

**PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF NUNAVUT
FOR THE YEAR ENDED MARCH 31, 2008**

HONOURABLE KEITH PETERSON

Minister of Finance

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Minista Maniliqiyini
Minister of Finance
Ministre des Finances

**THE HONOURABLE ANN M. HANSON
COMMISSIONER OF NUNAVUT**

I have the honour to present the Public Accounts of Nunavut for the fiscal year ended March 31, 2008. 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.

Sincerely,

Honourable Keith Peterson
Minister of Finance

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**Public Accounts of the
Government of Nunavut
March 31, 2008**

Table of Contents **Page**

SECTION I 1

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING 3

AUDITOR'S REPORT 5

Consolidated Statement of Financial Position 7

Consolidated Statement of Operations and Accumulated Surplus 8

Consolidated Statement of Change in Net Financial Assets (Debt) 9

Consolidated Statement of Cash Flow 10

Notes to the Consolidated Financial Statements 11

Schedule A - Consolidated Schedule of Revenues by Source 29

Schedule B - Consolidated Schedule of Tangible Capital Assets 30

Schedule C - Consolidated Schedule of Segmented Information 31

SECTION II 33

NON-CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Non-Consolidated Statement of Financial Position 34

Non-Consolidated Statement of Operations and Accumulated Surplus 35

Non-Consolidated Statement of Change in Net Financial Assets (Debt) 36

Non-Consolidated Statement of Cash Flow 37

Notes to Non-Consolidated Financial Statements 38

Schedule A - Non-Consolidated Schedule of Revenues by Source 54

Schedule B - Non-Consolidated Schedule of Expenses 55

Schedule B.1 - Non-Consolidated Schedule of Expenses Funded under Specific Agreements 59

Schedule C - Non-Consolidated Schedule of Tangible Capital Assets 60

Supplementary Schedules to Non-Consolidated Financial Statements (unaudited)

Schedule 1 - Non-Consolidated Schedule of Recoveries of Prior Years Expenditures 61

Schedule 2 - Non-Consolidated Schedule of Special Warrants 62

Schedule 3 - Non-Consolidated Schedule of Inter-Activity Transfers Over \$250,000 63

Schedule 4 - Non-Consolidated Schedule of Debenture Loans Receivable from Municipalities 64

Schedule 5 - Non-Consolidated Schedule of Student Loan Remissions 65

Schedule 6 - Non-Consolidated Schedule of Commitments Under Operating Leases 66

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SECTION I
CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for governments recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. When GAAP 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 statements.

The Government fulfills its accounting and reporting responsibilities, through the Department of Finance, by maintaining systems of financial management and internal control. These systems are continually enhanced and modified to provide accurate information, to safeguard and control the Government's assets, and to ensure that all transactions are in accordance with the *Financial Administration Act*.

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

The Auditor General of Canada conducts an annual audit of the consolidated financial statements in order to express an opinion as to whether the statements present fairly, in all material respects, the financial position, results of operations and accumulated surplus, change in net financial assets (debt) and cash flow for the year. During the course of the audit, she also examines transactions that have come to her notice, to ensure that they are, in all significant respects, within the statutory powers of the Government and those organizations included in the consolidation. The Auditor General's opinion is included with the consolidated financial statements.



Peter Ma
Deputy Minister of Finance
and Interim Comptroller General

June 2, 2009

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AUDITOR'S REPORT

To the Legislative Assembly of Nunavut

I have audited the consolidated statement of financial position of the Government of Nunavut as at 31 March 2008 and the consolidated statements of operations and accumulated surplus, change in net financial assets (debt) and cash flow for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

Because the Nunavut Business Credit Corporation (NBCC), an entity fully consolidated in these financial statements, did not maintain proper book of accounts, a denial of opinion was issued on the NBCC 31 March 2008 financial statements. As a result, I am unable to determine whether any adjustments to NBCC's recorded or unrecorded assets, recorded or unrecorded liabilities and the components making up the statements of operations and equity, have a material effect on these financial statements.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself with respect to NBCC's assets, liabilities and the components making up the statements of operations and equity of NBCC as described in the above paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Government as at 31 March 2008 and the results of its operations, the change in its net debt and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The Auditor's Report for the 2007 fiscal year also contained a similar opinion.

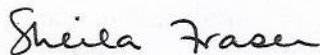
In my opinion, except for the failure of the Government to meet the deadline for tabling consolidated financial statements and the effect of non compliance with the authorities of the Nunavut Business Credit Corporation as described in the following paragraphs, the transactions of the Government and of those organizations listed in Note 1 to the consolidated financial statements that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the Government's powers under the *Nunavut Act*, the *Financial Administration Act* for Nunavut and regulations and the specific operating authorities disclosed in Note 1.

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Under section 44 of the *Nunavut Act*, the government is required to table its consolidated financial statements in the Legislative Assembly by 31 December each year for the fiscal year ended in March that year. The Government has again not tabled its consolidated financial statements by the deadline.

The transactions of the Nunavut Business Credit Corporation have not, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* for Nunavut and regulations, the *Nunavut Business Credit Corporation Act* and regulations and the by-laws of the Corporation. Section 89 of the *Financial Administration Act* for Nunavut requires that the Corporation establish the form and content of financial records in accordance with accepted accounting principles and practices and establish and maintain systems and procedures to ensure that financial and other assets are properly managed, accounted for and controlled and that all payments are properly authorized. The Corporation did not maintain proper books of account.

Further, the *Nunavut Business Credit Corporation Act* (the Act) and regulations require the Corporation to charge interest on loans at the prescribed rate of business prime plus two percent. The Act also requires that significant changes to the terms and conditions of loans be approved by the person(s) who initially approved the loan, either the Minister or the Board. We noted changes in respect to interest rates charged that were not approved by either the Minister or the Board as required.



Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
2 June 2009

GOVERNMENT OF NUNAVUT

Consolidated Statement of Financial Position

as at March 31, 2008*(thousands of dollars)*

	2008	2007 (Restated Note 3)
Financial assets		
Cash and cash equivalents (Note 4)	\$ 391,969	\$ 354,082
Portfolio and other investments (Note 5)	14,395	13,537
Due from the Government of Canada (Note 6(a))	60,209	56,321
Other revenues receivable (Note 6(b))	75,413	63,713
Inventories for resale (Note 7(a))	50,916	54,261
Loans receivable (Note 8)	20,791	20,935
Investment in District Education Authorities (Note 1)	-	1,357
Total financial assets	613,693	564,206
Liabilities		
Accounts payable and accrued liabilities (Note 9)	310,289	246,318
Employee future benefits (Note 10(a))	22,188	19,152
Pension liabilities (Note 10(b))	5,479	4,989
Long term debt (Note 11)	94,850	91,303
Capital lease obligations (Note 12)	118,080	117,175
Deferred capital contributions (Note 13)	109,698	115,604
Total liabilities	660,584	594,541
Net financial assets (debt)	(46,891)	(30,335)
Non-financial assets		
Tangible capital assets (Schedule B)	1,438,636	1,329,027
Inventories for use (Note 7(b))	13,287	13,439
Prepaid expenses	4,848	5,565
Total non-financial assets	1,456,771	1,348,031
Accumulated surplus	\$ 1,409,880	\$1,317,696
Contractual obligations (Note 15)		
Contingencies (Note 16)		

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

GOVERNMENT OF NUNAVUT

Consolidated Statement of Operations and Accumulated Surplus

for the year ended March 31, 2008

(thousands of dollars)

	2008	2007 (Restated Note 3)
Revenues (Schedule A)		
From the Government of Canada	\$ 1,075,420	\$ 1,205,849
Revenues generated by the Government of Nunavut	310,341	254,771
Total revenues	1,385,761	1,460,620
Expenses (Note 14)		
Community and Government Services	302,857	282,900
Health and Social Services	272,000	257,999
Education	223,272	207,252
Nunavut Housing Corporation	160,373	146,458
Finance	112,257	103,131
Economic Development and Transportation	76,080	69,139
Justice	65,265	59,699
Environment	19,227	17,829
Culture, Language, Elders and Youth	18,656	17,297
Human Resources	16,802	16,654
Executive and Intergovernmental Affairs	13,444	11,863
Legislative Assembly	13,344	13,282
Total expenses	1,293,577	1,203,503
Excess of revenues over (under) expenses	92,184	257,117
Net gain - District Education Authorities (Note 1)	-	1,357
Surplus for the year	92,184	258,474
Accumulated surplus, beginning of the year	1,317,696	1,059,222
Accumulated surplus, end of the year	\$ 1,409,880	\$ 1,317,696

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

GOVERNMENT OF NUNAVUT

Consolidated Statement of Change in Net Financial Assets (Debt)

as at March 31, 2008*(thousands of dollars)*

	2008	2007 <small>(Restated Note 3)</small>
Surplus for the year	\$ 92,184	\$ 258,474
Tangible capital assets (Schedule B)		
Additions	(172,041)	(124,294)
Amortization	61,928	61,201
Disposals	504	1,999
	(109,609)	(61,094)
Net use (additions) of inventories for use	152	(814)
Net use (additions) of prepaid expenses	717	(3,054)
	869	(3,868)
Change in net financial assets (debt)	(16,556)	193,512
Net financial assets (debt), beginning of the year	(30,335)	(223,847)
Net financial assets (debt), end of the year	\$ (46,891)	\$ (30,335)

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

GOVERNMENT OF NUNAVUT

Consolidated Statement of Cash Flow**for the year ended March 31, 2008***(thousands of dollars)*

	2008	2007 (Restated Note 3)
Cash provided by (used for) government operations:		
Transfers from the Government of Canada	\$ 1,063,477	\$ 1,240,009
Taxes	54,427	37,394
Other government revenues	234,795	218,398
Interest payments on long term debt	(6,209)	(9,492)
Interest payments on capital leases	(9,757)	(6,009)
Grants and contributions	(232,159)	(241,836)
Compensation and employee benefits	(361,652)	(354,340)
Goods and services	(538,611)	(550,612)
Cash provided by (used for) government operations	204,311	333,512
Cash provided by (used for) capital activities:		
Tangible capital asset acquisitions	(164,658)	(124,519)
Tangible capital asset disposals	274	3,287
Cash provided by (used for) capital activities	(164,384)	(121,232)
Cash provided by (used for) investing activities:		
Loan repayments received	4,795	10,106
Portfolio and other investments	(870)	(907)
Loans to municipalities, businesses and individuals	(1,575)	(8,896)
Cash provided by (used for) investing activities	2,350	303
Cash provided by (used for) financing activities:		
Increased principal on long term debt	8,000	12,160
Principal payments on capital leases	(7,427)	(5,109)
Principal payments on long term debt	(4,963)	(3,479)
Cash provided by (used for) financing activities	(4,390)	3,572
Increase in cash and cash equivalents	37,887	216,155
Cash and cash equivalents, beginning of the year	354,082	137,927
Cash and cash equivalents, end of the year (Note 4)	\$ 391,969	\$ 354,082

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

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

1 AUTHORITY AND OPERATIONS

Authority and reporting entity

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

These consolidated financial statements are prepared to meet the financial reporting requirements in the *Nunavut Act* (Canada) and the *Financial Administration Act* (Nunavut). 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.

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 (except for the Workers' Compensation Board). The financial activities of all these entities are consolidated in these financial statements.

The following organizations comprise the reporting entity represented by these consolidated financial statements. Unless indicated otherwise they have March 31st year ends. These organizations are accountable to, and are controlled by the Government.

	Authority for Operations
Consolidated Revenue Fund, including those departments and public agencies set out in the Government's Main Estimates	<i>Financial Administration Act</i>
Revolving Funds	<i>Revolving Funds Act</i>
Fur Marketing Service Revolving Fund	
Liquor Revolving Fund	
Petroleum Products Revolving Fund	
Student Loan Revolving Fund	
Public Stores Revolving Fund	
Territorial Corporations	
Nunavut Housing Corporation	<i>Nunavut Housing Corporation Act</i>
Nunavut Arctic College (<i>June 30th year end</i>)	<i>Public Colleges Act</i>
Nunavut Development Corporation (including subsidiaries)	<i>Nunavut Development Corporation Act</i>
Nunavut Business Credit Corporation	<i>Nunavut Business Credit Corporation Act</i>
Qulliq Energy Corporation	<i>Qulliq Energy Corporation Act</i>
District Education Authorities (<i>June 30th year end</i>)	<i>Education Act</i>

In 2008, all entities included in the reporting entity are fully consolidated on a line-by-line basis. Significant transactions and balances between consolidated entities are eliminated.

In 2007, the District Education Authorities were accounted for on a modified equity basis in accordance with the transitional provisions of the Public Sector Accounting Board standard (Section 1300).

