</u>
Recoveries of prior years expenditures	16,010	-	-	16,010	-	16,010	16,769
Total revenues	<u>2,549,189</u>	<u>265,980</u>	<u>650,591</u>	<u>3,465,760</u>	<u>(531,293)</u>	<u>2,934,467</u>	<u>2,816,745</u>
Expenses							
Goods and services	1,087,601	253,969	364,478	1,706,048	(266,191)	1,439,857	1,294,625
Compensation and employee benefits	673,331	9,081	143,473	825,885	5,946	831,831	777,373
Grants and contributions	574,906	-	-	574,906	(273,438)	301,468	311,232
Amortization of tangible capital assets	92,336	-	61,338	153,674	(162)	153,512	143,136
Interest expense	12,819	54	9,400	22,273	(430)	21,843	16,217
Increase in valuation allowances	406	6,588	4,074	11,068	1,322	12,390	6,065
Accretion expense	2,236	-	2,530	4,766	-	4,766	4,637
Loss on disposal / write down of tangible capital assets	-	-	1,501	1,501	-	1,501	-
Total expenses	<u>2,443,635</u>	<u>269,692</u>	<u>586,794</u>	<u>3,300,121</u>	<u>(532,953)</u>	<u>2,767,168</u>	<u>2,553,285</u>
Surplus (deficit) for year	<u>105,554</u>	<u>(3,712)</u>	<u>63,797</u>	<u>165,639</u>	<u>1,660</u>	<u>167,299</u>	<u>263,460</u>

(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.

This page intentionally left blank

SECTION III

NON-CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

This page intentionally left blank

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Non-Consolidated Statement of Financial Position (unaudited)

as at March 31, 2023

(in thousands of dollars)

	Note	2023	2022 (Restated Note 3)
Financial assets			
Cash and cash equivalents	4	490,189	913,661
Due from the Government of Canada	5	192,533	197,319
Accounts receivable	6	169,357	134,045
Inventories for resale	7(a)	271,186	182,457
Loans receivable	8	56,030	32,876
Portfolio and other investments	9	554,611	132,128
Total financial assets		1,733,906	1,592,486
Liabilities			
Accounts payable and accrued liabilities	10	507,090	477,236
Deferred revenues	11	184,333	180,143
Liability for contaminated sites	12	7,635	7,793
Liabilities for pension and other employee benefits	13	113,520	110,201
Liability for Iqaluit International Airport	14	147,669	149,743
Capital lease obligations	15	41,037	47,496
Liability for Nunavut Energy Management Program	16	17,896	16,981
Asset Retirement Obligations	17	82,766	80,129
Total liabilities		1,101,946	1,069,722
Net financial assets		631,960	522,764
Non-financial assets			
Tangible capital assets (Schedule C)		1,506,854	1,510,238
Inventories for use	7(b)	3,942	6,039
Prepaid expenses		3,751	5,624
Total non-financial assets		1,514,547	1,521,901
Accumulated surplus		2,146,507	2,044,665
Contractual obligations (Note 19)			
Contractual rights (Note 20)			
Contingencies (Note 21)			

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 Accumulated Surplus (unaudited)**

for the year ended March 31, 2023

(in thousands of dollars)

	2023 Budget	2023 Actual	2022 Actual <small>(Restated Note 3)</small>
Revenues (Schedule A)			
From the Government of Canada	2,307,072	2,315,219	2,278,609
Tax revenues generated by the Government of Nunavut	159,800	150,360	152,354
Other revenues generated by the Government of Nunavut	110,927	111,721	97,109
Recoveries of prior years expenditures	11,000	16,010	16,769
Total revenues	2,588,799	2,593,310	2,544,841
Expenses (Schedule B)			
Operations and maintenance expenses before amortization and write down of tangible capital assets	2,228,738	2,259,302	2,167,790
<i>Plus:</i> Amortization expenses on tangible capital assets	85,252	92,336	85,204
<i>Plus:</i> ARO accretion expense		2,236	2,175
<i>Plus:</i> Write-down of tangible capital assets	-		-
Total operations and maintenance expenses	2,313,990	2,353,874	2,255,169
Capital expenditures	323,583	226,145	191,618
<i>Less:</i> Transfers to tangible capital assets	89,117	88,551	82,731
Total capital expenses	234,466	137,594	108,887
Total expenses	2,548,456	2,491,468	2,364,056
Surplus for year	40,343	101,842	180,785
Accumulated surplus, beginning of year	2,044,665	2,044,665	1,863,880
Accumulated surplus, end of year	2,085,008	2,146,507	2,044,665

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, 2023

(in thousands of dollars)

	2023 Budget	2023 Actual	2022 Actual <small>(Restated Note 3)</small>
Surplus for year	40,343	101,842	180,785
Tangible capital assets (Schedule C)			
Additions	(89,117)	(88,952)	(84,242)
Disposals	45	-	1,791
Amortization	85,252	92,336	85,204
Additions in Kind	(40)	-	-
Write-downs	3,568	-	-
	(292)	3,384	2,753
Additions to inventories for use	(5,600)	(9,338)	(8,858)
Consumption of inventories for use	5,248	11,435	6,938
Net additions of prepaid expenses	(500)	1,873	(461)
	(852)	3,970	(2,381)
Total Change in the Year	39,199	109,196	181,157
Net Financial Assets, beginning of year	522,764	522,764	341,607
Net Financial Assets, end of year	561,963	631,960	522,764

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, 2023
(in thousands of dollars)

	2023	2022
Cash provided by (used for) operating activities:		
Cash received from:		
Transfers from the Government of Canada	2,335,234	2,225,252
Taxation	146,735	150,843
Other generated revenues	286,094	226,622
Interest on loans receivable and portfolio investments	2,216	2,994
Cash paid for:		
Interest payments on capital leases, mortgage and project financing	(12,737)	(12,286)
To and on behalf of employees	(485,019)	(619,639)
Grants and contributions	(626,376)	(625,259)
Suppliers	(1,520,305)	(1,120,711)
	125,842	227,816
Cash provided by (used for) capital activities:		
Purchases of tangible capital assets	(91,824)	(79,764)
	(91,824)	(79,764)
Cash provided by (used for) investing activities:		
Loans issued to municipalities, businesses and individuals	(25,868)	(21,076)
Loan repayments by municipalities, businesses and individuals	2,317	2,026
Investments in portfolio and other investments	(422,483)	(108,492)
	(446,034)	(127,542)
Cash provided by (used for) financing activities:		
Principal payments on Iqaluit International Airport	(2,074)	(1,929)
Principal payments on capital leases	(6,459)	(6,270)
Principal payments on Nunavut Energy Savings Program Project	(2,923)	(1,080)
	(11,456)	(9,279)
(Decrease) increase in cash and cash equivalents	(423,472)	11,231
Cash and cash equivalents, beginning of year	913,661	902,430
Cash and cash equivalents, end of year (Note 4)	490,189	913,661

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, 2023***(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 2022-2023 Main Estimates were tabled in the Legislative Assembly in May 2022 and represent the Government's fiscal plan for the year (i.e., original budget). Summary information and totals for the Government's original budget for the year are provided on pages x through xiii of the 2022-2023 Main Estimates. Planned Vote 5 revenues and Vote 4 expenses represent the share of eligible costs to be funded under agreements with the Government of Canada or others, and while not part of the annual Appropriations (Operations and Maintenance) Act approved by the Legislative Assembly in June 2022, 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 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., 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 and Cannabis 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	Other public agencies
- Nunavut Arctic College (NAC)	- District Education Authorities
- Nunavut Business Credit Corporation (NBCC)	- Human Rights Tribunal
- Nunavut Development Corporation (NDC)	- Inuit Uqausinginnik Taigusiliuqtiit
- Nunavut Housing Corporation (NHC)	- Labour Standards Board
- Qulliq Energy Corporation (QEC)	- Legal Services Board
	- Liquor and Cannabis Commission
	- Liquor and Cannabis 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.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS****Notes to Non-Consolidated Financial Statements (unaudited)****March 31, 2023***(in thousands of dollars)*

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 reporting entity.

(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 amount 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 are reasonable.

