

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

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

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

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

The Honourable Keith Peterson, MLA
Minister of Finance

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

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

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

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

Respectfully submitted,

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

Jeff Chown, CA
Comptroller General

September 18, 2014

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 AUTHORITY AND OPERATIONS

(a) Government of Nunavut

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

(b) Main Estimates

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

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

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

(b) Reporting entity

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

- Liquor Revolving Fund
- Petroleum Products Revolving Fund
- Public Stores Revolving Fund
- Student Loan Fund

Revolving funds are established by the Government to provide the required working capital to deliver goods and services to the general public and to Government departments.

The following public agencies are included in these non-consolidated financial statements only to the extent of the Government's contributions to and services received from or provided to them during the year:

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Use of estimates and measurement uncertainty

The preparation of financial statements in accordance with Canadian PSAS requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates and assumptions are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these financial statements, the Government believes the estimates and assumptions to be reasonable. The more significant areas where estimates and assumptions have been used to prepare these financial statements include:

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

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

(d) Cash and cash equivalents

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

(e) Inventories

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

(f) Loans receivable

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

(g) Non-financial assets

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

(h) Tangible capital and leased assets

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Asset Category	Amortization Period
Buildings	30 years
Leased Buildings	30 years
Infrastructure	30 years
Tank Farms	30 years
Storage Facilities	30 years
Equipment	5-30 years
Land	Not amortized

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

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

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

(i) Pension and other post-employment benefits

Pension benefits

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

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

Other post-employment benefits

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Revenues

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

Transfers from the Government of Canada

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

Taxes and general revenues

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

Fuel, tobacco, and payroll taxes are levied under the authority of the *Petroleum Products Tax Act*, the *Tobacco Tax Act* and the *Payroll Tax Act*, respectively. Revenues are recognized on an accrual basis based on the statements received from collectors or employers. Adjustments from reassessments are recorded in revenue in the year they are identified. Tobacco tax commission on tobacco tax revenue provides a financial benefit other than relief of taxes and is recorded as an expense.

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

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

Recoveries of prior years expenditures

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

(k) Expenses

Expenses are recorded on an accrual basis.

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

(l) Contractual obligations and contingencies

The nature of the Government's activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to block funding agreements with municipalities, operating commercial leases, capital projects, and operational funding commitments. Contractual obligations are not accrued until the terms of those contracts or agreements are met.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements and no liability is accrued. Contingent liabilities result from potential environmental contingencies or pending litigation and like items.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Environmental liabilities

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

(n) Financial instruments

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

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

(o) Future changes in accounting standards

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

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

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

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

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

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

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

3 CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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

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

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

(b) For use		
Health and medical supplies	2,855	2,488

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

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March 31, 2014
(in thousands of dollars)

8 DESIGNATED INVESTMENTS	2014	2013
SRAF designated investments	9,420	8,156

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

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

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

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

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

11 ENVIRONMENTAL LIABILITIES	2014	2013
Liabilities for remediation of contaminated sites	13,920	10,799

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

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

12 PENSION LIABILITIES

(a) Public Service Pension Plan

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

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

(b) Legislative Assembly Retiring Allowances Plans

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

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

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

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

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

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

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

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12 PENSION LIABILITIES (continued)

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

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

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

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

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

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

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

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

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

13 OTHER POST-EMPLOYMENT BENEFIT LIABILITIES

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

	2014	2013
Severance	14,202	10,517
Removal	10,073	8,663
	24,275	19,180

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

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

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

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

15 IQUALUIT INTERNATIONAL AIRPORT IMPROVEMENT PROJECT

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

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

16 CAPITAL LEASE OBLIGATIONS

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

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

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

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

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

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

17 PETROLEUM PRODUCTS STABILIZATION FUND

The Petroleum Products Stabilization Fund was created under the authority of the *Revolving Funds Act*. The purpose of the Fund is to stabilize the prices of petroleum products purchased, sold, and distributed by the Government. The net profit (loss) of the Petroleum Products Revolving Fund is charged to the Petroleum Products Stabilization Fund. The accumulated surplus or deficit balance in the fund cannot exceed \$10,000.

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

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18 CONTRACTUAL OBLIGATIONS

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

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

Contractual obligations by fiscal year are as follows:

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

19 CONTINGENCIES

(a) Post-division adjustments

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

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

(b) Environmental restoration costs

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

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

(c) Litigation

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

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

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19 CONTINGENCIES (continued)

(d) Pay equity

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

(e) Loan guarantees

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

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

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

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

20 RELATED PARTIES

Transactions with related parties and balances at year-end, not disclosed elsewhere in the financial statements, are disclosed in this note. During the year, the Government made grants and contributions to or funded other costs for the following related parties:

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

Under agreements with related boards and agencies, the Government provides services at cost or for a service fee where direct costs cannot be determined. The fees charged for indirect costs are not necessarily the cost of providing those services. Services provided include personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal, and interpretation services. Direct costs of \$40,521 (2013 - \$38,019) were incurred and recovered from related parties. Grants and contributions from the Government of Nunavut to Nunavut Arctic College and Nunavut Housing Corporation are disclosed separately in the Schedule of Expenses Funded under Approved Appropriations (Schedule B.1).

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21 TRUSTS UNDER ADMINISTRATION

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

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

22 BUDGET ADJUSTMENTS

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

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

23 OVER-EXPENDITURE

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

24 COMPARATIVE INFORMATION

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

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Schedule A

Non-Consolidated Schedule of Revenues by Source (unaudited)

for the year ended March 31, 2014

(in thousands of dollars)

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

**GOVERNMENT OF NUNAVUT
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Schedule B

Non-Consolidated Schedule of Expenses (unaudited)

for the year ended March 31, 2014

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

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

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Schedule B.1

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

for the year ended March 31, 2014

(in thousands of dollars)

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

**GOVERNMENT OF NUNAVUT
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Schedule B.1

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

for the year ended March 31, 2014

(in thousands of dollars)

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

**GOVERNMENT OF NUNAVUT
INTERIM FINANCIAL REPORT**

Schedule B.1

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

for the year ended March 31, 2014

(in thousands of dollars)

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

**GOVERNMENT OF NUNAVUT
INTERIM FINANCIAL REPORT**

Schedule B.2

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

for the year ended March 31, 2014

(in thousands of dollars)

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

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

**GOVERNMENT OF NUNAVUT
INTERIM FINANCIAL REPORT**

Schedule B.3

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

for the year ended March 31, 2014

(in thousands of dollars)

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

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

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

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

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

**GOVERNMENT OF NUNAVUT
INTERIM FINANCIAL REPORT**

Schedule C

Non-Consolidated Schedule of Tangible Capital Assets (unaudited)

for the year ended March 31, 2014

(in thousands of dollars)

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

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

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

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

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

Schedule 2

	Date of FMB Approval	Amount Authorized
OPERATIONS AND MAINTENANCE		

There were no Special Warrants during the year.

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

There were no Special Warrants during the year.

Total capital		-
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INTERIM FINANCIAL REPORT

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

for the year ended March 31, 2014

(in thousands of dollars)

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

INTERIM FINANCIAL REPORT

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

for the year ended March 31, 2014

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

**GOVERNMENT OF NUNAVUT
INTERIM FINANCIAL REPORT**

Schedule 4

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

Under the *Student Financial Assistance Regulations*, the Government may forego collection of students' loans, provided certain criteria are met. The students listed below, having met the academic and the employment or residency criteria, have qualified and been granted remission of their loans. Under subsection 26(1) of the *Financial Administration Act* any remissions or write-offs over \$500 must be disclosed in the Public Accounts.

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

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

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

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