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

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

1 AUTHORITY AND OPERATIONS (continued)

Budget

A comparison of budgeted and actual results is provided in the Government's unaudited non-consolidated financial statements included in Section II of the Public Accounts.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Financial statements

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) as required by Section 45 of the *Nunavut Act*. Accordingly, the Government has adopted the recommendations of the PSAB as the primary basis of its accounting policies.

(b) Use of estimates and measurement uncertainty

The preparation of financial statements in accordance with GAAP 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 management estimates relate to employee future benefits, environmental liabilities, contingencies, revenue accruals, amortization expenses and valuation allowances on loans and other receivables.

(c) Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques, and short term highly liquid investments that are readily convertible to cash with a maturity date of 90 days or less from the date of acquisition.

(d) Portfolio investments

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

(e) Inventories

Inventories for resale include bulk fuel, liquor products and finished goods. Bulk fuel and finished goods are valued at the lower of weighted average cost or net realizable value. Liquor products are valued at the lower of cost or net realizable value on a first-in, first-out basis.

Inventories for use include fuel, supplies and lubricants, health and medical supplies, and raw materials and work in progress. Fuel inventory is valued at the lower of cost or replacement cost, with the cost being determined on a weighted average basis. Supplies and lubricants, health and medical supplies, as well as raw materials and work-in-progress inventory items are valued at the lower of cost or replacement costs, with the cost being determined on a first-in, first-out basis.

GOVERNMENT OF NUNAVUT**Notes to Consolidated Financial Statements****for the year ended March 31, 2008****(thousands of dollars)**

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(f) Loans receivable**

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

(g) Non-financial assets

Non-financial assets, including tangible capital assets, inventories for use and prepaid expenses, are accounted for by the Government 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 roads, buildings, vehicles, equipment, water and other utility systems, aircraft, computer hardware and software, dams, canals, and bridges. Tangible capital assets with a cost of less than fifty thousand dollars are fully expensed in the year of acquisition.

Tangible capital assets are recorded at cost, or where actual cost is not available, estimated current replacement cost converted back to the date of purchase by discounting current year dollars for inflation. Gifted and cost shared tangible capital assets are recorded at fair market value upon receipt or cost respectively, with the gifted or cost shared portion recorded as a deferred capital contribution, and recognized as revenue on the same basis as the related asset is amortized.

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 a specified rate or the Government's borrowing rate at the time the obligation is incurred.

Tangible capital assets, when placed in service, are amortized on a straight line basis over their estimated useful life. The assets are amortized based on the following guidelines:

Asset Category	Amortization Period
Land	Not amortized
Buildings	30 years
Leased Buildings	30 years
Infrastructure	30 years
Tank Farms	30 years
Storage Facilities	30 years
Equipment	5 years
Electric Power Plants	20-40 years
Transmission Distribution Systems	20-40 years
Heavy Equipment	5-40 years

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 employee future benefits

Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government contributes at a rate of 2.14 times (2007 - 2.14 times) the employee's contribution. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the plan.

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 current value of future entitlements and uses various estimates. When actual experience varies from estimates, the adjustments needed are amortized over the estimated average remaining service lives of the contributors.

Non-pension employee future 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. Termination benefits are recorded when employees are identified for lay-off. For 2008, 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. The 2007 cost of the benefits had been determined based on management's best estimates.

(j) 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 or fail 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. Contingent liabilities result from potential environmental contingencies or pending litigation and like items.

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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. Environmental liabilities are reported as part of accounts payable and accrued liabilities.

(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

Grants from the Government of Canada are recognized as revenue when entitlement for the transfer occurs. The Government receives a Formula Financing grant from the Government of Canada. For the years 2007-08 to 2013-14, the Government of Canada has, under Bill C-52, the *Budget Implementation Act, 2007*, restored the Formula Financing grant to a principle based arrangement. Health and social transfers are recorded in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada). Adjustments for health and social transfer revenues are made in the year they are known.

Other transfers from the Government of Canada are recognized as revenue in the period that the events giving rise to the transfer occur as long as: (i) the transfer is authorized; (ii) the Government has met any eligibility criteria; and (iii) a reasonable estimate of the amount of the transfer can be made. Transfers received before these are fully met are recorded as deferred revenue until the criteria are met.

Taxes and general revenues

Income tax revenue is recognized on an accrual basis. Taxes, under the *Income Tax Act*, are collected by the Government of Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. 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 that year are finalized.

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.

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

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

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Expenses

Expenses are recorded on an accrual basis.

Grants and contributions made by the Government are recorded as expenses when the following criteria are all met: (i) the grant or contribution has the necessary authorization; (ii) the recipient has met any eligibility criteria; and (iii) a reasonable estimate of the amount of the expense can be made. Grants or contributions paid prior to all three conditions being met are accounted for as prepaid expenses until all conditions are met by the recipient.

(n) Financial instruments

The fair value of short term financial instruments, including accounts payable and accrued liabilities, cash and temporary investments, due from the Government of Canada and 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, long term investments and loans receivable, are detailed in the related notes. Where fair value amounts are not detailed, the carrying amounts approximate their fair value.

(o) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using the exchange rates at year end. Foreign currency revenues and expenses are translated into Canadian dollars using rates in effect at the time the transactions were entered into. Exchange gains and losses are accounted for in the revenue and expense balances to which they relate.

3 ACCOUNTING CHANGES - RESTATEMENT OF 2007 BALANCES

The March 31, 2008 consolidated financial statements have been prepared taking into account the following accounting changes for corrections to and restatement of previously reported balances. Where appropriate, the 2007 comparative balances have been restated to reflect these accounting changes.

(a) Qulliq Energy Corporation (QEC), a territorial corporation providing utility services to the Nunavut Territory, prepares its financial statements on a rate regulated accounting basis. In preparing its consolidated financial statements the Government consolidates QEC on a line-by-line basis, including policy adjustments to the corporation's financial position and operating results so they are on the same basis of accounting used for the Government's consolidated financial statements. In prior periods, an adjustment necessary to remove the impacts of rate regulated accounting for a provision for future removal and site restoration (FRSR) from QEC statements was not recorded as part of the preparation of the Government's consolidated financial statements. This error has been corrected in these statements by restatement of the 2007 comparative balances.

As a result of restatements to remove QEC's FRSR provision from the government's consolidated financial statements previously reported, the 2007 beginning of the year balances for accumulated surplus and net financial assets (debt) have increased by \$17,627; the 2007 end of the year balances for accumulated surplus and net financial assets (debt) have increased by \$18,377; the 2007 accounts payable and accrued liabilities balance has decreased by \$18,377; and the 2007 surplus for the year has increased by \$750 due to a net decrease in expenses of the same amount.

(b) The government's 2007 consolidated financial statements have been restated to reflect the accounting changes and related restatements implemented by the Nunavut Housing Corporation (NHC) in its March 31, 2008 financial statements.

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

3 ACCOUNTING CHANGES - RESTATEMENT OF 2007 BALANCES (continued)

Under the Social Housing Agreement (SHA) signed in 1999, the Canadian Mortgage and Housing Corporation (CMHC) funds NHC's payments to CMHC for; 100% of the mortgages payable (referred to as NHA Section 79 debt under the SHA), 5/9th of the loans payable (referred to as NHA Section 82 debt under the SHA), and the related interest payable. As a result, NHC has a right to offset the funding receivable from CMHC with the long term debt owing to CMHC under the terms of the SHA.

In prior years, while NHC's financial statements accounted for the long term debts owed to CMHC, the long term receivables due from CMHC for funding of the required debt repayments and interest payments were not accounted for. NHC restated its 2007 balances previously reported to record the long term receivable due from CMHC. This combined with the right to offset of these funding receivables against NHC's related long term debts owed to CMHC with no exchange of cash between NHC and CMHC, resulted in the following changes to previously reported 2007 balances: a \$94,597 decrease in accumulated surplus balance at the beginning of the year (i.e., April 1, 2006); a \$938 decrease in the accounts payable and accrued liabilities balance; a \$26,226 decrease in the long term debt balance owed to CMHC; a net increase of \$6,157 in the surplus for the year; and the recording of deferred capital contributions from CMHC of \$115,604 as at March 31, 2007.

(c) In addition to the above restatements as a result of changes implemented by NHC, the government's 2007 and prior accounting for the assets transferred to Nunavut under the SHA was revised. Until 2008, the CMHC assets being held and administered by NHC under a trust created in the SHA were not accounted for in the government's consolidated financial statements. A review of the accounting for the SHA concluded that in addition to the accounting changes implemented by NHC itself, the SHA assets should be accounted for in the government's consolidated financial statements.

As a result, the 2007 balances reported in the consolidated financial statements have been restated to account for the SHA assets. The net book value of government's tangible capital assets has been increased by \$112,575 as at March 31, 2007, consisting of costs of \$168,862 and accumulated amortization of \$56,287. In addition, the April 1, 2006 opening accumulated surplus has increased by \$118,204, the 2006-07 amortization expense increased by and the annual surplus decreased by \$5,629, and the March 31, 2007 ending accumulated surplus increased by \$112,575.

(d) In prior years, the government entered capital leases to meet its office and other building space requirements. Certain of the lease agreements included rent escalation clauses tied to changes in the consumer price index (CPI). In the past, the accounting for the impact of CPI escalations included recording adjustments to the carrying value of the leased assets and capital lease obligations. A 2008 review of the accounting for the escalation clauses of the lease agreements concluded that the CPI escalations should be accounted for as a contingent rentals and therefore accounted for only when and to the extent they are actually paid.

As a result, the 2007 non-consolidated financial statement balances have been restated. The net book value of government's tangible capital assets decreased by \$1,707, consisting of \$2,299 in cost less \$592 of accumulated amortization for leased assets. In addition, the 2007 capital lease obligations balance decreased by \$5,682, interest expense decreased by \$1,399, lease expense increased by \$398, and amortization expense decreased by \$91. Overall, the April 1, 2006 opening accumulated surplus increased \$2,883, the 2006-07 annual surplus increased \$1,092, and the March 31, 2007 ending accumulated surplus previously reported increased \$3,975.

(e) The inventories for resale balance previously reported as at March 31, 2007 included \$594 of raw materials and work in progress inventory which should have been reported as part of inventories for use. This classification error has been corrected in these consolidated financial statements by restatement of the 2007 comparative balances.

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

3 ACCOUNTING CHANGES - RESTATEMENT OF 2007 BALANCES (continued)

As a result, the March 31, 2007 inventories for resale balance decreased by \$594, and inventories for use increased by \$594. In addition, the April 1, 2006 net financial assets (debt) total reported decreased \$860, and the March 31, 2007 balance previously reported decreased \$594, with the difference of \$266 representing an increase in the net use or consumption of inventories for use during 2006-07.

(f) In prior years, revenues for the Petroleum Products Revolving Fund, the Liquor Revolving Fund and the Nunavut Development Corporation were reported net of certain expenses (i.e., cost of goods sold). The PSAB accounting standards require that revenues and expenses be reported on a gross versus a net basis. Therefore, to be compliant with generally accepted accounting principles commencing in the March 31, 2008 consolidated financial statements the revenues and expenses of these organizations have been reported on a gross basis.

As a result, for the 2007 comparatives, the cost of goods sold external to government totalling \$93,090 (i.e., \$84,581, \$2,419 and \$6,090 respectively for the above named organizations) has been reclassified from revenues to the appropriate departmental expense lines in the statement of operations. In addition, the costs of goods sold internally totalling \$40,891 (Nunavut Housing Corporation - \$12,238; Qulliq Energy Corporation - \$28,653) have been also been reclassified from revenues to the appropriate departmental expense lines. This change has no impact on the annual or accumulated surplus reported by government for either the 2007-08 or 2006-07 years.

(g) Each year, the government receives full or partial (i.e., cost shared) funding for specific program or other initiatives under funding agreements with the Government of Canada or other organizations. In prior years, the revenues from and the expenses covered by the funding under such agreements have been reported separately and segregated on the statement of operations under a caption "Projects for the Government of Canada and others".

There is no PSAB standard, GAAP or other requirement for these revenues and expenses to be reported separately from the government's other financial activities. Further, a review of the nature of the initiatives undertaken with the funding provided indicates that they are mostly program and other initiatives of the Government of Nunavut itself, and not related to work or projects being done by government on behalf Canada or others.

In the March 31, 2008 consolidated financial statements, the various revenues and expenses associated with the funding agreements have been combined with and included in the appropriate lines in the revenues and expenses sections of the statement of operations. The 2007 comparative balances have been restated to reflect the reclassification of the \$44,893 of revenues and expenses previously segregated on the statement of operations. This change has no impact on the annual or accumulated surplus reported by government for either the 2007-08 or 2006-07 years.