The most significant management estimates relate to income tax revenues, pension and other employee benefit liabilities, liability for contaminated sites, asset retirement obligations, contingencies, useful life of tangible capital assets, valuation of inventories for resale and use as well as valuation allowances on loans and other receivables.

(d) Financial Instruments

The following is a list of the Government's financial instruments and their related measurement basis as at March 31, 2023:

Financial Assets	Measurement Basis
Cash and cash equivalents	Cost
Due from the Government of Canada	Cost
Accounts receivable	Cost
Loans receivable	Amortized cost
Portfolio and other investments	Cost
Financial Liabilities	
Accounts payable and accrued liabilities	Cost
Liability for Iqaluit International Airport	Amortized cost

As all financial instruments are measured at cost or amortized cost, there have been no remeasurement gains or losses. Therefore, a statement of remeasurement gains and losses has been excluded.

All financial assets are annually tested for impairment. When financial assets are impaired, impairment losses are recognized in the statement of operations and accumulated surplus. A write down of a financial asset to reflect a loss in value is not reversed for a subsequent increase in value. On disposal or derecognition of a financial asset or liability, the resulting gain or loss is recognized in the statement of operations and accumulated surplus.

Upon initial recognition, transactions costs which are incremental and directly attributable to the acquisition or issuance of a financial asset or financial liability are added to the carrying value of the financial instruments measured using the cost or amortized cost method.

For financial instruments measured using amortized cost, the effective interest method is used to determine interest revenue and expense.

(e) 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.

(f) Portfolio and Other Investments

Portfolio and other investments include long-term investments in Guaranteed Investment Certificates and investments related to the Supplementary Retirement Allowances Fund (SRAF).

Portfolio and other investments are accounted for at cost, which approximates fair value. SRAF designated investments represent ownership interests in a pooled equity fund with an active market.

Where there has been a loss in value of a portfolio or other investment, that is other than a temporary decline, the investment is written down to recognize the loss. A write-down of portfolio and other investments to reflect a loss in value is not reversed if there is a subsequent increase in value. The new carrying value is deemed to be the new cost basis for subsequent accounting purposes. Interest income is recognized using the effective interest method, dividend income is recognized as it is declared, and capital gains and losses are recognized when realized.

(g) Inventories

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

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

March 31, 2023

(in thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(h) Loans Receivable**

Loans receivable are recorded at amortized cost, net of valuation allowances, if any. 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 recognized using the effective interest method. An uncollectable or impaired loan receivable balance can be written off only upon receipt of required statutory approvals.

(i) 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 programs and 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. Cost includes all outlays to ready the asset for use including contracted services, materials and supplies, direct labour, attributable overhead costs and directly attributable interest. Capitalization of interest ceases when a tangible capital asset is ready for use in producing goods or delivering programs and services. 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 term 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 term or the useful life of the leased asset. 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 or deliver programs 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.

(j) 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 the service. The contributions represent the total pension obligation of the Government of Nunavut.

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 life of the plan members. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuation. In addition, upon a plan amendment, curtailment or settlement, previously unrecognized net actuarial gain or loss balances are immediately recognized in the statement of operations and accumulated surplus.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2023

(in thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Employee Benefits

Under the terms and conditions of employment, Government employees may earn severance and removal benefits based on years of service. Severance and removal benefits are recorded when employees are identified for lay-off or removal. These benefits are paid upon resignation, lay-off or termination, retirement or death of the employee. Upon retirement, employees are entitled to enroll in health and dental benefit programs, the cost of which is cost-shared with the Government. The estimated liability and related expenses for these benefit programs are recorded as employees earn them. Actuarial valuation estimates of the Government's obligations and related costs for each of these benefit programs have been prepared using data provided by management and assumptions based on management's best estimates.

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.

(k) Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii) The past transaction or event giving rise to the liability has occurred;
- iii) It is expected that future economic benefits will be given up; and
- iv) a reasonable estimate of the amount can be made.

Recognized liabilities include all costs directly attributable to asset retirement activities, including costs related to post-retirement operation, maintenance, and monitoring that is an integral part of the retirement of the tangible capital asset. Estimates are based on the Government's best estimate of the total expenditure required to complete retirement activities using information that was available at the reporting date.

When an asset retirement liability is initially recognized, asset retirement costs are capitalized and added to the carrying value of the related tangible capital asset. The capitalized asset retirement obligation is amortized on the same basis as the related tangible capital asset and any accretion expense is recognized in the statement of operations and accumulated surplus. Asset retirement costs related to unrecognized tangible capital assets and tangible capital assets no longer in productive use are immediately expensed.

The estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. The liability is discounted using a present value calculation and adjusted annually for accretion expense. The discount rate used reflects the Government's cost of borrowing, associated with the estimated number of years to complete the retirement or remediation.

At each financial reporting date, the carrying amount of the liability is reviewed. The Government recognizes period-to-period changes to the liability due to the passage of time as an accretion expense. Changes to the liability arising from revisions to either the timing or the original estimate of the undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Government continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(l) 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

Tax revenues are recognized in the period in which the taxable event occurs and when they are authorized by legislation or the ability to assess and collect the tax has been provided through legislative convention. 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 benefit, the cost of living tax credit and the business training tax credit. Taxes, under the *Income Tax Act*, are administered 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 period they become 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.

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

March 31, 2023

(in thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and accumulated surplus. 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.

(m) 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.

(n) 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 or fail to occur and is quantifiable, an estimated liability is accrued as part of accounts payable and accrued liabilities. 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.

(o) 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.

(p) Future changes in accounting standards

A number of new and amended standards and guidance 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 will adopt these new and amended standards and guidance on their effective dates. The Government is currently assessing the impact they will have on its financial statements. The following standards for governments will become effective as follows:

PS 3400 Revenue (effective April 1, 2023), a new section establishing standards on how to account for and report on revenue, differentiating between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

PS 1202 Financial Statement presentation (effective April 1, 2026), defines how financial statement information is presented. Key changes include removal of the statement of change in net financial assets or net debt and the addition of a new statement of net assets or net liabilities and how this amount is determined.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2023

(in thousands of dollars)

3 ADOPTION OF NEW ACCOUNTING STANDARDS

(a) Implementation of PS 3450, Financial Instruments

Effective April 1, 2022, the Government has prospectively adopted *PS 3450 Financial Instruments* (PS 3450). The adoption of PS 3450 also requires the adoption of *PS 1201 Financial Statement Presentation* (PS 1201), *PS 2601 Foreign Currency Translation* (PS 2601), and *PS 3041 Portfolio Investments* (PS 3041), effective April 1, 2022. These new standards provide detailed requirements for the recognition, measurement, presentation, and disclosure of financial instruments and foreign currency transactions. The Government assessed the requirements of these standards and determined PS 1201, PS 2601, and PS 3041 do not have a significant impact on the financial statements. All financial instruments included on the statement of financial position are measured at cost or amortized cost. See Note 2(d). There were no significant remeasurement gains or losses recognized in the financial statements and there were no changes to previously reported amounts as a result of PS 3450 being adopted.

(b) Implementation of PS 3280, Asset Retirement Obligations

On April 1, 2022, the Government adopted *PS 3280 Asset Retirement Obligations* on a modified retroactive basis. This standard requires public sector entities to recognize liabilities for legal obligations to incur costs associated with the retirement of tangible capital assets on their acquisition, construction, development or through their normal use, and to expense those costs systematically over the life of the asset.

The Government recognized asset retirement obligations relating to buildings that contain either asbestos, lead, mercury, or polychlorinated biphenyls (PCBs). On initial application of the standard, the Government recognized:

- i) a liability for any existing asset retirement obligation, adjusted for accumulated accretion to that date;
- ii) an asset retirement cost capitalized as an increase to the carry amount of the related tangible capital asset;
- iii) accumulated amortization on that capital cost, and
- iv) an adjustment to the opening balance of the accumulated surplus.

These amounts were measured using information, assumptions and discount rates that were current at the beginning of the current fiscal year. The amount recognized as an asset retirement cost was measured as of the date the asset retirement obligation was incurred. Accumulated amortization and accretion were measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date of the transition. When an asset retirement obligation is settled, any liability and associated asset retirement costs are removed from the Statement of Financial Position.