(h) In the March 31, 2008 consolidated financial statements, designated investments of the Supplementary Retiring Allowances Fund (SRAF) are reported as part of portfolio and other investments. In prior years, they had been reported as part of cash and cash equivalents. The 2007 balances in the consolidated financial statements have been restated to reclassify the \$4,802 of SRAF designated investments held as at March 31, 2007.

(i) In prior years, the receivables and payables under the Tax Collection Agreement (TCA) signed with the Government of Canada for the collection and administration of personal and corporate income taxes on behalf of the Government of Nunavut were netted in the consolidated financial statements. As at March 31, 2008, the receivables and payables under the TCA have been included in the consolidated financial statements separately. As a result, the 2007 balances previously reported for other revenues receivable and for accounts payable and accrued liabilities have been restated \$8,314.

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

3 ACCOUNTING CHANGES - RESTATEMENT OF 2007 BALANCES (continued)

The following summarizes the changes to previously reported balances for the 2007 comparative balances included in these financial statements as a result of the correction of the errors and other restatements noted in the items above.

	Previously Reported Balances	Increase (Decrease)	Restated Balances
Cash and cash equivalents	\$ 358,884	\$ (4,802)	\$ 354,082
Portfolio and other investments	8,735	4,802	13,537
Other revenues receivable	55,399	8,314	63,713
Inventories for resale	54,855	(594)	54,261
Total financial assets	556,486	7,720	564,206
Accounts payable and accrued liabilities	257,319	(11,001)	246,318
Long term debt	117,529	(26,226)	91,303
Capital lease obligations	122,857	(5,682)	117,175
Deferred capital contributions	-	115,604	115,604
Total liabilities	521,846	72,695	594,541
Net financial assets (debt)	34,640	(64,975)	(30,335)
Tangible capital assets	1,218,159	110,868	1,329,027
Inventories for use	12,845	594	13,439
Total non-financial assets	1,236,569	111,462	1,348,031
Total revenues	1,287,595	173,025	1,460,620
Total expenses	1,032,848	170,655	1,203,503
Project expenses funded under agreement with the Government of Canada and others:			
Revenues	44,893	(44,893)	-
Expenses	44,893	(44,893)	-
Surplus (deficit) for the year	256,104	2,370	258,474
Accumulated surplus (deficit), beginning of year	1,015,105	44,117	1,059,222
Accumulated surplus (deficit), end of year	1,271,209	46,487	1,317,696

4 CASH AND CASH EQUIVALENTS

	2008	2007 (Restated Note 3)
Cash	\$ 190,556	\$ 101,302
Designated cash	1,029	1,101
Short term investments	200,384	251,679
	\$ 391,969	\$ 354,082

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

Cash and cash equivalents include investments in a diversified portfolio of high grade, short term income producing assets. The portfolio yield for the year ended March 31, 2008 varied from 3.15% to 4.92% (2007 - 1.5% to 4.37%). All instruments held are in high quality debt obligations, rated R-1 Low or better by the Dominion Bond Rating Service, with an average term to maturity of 102 days (2007 - 76 days).

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

5 PORTFOLIO AND OTHER INVESTMENTS

Portfolio and other investments include the following at March 31.

	2008	2008	2008	2007
	Effective	Term to	Carrying	(Restated Note 3)
Portfolio investments	Rate of Return	Maturity	Value	Carrying Value
Government of Canada	Variable	1 to 8 years	\$ 1,026	\$ 1,026
Trust Company	3.55%	1 to 2 years	1,015	1,015
Provincial Governments	4.48%	1 to 8 years	6,694	6,694
			8,735	8,735
Other investments				
SRAF designated investments			5,660	4,802
			\$ 14,395	\$ 13,537

The market value of the portfolio investments at March 31, 2008 was \$8,905 (2007 - \$8,893), with an average yield in 2008 of 4.14% (2007 - 4.36%).

The Supplementary Retiring Allowances Fund (SRAF) of the Legislative Assembly investments can not be used to discharge other obligations incurred by the Government. 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, 2008 was \$5,907 (2007 - \$5,747) with a negative return of 2.49% (2007 - positive 10.89%).

6 REVENUES RECEIVABLE

	2008	2007
		(Restated Note 3)
(a) Due from the Government of Canada		
Health Canada	\$ 14,465	\$ 9,982
Goods and Services Tax	16,035	4,220
Official Languages	6,916	5,859
Transport Canada Programs	5,276	5,478
Infrastructure Funds	4,106	4,242
Canada Mortgage and Housing Corporation	3,452	12,517
Department of Indian and Northern Affairs	274	4,660
Other receivables	9,685	9,363
	\$ 60,209	\$ 56,321
(b) Other revenues receivable		
From District Education Authorities	\$ -	\$ 243
Other accounts receivable of the Petroleum Products Division	20,314	13,403
Other accounts receivable of other departments	43,089	39,045
Other accounts receivable of the Territorial Corporations	29,845	32,924
	93,248	85,615
Less: Allowance for doubtful accounts	(17,835)	(21,902)
	\$ 75,413	\$ 63,713

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

7 INVENTORIES	2008	2007
		(Restated Note 3)
(a) For resale		
Bulk fuels	\$ 47,591	\$ 51,029
Liquor products	980	1,181
Finished goods	2,062	1,804
Packaging materials and supplies	283	247
	<u>\$ 50,916</u>	<u>\$ 54,261</u>

(b) For use		
Fuel	\$ 7,772	\$ 8,339
Supplies and lubricants	3,755	3,629
Health and medical supplies	1,277	594
Raw materials and work in progress	483	877
	<u>\$ 13,287</u>	<u>\$ 13,439</u>

8 LOANS RECEIVABLE	2008	2007
Mortgage loans from Nunavut Housing Corporation to individuals with a maximum maturity of 25 years, bearing interest between 6.0% and 14.25%, net of valuation allowance of \$7,523 (2007 - \$6,661).	3,180	\$ 1,700
Loans from Nunavut Business Credit Corporation to businesses with a maximum maturity of 25 years, bearing interest between 5.75% and 11.5%, net of valuation allowance of \$1,294 (2007 - \$1,332).	15,559	16,979
Loans to municipalities due in instalments to 2009, bearing interest between 0% and 8%, net of valuation allowance of \$100 (2007 - \$100).	849	1,088
Student Loan Fund loans due in instalments to 2017, bearing interest between 3% and 12.5%, net of allowances for valuation and forgiveness of \$3,344 (2007 - \$3,199).	1,122	1,073
Other, Qikiqtaq Co-op Mall Mortgage, net of allowance for impaired loan of \$240 (2007 - \$240).	81	95
	<u>\$ 20,791</u>	<u>\$ 20,935</u>

9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	2008	2007
		(Restated Note 3)
Payable to related parties		
District Education Authorities	\$ -	\$ 2,196
Workers' Compensation Board	460	-
	<u>460</u>	<u>2,196</u>
Other		
Accounts payable	114,683	76,997
Other liabilities, payroll deductions and contractor holdbacks	101,672	65,231
Vacation pay and lieu time	15,043	15,761
Due to the Government of Canada	17,140	23,276
Due to the Government of the Northwest Territories	3,505	13,975
Deferred revenue	57,786	48,882
	<u>309,829</u>	<u>244,122</u>
	<u>\$ 310,289</u>	<u>\$ 246,318</u>

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

10 PENSION AND EMPLOYEE FUTURE BENEFIT LIABILITIES

(a) Employee future benefit liabilities	2008		2007	
Severance	\$	11,311	\$	9,709
Removal		10,877		9,443
	\$	22,188	\$	19,152

(b) Pension liabilities

i) Public Service Pension Plan

Both the Government and its employees make contributions to the Public Service Pension Plan administered by the Government of Canada. In 2008, the Government's contributions were \$26,939 (2007 - \$28,006).

The amount of the Government's contributions is set by the Government of Canada and represents the Government's sole obligation under this plan. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the plan.

ii) 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. The plan came into effect during the 2001-02 year, and provides for benefits retroactive to April 1, 1999.

There have been no plan amendments, plan settlements and curtailments or temporary deviations from the plans in 2008 (no changes in 2007).

Actuarial valuations were completed for the plans as of April 1, 2007. The valuations were based on a number of assumptions about future events including inflation rates (3.5%), interest rates (inflation, plus 3%), return on assets (inflation, plus 3%), increases in remuneration (inflation, plus 1%), 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 the plans is April 1, 2010.

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

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

10 PENSION AND OTHER EMPLOYEE FUTURE BENEFIT LIABILITIES (continued)

The normal retirement age under both 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.

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		2008		2007	
Accrued benefit obligation	\$	3,993	\$	4,682	\$	8,675	\$	7,779
Deduct:								
Pension fund assets		3,946		-		3,946		3,200
Unamortized actuarial (gain) loss		(40)		(710)		(750)		(410)
		3,906		(710)		3,196		2,790
Pension liability	\$	87	\$	5,392	\$	5,479	\$	4,989

At March 31, 2008, LARAF pension fund assets had a market value of \$3,797 (2007 - \$3,359). The actual rate of return was negative 2.21% (2007 - positive 10.89%). The SRAF has no pension fund assets; however, the pension liability is to be funded all or in part by designated investments (see Note 5).

LARAF and SRAF actuarial gains/losses are amortized over 3.6 and 3.1 years, respectively (2007 - 6.1 and 5.5 years, respectively), which are the estimated average remaining service lives for contributors to the plans.

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

	LARAF		SRAF		2008		2007	
Current period benefit cost	\$	530	\$	692	\$	1,222	\$	1,162
Amortization of actuarial (gains) losses		(6)		(75)		(81)		(60)
		524		617		1,141		1,102
MLAs contributions		(157)		-		(157)		(147)
Pension expense		367		617		984		955
Interest cost on the average accrued		242		328		570		525
Expected return on the average pension		(233)		-		(233)		(192)
Pension interest expense		9		328		337		333
Total expenses related to pensions	\$	376	\$	945	\$	1,321	\$	1,288

Pension benefits paid for the LARAF and SRAF were \$42 and \$427, respectively (2007 - \$40 and \$417, respectively).

The Government's contributions related to the LARAF and SRAF during the year were \$403 and \$734 respectively (2007 - \$349 and \$686, respectively).

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

11 LONG TERM DEBT AND BORROWING AUTHORITY LIMIT

Loans and mortgages payable	2008	2007 (Restated Note 3)
Loans payable to Canada Mortgage and Housing Corporation, repayable in annual instalments of \$5,142 to the year 2032, bearing interest at a rate of 6.97% (2007 - 6.97%).	\$ 20,183	\$ 20,980
Mortgage payable in annual instalments of \$555 to the year 2020, bearing interest at a rate of 6.803% (2007 - 6.803%) compounded semi-annually.	4,676	4,904
Redeemable 20 year amortizing debenture, bearing interest at 6.809% (2007 - 6.809%) due September 27, 2021. Blended semi-annual payments of \$2,848 with a balloon payment of \$17,502 at the end of the term.	55,958	57,752
Non-revolving floating rate term loan facility with payments of \$58 due monthly beginning April 30, 2007 with the final payment due March 30, 2017. Interest at bank prime in 2008 varied from 5.25% to 6.25% (2007 - 5.5% to 6.0%).	6,300	7,000
Non-revolving floating rate term loan facility with payments of \$67 due monthly beginning November 21, 2007 with the final payment due October 21, 2017. Interest at bank prime in 2008 varied from 5.25% to 6.25% (2007 - 5.5% to 6.0%).	7,733	-
Floating rate capital loan facility due September 30, 2007. Interest is at bank prime of 5.25% in 2008 (2007 - 6.0%).	-	667
	\$ 94,850	\$ 91,303

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

	Principal	Interest	Total
2009	\$ 4,516	\$ 6,322	\$ 10,838
2010	4,727	5,986	10,713
2011	4,952	5,653	10,605
2012	5,192	5,330	10,522
2013	5,450	4,990	10,440
2014 and beyond	70,013	29,065	99,078
	\$ 94,850	\$ 57,346	\$ 152,196

Interest expense on long term debt was \$8,194 for the year (2007 - \$7,674). The interest paid on long term debt during the year was \$8,740 (2007 - \$7,684).

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

11 LONG TERM DEBT AND BORROWING AUTHORITY LIMIT (continued)**Borrowing Authority**

The Governor in Council, pursuant to subsection 27(2) of the *Nunavut Act*, has approved Government borrowing up to \$200 million.