The effect of the adoption of PS 3280 on the March 31, 2022 comparative information is presented below.

	As Previously	2022 Restatement	As Restated 2022
Consolidated Statement of Financial Position			
Asset Retirement obligations	-	80,129	80,129
Tangible capital assets	1,510,238	-	1,510,238
Accumulated surplus	1,941,834	(77,954)	1,863,880
Consolidated Statement of Operations and Accumulated Surplus			
Accretion expense	-	2,175	2,175
Accumulated surplus, beginning of the year	1,941,834	(77,954)	1,863,880
Accumulated surplus, end of the year	2,124,794	(80,129)	2,044,665
Consolidated Statement of Changes in Net Financial Assets			
Surplus for the year	182,960	2,175	180,785
Net financial assets, beginning of the year	419,561	(77,954)	341,607
Net financial assets, end of the year	602,893	(80,129)	522,764
Consolidated Schedule of Tangible Capital Assets			
Cost, beginning of the year	2,329,454	58,750	2,388,204
Buildings	1,443,143	55,060	1,498,203
Storage facilities	18,799	3,690	22,489
Accumulated amortization, beginning of the year	1,096,883	58,750	1,155,633
Buildings	586,510	55,060	641,570
Storage facilities	13,349	3,690	17,039
Total 2022			
Cost, beginning of the year	2,329,454	58,750	2,388,204
Cost, end of the year	2,376,806	58,750	2,435,556
Accumulated amortization, beginning of the year	1,017,077	58,750	1,075,827
Accumulated amortization, end of the year	1,096,883	58,750	1,155,633
Net Book Value	1,510,238	-	1,510,238

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2023

(in thousands of dollars)

4 CASH AND CASH EQUIVALENTS	2023	2022
Cash and cash equivalents	490,189	913,661

During the year, government earned interest of prime less 1.83% on its net bank balances (2022 - prime less 1.65%).

5 DUE FROM THE GOVERNMENT OF CANADA	2023	2022
Grant receivable:		
From the Government of Canada (Schedule A)	1,859,408	1,782,111
Less: Payments received	(1,859,408)	(1,782,111)
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	192,533	197,319
	<u>192,533</u>	<u>197,319</u>

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

6 ACCOUNTS RECEIVABLE	2023	2022
Receivable by funds		
Consolidated Revenue Fund	91,382	85,048
Petroleum Products Revolving Fund	119,977	83,843
Public Stores Revolving Fund	34	211
Liquor and Cannabis Revolving Fund	87	73
	<u>211,480</u>	<u>169,175</u>
Less: Allowance for doubtful accounts	(42,123)	(35,130)
	<u>169,357</u>	<u>134,045</u>
Receivable by relation with the creditors		
Nunavut Arctic College	10,762	8,202
District Education Authorities	2,296	1,908
Nunavut Business Credit Corporation	185	42
Nunavut Development Corporation	18	29
Nunavut Housing Corporation	19,483	18,738
Qulliq Energy Corporation	48,937	19,636
Receivables from related parties	81,681	48,555
Other accounts receivable	129,799	120,620
	<u>211,480</u>	<u>169,175</u>
Less: Allowance for doubtful accounts	(42,123)	(35,130)
	<u>169,357</u>	<u>134,045</u>

7 INVENTORIES	2023	2022
(a) For resale		
Bulk fuels	263,712	176,053
Liquor products	7,474	6,404
	<u>271,186</u>	<u>182,457</u>

The write-down for bulk fuels inventory for 2023 was \$76 (2022 - \$230).

(b) For use		
Health and medical supplies	3,942	6,039

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2023

(in thousands of dollars)

8 LOANS RECEIVABLE	2023	2022
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 2.67% and 3.94% (2022 - 0.48% and 2.28%) at the end of the month, compounded annually.	13,619	12,037
Student Loan Fund loans, interest rate of 0.00% (2022 - 0.00%), net of doubtful accounts and valuation allowances of \$6,572 (2022 - \$5,928).	2,152	1,967
Loan to Qulliq Energy Corporation. Interest is calculated as Government of Nunavut's operating interest plus 0.15 % per annum compounded monthly, beginning September 1, 2021 in equal installments of \$173. The final instalment, including any other amounts accrued under this loan, is payable August 31, 2031.	16,973	18,872
Loan to Qulliq Energy Corporation. Interest is calculated as Government of Nunavut's operating interest plus 0.15 % per annum compounded monthly, beginning July 1, 2022 in equal installments of \$230. The final instalment, including any other amounts accrued under this loan, is payable June 30, 2032.	23,286	-
Other, net of valuation allowances of \$64 (2022 - \$64).	-	-
	56,030	32,876

9 PORTFOLIO AND OTHER INVESTMENTS			2023	2022
	Effective Rate of Return	Term to Maturity	Carrying Value	Carrying Value
Portfolio investments				
Guaranteed Investment Certificates	0.90% - 5.43%	10 - 1670 days	525,238	105,000
			525,238	105,000
Other investments				
SRAF designated investments			29,373	27,128
			554,611	132,128

The market value of the portfolio investments at March 31, 2023 was \$525,238.

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, 2023 was \$30,537 (2022 - \$28,770) with a positive return of 3.49% (2022 - positive return of 3.60%).

10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	2023	2022
To related parties		
Nunavut Arctic College	5,302	8,454
District Education Authorities	2,884	3,654
Nunavut Business Credit Corporation	4	226
Nunavut Development Corporation	285	130
Nunavut Housing Corporation	3,915	27,194
Qulliq Energy Corporation	14,940	12,066
	27,330	51,724
To others		
Accounts payable	157,736	155,876
Accrued liabilities, payroll deductions, and contractor holdbacks	233,946	190,880
Vacation pay and time in lieu	43,030	42,358
Due to the Government of Canada	43,122	32,083
Due to the Government of the Northwest Territories	1,926	4,315
	479,760	425,512
	507,090	477,236

All amounts above are non-interest bearing.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2023

(in thousands of dollars)

11 DEFERRED REVENUES

	Balance April 1, 2022	Receipts during the year	Transfer to revenue	Balance March 31, 2023
Gas Tax Agreement	96,389	20,624	(13,918)	103,095
Other deferred revenue	50,796	47,702	(42,682)	55,816
Nunavut Land Claim	32,017	10,927	(18,492)	24,452
Provincial-Territorial Base Funding (Building Canada)	941	29	-	970
	180,143	79,282	(75,092)	184,333

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 2023-24 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.

12 LIABILITY FOR CONTAMINATED SITES

	2023	2022
Liabilities for remediation of contaminated sites	7,635	7,793

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, 2023, there were 6 sites (2022 - 6) - 2 storage tank farms (2022 - 2) and 4 waste sites - (2022 - 4), 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. Where remediation costs have been estimated and a liability has been recorded the methodology used to estimate the liability is either based on third party analyses or extrapolated from costs previously incurred to remediate, monitor, or manage sites of similar size and contamination.

The Government has identified an additional 73 (2022 - 73) sites on Commissioner land for which liabilities for contamination may exist for assessment, remediation and/or monitoring. The activities associated with these sites are classified as follows:

	2023	2022
Storage tank farms	25	25
Power plants	29	29
Town and waste sites	11	11
Garages and other public works	5	5
Airports	2	2
Quarries	1	1
	73	73

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 29 power plant sites (2022 - 14 and 29) would cost, without considering inflation, approximately \$9,700 and \$45,000 (2022 - \$9,700 and \$39,000), respectively. In addition, the Government has estimated that remediation at the other sites could cost, without considering inflation, between \$63,000 - \$134,000 (2022 - \$63,000 - \$134,000) depending on the approach taken. No liability for remediation of these 73 sites (2022 - 73) 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 only when future economic benefits are expected to 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 future.

In addition, the Government has identified 146 (2022 - 144) 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.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2023

(in thousands of dollars)

13 LIABILITIES 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 as well as retirement health benefits. 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 liabilities for pensions and other employee benefit arrangements were as follows:

	2023	2022
Pension Benefits		
Pension plans for MLAs	24,246	23,295
Total pension benefits	24,246	23,295
Other Employee Benefits		
Severance and removal	17,887	21,687
Retirement health benefits	63,403	55,073
Sick leave	7,984	10,146
Total other employee benefits	89,274	86,906
Total pension and other employee benefits	113,520	110,201

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, 2023 was 1.02 times (2022 - 1.02 times) for members enrolled before January 1, 2013, and 1.0 times (2022 - 1.0 times) for members enrolled beginning January 1, 2013. Total employer contributions of \$36,473 (2022 - \$33,789) were recognized as expense in the current year. Total employee contributions were \$36,229 (2022 - \$33,690).

Pension Plans for MLAs

The Government sponsors two defined benefit pension plans for 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.

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 2023 (no changes in 2022).

As per the *Legislative Assembly Retiring Allowance Fund Act* and the *Supplementary Retiring Allowance Fund Act*, an actuarial valuation is to be done as at April 1 following each general election, not necessarily every three years. The last actuarial valuations were completed for these plans as of April 1, 2022. The valuations were performed using the projected unit credit actuarial cost method. The valuations were based on a number of assumptions as approved by the Management and Services Board of the Legislative Assembly and represents the best estimates of expected long-term experience and short-term forecast, as well as the demographic assumptions underlying the most recent actuarial valuations for funding purposes. The main assumptions include inflation rate of 2.0% (2022 - 2.0%), expected discount rate of 4.0% (2022 - 4.0%), return on assets of 5.1% (2022 - 4.3%), increases in remuneration of 3.0% (2022 - 3.0%), and mortality.

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

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2023

(in thousands of dollars)

13 LIABILITIES FOR PENSION AND OTHER EMPLOYEE BENEFITS (continued)

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

	LARAF	SRAF	2023	2022
Accrued benefit obligation	11,996	21,376	33,372	36,900
Deduct:				
Pension fund assets	17,940	-	17,940	16,776
Amortization of actuarial (gain) / loss	(4,229)	(4,585)	(8,814)	(3,171)
	13,711	(4,585)	9,126	13,605
Pension (asset) liability	(1,715)	25,961	24,246	23,295

As at March 31, 2023, the LARAF pension fund assets had a market value of \$18,390 (2022 - \$17,758). The actual rate of return was positive 3.20% (2022 - positive 3.71%). The SRAF has no pension fund assets; however, the pension liability is funded all or in part by designated investments (Note 9).

LARAF and SRAF actuarial gains/losses are both amortized over 6 years (2022 - 3 years for both) 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	2023	2022
Current period benefit cost	1,368	2,140	3,508	3,878
Unamortized actuarial (gain) / loss	(535)	(522)	(1,057)	602
	833	1,618	2,451	4,480
MLAs contributions	(289)	-	(289)	(319)
Pension expense	544	1,618	2,162	4,161
Interest cost on the average accrued benefit obligation	596	978	1,574	1,354
Expected return on average pension plan assets	(874)	-	(874)	(707)
Pension interest expense	(278)	978	700	647
Total pension expenses	266	2,596	2,862	4,808

Pension benefits paid for the LARAF and SRAF were \$1,092 and \$1,030, respectively (2022 - \$2,194 and \$1,005, respectively).

The Government's contributions related to the LARAF and SRAF during the year were \$880 and \$1,774, respectively (2022 - \$850 and \$1,769, respectively).

The changes in the other employee benefits liabilities during the year were as follows:

	Severance and removal	Sick leave	Retirement health benefits	2023	2022
Accrued benefit obligations at beginning of the year					
	17,804	6,029	52,763	76,596	113,076
Benefits earned	1,345	1,085	3,768	6,198	5,307
Interest cost on the average accrued benefit	631	210	2,167	3,008	3,338
Benefits paid	(5,160)	(2,638)	(972)	(8,770)	(6,401)
Subtotal	14,620	4,686	57,726	77,032	115,320
Actuarial (gain) / loss	-	-	-	-	(38,724)
Accrued benefit obligations at end of the year	14,620	4,686	57,726	77,032	76,596
Unamortized net actuarial gain / (loss)	3,267	3,298	5,677	12,242	10,310
Other employee benefits liabilities at end of the year	17,887	7,984	63,403	89,274	86,906

	Severance and removal	Sick leave	Retirement health benefits	2023	2022
Benefit Expenses					
Benefit earned for the period	1,345	1,085	3,768	6,198	5,307
Actuarial (gain) loss on benefit obligation	-	-	-	-	(38,724)
Amortization of net actuarial gain / (loss) recognized during the year	(615)	(818)	3,368	1,935	14,660
Other employee benefits expense	730	267	7,136	8,133	(18,757)
Interest cost on the average accrued benefit	631	210	2,167	3,008	3,338
Total expense related to other employee benefits	1,361	477	9,303	11,141	(15,419)

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

March 31, 2023

*(in thousands of dollars)***14 LIABILITY FOR IQALUIT INTERNATIONAL AIRPORT**

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 airport officially opened and began operations on August 9, 2017. The estimated cost of the project was \$305,376. The actual cost incurred by the private partnership was \$298,430. The capital costs of the arrangement was partially funded by the Government of Canada. The Government of Nunavut received \$74,160 from the Government of Canada during 2017-18.

	2023	2022
Loan payable in monthly instalments of \$1,069 to December 2047, bearing interest at a rate of 7.23%.	147,669	149,743

Interest expense on long-term debt relating to the Iqaluit International Airport was \$10,756 for the year (2022 - \$10,900). Interest paid during the year was \$10,756 (2022 - \$10,900).

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

	Principal	Interest	Total
2024	2,229	10,601	12,830
2025	2,395	10,435	12,830
2026	2,574	10,256	12,830
2027	2,766	10,063	12,829
2028	2,973	9,857	12,830
2029 and beyond	134,732	118,656	253,388
	147,669	169,868	317,537

15 CAPITAL LEASE OBLIGATIONS

Capital lease obligations are based upon contractual minimum lease payments for leases in effect as of March 31. The original capital leases, with terms of 20 years, expired between 2019 and 2020. On July 1, 2017, the Government entered into lease amending and extension agreements with the lessor that extended the original terms by another 10 years.

	2023	2022
Total minimum lease payments	44,311	51,905
Less: Imputed interest	(3,274)	(4,409)
Present value of minimum lease payments	41,037	47,496

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

	Principal	Interest	Total
2024	6,099	954	7,053
2025	6,266	788	7,054
2026	6,438	615	7,053
2027	6,495	437	6,932
2028	5,988	286	6,274
2029 and beyond	9,751	194	9,945
	41,037	3,274	44,311

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 \$1,134 (2022 - \$1,324) at an implied average interest rate of 2.5% (2022 - 2.6%). Interest paid for the year was \$1,134 (2022 - \$1,324). The capital lease obligations expire between 2023 and 2030.

16 LIABILITY FOR NUNAVUT ENERGY MANAGEMENT PROGRAM PROJECT

	2023	2022
Project financing payable - Baffin	208	538
Project financing payable - Kivalliq	17,688	16,443
	17,896	16,981

Under the Nunavut Energy Management Program Project - Baffin region, the Government has entered into an energy savings contract arrangement that includes an ongoing responsibility for making all principal and interest payments associated with the third-party financing of costs of improvements under the project. Payments were due monthly at \$139 to 2019, \$95 to 2022 and \$21 to July 2023 at an average interest rate of 5.13% (2022 - 5.13%). Interest expense on the project for the year was \$13 (2022 - \$62). Interest paid during the year was \$13 (2022 - \$62).

Future payment for the Nunavut Energy Management Program Baffin Project for next year is as follows:

	Principal	Interest	Total
2024	208	1	209
	208	1	209

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2023

(in thousands of dollars)

16 LIABILITY FOR NUNAVUT ENERGY MANAGEMENT PROGRAM PROJECT (continued)

Under the Nunavut Energy Management Program Project - Kivalliq region, the Government has entered into a contract for \$24,258 that includes all principal and interest payments associated with the third-party financing of costs of improvements under the project. The project was completed in November 2022, and payments are due monthly at \$254 until August 2030, at an average interest rate of 6.63% (2022 - 6.3%). Interest expense on the project for the year was \$418 (2022 - \$452). Interest paid during the year was \$418 (2022 - nil).