	2008	2007
		(Restated Note 3)
Qulliq Energy Corporation, long term debt	\$ 69,991	\$ 65,419
Nunavut Housing Corporation, long term debt	20,183	20,980
Government of Nunavut, mortgage payable	4,676	4,904
	<hr/> 94,850	<hr/> 91,303
Qulliq Energy Corporation, bank overdraft liability	3,515	2,716
Nunavut Development Corporation, subsidiary credit facilities	245	190
Total debt	98,610	94,209
Authorized borrowing limit	200,000	200,000
Available borrowing capacity	\$ 101,390	\$ 105,791

The Government of Nunavut guarantees the long term debt of Qulliq Energy Corporation and Nunavut Housing Corporation as well as the bank overdrafts of Qulliq Energy Corporation and Nunavut Development Corporation.

As part of their financing, Nunavut Development Corporation subsidiaries have arranged various credit facilities at different terms and interest rates. Nunavut Development Corporation has provided a guarantee for these credit facilities.

12 CAPITAL LEASE OBLIGATIONS

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

	2008	2007
		(Restated Note 3)
Total minimum lease payments	\$ 180,911	\$ 183,024
Less: imputed interest	(54,957)	(56,733)
Less: executory costs	(7,874)	(9,116)
Present value of minimum lease payments	\$ 118,080	\$ 117,175

Future minimum lease payments for each of the next 5 years and thereafter are:

2009	\$ 17,262
2010	17,254
2011	17,252
2012	17,252
2013	17,244
2014 and beyond	94,647
	<hr/> \$ 180,911

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 \$8,808 (2007 - \$8,663) at an implied average interest rate of 7.5% (2007 - 7.4%). The capital lease obligations expire between 2013 and 2027.

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

13 DEFERRED CAPITAL CONTRIBUTIONS

Under the terms of the 1999 Social Housing Agreement, the Canadian Mortgage and Housing Corporation (CMHC) transferred social housing assets to the Nunavut Housing Corporation (NHC) in exchange for loans payable by NHC to CMHC. The financial assistance provided to NHC in the transfer of the social housing assets has been deferred and is being recognized as revenue over the service life of the associated tangible capital assets.

	2008		2007
Balance, beginning of the year	\$ 115,604	\$	121,727
Adjustments to and disposal of assets	(133)		(40)
Amortization of deferred capital contributions to revenue	(5,773)		(6,083)
Balance, end of the year	\$ 109,698	\$	115,604

14 EXPENSES BY TYPE

	2008		2007
Compensation and employee benefits	\$ 364,579	\$	356,792
Grants and contributions	231,110		223,007
Goods and services	612,637		542,787
Amortization of tangible capital assets	61,928		61,201
Interest expense	17,339		16,670
Increase in valuation allowances	5,984		3,046
	\$ 1,293,577	\$	1,203,503

15 CONTRACTUAL OBLIGATIONS

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2008:

	Year of Expiration		Total
Commitments under operating leases	2027	\$	242,930
Capital commitments	2012		46,031
Policing agreement	2012		91,292
Other commitments	2013		39,473
		\$	419,726

Contractual obligations by fiscal year are as follows:

2009	\$	122,842
2010		69,263
2011		54,047
2012		46,228
2013		20,534
2014 and beyond		106,812
	\$	419,726

GOVERNMENT OF NUNAVUT**Notes to Consolidated Financial Statements****for the year ended March 31, 2008****(thousands of dollars)**

16 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.

(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 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

More individuals have come forward alleging abuse by a former school teacher in the Territory when it was part of the Northwest Territories. Pursuant to agreements negotiated prior to the division of the territories, the Nunavut and Northwest Territories governments will jointly defend the action. The costs of defending the action and any damages that may eventually be awarded will be shared by the two governments 44.34% and 55.66% respectively. An estimate of the Government's share of the loss that may result from these suits has been accrued; however, the final outcome may vary significantly from this estimate.

A number of new 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, in addition to the case disclosed above. The Nunavut and 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, medical negligence, wrongful arrest and assault. As of March 31, 2008, all of these claims have been assessed as being either without merit or not determinable at this time.

(d) Other

Under the terms of the Social Housing Agreement with Canadian Mortgage and Housing Corporation (CMHC), Nunavut Housing Corporation (NHC) is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that NHC shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The value of these third party loans is approximately \$3,458 as at March 31, 2008 (2007 - \$3,639).

GOVERNMENT OF NUNAVUT

Notes to Consolidated Financial Statements

for the year ended March 31, 2008

(thousands of dollars)

17 PROJECTS FUNDED BY THE GOVERNMENT OF CANADA AND OTHERS

Under agreements with the Government of Canada and others, the government receives full or partial funding for eligible expenses incurred on various specific projects. The following is a summary of the various project related revenues and expenses funded during the year.

	2008	2007
Revenues		
From the Government of Canada	\$ 49,510	\$ 42,115
From others	8,095	2,778
Total revenues	\$ 57,605	\$ 44,893
Expenses		
Compensation and benefits	\$ 13,398	\$ 10,927
Grants and contributions	12,355	10,747
Other expenses	30,519	21,609
Amortization of tangible capital assets	1,333	1,610
Total expenses	\$ 57,605	\$ 44,893

18 RELATED PARTY TRANSACTIONS

Significant related party transactions and balances are disclosed separately in these consolidated financial statements.

19 TRUSTS UNDER ADMINISTRATION

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

	2008	2007
Public Trustee	\$ 4,016	\$ 3,508
Victims' Assistance Trust	323	296
Natural Resources Conservation Trust	269	258
Millennium Scholarship Fund	71	27
Scholarship Fund	40	39
Territorial Court Trust	162	48
Maintenance Enforcement Trust	68	26
Young Offenders Welfare Trust	1	46
Baffin Correctional Centre Welfare Trust	26	21
Baffin Correctional Centre Inmate Trust	13	10
Young Offenders Trust	7	9
Sheriff's Imprest Account	8	7
Nunavut Labour Standards Board Trust	7	-
HSS - Akausisarvik	9	8
HSS - Ikpigusukniqmut Foundation	64	40
	\$ 5,084	\$ 4,343

20 COMPARATIVE INFORMATION

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

Consolidated Schedule of Revenues by Source
for the year ended March 31, 2008
(thousands of dollars)

	2008	2007 (Restated Note 3)
From the Government of Canada		
Territorial Formula Financing Agreement	\$ 892,852	\$ 844,031
Transfers under specific funding or cost-sharing agreements	49,510	42,115
Other transfer payments	133,058	319,703
	1,075,420	1,205,849
Revenues generated by the Government of Nunavut		
Personal income tax	12,467	11,673
Corporate income tax	6,561	4,295
Fuel tax	5,615	3,373
Tobacco tax	11,662	9,547
Insurance tax	660	921
Property tax	1,551	1,319
Payroll tax	14,667	8,233
Sales		
Petroleum Products Revolving Fund - before cost of goods sold of \$93,706 (2007 - \$84,581)	111,592	94,976
Liquor Revolving Fund - before cost of goods sold of \$2,115 (2007 - \$2,419)	4,801	4,709
Nunavut Development Corporation - before cost of goods sold of \$6,163 (2007 - \$6,090)	7,052	7,516
Staff housing recoveries	15,206	14,271
Transfers under other specific funding or cost-sharing agreements	8,095	2,778
Recoveries of prior years expenditures	5,246	3,586
Other revenues	105,166	87,574
	310,341	254,771
Total revenues	\$ 1,385,761	\$ 1,460,620

Consolidated Schedule of Tangible Capital Assets

as at March 31, 2008
(thousands of dollars)

	Buildings	Leased Buildings	Storage	Tank Farms	Equip- ment	Heavy Equip- ment	Electric Power Plants	Transmission Distribution Systems	Infra- structure	Land	2008	2007 (Restated Note 3)
Cost of tangible capital assets												
Opening balance	\$ 976,288	\$154,394	\$40,018	\$109,059	\$51,616	\$ 1,176	\$ 142,298	\$ 24,908	\$ 130,045	\$ 448	\$ 1,630,250	\$ 1,578,200
Additions	4,012	8,014	-	100	1,459	185	2,110	430	3,819	-	20,129	22,439
Transfer from work in progress	38,827	-	-	3,952	990	-	-	-	4,929	-	48,698	32,022
Disposals	(770)	-	-	-	-	-	-	-	-	-	(770)	(2,411)
Closing balance	1,018,357	162,408	40,018	113,111	54,065	1,361	144,408	25,338	138,793	448	1,698,307	1,630,250
Accumulated amortization												
Opening balance	(341,008)	(35,822)	(13,993)	(27,748)	(32,281)	(560)	(47,095)	(11,681)	(30,708)	-	(540,896)	(480,107)
Amortization	(34,827)	(5,414)	(1,390)	(4,202)	(6,393)	(83)	(4,057)	(544)	(5,018)	-	(61,928)	(61,201)
Disposals	266	-	-	-	-	-	-	-	-	-	266	412
Closing balance	(375,569)	(41,236)	(15,383)	(31,950)	(38,674)	(643)	(51,152)	(12,225)	(35,726)	-	(602,558)	(540,896)
Work in progress												
Opening balance	176,020	-	777	19,918	1,819	-	2,650	-	38,489	-	239,673	169,840
Additions	109,219	-	-	4,818	1,615	-	10,040	-	26,220	-	151,912	101,855
Transfer to tangible capital assets	(38,827)	-	-	(3,952)	(990)	-	-	-	(4,929)	-	(48,698)	(32,022)
Closing balance	246,412	-	777	20,784	2,444	-	12,690	-	59,780	-	342,887	239,673
Net book value	\$ 889,200	\$121,172	\$25,412	\$101,945	\$17,835	\$ 718	\$ 105,946	\$ 13,113	\$ 162,847	\$ 448	\$ 1,438,636	\$ 1,329,027
Estimated useful life	30 years	30 years	30 years	30 years	5 years	5-40 years	20-40 years	20-40 years	30 years			

GOVERNMENT OF NUNAVUT

SCHEDULE C

Consolidated Schedule of Segmented Information

as at March 31, 2008

(thousands of dollars)

	Consolidated Revenue Fund	Revolving Funds	Territorial Corporations	Total for All Segments	Consolidation Adjustments (1)	2008	2007
Revenues							
From the Government of Canada							
Territorial formula financing agreement	\$ 892,852	\$ -	\$ -	\$ 892,852	\$ -	\$ 892,852	\$ 844,031
Transfers under specific funding or cost-sharing agreements	48,499	-	1,011	49,510	-	49,510	42,115
Other transfer payments	101,038	-	33,019	134,057	(999)	133,058	319,703
	1,042,389	-	34,030	1,076,419	(999)	1,075,420	1,205,849
Generated by the Government of Nunavut							
Corporate and personal income taxes	19,028	-	-	19,028	-	19,028	15,968
Other taxes	34,155	-	-	34,155	-	34,155	23,393
Sales	-	163,733	27,280	191,013	(67,568)	123,445	107,201
Transfers under specific funding or cost-sharing agreements	8,095	-	-	8,095	-	8,095	2,778
General	41,937	-	247,255	289,192	(168,820)	120,372	101,845
	103,215	163,733	274,535	541,483	(236,388)	305,095	251,185
Recoveries of prior years' expenditures	5,246	-	-	5,246	-	5,246	3,586
Total revenues	1,150,850	163,733	308,565	1,623,148	(237,387)	1,385,761	1,460,620
Expenses							
Compensations and employee benefits	308,919	4,026	51,634	364,579	-	364,579	356,792
Grants and contributions	287,559	-	-	287,559	(56,449)	231,110	223,007
Goods and services	479,793	155,286	217,459	852,538	(239,901)	612,637	542,787
Amortization of tangible capital assets	33,467	880	28,948	63,295	(1,367)	61,928	61,201
Interest expense	6,861	6	9,828	16,695	644	17,339	16,670
Increase in valuation allowances	3,220	-	377	3,597	2,387	5,984	3,046
Total expenses	1,119,819	160,198	308,246	1,588,263	(294,686)	1,293,577	1,203,503
Excess of revenues over (under) expenses	31,031	3,535	319	34,885	57,299	92,184	257,117
Net gain - District Education Authorities	-	-	-	-	-	-	1,357
Surplus for the year	\$ 31,031	\$ 3,535	\$ 319	\$ 34,885	\$ 57,299	\$ 92,184	\$ 258,474

(1) - Includes adjustments to eliminate inter-entity balances to comply with generally accepted accounting principles. 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.