Future payments for the Nunavut Energy Management Program Kivalliq Project, for each of the next five years and thereafter are as follows:

	Principal	Interest	Total
2024	1,929	1,115	3,044
2025	2,061	983	3,044
2026	2,201	842	3,043
2027	2,352	691	3,043
2028	2,513	531	3,044
2029 and beyond	6,632	551	7,183
	17,688	4,713	22,401

17 ASSET RETIREMENT OBLIGATIONS

The Government owns and operates several buildings that are known to have asbestos, lead, mercury, and PCBs which represents a health hazard upon demolition of the building and there is a legal obligation to remove it in accordance with *Canada Occupational Health and Safety Regulations (10.26 Schedule, Division II – Hazardous Substances Other than Hazardous Products)*. Following the adoption of *PS 3280 Asset Retirement Obligations*, the Government recognized an obligation relating to the removal and post-removal care of asbestos, lead, mercury, or PCBs in buildings at April 1, 2022 (see Note 3). Post-closure care is estimated to extend for up to one year after the closure of the building, while demolition and decommissioning continues.

The transition and recognition of asset retirement obligations involved an increase to the buildings and the restatement of prior year balances (see Note 3). The liability was estimated using costs for similar remediations and then discounted to the present value amount using a discount rate as noted in the table below. There are no expected recoveries and the estimated liability includes a contingency of 10%. No assets have been designated to settle any asset retirement obligations and amortization of the asset retirement obligation is on the same basis as the related asset.

	2023	2022
Opening balance	80,129	77,954
Accretion expense	2,236	2,175
Revisions to estimated cash flow	401	-
Closing balance	82,766	80,129

In addition to assumptions based on the costing and prevalence of asset retirement obligations determined using sample testing of units throughout the territory, the following is a summary of the key information and assumptions upon which the carrying amount of the asset retirement obligations are based:

	2023	2022
(i) Total undiscounted asset retirement obligations	77,954	77,954
(ii) Expected timing of payments	2024-2054	2023-2054
(iii) Discount rate	3.04%	2.79%
(iv) Inflation rate	2.00%	2.00%

This provision is highly sensitive to the discount rate and inflation rate used.

i) A 1% increase in the discount rate would decrease the obligation by	1,615	1,610
ii) A 1% increase in the inflation rate would increase the obligation by	nil	nil

18 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 surplus or deficit balance in the fund cannot exceed \$20,000.

	2023	2022
Surplus (deficit), beginning of year	(12,809)	(13,164)
Petroleum Products Revolving Fund net profit (loss) for the year	(11,910)	355
Minimum transfer required from (to) Consolidated Revenue Fund	4,719	-
Surplus (deficit), end of year	(20,000)	(12,809)

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2023

(in thousands of dollars)

19 CONTRACTUAL OBLIGATIONS

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2023:

	Total
Operating leases (Schedule 5)	39,489
Capital commitments	240,235
Operational commitments	594,034
Policing agreement	604,701
Iqaluit International Airport Improvement commitments	615,750
	2,094,209

Contractual obligations by fiscal year are as follows:

2024	494,597
2025	277,341
2026	203,668
2027	134,874
2028	119,292
2029 and beyond	864,437
	2,094,209

20 CONTRACTUAL RIGHTS

The Government enters into various agreements to provide goods and services with various businesses and government agencies. These agreements will result in revenue and assets in the future. The following table summarizes the contractual rights of the Government where the terms of those agreements are met.

	Total
Canada Infrastructure Plan	535,033
Health Canada Agreements	133,131
New Building Canada Fund	131,540
Others / Third Party Agreements	129,129
	928,833

Contractual rights by fiscal year are as follows:

2024	161,277
2025	175,532
2026	269,981
2027	258,919
2028	45,706
2029 and beyond	17,418
	928,833

21 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, 2023, no new post-division adjustments were recorded.

(b) 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. Where it is likely that there will be a future payment and a reasonable estimate of the amount can be made, the Government has recorded a liability. For those pending cases, where the outcome is not determinable as at March 31 and a reasonable estimate of the amount can be made, the total amount of those claims is estimated at \$270 (2022 - \$11,270). No liability has been recorded for these claims as the outcome of these cases is not determinable.

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. Where it is likely that there will be a future payment and a reasonable estimate of the amount can be made, the Government has recorded a liability. For those pending cases, where the outcome is not determinable as at March 31 and a reasonable estimate of the amount can be made, the total amount of those claims is estimated at \$130,958 (2022 - \$146,775). No liability has been recorded for these claims as the outcome of these cases is not determinable.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2023

(in thousands of dollars)

21 CONTINGENCIES (continued)

(c) 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:

	2023	2022
Bank credit facility, interest at prime minus 0.50%	-	7,570
Variable rate capital loan facility due June 2023, interest at prime minus 0.50%	9,667	10,667
Variable rate capital loan facility due April 2024, interest at prime minus 0.50%	8,867	9,667
Variable rate capital loan facility due April 2032, interest at prime minus 0.50%	160,971	170,055
Total guarantees provided on balances outstanding	179,505	197,959

The QEC has a bank credit facility limit of \$20,000 (2022 - \$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 re-issued in minimum aggregate amounts of \$1,000 Canadian 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, 2023, NDC's bank overdraft position was nil (2022 - nil).

22 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:

	2023	2022
Nunavut Arctic College	922	2,359
District Education Authorities	14,390	14,195
Nunavut Development Corporation	3,735	3,537
Nunavut Business Credit Corporation	900	900
	19,947	20,991

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 \$55,464 (2022 - \$48,273) 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).

23 TRUSTS UNDER ADMINISTRATION

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

	2023	2022
Public Trustee	8,170	7,462
Natural Resources Conservation Trust	1,755	1,465
Territorial Court Trust	661	596
	10,586	9,523

24 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Government is exposed to certain risks as a result of holding financial instruments. There have been no changes to the risks compared to prior year and no change in the methods and practices used to manage these risks. The following risks have no significant impact on the Government's financial statements.

(a) Credit Risk

Credit risk is the risk that a third party will be unable to fulfill its payment obligations and cause a financial loss to the Government. The Government is exposed to credit risk through its cash and cash equivalents, accounts receivable, portfolio and other investments and loans receivables. The maximum extent of the exposure is the carrying value at the reporting date. At the end of 2023, there were no known relevant concentrations of credit risk by type of customer or geography. The Government's credit risk exposure is mainly influenced by individual customer characteristics.

Exposure to credit risk associated with its cash and cash equivalents is substantially minimized by placing these assets in senior Canadian chartered banks and the Government monitors these assets. The Government invests surplus funds to earn investment income with the deposits in a recognized large financial institution and cash equivalents are invested in 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. As a result, credit risk arising from cash and cash equivalents is considered negligible.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2023

(in thousands of dollars)

24 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

To mitigate risk, the Government regularly monitors its accounts receivable and assesses collectability. Where collection is at risk, an allowance for doubtful accounts is recognized. The allowance is based on specific accounts and is determined by considering the Government's knowledge of the financial conditions of customers, the aging of the receivable, current business conditions and historical experience. Receivables from the Government of Canada are not considered impaired.

Accounts receivable are generally due in 60 days or less. The Government utilizes an allowance account for potential losses related to accounts receivable. Any amounts subsequently recovered are reflected as recoveries in the statement of operations and accumulated surplus.

The aging analysis of accounts receivable, for amounts past due but not impaired, is as follows:

	31-60 days	61-90 days	Over 90 days	2023
Accounts receivable				
Consolidated revenue fund	-	-	30,987	30,987
Petroleum Products Division	9,440	7,228	3,062	19,730
	<u>9,440</u>	<u>7,228</u>	<u>34,049</u>	<u>50,717</u>

* Comparative figures are not presented as the new accounting standard P3540 is applied prospectively.

The above table excludes \$81.7M (2022- \$48.6M) amounts from related parties as the amounts are not considered impaired. Amounts past due but not impaired is based on credit history and/or no indications that amounts will not be collected.

The Government's investment policy for portfolio and other investments is designed to limit credit risk. Portfolio and other investments risk is mitigated by investing in low-risk Guaranteed Investment Certificates and Bankers' Acceptances.

(b) Liquidity Risk

Liquidity risk is the risk that the Government will not be able to meet its short term financial obligations. To manage liquidity risk, the Government maintains cash reserves (cash and cash equivalents) at levels that will meet future cash requirements. The Government's liquidity risk is further mitigated by its short-term portfolio investments, access to credit facilities and the timing of debt repayments.

A maturity analysis of the Government's financial liabilities is as follows (the contractual cash flows reported are the undiscounted principle payments):

	2024 Estimated	2025 to 2028	2029 to 2047	2023
Accounts payable and accrued liabilities	507,090	-	-	507,090
Liability for Iqaluit International Airport	12,830	51,319	253,388	317,537
	<u>519,920</u>	<u>51,319</u>	<u>253,388</u>	<u>824,627</u>

* Comparative figures are not presented as the new accounting standard P3540 is applied prospectively.

The Government does not currently believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market place. The Government is not significantly exposed to interest rate risk on its portfolio investments as these investments are not held on the open market, are intended to be held until the end of the term and have fixed interest rates until that time. Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

Long-term debt is comprised primarily of instruments with fixed interest rates; therefore the Government has not provided a sensitivity analysis to show the effect of interest rate changes on operating results.

The Government is not exposed to significant foreign exchange or other price risk.

25 BUDGET ADJUSTMENTS

The 2023 total revenue budget on page xi of the 2022-2023 Main Estimates is \$2,624,087. It includes \$2,256,908 of 'Revenues' and \$222,155 of 'Vote 5 Revenues' on page A-IV-4 of the 2022-2023 Main Estimates, plus \$145,024 of funding under third-party agreements for specific capital projects included on page A-IV-15 of the 2022-2023 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 2023 budget total for capital expenditures on Schedule B.2 of \$109,736 excludes the \$4,290 of CMHC capital projects and \$30,998 of Social Infrastructure Fund & Investment in Affordable Housing capital projects that were both budgeted for in Nunavut Housing Corporation. As a result, the budget totals for expenses and transfers under third-party funding agreements included in these statements is \$331,891 versus \$367,179 on page xi of the 2022-2023 Main Estimates. The third party funded Infrastructure Projects under the New Building Canada Fund are included in Community and Government Services.

PUBLIC ACCOUNTS

Non-Consolidated Schedule of Revenues by Source (unaudited)

for the year ended March 31, 2023

(in thousands of dollars)

	2023 Budget	2023 Actual	2022 Actual
From the Government of Canada			
Territorial Formula Financing	1,859,400	1,859,408	1,782,111
Transfers under third-party funding agreements	327,072	322,145	361,313
Other transfer payments	120,600	133,666	135,185
	2,307,072	2,315,219	2,278,609
Revenues generated by the Government of Nunavut			
Taxation revenues			
Personal income tax	33,900	27,803	41,253
Corporate income tax	20,500	22,706	13,230
Payroll tax	41,800	41,079	39,340
Tobacco tax	24,100	23,466	24,617
Fuel tax	24,000	17,783	18,947
Property tax	12,400	14,403	12,063
Insurance tax	2,900	3,120	2,904
Cannabis tax	200	-	-
	159,800	150,360	152,354
Other revenues			
Petroleum Products Division revenue - net of cost of goods sold of \$200,811 (2022 - \$145,173)	40,761	30,324	31,862
Nunavut Liquor and Cannabis revenue - net of cost of goods sold of \$7,959 (2022 - \$7,435)	11,647	13,797	10,090
Staff housing recoveries	22,700	18,860	20,302
Transfers under third-party funding agreements	4,819	1,595	1,423
Insurance proceeds	-	-	4,420
Other	31,000	47,145	29,012
	110,927	111,721	97,109
Recoveries of prior years expenditures (Schedule 1)	11,000	16,010	16,769
Total revenues	2,588,799	2,593,310	2,544,841

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Schedule B

**Non-Consolidated Schedule of Expenses (unaudited)
for the year ended March 31, 2023
(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	1,889,147	1,913,505	(24,358)
Plus: Amortization expenses on tangible capital assets	85,252	92,336	(7,084)
Plus: Accretion expense on asset retirement obligations	-	2,236	(2,236)
Plus: Write-down of tangible capital assets	-	-	-
Total operations and maintenance expenses	1,974,399	2,008,077	(33,678)
Capital expenditures	204,047	197,350	6,697
Less: Transfers to tangible capital assets	89,117	70,525	18,592
Total capital expenses	114,930	126,825	(11,895)
Total appropriation expenses	2,089,329	2,134,902	(45,573)
FUNDED UNDER THIRD-PARTY AGREEMENTS (Schedule B.2)			
Operations and maintenance expenses before amortization	222,155	294,689	(72,534)
Plus: Amortization expenses on tangible capital assets	-	-	-
Total operations and maintenance expenses	222,155	294,689	(72,534)
Capital expenditures	109,736	28,653	81,083
Less: Transfers to tangible capital assets	-	17,884	(17,884)
Total capital expenses	109,736	10,769	98,967
Total third-party agreement expenses	331,891	305,458	26,433
FUNDED BY REVOLVING FUNDS (Schedule B.3)			
Operations and maintenance expenses before amortization	42,436	51,108	(8,672)
Plus: Amortization expenses on tangible capital assets	-	-	-
Total operations and maintenance expenses	42,436	51,108	(8,672)
Capital expenditures	-	142	(142)
Less: Transfers to tangible capital assets	-	142	(142)
Total capital expenses	-	-	-
Total revolving fund expenses	42,436	51,108	(8,672)
NON-CONSOLIDATED STATEMENTS TOTALS			
Operations and maintenance expenses before amortization and write down of tangible capital assets	2,153,738	2,259,302	
Plus: Centrally estimated 'Supplementary requirements' per page x of 2022-2023 Main Estimates	75,000	-	
Less: Capital portion of the estimated 'Supplementary requirements'	-	-	
Total operations and maintenance expenses before amortization and write down of tangible capital assets	2,228,738	2,259,302	(30,564)
Plus: Amortization expenses on tangible capital assets	85,252	92,336	(7,084)
Plus: Accretion expense on asset retirement obligations	-	2,236	(2,236)
Plus: Write-down of tangible capital assets	-	-	-
Total operations and maintenance expenses	2,313,990	2,353,874	(39,884)
Capital expenditures	313,783	226,145	
Plus: Centrally estimated capital carryovers from prior year included in 'Capital' on page x of 2022-2023 Main Estimates	9,800	-	
Plus: Capital portion of the estimated 'Supplementary requirements'	-	-	
Total capital expenditures	323,583	226,145	97,438
Less: Transfers to tangible capital assets	89,117	88,551	566
Total capital expenses	234,466	137,594	96,872
Total expenses	2,548,456	2,491,468	56,988

Total expenses above includes, among other items, interest expense of \$12,873 (2022 - \$12,780) and a net increase in valuation allowances of \$6,994 (2022 - \$2,027).

Total capital expenditures above includes capital grants and contributions of \$89,889 (2022 - \$75,462).

PUBLIC ACCOUNTS

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

for the year ended March 31, 2023

(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	14,931	-	-	14,931	13,594	1,337
Grants and contributions	-	-	-	-	-	-
Other	14,114	-	-	14,114	11,780	2,334
	29,045	-	-	29,045	25,374	3,671
Capital expenditures	250	-	-	250	198	52
Total spending under appropriations	29,295	-	-	29,295	25,572	3,723
EXECUTIVE AND INTERGOVERNMENTAL AFFAIRS						
Operations and maintenance						
Compensation and benefits	16,182	-	(1,445)	14,737	14,387	350
Grants and contributions	260	-	25	285	235	50
Other	5,207	1,950	1,420	8,577	7,267	1,310
	21,649	1,950	-	23,599	21,889	1,710
Capital expenditures	-	41	-	41	-	41
Total spending under appropriations	21,649	1,991	-	23,640	21,889	1,751
FINANCE						
Operations and maintenance						
Compensation and benefits	44,712	-	-	44,712	45,884	(1,172)
Grants and contributions	19,700	-	-	19,700	16,542	3,158
Other	38,541	-	-	38,541	37,474	1,067
	102,953	-	-	102,953	99,900	3,053
Capital expenditures	17,931	15,395	-	33,326	19,058	14,268
Total spending under appropriations	120,884	15,395	-	136,279	118,958	17,321
HUMAN RESOURCES						
Operations and maintenance						
Compensation and benefits	19,042	-	-	19,042	16,337	2,705
Grants and contributions	-	-	-	-	-	-
Other	8,800	-	-	8,800	6,938	1,862
	27,842	-	-	27,842	23,275	4,567
Capital expenditures	-	-	-	-	-	-
Total spending under appropriations	27,842	-	-	27,842	23,275	4,567
JUSTICE						
Operations and maintenance						
Compensation and benefits	55,083	-	(250)	54,833	61,062	(6,229)
Grants and contributions	17,818	-	-	17,818	16,121	1,697
Other	85,577	-	250	85,827	78,349	7,478
	158,478	-	-	158,478	155,532	2,946
Capital expenditures	11,299	3,048	-	14,347	8,648	5,699
Total spending under appropriations	169,777	3,048	-	172,825	164,180	8,645