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SECTION II
NON-CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

GOVERNMENT OF NUNAVUT

Non-Consolidated Statement of Financial Position (unaudited)

as at March 31, 2008

(thousands of dollars)

	2008	2007 (Restated Note 3)
Financial assets		
Cash and cash equivalents (Note 4)	\$ 248,748	\$ 312,159
Due from the Government of Canada (Note 5)	55,906	43,209
Revenues receivable (Note 6)	84,052	72,879
Inventories for resale (Note 7(a))	48,571	52,210
Loans receivable (Note 8)	20,844	21,120
Designated investments (Note 9)	5,660	4,802
Total financial assets	463,781	506,379
Liabilities		
Accounts payable and accrued liabilities (Note 10)	285,502	304,306
Employee future benefits (Note 11)	19,474	16,793
Capital lease obligations (Note 12)	91,201	87,783
Mortgage payable (Note 13)	4,676	4,904
Pension liabilities (Note 14)	5,479	4,989
Total liabilities	406,332	418,775
Net financial assets (debt)	57,449	87,604
Non-financial assets		
Tangible capital assets (Schedule C)	940,220	875,294
Inventories for use (Note 7(b))	1,277	877
Prepaid expenses	1,553	2,159
Total non-financial assets	943,050	878,330
Accumulated surplus	\$ 1,000,499	\$ 965,934
Contractual obligations (Note 16)		
Contingencies (Note 17)		

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

GOVERNMENT OF NUNAVUT

Non-Consolidated Statement of Operations and Accumulated Surplus (unaudited)
for the year ended March 31, 2008
(thousands of dollars)

	2008 Budget	2008 Actual	2007 Actual
	(Note 21)		(Restated Note 3)
Revenues (Schedule A)			
From the Government of Canada	\$ 1,016,629	\$ 1,042,389	\$ 1,176,137
Tax revenues generated by the Government of Nunavut	50,900	53,183	39,361
Other revenues generated by the Government of Nunavut	57,234	70,604	51,278
Recoveries of prior years expenditures	-	5,246	3,586
Total revenues	1,124,763	1,171,422	1,270,362
Expenses (Schedule B)			
Operations and maintenance before amortization	970,025	1,015,006	968,400
Amortization of tangible capital assets	32,972	34,347	33,049
Total operations and maintenance	1,002,997	1,049,353	1,001,449
Total capital expenditures in the year	91,778	173,456	201,209
Capital expenditures transferred to tangible capital assets	(68,545)	(85,952)	(78,491)
Capital expenditures expensed in the year	23,233	87,504	122,718
Total expenses	1,026,230	1,136,857	1,124,167
Surplus for the year	98,533	34,565	146,195
Accumulated surplus, beginning of the year		965,934	819,739
Accumulated surplus, end of the year		\$ 1,000,499	\$ 965,934

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

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

as at March 31, 2008

(thousands of dollars)

	2008	2007
		(Restated Note 3)
Surplus for the year	\$ 34,565	\$ 146,195
Tangible capital assets (Schedule C)		
Additions	(99,273)	(82,191)
Amortization	34,347	33,049
	(64,926)	(49,142)
Net use (additions) of inventories for use	(400)	(358)
Net use (additions) of prepaid expenses	606	(274)
	206	(632)
Change in net financial assets	(30,155)	96,421
Net financial assets (debt), beginning of the year	87,604	(8,817)
Net financial assets (debt), end of the year	\$ 57,449	\$ 87,604

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

GOVERNMENT OF NUNAVUT

Non-Consolidated Statement of Cash Flow (unaudited)
for the year ended March 31, 2008
(thousands of dollars)

	2008	2007
		(Restated Note 3)
Cash provided by (used for) government operations:		
Transfers from the Government of Canada	\$ 1,030,269	\$ 1,213,441
Taxes	54,427	37,394
Other government revenues	195,839	175,402
Interest on capital leases and mortgage	(7,553)	(6,989)
Compensation and employee benefits	(310,545)	(311,428)
Grants and contributions	(398,366)	(282,010)
Goods and services	(523,868)	(527,403)
	<hr/>	<hr/>
Cash provided by (used for) government operations	40,203	298,407
	<hr/>	<hr/>
Cash provided by (used for) capital activities:		
Tangible capital assets acquisitions	(99,273)	(82,191)
	<hr/>	<hr/>
Cash provided by (used for) capital activities	(99,273)	(82,191)
	<hr/>	<hr/>
Cash provided by (used for) investing activities:		
Loans to municipalities, businesses and individuals	143	(1,391)
Loan repayments received	20	254
Designated investments	(858)	(912)
	<hr/>	<hr/>
Cash provided by (used for) investing activities	(695)	(2,049)
	<hr/>	<hr/>
Cash provided by (used for) financing activities:		
Principal payments on capital leases	(3,418)	(1,401)
Principal payments on mortgage payable	(228)	(213)
	<hr/>	<hr/>
Cash provided by (used for) financing activities	(3,646)	(1,614)
	<hr/>	<hr/>
Increase (decrease) in cash and temporary investments	(63,411)	212,553
	<hr/>	<hr/>
Cash and cash equivalents, beginning of the year	312,159	99,606
	<hr/>	<hr/>
Cash and cash equivalents, end of the year (Note 4)	\$ 248,748	\$ 312,159

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

GOVERNMENT OF NUNAVUT

Notes to Non-Consolidated Financial Statements (unaudited) for the year ended March 31, 2008 (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*. The Government has an elected legislative assembly which authorizes all disbursements, advances, loans and investments, except those specifically authorized by statute.

(b) Main Estimates

The Main Estimates are those tabled before the Legislative Assembly during the March 2007 session and represent the Government's original fiscal plan for the year. The tabled Main Estimates have been modified to reflect the actual expenditures of the revolving funds that have non lapsing appropriations. The Revised Estimates are these original Main Estimates adjusted to reflect Supplementary Appropriations and/or Transfers. Expenditures through Vote 4 represent the share of eligible costs funded under agreement with the Government of Canada or others, and are not part of the annual Appropriations Act approved by the Legislative Assembly.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Financial statements

These non-consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants with the exception that they are not consolidated and certain revenues are reported net of expenses.

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 and the following revolving funds:

- Fur Marketing Service Revolving Fund
- Liquor Revolving Fund
- Petroleum Products Revolving Fund
- Student Loan Revolving Fund
- Public Stores Revolving 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 related Government agencies are included in these statements only to the extent of the Government's contributions to them:

- Nunavut Arctic College
- Nunavut Business Credit Corporation
- Nunavut Development Corporation
- Nunavut Housing Corporation
- Qulliq Energy Corporation
- District Education Authorities

GOVERNMENT OF NUNAVUT

Notes to Non-Consolidated Financial Statements (unaudited) for the year ended March 31, 2008 (thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Use of estimates and measurement uncertainty

The preparation of financial statements in accordance with GAAP 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 revenue (collected by the Government of Canada on the Government's behalf) and grant revenues from the Government of Canada in areas such as the Canada Health Transfer and Canada Social Transfer. These revenues and grants are subject to revision by the Government of Canada in future years; and

(ii) Allowance for doubtful accounts, loan valuation allowances, provision for losses on loan guarantees, amortization of tangible capital assets and employee future benefits.

(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.

Interest income is recognized on an accrual basis, dividend income is recognized when declared, and capital gains and losses are recognized as incurred. Unrealized losses in designated cash and in long term investments are recognized when it is determined that there is a permanent impairment in the value of the investments and are included as a component of investment income.

(e) Inventories

Inventories for resale include bulk fuel and liquor products. Bulk fuel inventory is valued at the lower of weighted average cost or net realizable value. Liquor products inventory is 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 uncollectable 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 accounted for by the Government 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.

GOVERNMENT OF NUNAVUT

Notes to Non-Consolidated Financial Statements (unaudited)
for the year ended March 31, 2008
(thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(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 roads, buildings, vehicles, equipment, water and other utility systems, aircraft, computer hardware and software, dams, canals, and bridges. Tangible capital assets with a cost of less than fifty thousand dollars are fully expensed in the year of acquisition.

Tangible capital assets are recorded at cost, or where actual cost is not available, estimated current replacement cost converted back to the date of purchase by discounting current year dollars for inflation. Gifted and cost shared tangible capital assets are recorded at fair market value upon receipt or cost, respectively, with the gifted or cost shared portion recorded as deferred capital contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized.

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 a specified rate or the Government's borrowing rate at the time the obligation is incurred.

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

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

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 employee future benefitsPension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government contributes at a rate of 2.14 times (2007 - 2.14 times) the employee's contribution. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the plan.

GOVERNMENT OF NUNAVUT

Notes to Non-Consolidated Financial Statements (unaudited) for the year ended March 31, 2008 (thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 current value of future entitlements and uses various estimates. When actual experience varies from estimates, the adjustments needed are amortized over the estimated average remaining service lives of the contributors.

Non-pension employee future 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. Termination benefits are recorded when employees are identified for lay-off. For 2008, 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. The 2007 cost of the benefits had been determined based on management's best estimates.

(j) Revenues

Unless otherwise stated, all revenues are 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

Grants from the Government of Canada are recognized as revenue when entitlement for the transfer occurs. The Government receives a Formula Financing grant from the Government of Canada. For the years 2007-08 to 2013-14, the Government of Canada has, under Bill C-52, the *Budget Implementation Act, 2007*, restored the Formula Financing grant to a principle based arrangement. Health and social transfers are recorded in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada). Adjustments for health and social transfer revenues are made in the year they are known.

Other transfers from the Government of Canada are recognized as revenue in the period that the events giving rise to the transfer occur as long as: (i) the transfer is authorized; (ii) the Government has met eligibility criteria, if any; and (iii) a reasonable estimate of the amount of the transfer can be made. Transfers received before these are fully met are recorded as deferred revenue until the criteria are met.

Taxes and general revenues

Income tax revenue is recognized on an accrual basis. Taxes, under the *Income Tax Act*, are collected by the Government of Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on the Government of Canada's Department of Finance estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are finalized.

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.

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.

GOVERNMENT OF NUNAVUT

Notes to Non-Consolidated Financial Statements (unaudited) for the year ended March 31, 2008 (thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Expenses

Expenses are recorded on an accrual basis.

Grants and contributions are recorded as expenses when the following criteria are all met: (i) the grant or contribution has the necessary authorization; (ii) the recipient has met eligibility criteria, if any; and (iii) a reasonable estimate of the transfer can be made.

Grants or contributions paid prior to all three conditions being met are accounted for as prepaid expenses until all conditions are met.

(l) Recoveries of prior years expenditures

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

(m) 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 commitments pertain to block funding agreements with municipalities, operating commercial leases, capital projects, and operational funding commitments. Commitments are not accrued.

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. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed. Contingent liabilities result from potential environmental contingencies or pending litigation and like items.

(n) 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. Accrued environmental liabilities are reported as part of accounts payable and accrued liabilities.

(o) Financial instruments

The fair market value of the Government's short term financial instruments, including accounts payable and accrued liabilities, cash and investments, due from the Government of Canada and revenues receivable approximate their carrying values because of their short term to maturity.

The fair value of the Government's long term financial instruments, including debt, capital lease obligations, designated investments, investments and loans receivable are detailed in the related notes. Where fair value amounts are not detailed, the carrying amounts approximate their fair value.

GOVERNMENT OF NUNAVUT

Notes to Non-Consolidated Financial Statements (unaudited) for the year ended March 31, 2008 (thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using the exchange rates at year end. Foreign currency revenues and expenses are translated into Canadian dollars using rates in effect at the time the transactions were entered into. Exchange gains and losses are accounted for in the revenue or expense balances to which they relate.

3 ACCOUNTING CHANGES - RESTATEMENT OF 2007 BALANCES

The March 31, 2008 non-consolidated financial statements have been prepared taking into account the following accounting changes for corrections to and restatement of previously reported balances. Where appropriate, the 2007 comparative balances have been restated to reflect these accounting changes.

(a) In prior years, the government entered capital leases to meet its office and other building space requirements. Certain lease agreements included rent escalation clauses tied to changes in the consumer price index (CPI). In the past, the accounting for the impact of CPI escalations included recording adjustments to the carrying value of the leased assets and capital lease obligations. A 2008 review of the accounting for the escalation clauses of the lease agreements concluded that the CPI escalations should be accounted for as a contingent rentals and therefore accounted for only when and to the extent they are actually paid.

As a result, the 2007 non-consolidated financial statement balances have been restated. The net book value of government's tangible capital assets decreased by \$1,707, consisting of \$2,299 in cost less \$592 of accumulated amortization for leased assets. In addition, the 2007 capital lease obligations balance decreased by \$5,682, interest expense decreased by \$1,399, lease expense increased by \$398, and amortization expense decreased by \$91. Overall, the April 1, 2006 opening accumulated surplus increased \$2,883, the 2006-07 annual surplus increased \$1,092, and the March 31, 2007 ending accumulated surplus previously reported increased \$3,975.