PUBLIC ACCOUNTS

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

for the year ended March 31, 2023

(in thousands of dollars)

APPROPRIATIONS	Original Budget	Supple- mentary Appro- priations	Transfers	Revised Budget	Actual	(Over) Under Revised Budget
CULTURE AND HERITAGE						
Operations and maintenance						
Compensation and benefits	12,907	-	(415)	12,492	11,003	1,489
Grants and contributions	7,377	-	-	7,377	5,852	1,525
Other	6,730	-	415	7,145	5,230	1,915
	27,014	-	-	27,014	22,085	4,929
Capital expenditures	700	450	-	1,150	700	450
Total spending under appropriations	27,714	450	-	28,164	22,785	5,379
EDUCATION						
Operations and maintenance						
Compensation and benefits	186,950	-	(2,438)	184,512	180,956	3,556
Grants and contributions	38,077	-	2,548	40,625	36,782	3,843
Other	27,253	-	(110)	27,143	23,845	3,298
	252,280	-	-	252,280	241,583	10,697
Capital expenditures	17,730	36,312	-	54,042	22,622	31,420
Total spending under appropriations	270,010	36,312	-	306,322	264,205	42,117
HEALTH						
Operations and maintenance						
Compensation and benefits	163,110	5,574	-	168,684	168,684	-
Grants and contributions	11,898	-	-	11,898	6,225	5,673
Other	271,109	46,090	-	317,199	322,870	(5,671)
	446,117	51,664	-	497,781	497,779	2
Capital expenditures	26,040	21,030	-	47,070	30,315	16,755
Total spending under appropriations	472,157	72,694	-	544,851	528,094	16,757
ENVIRONMENT						
Operations and maintenance						
Compensation and benefits	16,006	748	(1,088)	15,666	16,379	(713)
Grants and contributions	1,544	-	213	1,757	1,516	241
Other	7,159	-	875	8,034	7,381	653
	24,709	748	-	25,457	25,276	181
Capital expenditures	4,350	3,098	-	7,448	1,819	5,629
Total spending under appropriations	29,059	3,846	-	32,905	27,095	5,810
COMMUNITY AND GOVERNMENT SERVICES						
Operations and maintenance						
Compensation and benefits	53,577	382	(900)	53,059	54,219	(1,160)
Grants and contributions	73,691	-	3,015	76,706	75,755	951
Other	140,483	6,039	(2,115)	144,407	144,197	210
	267,751	6,421	-	274,172	274,171	1
Capital expenditures	58,222	85,148	-	143,370	49,894	93,476
Total spending under appropriations	325,973	91,569	-	417,542	324,065	93,477
ECONOMIC DEVELOPMENT AND TRANSPORTATION						
Operations and maintenance						
Compensation and benefits	19,140	-	(1,800)	17,340	20,119	(2,779)
Grants and contributions	24,767	-	-	24,767	20,607	4,160
Other	51,239	-	1,800	53,039	49,331	3,708
	95,146	-	-	95,146	90,057	5,089
Capital expenditures	14,955	20,940	-	35,895	10,671	25,224
Total spending under appropriations	110,101	20,940	-	131,041	100,728	30,313

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Schedule B.1

**Non-Consolidated Schedule of Expenses Funded under Approved Appropriations (unaudited)
for the year ended March 31, 2023**

(in thousands of dollars)

APPROPRIATIONS	Original Budget	Supple- mentary Appro- priations	Transfers	Revised Budget	Actual	(Over) Under Revised Budget
FAMILY SERVICES						
Operations and maintenance						
Compensation and benefits	31,364	2,941	-	34,305	37,356	(3,051)
Grants and contributions	76,681	-	(6,000)	70,681	63,306	7,375
Other	61,591	-	6,000	67,591	71,908	(4,317)
	169,636	2,941	-	172,577	172,570	7
Capital expenditures	1,100	2,116	-	3,216	1,955	1,261
Total spending under appropriations	170,736	5,057	-	175,793	174,525	1,268
NUNAVUT HOUSING CORPORATION						
Operations and maintenance						
Compensation and benefits	-	-	-	-	-	-
Grants and contributions	237,543	-	-	237,543	237,543	-
Other	-	-	-	-	-	-
	237,543	-	-	237,543	237,543	-
Capital expenditures	51,470	-	-	51,470	51,470	-
Total spending under appropriations	289,013	-	-	289,013	289,013	-
NUNAVUT ARCTIC COLLEGE						
Operations and maintenance						
Compensation and benefits	-	-	-	-	-	-
Grants and contributions	37,925	-	-	37,925	37,925	-
Other	-	-	-	-	-	-
	37,925	-	-	37,925	37,925	-
Capital expenditures	-	-	-	-	-	-
Total spending under appropriations	37,925	-	-	37,925	37,925	-
TOTALS						
Operations and maintenance						
Compensation and benefits	633,004	9,645	(8,336)	634,313	639,980	(5,667)
Grants and contributions	547,281	-	(199)	547,082	518,409	28,673
Other	717,804	54,079	8,535	780,417	766,570	13,847
	1,898,089	63,724	-	1,961,812	1,924,959	36,853
Less: Principal repayments on capital leases included in spending above	6,459	-	-	6,459	6,459	-
Less: Principal repayments on Nunavut Energy Management Program Project included in spending above	409	-	-	409	2,921	(2,512)
Less: Principal repayments on the Iqaluit International Airport included in spending above	2,074	-	-	2,074	2,074	-
Operations and maintenance expenses before amortization and write down of tangible capital assets	1,889,147	63,724	-	1,952,870	1,913,505	39,365
Plus: Amortization expenses on tangible capital assets	85,252	-	-	85,252	92,336	(7,084)
Plus: Accretion expense on asset retirement obligations	-	-	-	-	2,236	(2,236)
Plus: Write-down of tangible capital assets	-	-	-	-	-	-
Total operations and maintenance expenses	1,974,399	63,724	-	2,038,122	2,008,077	30,045
Capital expenditures	204,047	187,578	-	391,625	197,350	194,275
Less: Transfers to tangible capital assets	89,117	-	-	89,117	70,525	18,592
Total capital expenses	114,930	187,578	-	302,508	126,825	175,683
Total appropriation expenses	2,089,329	251,302	-	2,340,630	2,134,902	205,728

Total capital expenditures above includes capital grants and contributions of \$79,120 (2022 - \$63,833).

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Schedule B.2

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

for the year ended March 31, 2023

(in thousands of dollars)

By Department	Original Budget	Actual	(Over) Under Original Budget
Legislative Assembly	-	-	-
Executive and Intergovernmental Affairs	5,926	1,551	4,375
Finance	800	1,834	(1,034)
Human Resources	5,000	13,202	(8,202)
Justice	4,099	3,960	139
Culture and Heritage	9,583	7,816	1,767
Education	20,220	15,080	5,140
Health	165,062	186,886	(21,824)
Environment	1,846	5,859	(4,013)
Community and Government Services	75,236	54,870	20,366
Economic Development and Transportation	36,985	6,067	30,918
Family Services	7,134	8,333	(1,199)
	331,891	305,458	26,433

By Category	Original Budget	Actual	(Over) Under Original Budget
Operations and maintenance			
Compensation and benefits	28,284	33,376	(5,092)
Grants and contributions	24,360	56,497	(32,137)
Other	169,511	204,816	(35,305)
Operations and maintenance expenses before amortization	222,155	294,689	(72,534)
Plus: Amortization expenses on tangible capital assets	-	-	-
Total operations and maintenance expenses	222,155	294,689	(72,534)
Capital expenditures	109,736	28,653	81,083
Less: Transfers to tangible capital assets	-	17,884	(17,884)
Total capital expenses	109,736	10,769	98,967
Total third-party agreement expenses	331,891	305,458	26,433

Total capital expenditures above includes capital grants and contributions of \$10,769 (2022 - \$11,629).