(b) Each year, the government receives full or partial (i.e., cost shared) funding for specific program or other initiatives under funding agreements with the Government of Canada or other organizations. In prior years, the revenues from and the expenses covered by the funding under such agreements have been reported separately and segregated on the statement of operations under a caption "Projects for the Government of Canada and others".

There is no PSAB standard, GAAP or other requirement for these revenues and expenses to be reported separately from the government's other financial activities. Further, a review of the nature of the initiatives undertaken with the funding provided indicates that they are mostly program and other initiatives of the Government of Nunavut itself, and not related to work or projects being done by government on behalf of Canada or others.

In the March 31, 2008 consolidated financial statements, the various revenues and expenses associated with the funding agreements have been combined with and included in the appropriate lines in the revenues and expenses sections of the statement of operations. The 2007 comparative balances have been restated to reflect the reclassification of the \$44,893 of revenues and expenses previously segregated on the statement of operations. This change has no impact on the annual or accumulated surplus reported by government for either the 2007-08 or 2006-07 years.

(c) In the March 31, 2008 financial statements, designated investments of the Supplementary Retiring Allowances Fund (SRAF) are reported separately. In prior years, they had been reported as part of cash and cash equivalents. The 2007 balances in the financial statements have been restated to reclassify the \$4,802 of SRAF designated investments held as at March 31, 2007.

GOVERNMENT OF NUNAVUT

Notes to Non-Consolidated Financial Statements (unaudited)
for the year ended March 31, 2008
(thousands of dollars)

3 ACCOUNTING CHANGES - RESTATEMENT OF 2007 BALANCES (continued)

(d) In prior years, the receivables and payables under the Tax Collection Agreement (TCA) signed with the Government of Canada for the collection and administration of personal and corporate income taxes on behalf of the Government of Nunavut were netted in the financial statements. As at March 31, 2008, the receivables and payables under the TCA have been included in the financial statements separately. As a result, the 2007 balances previously reported for other revenues receivable and for accounts payable and accrued liabilities have been restated \$8,314.

4 CASH AND CASH EQUIVALENTS

The balance of \$248,748 (2007 - \$312,159) is comprised of cash balances the Government has with the following chartered banks and short term investments:

	2008		2007
Cash on hand	\$ -	\$	5,483
Royal Bank of Canada	75,275		71,124
Canadian Imperial Bank of Commerce	19,288		18,610
Treasury investments	154,185		216,942
	<u>\$ 248,748</u>	\$	<u>312,159</u>

Treasury investments are in the short term money market. The market yield of this portfolio ranged from 3.15% to 4.92% in 2008 (2007 - 4.18% to 4.37%). All instruments held are in high quality debt obligations, rated R-1 Low or better by the Dominion Bond Rating Service, with an average term to maturity of 82 days (2007 - 64 days).

5 DUE FROM THE GOVERNMENT OF CANADA

	2008		2007
Grant receivable:			
From the Government of Canada (Schedule A)	\$ 892,852	\$	844,031
Less: Payments received	(892,852)		(844,027)
	-		4
Balance of grant receivable, beginning of the year	-		(4)
Balance of grant receivable, end of the year	-		-
Other receivables:			
Other receivables from the Government of Canada	55,906		43,209
	<u>\$ 55,906</u>	\$	<u>43,209</u>

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

6 REVENUES RECEIVABLE

	2008		2007
Receivable by funds			
General Fund	\$ 62,215	\$	58,171
Petroleum Products Revolving Fund	33,453		23,546
Liquor Revolving Fund	59		31
Public Stores Revolving Fund	38		23
Fur Marketing Service Revolving Fund	836		574
	96,601		82,345
Less: Allowance for doubtful accounts	(12,549)		(9,466)
	<u>\$ 84,052</u>	\$	<u>72,879</u>

GOVERNMENT OF NUNAVUT

Notes to Non-Consolidated Financial Statements (unaudited)
for the year ended March 31, 2008
(thousands of dollars)

6 REVENUES RECEIVABLE (continued)	2008	2007
Receivable by relation with the creditors		
Nunavut Arctic College	\$ 5,874	\$ 4,550
District Education Authorities	250	243
Nunavut Business Credit Corporation	115	224
Nunavut Development Corporation	47	58
Nunavut Housing Corporation	12,602	11,169
Qulliq Energy Corporation	14,257	13,653
Receivable from related parties	33,145	29,897
Other accounts receivable	63,456	52,448
	96,601	82,345
Less: Allowance for doubtful accounts	(12,549)	(9,466)
	\$ 84,052	\$ 72,879

7 INVENTORIES	2008	2007
(a) For resale		
Bulk fuels	\$ 47,591	\$ 51,029
Liquor products	980	1,181
	\$ 48,571	\$ 52,210
(b) For use		
Health and medical supplies	\$ 1,277	\$ 877

Write-down of obsolete liquor inventory for 2008 was \$nil (2007 - \$29), and the write-down for fuel for 2008 was \$858 (2007 - \$1,060).

8 LOANS RECEIVABLE	2008	2007
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 bond rates ranging between 2.69% and 4.67% (2007 - 3.87% and 4.50%) at the end of the month, compounded annually.	\$ 18,792	\$ 18,864
Student Loan Fund loans due in instalments to 2017, bearing interest between 3% and 12.5%, net of the doubtful accounts and valuation allowances of \$3,344 (2007 - \$3,199).	1,122	1,073
Loans to municipalities due in instalments to 2009, bearing interest between 0% and 8%, net of valuation allowance of \$100 (2007 - \$100).	849	1,088
Other, including Qikiqtaq Co-op Mall Mortgage, net of valuation allowance of \$240 (2007 - \$240).	81	95
	\$ 20,844	\$ 21,120

GOVERNMENT OF NUNAVUT

Notes to Non-Consolidated Financial Statements (unaudited) for the year ended March 31, 2008 (thousands of dollars)

9 DESIGNATED INVESTMENTS	2008	2007
SRAF designated investments	\$ 5,660	\$ 4,802

The Supplementary Retiring Allowances Fund (SRAF) of the Legislative Assembly investments cannot be used to discharge other obligations incurred by the Government. 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, 2008 was \$5,907 (2007 - \$5,747) with a negative return of 2.49% (2007 - positive 10.89%).

10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	2008	2007
Accounts payable to related parties		
Nunavut Arctic College	\$ 3,304	\$ 3,107
District Education Authorities	1,523	2,196
Nunavut Business Credit Corporation	144	90
Nunavut Development Corporation	195	138
Nunavut Housing Corporation	11,093	82,081
Qulliq Energy Corporation	5,337	4,344
	<u>21,596</u>	<u>91,956</u>
Other		
Accounts payable	77,371	51,341
Due to the Government of Canada	15,668	22,417
Due to the Government of the Northwest Territories	3,505	13,975
Accrued liabilities, payroll deductions, and contractor holdbacks	99,162	62,974
Vacation pay and lieu time	12,981	13,751
Deferred revenue	55,219	47,892
	<u>263,906</u>	<u>212,350</u>
	<u>\$ 285,502</u>	<u>\$ 304,306</u>

11 EMPLOYEE FUTURE BENEFITS	2008	2007
Severance	\$ 9,159	\$ 7,952
Removal	10,315	8,841
	<u>\$ 19,474</u>	<u>\$ 16,793</u>

12 CAPITAL LEASE OBLIGATIONS

Capital lease obligations are based upon contractual minimum lease payments for the leases in effect as of March 31, 2008.

	2008	2007
		(Restated Note 3)
Total minimum lease payments	\$ 136,359	\$ 132,363
Imputed interest	(45,158)	(44,580)
Present value of minimum lease payments	<u>\$ 91,201</u>	<u>\$ 87,783</u>
Future minimum lease payments consist of:		
	2009	\$ 11,020
	2010	11,020
	2011	11,020
	2012	11,020
	2013	11,020
	2014 and beyond	81,259
		<u>\$ 136,359</u>

GOVERNMENT OF NUNAVUT

Notes to Non-Consolidated Financial Statements (unaudited)
for the year ended March 31, 2008
(thousands of dollars)

12 CAPITAL LEASE OBLIGATIONS (continued)

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 \$6,424 (2007 - \$6,160) at an implied average interest rate of 7.0% (2007 - 7.0%). The capital lease obligations expire between 2020 and 2023.

13 MORTGAGE PAYABLE **2008** **2007**

Mortgage payable in annual instalments to the year 2020, bearing interest at a rate of 6.803% compounded semi-annually. \$ 4,676 \$ 4,904

	Principal	Interest	Total
2009	\$ 243	\$ 312	\$ 555
2010	261	293	554
2011	279	275	554
2012	298	256	554
2013	319	235	554
2014 and beyond	3,276	926	4,202
	\$ 4,676	\$ 2,297	\$ 6,973

Interest expense on mortgage payable was \$327 for the year (2007 - \$342). The interest paid on the mortgage payable during the year was \$327 (2007 - \$342).

14 PENSION LIABILITIES**(a) Public Service Pension Plan (PSPP)**

Both the Government and its employees make contributions to the Public Service Pension Plan administered by the Government of Canada. In 2008, the Government's contributions were \$23,672 (2007 - \$24,912).

The amount of the Government's contributions is set by the Government of Canada and represents the Government's sole obligation under this plan. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the plan.

(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.

GOVERNMENT OF NUNAVUT**Notes to Non-Consolidated Financial Statements (unaudited)**
for the year ended March 31, 2008
(thousands of dollars)

14 PENSION LIABILITIES (continued)

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. The 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 the plans in 2008 (no changes in 2007).

Actuarial valuations were completed for the plans as of April 1, 2007. The valuations were based on a number of assumptions about future events including inflation rates (3.5%), interest rates (inflation, plus 3%), return on assets (inflation, plus 3%), increases in remuneration (inflation, plus 1%), 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 the plans is April 1, 2010.

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 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.

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	2008	2007
Accrued benefit obligation	\$ 3,993	\$ 4,682	\$ 8,675	\$ 7,779
Deduct:				
Pension fund assets	3,946	-	3,946	3,200
Unamortized actuarial (gains)	(40)	(710)	(750)	(410)
	3,906	(710)	3,196	2,790
Pension liability	\$ 87	\$ 5,392	\$ 5,479	\$ 4,989

At March 31, 2008, the LARAF pension fund assets had a market value of \$3,797 (2007 - \$3,359). The actual rate of return was negative 2.21% (2007 - positive 10.89%). The SRAF has no pension fund assets; however, the pension liability is funded all or in part by designated cash and investments (Note 9).

LARAF and SRAF actuarial gains/losses are amortized over 3.6 and 3.1 years, respectively (2007 - 6.1 and 5.5 years, respectively), which are the estimated average remaining service lives for contributors to the plans.

GOVERNMENT OF NUNAVUT**Notes to Non-Consolidated Financial Statements (unaudited)**
for the year ended March 31, 2008
(thousands of dollars)

14 PENSION LIABILITIES (continued)

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

	LARAF		SRAF		2008		2007	
Current period benefit cost	\$	530	\$	692	\$	1,222	\$	1,162
Amortization of actuarial (gains)		(6)		(75)		(81)		(60)
		524		617		1,141		1,102
MLAs contributions		(157)		-		(157)		(147)
Pension expense		367		617		984		955
Interest cost on the average		242		328		570		525
Expected return on average		(233)		-		(233)		(192)
Pension interest expense		9		328		337		333
Total pension expenses	\$	376	\$	945	\$	1,321	\$	1,288

Pension benefits paid for the LARAF and SRAF were \$42 and \$427 respectively (2007 - \$40 and \$417, respectively).

The Government's contributions related to the LARAF and SRAF during the year were \$403 and \$734 respectively (2007 - \$349 and \$686, respectively).

15 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 are charged to the Petroleum Products Stabilization Fund. The accumulated surplus or deficit balance in the fund cannot exceed \$5,000.

	2008		2007	
Surplus (deficit), beginning of the year	\$	(3,407)	\$	2,581
Petroleum Products Revolving Fund, net profit (loss)		2,319		(5,988)
Surplus (deficit), end of the year	\$	(1,088)	\$	(3,407)

16 CONTRACTUAL OBLIGATIONS

The Government has entered into agreements for, or is contractually committed to, the following payments payable subsequent to March 31, 2008:

	Year of Expiration		Total
Capital commitments	2011	\$	46,031
Operational commitments	2013		39,473
Policing agreement	2012		91,292
Operating leases (Schedule 6)	2027		60,760
		\$	237,556

GOVERNMENT OF NUNAVUT

Notes to Non-Consolidated Financial Statements (unaudited)

for the year ended March 31, 2008

(thousands of dollars)

17 CONTINGENCIES

(a) Contingent liabilities	2008	2007
Uninsured losses	\$ 11	\$ -

b) 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. To date, the Government of Nunavut has not yet received any significant claims from or filed any significant claims against the Government of the Northwest Territories.