PUBLIC ACCOUNTS

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

for the year ended March 31, 2023

(in thousands of dollars)

By Revolving Fund	Original Budget	Actual	(Over) Under Original Budget
Liquor	7,539	6,952	587
Petroleum Products	32,278	40,881	(8,603)
Public Stores	2,000	2,632	(632)
Student Loan	619	643	(24)
	42,436	51,108	(8,672)

By Category	Original Budget	Actual	(Over) Under Original Budget
Operations and maintenance			
Compensation and benefits	7,783	9,056	(1,273)
Grants and contributions	-	-	-
Other expenses	34,653	42,052	(7,399)
Operations and maintenance expenses before amortization	42,436	51,108	(8,672)
Plus: Amortization expenses on tangible capital assets (1)	-	-	-
Total operations and maintenance expenses	42,436	51,108	(8,672)
Capital expenditures	-	142	(142)
Less: Transfers to tangible capital assets	-	142	(142)
Total capital expenses	-	-	-
Total revolving fund expenses	42,436	51,108	(8,672)

(1) Petroleum Products amortization of \$1,353 (2022 - \$1,241) is included in the budget and actuals totals for Department of Community and Government Services on Sch. B.1.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Schedule C

Non-Consolidated Schedule of Tangible Capital Assets (unaudited)

for the year ended March 31, 2023

(in thousands of dollars)

	Buildings	Leased Buildings	Infra- structure	Tank Farms	Storage Facilities	Equipment	2023	Restated 2022
Cost								
Opening balance *	1,498,202	177,996	376,193	211,501	22,489	149,175	2,435,556	2,388,204
Additions	7,806	-	1,518	-	11,500	2,645	23,469	14,683
Additions In Kind	-	-	-	-	-	-	-	-
Transferred from work in progress	95,725	-	97,418	12,609	238	-	205,990	39,858
Adjustments**	401	-	-	-	-	-	401	-
Reclassification	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	(7,189)
Write-downs	-	-	-	-	-	-	-	-
Closing balance	1,602,134	177,996	475,129	224,110	34,227	151,820	2,665,416	2,435,556
Accumulated amortization								
Opening balance *	(641,570)	(128,048)	(123,212)	(114,009)	(17,039)	(131,755)	(1,155,633)	(1,075,827)
Amortization *	(53,537)	(6,642)	(15,937)	(7,691)	(1,122)	(7,407)	(92,336)	(85,204)
Reclassification	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	5,398
Write-downs	-	-	-	-	-	-	-	-
Closing balance	(695,107)	(134,690)	(139,149)	(121,700)	(18,161)	(139,162)	(1,247,969)	(1,155,633)
Work in progress								
Opening balance	117,433	-	100,121	12,609	152	-	230,315	200,614
Additions	57,588	-	7,194	-	86	214	65,082	69,559
Transferred to cost	(95,725)	-	(97,418)	(12,609)	(238)	-	(205,990)	(39,858)
Closing balance	79,296	-	9,897	-	-	214	89,407	230,315
Net book value								
	986,323	43,306	345,877	102,410	16,066	12,872	1,506,854	1,510,238
Estimated useful life								
	30 Years	30 Years	30 Years	30 Years	30 Years	5-30 Years		

The tangible capital asset additions presented in the Statement of Cash Flow excludes non-cash acquisitions totalling \$21,271 (2022 - \$28,269) which represent unpaid purchases and holdbacks that are included in accounts payables and accrued liabilities as well as the liability for the Nunavut Energy Management Program at March 31, 2023.

* As of April 1, 2021, the Government recognized a liability related to Asset Retirement Obligations related to asbestos remediation. As a result, an increase of \$58,750 to the buildings tangible capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$58,750 to accumulated amortization, representing the amortization had the liability originally been recognized has been recorded. See Note 3 to the non consolidated financial statements.

** Asset retirement cost impact of revisions in estimated cash flows on the asset retirement obligation due to a change in the discount rate during the year.

GOVERNMENT OF NUNAVUT

Schedule 1

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

for the year ended March 31, 2023

(in thousands of dollars)

Department	Over Accruals	Other Recoveries	Total
Legislative Assembly	2	13	15
Executive and Intergovernmental Affairs	-	-	-
Finance	165	186	351
Human Resources	650	2	652
Justice	1,762	1	1,763
Culture and Heritage	162	441	603
Education	2	4,970	4,972
Health	1,557	238	1,795
Environment	251	43	294
Community and Government Services	724	196	920
Economic Development and Transportation	761	708	1,469
Family Services	2,977	199	3,176
	9,013	6,997	16,010

PUBLIC ACCOUNTS

Non-Consolidated Schedule of Special Warrants (unaudited)

for the year ended March 31, 2023

(in thousands of dollars)

	Date of FMB Approval	Amount Authorized
OPERATIONS AND MAINTENANCE		
There were no Special Warrants during the year.		
<hr/>		
Total operations and maintenance		-
<hr/>		
	Date of FMB Approval	Amount Authorized
CAPITAL		
Community and Government Services		
Qulliq Energy Corporation ransomware incident recovery	02-Feb-2023	5,024
<hr/>		
Total capital		5,024

PUBLIC ACCOUNTS

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

for the year ended March 31, 2023

(in thousands of dollars)

	Transfers to (from)	Explanation
OPERATIONS AND MAINTENANCE		
Executive and Intergovernmental Affairs		
Directorate	470,000	Budget Reallocation
Strategic Planning	(470,000)	
Education		
Directorate	2,438,000	Budget Reallocation
Curriculum Resources & French Education	(981,000)	
Educator Development	(1,457,000)	
Health		
Directorate	2,000,000	Budget Reallocation
Health Care Service Delivery	5,000,000	
Health Care Service Delivery	(7,000,000)	
Directorate	2,500,000	Budget Reallocation
Public Health	1,000,000	
Health Care Service Delivery	1,500,000	
Health Care Service Delivery	(5,000,000)	
Directorate	2,000,000	Budget Reallocation
Health Care Service Delivery	(2,000,000)	
Directorate	2,500,000	Budget Reallocation
Public Health	1,000,000	
Health Care Service Delivery	1,500,000	
Health Care Service Delivery	(5,000,000)	
Economic Development and Transportation		
Corporate Management	400,000	Budget Reallocation
Corporate Management	(200,000)	
Economic Development	300,000	
Economic Development	(1,350,000)	
Transportation	(350,000)	
Transportation	1,200,000	
Family Services		
Family Wellness	6,000,000	Budget Reallocation
Income Assistance	(7,100,000)	
Poverty Reduction	1,100,000	

PUBLIC ACCOUNTS**Non-Consolidated Schedule of Write-offs and Student Loan Remissions (unaudited)****for the year ended March 31, 2023**

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

WRITE-OFFS

No amounts were written off during the year.

STUDENT LOAN REMISSIONS

Under the *Student Financial Assistance Regulations*, the Government may forego collection of students' loans, provided certain criteria are met. Students, having met the academic and the employment or residency criteria, qualify for and are granted remission of their loans.

No amounts were remitted during the year.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Schedule 5

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

for the year ended March 31, 2023

(in thousands of dollars)

	2024	2025	2026	2027	2028	>2028	Total
Headquarters	723	486	395	231	-	-	1,835
Qikiqtaaluk	9,117	5,002	3,277	2,901	1,438	1,845	23,581
Kivalliq	3,533	1,992	699	612	599	150	7,585
Kitikmeot	2,652	1,721	1,086	1,029	-	-	6,488
	16,025	9,201	5,457	4,773	2,037	1,995	39,489