(c) 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.

(d) Litigation

More individuals have come forward alleging abuse by a former school teacher in the Territory when it was part of the Northwest Territories. Pursuant to agreements negotiated prior to the division of the territories, the Nunavut and Northwest Territories governments will jointly defend the action. The costs of defending the action and any damages that may eventually be awarded will be shared by the two governments 44.34% and 55.66%, respectively. An estimate of the Government's share of the loss that may result from these suits has been accrued; however, the final outcome may vary significantly from this estimate.

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, in addition to the case disclosed above. 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.

GOVERNMENT OF NUNAVUT

Notes to Non-Consolidated Financial Statements (unaudited) for the year ended March 31, 2008 (thousands of dollars)

17 CONTINGENCIES (Continued)

(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.

	2008	2007
Bank credit facility, interest at prime	\$ 6,300	\$ 7,000
20 year redeemable amortizing debenture due 2021, interest rate of 6.809%	55,958	57,752
Floating rate capital loan facility drawn on November 21, 2007, interest at prime	7,733	667
Total guarantees provided on balances outstanding	\$ 69,991	\$ 65,419

The bank credit facility limit is \$12,000. The floating rate capital loan facility is \$16,000.

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 21% 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, 2008, NDC's bank overdraft position was nil (2007 - nil).

(f) Pending and threatened litigation

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, medical negligence, wrongful arrest and assault. As of March 31, 2008, all of these claims have been assessed as being either without merit or not determinable at this time.

18 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:

	2008	2007
Nunavut Arctic College	\$ 18,220	\$ 19,071
District Education Authorities	10,512	10,305
Qulliq Energy Corporation	7,417	12,228
Nunavut Development Corporation	3,548	3,509
Nunavut Business Credit Corporation	450	450
	\$ 40,147	\$ 45,563

The Government provides funding to many communities, boards and agencies that offer services to the public and which operate independently of normal Government operations.

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 included personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal, and interpretation services. Direct costs of \$24,891 (2007 - \$24,122) were incurred and recovered from related parties.

GOVERNMENT OF NUNAVUT

Notes to Non-Consolidated Financial Statements (unaudited)
for the year ended March 31, 2008
(thousands of dollars)

19 TRUSTS UNDER ADMINISTRATION

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

	2008		2007
Public Trustee	\$ 4,016	\$	3,508
Victims' Assistance Trust	323		296
Natural Resources Conservation Trust	269		258
Millennium Scholarship Fund	71		27
Scholarship Fund	40		39
Territorial Court Trust	162		48
Maintenance Enforcement Trust	68		26
Young Offenders Welfare Trust	1		46
Baffin Correctional Centre Welfare Trust	26		21
Baffin Correctional Centre Inmate Trust	13		10
Young Offenders Trust	7		9
Sherriff's Imprest Account	8		7
Nunavut Labour Standards Board Trust	7		-
HSS - Akausisarvik	9		8
HSS - Ikpigusukniqmut Foundation	64		40
	\$ 5,084	\$	4,343

20 PROJECTS FUNDED BY THE GOVERNMENT OF CANADA AND OTHERS

Under agreements with the Government of Canada and others, the government receives full or partial funding for eligible expenses incurred on various specific projects. The following is a summary of the various project related revenues and expenses funded during the year.

	2008		2007
Revenues			
From the Government of Canada	\$ 48,499	\$	42,115
From others	8,095		2,778
Total revenues	\$ 56,594	\$	44,893
Expenses			
Compensation and benefits	\$ 12,950	\$	10,927
Grants and contributions	12,355		10,747
Other expenses	29,956		21,609
Amortization of tangible capital assets	1,333		1,610
Total expenses	\$ 56,594	\$	44,893

21 BUDGET

The tabled Main Estimates for 2007-08 did not include appropriations for the Revolving Funds. To provide a comparison with actual expenses reported in these non-consolidated financial statements, the Main Estimates have been adjusted for the actual expenses of the Revolving Funds for 2007-08. In addition, the planned expenses funded by the Government of Canada or others under specific funding agreements (i.e., as per the Detail of Work Performed on Behalf of Third Parties sections of Main Estimates 2007-2008 publication and the NCIAC/CGS Capital Projects as per Appendix IV of Capital Estimates 2007-2008 publication) have been taken into account to arrive at budget totals that can be used for comparative purposes against the actual expenses being reported in these non-consolidated financial statements.

GOVERNMENT OF NUNAVUT

Notes to Non-Consolidated Financial Statements (unaudited) for the year ended March 31, 2008 (thousands of dollars)

21 BUDGET (continued)	2008
Tabled Main Estimates - Operations and Maintenance	\$ 895,350
Add: Actual expenses of the Revolving Funds:	
Liquor Revolving Fund	1,864
Petroleum Products Revolving Fund	14,688
	<u>911,902</u>
Add: Planned expenses under specific funding agreements	58,123
	<u>970,025</u>
Add: Amortization of tangible capital assets	32,972
Total operations and maintenance budget	<u>1,002,997</u>
Tabled Main Estimates - Capital	91,778
Add: Actual expenses of the Revolving Funds:	
Liquor Revolving Fund	-
Petroleum Products Revolving Fund	-
	<u>91,778</u>
Less: Transfer to tangible capital assets	(68,545)
Total capital expenses budget	<u>23,233</u>
Total expenses budget	<u>\$ 1,026,230</u>

For revenues, the budgeted revenues as per the Main Estimates 2007-2008 publication of \$1,066,640 have been adjusted to include the funding to be received from the Government of Canada or others for expenses planned of \$58,123 on projects or initiatives under specific funding agreements. The result is a total revenue budget of \$1,124,763 for 2007-08.

22 OVER-EXPENDITURE

The Department of Health and Social Services exceeded its appropriations by \$1,015 (2007 - \$1,215). 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". This over-expenditure is the result of an adjustment to transfer expenses from a revenue account where they had been posted in error. The expenditures were incurred under the Non-Insured Health Benefits agreement and are recoverable from the Government of Canada. There is no negative impact on the financial position of the Government of Nunavut.

23 COMPARATIVE INFORMATION

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

Non-Consolidated Schedule of Revenues by Source (unaudited)
for the year ended March 31, 2008
(thousands of dollars)

	2008 Budget	2008 Actual	2007 Actual (Restated Note 3)
	(Note 21)		
From the Government of Canada			
Territorial Formula Financing Agreement	\$ 855,430	\$ 892,852	\$ 844,031
Transfers under specific funding or cost-sharing agreements	49,809	48,499	42,115
Other transfer payments	111,390	101,038	289,991
	<u>1,016,629</u>	<u>1,042,389</u>	<u>1,176,137</u>
Revenues generated by the Government of Nunavut			
Taxation revenues			
Personal income tax	13,130	12,467	11,673
Corporate income tax	6,120	6,561	4,295
Fuel tax	3,570	5,615	3,373
Tobacco tax	11,870	11,662	9,547
Insurance tax	600	660	921
Property tax	1,570	1,551	1,319
Payroll tax	14,040	14,667	8,233
	<u>50,900</u>	<u>53,183</u>	<u>39,361</u>
Other revenues			
Petroleum Products Division revenue - net of cost of goods sold of \$135,545 (2007 - \$125,472)	12,951	17,886	10,395
Liquor revenue - net of cost of goods sold of \$2,115 (2007 - \$2,419)	2,949	2,686	2,290
Staff housing recoveries	15,020	15,206	14,271
Transfers under other specific funding or cost-sharing agreements	8,314	8,095	2,778
Other	18,000	26,731	21,544
	<u>57,234</u>	<u>70,604</u>	<u>51,278</u>
Recoveries of prior years expenditures (Schedule 1)	-	5,246	3,586
Total revenues	\$ 1,124,763	\$ 1,171,422	\$ 1,270,362

Non-Consolidated Schedule of Expenses (unaudited)
for the year ended March 31, 2008
(thousands of dollars)

MAIN ESTIMATES	Budget (Note 21)	Supple- mentary Appro- priations	Transfers	Revised Budget	Actual Expenses	(Over) Under Budget
LEGISLATIVE ASSEMBLY						
Operations and maintenance						
Compensation and benefits	\$ 6,679	\$ -	\$ -	\$ 6,679	\$ 6,486	\$ 193
Grants and contributions	-	-	-	-	-	-
Other expenses	6,730	-	-	6,730	6,750	(20)
Total operations and maintenance	13,409	-	-	13,409	13,236	173
Capital expenditures	640	-	-	640	120	520
Total expenses	\$ 14,049	\$ -	\$ -	\$ 14,049	\$ 13,356	\$ 693
EXECUTIVE AND INTERGOVERNMENTAL AFFAIRS						
Operations and maintenance						
Compensation and benefits	\$ 8,151	\$ (361)	\$ (542)	\$ 7,248	\$ 7,074	\$ 174
Grants and contributions	90	6,525	10	6,625	467	6,158
Other expenses	3,065	-	532	3,597	3,236	361
Total operations and maintenance	11,306	6,164	-	17,470	10,777	6,693
Capital expenditures	-	-	-	-	-	-
Total expenses	\$ 11,306	\$ 6,164	\$ -	\$ 17,470	\$ 10,777	\$ 6,693
FINANCE						
Operations and maintenance						
Compensation and benefits	\$ 22,258	\$ 1,420	\$ (36)	\$ 23,642	\$ 19,153	\$ 4,489
Grants and contributions	6,139	-	-	6,139	7,230	(1,091)
Other expenses	25,664	(49)	36	25,651	26,686	(1,035)
Total operations and maintenance	54,061	1,371	-	55,432	53,069	2,363
Capital expenditures	-	-	-	-	-	-
Total expenses	\$ 54,061	\$ 1,371	\$ -	\$ 55,432	\$ 53,069	\$ 2,363
HUMAN RESOURCES						
Operations and maintenance						
Compensation and benefits	\$ 13,585	\$ -	\$ (355)	\$ 13,230	\$ 12,415	\$ 815
Grants and contributions	-	-	-	-	-	-
Other expenses	4,434	-	355	4,789	4,362	427
Total operations and maintenance	18,019	-	-	18,019	16,777	1,242
Capital expenditures	-	-	-	-	-	-
Total expenses	\$ 18,019	\$ -	\$ -	\$ 18,019	\$ 16,777	\$ 1,242

Non-Consolidated Schedule of Expenses (unaudited) - Continued
for the year ended March 31, 2008
(thousands of dollars)

MAIN ESTIMATES	Budget (Note 21)	Supple- mentary Appro- priations	Transfers	Revised Budget	Actual Expenses	(Over) Under Budget
JUSTICE						
Operations and maintenance						
Compensation and benefits	\$ 21,942	\$ 1,755	\$ (1,311)	\$ 22,386	\$ 21,902	\$ 484
Grants and contributions	2,027	786	(173)	2,640	2,369	271
Other expenses	33,103	2,529	1,484	37,116	37,650	(534)
Total operations and maintenance	57,072	5,070	-	62,142	61,921	221
Capital expenditures	1,900	2,344		4,244	575	3,669
Total expenses	\$ 58,972	\$ 7,414	\$ -	\$ 66,386	\$ 62,496	\$ 3,890
CULTURE, LANGUAGE, ELDERS AND YOUTH						
Operations and maintenance						
Compensation and benefits	\$ 7,070	\$ 150	\$ (660)	\$ 6,560	\$ 6,342	\$ 218
Grants and contributions	5,455	2,718	430	8,603	7,294	1,309
Other expenses	3,694	50	230	3,974	2,831	1,143
Total operations and maintenance	16,219	2,918	-	19,137	16,467	2,670
Capital expenditures	8,295	664	-	8,959	301	8,658
Total expenses	\$ 24,514	\$ 3,582	\$ -	\$ 28,096	\$ 16,768	\$ 11,328
EDUCATION						
Operations and maintenance						
Compensation and benefits	\$ 106,963	\$ (150)	\$ (245)	\$ 106,568	\$ 108,731	\$ (2,163)
Grants and contributions	40,017	632	381	41,030	38,130	2,900
Other expenses	41,974	3,388	(136)	45,226	44,361	865
Total operations and maintenance	188,954	3,870	-	192,824	191,222	1,602
Capital expenditures	23,395	21,579	-	44,974	20,517	24,457
Total expenses	\$ 212,349	\$ 25,449	\$ -	\$ 237,798	\$ 211,739	\$ 26,059
HEALTH AND SOCIAL SERVICES						
Operations and maintenance						
Compensation and benefits	\$ 78,024	\$ 1,001	\$ (4,083)	\$ 74,942	\$ 66,334	\$ 8,608
Grants and contributions	4,495	350	(221)	4,624	4,004	620
Other expenses	143,103	22,309	4,304	169,716	179,959	(10,243)
Total operations and maintenance	225,622	23,660	-	249,282	250,297	(1,015)
Capital expenditures	9,419	40,914	-	50,333	34,654	15,679
Total expenses	\$ 235,041	\$ 64,574	\$ -	\$ 299,615	\$ 284,951	\$ 14,664

Non-Consolidated Schedule of Expenses (unaudited) - Continued
for the year ended March 31, 2008
(thousands of dollars)

MAIN ESTIMATES	Budget (Note 21)	Supple- mentary Appro- priations	Transfers	Revised Budget	Actual Expenses	(Over) Under Budget
NUNAVUT HOUSING CORPORATION						
Operations and maintenance						
Compensation and benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions	98,754	10,928	-	109,682	109,082	600
Other expenses	-	-	-	-	-	-
Total operations and maintenance	98,754	10,928	-	109,682	109,082	600
Capital expenditures	15,983	53,625	-	69,608	69,608	-
Total expenses	\$ 114,737	\$ 64,553	\$ -	\$ 179,290	\$ 178,690	\$ 600
ENVIRONMENT						
Operations and maintenance						
Compensation and benefits	\$ 10,695	\$ (450)	\$ (106)	\$ 10,139	\$ 9,970	\$ 169
Grants and contributions	946	-	7	953	909	44
Other expenses	5,620	-	99	5,719	5,407	312
Total operations and maintenance	17,261	(450)	-	16,811	16,286	525
Capital expenditures	2,025	1,349	-	3,374	1,537	1,837
Total expenses	\$ 19,286	\$ 899	\$ -	\$ 20,185	\$ 17,823	\$ 2,362
COMMUNITY AND GOVERNMENT SERVICES						
Operations and maintenance						
Compensation and benefits	\$ 33,298	\$ (1,530)	\$ (3,095)	\$ 28,673	\$ 30,098	\$ (1,425)
Grants and contributions	48,326	8,836	939	58,101	57,223	878
Other expenses	79,305	5,159	2,156	86,620	84,582	2,038
Total operations and maintenance	160,929	12,465	-	173,394	171,903	1,491
Capital expenditures	16,576	20,222	-	36,798	28,792	8,006
Total expenses	\$ 177,505	\$ 32,687	\$ -	\$ 210,192	\$ 200,695	\$ 9,497
ECONOMIC DEVELOPMENT AND TRANSPORTATION						
Operations and maintenance						
Compensation and benefits	\$ 13,481	\$ -	\$ -	\$ 13,481	\$ 11,491	\$ 1,990
Grants and contributions	21,616	-	-	21,616	19,335	2,281
Other expenses	15,199	1,950	-	17,149	17,882	(733)
Total operations and maintenance	50,296	1,950	-	52,246	48,708	3,538
Capital expenditures	13,545	7,219	-	20,764	17,352	3,412
Total expenses	\$ 63,841	\$ 9,169	\$ -	\$ 73,010	\$ 66,060	\$ 6,950

Non-Consolidated Schedule of Expenses (unaudited) - Continued
for the year ended March 31, 2008
(thousands of dollars)

TOTALS	Budget (Note 21)	Supple- mentary Appro- priations	Transfers	Revised Budget	Actual Expenses	(Over) Under Budget
MAIN ESTIMATES						
Operations and maintenance						
Compensation and benefits	\$ 322,146	\$ 1,835	\$ (10,433)	\$ 313,548	\$ 299,996	\$ 13,552
Grants and contributions	227,865	30,775	1,373	260,013	246,043	13,970
Other expenses	361,891	35,336	9,060	406,287	413,706	(7,419)
	911,902	67,946	-	979,848	959,745	20,103
Amortization of tangible capital assets	32,972	-	-	32,972	33,014	(42)
Total operations and maintenance	944,874	67,946	-	1,012,820	992,759	20,061
Capital expenditures	91,778	147,916	-	239,694	173,456	66,238
Transfer to tangible capital assets	(68,545)	-	-	(68,545)	(85,952)	17,407
Total capital expenses	23,233	147,916	-	171,149	87,504	83,645
Total Main Estimate expenses	\$ 968,107	\$ 215,862	\$ -	\$ 1,183,969	\$ 1,080,263	\$ 103,706

EXPENSES FUNDED UNDER SPECIFIC AGREEMENTS (see Schedule B.1)

Compensation and benefits	\$ -	\$ -	\$ -	\$ -	\$ 12,950	\$ -
Grants and contributions	-	-	-	-	12,355	-
Other expenses	-	-	-	-	29,956	-
	58,123	-	-	58,123	55,261	2,862
Amortization of tangible capital assets	-	-	-	-	1,333	(1,333)
Total funded expenses	\$ 58,123	\$ -	\$ -	\$ 58,123	\$ 56,594	\$ 1,529

NON-CONSOLIDATED STATEMENTS

Operations and maintenance						
Compensation and benefits	\$ -	\$ -	\$ -	\$ -	\$ 312,946	\$ -
Grants and contributions	-	-	-	-	258,398	-
Other expenses	-	-	-	-	443,662	-
	970,025	67,946	-	1,037,971	1,015,006	22,965
Amortization of tangible capital assets	32,972	-	-	32,972	34,347	(1,375)
Total operations and maintenance	1,002,997	67,946	-	1,070,943	1,049,353	21,590
Capital expenditures	91,778	147,916	-	239,694	173,456	66,238
Transfer to tangible capital assets	(68,545)	-	-	(68,545)	(85,952)	17,407
Total capital expenses	23,233	147,916	-	171,149	87,504	83,645
Total expenses	\$ 1,026,230	\$ 215,862	\$ -	\$ 1,242,092	\$ 1,136,857	\$ 105,235

Other expenses above includes, among other items, interest expense of \$7,088 (2007 - \$6,835), increases in valuation allowances of \$3,248 (2007 - \$1,573), and income support payments of \$30,130 (2007 - \$29,389).

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

for the year ended March 31, 2008

(thousands of dollars)

By Department	Budget	Actual Expenses	(Over) Under Budget
Legislative Assembly	\$ -	\$ 30	\$ (30)
Executive and Intergovernmental Affairs	2,699	2,667	32
Finance	180	-	180
Human Resources	-	14	(14)
Justice	-	2,194	(2,194)
Culture, Language, Elders and Youth	2,909	2,188	721
Education	5,425	6,606	(1,181)
Health and Social Services	17,115	16,453	662
Nunavut Housing Corporation	-	-	-
Environment	-	1,665	(1,665)
Community and Government Services	23,863	4,776	19,087
Economic Development and Transportation	5,932	18,668	(12,736)
	58,123	55,261	2,862
Amortization of tangible capital assets	-	1,333	(1,333)
Total funded expenses	\$ 58,123	\$ 56,594	\$ 1,529

By Category	Budget	Actual Expenses	(Over) Under Budget
Compensation and benefits	\$ -	\$ 12,950	\$ -
Grants and contributions	-	12,355	-
Other expenses	-	29,956	-
	58,123	55,261	2,862
Amortization of tangible capital assets	-	1,333	(1,333)
Total funded expenses	\$ 58,123	\$ 56,594	\$ 1,529

Non-Consolidated Schedule of Tangible Capital Assets (unaudited)

as at March 31, 2008

(thousands of dollars)

	Buildings	Tank Farms	Infra-structure	Leased Buildings	Storage Facilities	Equipment	2008	2007 (Restated Note 3)
Cost of tangible capital assets								
Opening balance	\$ 472,572	\$ 109,059	\$ 130,045	\$ 111,945	\$ 30,484	\$ 29,725	\$ 883,830	\$ 861,338
Additions	3,427	100	3,819	8,014	-	1,194	16,554	9,367
Transfers from work in progress	24,987	3,952	4,929	-	-	990	34,858	13,125
Closing balance	500,986	113,111	138,793	119,959	30,484	31,909	935,242	883,830
Accumulated amortization								
Opening balance	(108,825)	(27,748)	(30,709)	(26,775)	(8,314)	(21,096)	(223,467)	(190,418)
Amortization expense	(16,565)	(4,202)	(5,018)	(3,999)	(1,096)	(3,467)	(34,347)	(33,049)
Closing balance	(125,390)	(31,950)	(35,727)	(30,774)	(9,410)	(24,563)	(257,814)	(223,467)
Work in progress								
Opening balance	153,926	19,919	38,490	-	777	1,819	214,931	155,232
Additions	50,067	4,818	26,219	-	-	1,615	82,719	72,824
Transferred to tangible capital assets	(24,987)	(3,952)	(4,929)	-	-	(990)	(34,858)	(13,125)
Closing balance	179,006	20,785	59,780	-	777	2,444	262,792	214,931
Net book value	\$ 554,602	\$ 101,946	\$ 162,846	\$ 89,185	\$ 21,851	\$ 9,790	\$ 940,220	\$ 875,294
Estimated useful life	30 Years	30 Years	30 Years	30 Years	30 Years	5 Years		

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

for the year ended March 31, 2008

(thousands of dollars)

Department	Over Accruals	Other Recoveries	Total
Legislative Assembly	\$ -	\$ 10	\$ 10
Executive and Intergovernmental Affairs	-	2	2
Finance	307	400	707
Human Resources	-	64	64
Justice	-	71	71
Culture, Language, Elders and Youth	-	226	226
Education	667	670	1,337
Health and Social Services	607	259	866
Environment	425	50	475
Community and Government Services	73	315	388
Economic Development and Transportation	819	281	1,100
	\$ 2,898	\$ 2,348	\$ 5,246

Non-Consolidated Schedule of Special Warrants (unaudited)

for the year ended March 31, 2008

(thousands of dollars)

	Date of FMB Approval	Amount Authorized
OPERATIONS AND MAINTENANCE		
Education		
To access funds held in trust for grants and contributions in support of the application of Nunavut community skills information system.	June 7, 2007	\$ 400
Total operations and maintenance		\$ 400
CAPITAL		
Education		
To provide funding to cover the cost of repairing the foundation of the Inuujaq School, Arctic Bay, and the water damage caused by the burst of a frozen sprinkler head.	December 14, 2007	\$ 950
Health and Social Services		
To provide funding to cover the cost of repairs to the Kitikmeot Regional Hospital due to fire damage. This cost will be recovered from the insurer.	August 29, 2007	2,200
To carryover funds for the Qikiqtani General Hospital project.	May 1, 2007	21,527
Total capital		\$ 24,677

Non-Consolidated Schedule of Inter-Activity Transfers Over \$250,000 (unaudited)
for the year ended March 31, 2008
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Transfer to (from)	
Culture, Language, Elders and Youth		
Heritage	\$ (500)	Transfer funds
Sport Nunavut	500	
Heritage	(100)	Transfer funds
Official Languages and Services	(80)	
Community Programs	(80)	
Directorate	(30)	
Sport Nunavut	290	
Community and Government Services		
Directorate	\$ 60	Transfer funds
Community Support	(160)	
Government Services	(125)	
Safety and Protective Services	(155)	
Capital Planning and Technical Services	380	
Directorate	(49)	Transfer funds
Community Support	(139)	
Government Services	363	
Safety and Protective Services	(15)	
Capital Planning and Technical Services	(160)	
Directorate	(90)	Transfer funds
Community Support	642	
Government Services	(263)	
Safety and Protective Services	(65)	
Capital Planning and Technical Services	(224)	
CAPITAL		
Community and Government Services		
Capital Planning and Technical Services	\$ (1,000)	Capital budget adjustments
Petroleum Products Division	1,000	
Capital Planning and Technical Services	417	Capital budget adjustments
Petroleum Products Division	(417)	
Capital Planning and Technical Services	(780)	Capital budget adjustments
Petroleum Products Division	780	

Non-Consolidated Schedule of Debenture Loans Receivable from Municipalities (unaudited)
for the year ended March 31, 2008
(thousands of dollars)

	Original Amount	Balance March 31, 2007	Accrued Interest	Valuation Adjustment	Principal Payments	Balance March 31, 2008
City of Iqaluit	\$ 3,898	\$ 1,114	\$ 87	\$ -	\$ (301)	\$ 900
Municipality of Clyde River	-	74	-	-	(25)	49
	3,898	1,188	87	-	(326)	949
Less: valuation allowance	-	(100)	-	-	-	(100)
	\$ 3,898	\$ 1,088	\$ 87	\$ -	\$ (326)	\$ 849

**Non-Consolidated Schedule of Student Loan Remissions (unaudited)
for the year ended March 31, 2008**

STUDENT LOAN REMISSIONS

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. The *Financial Administration Act* states that any such write-off, if over \$500, must be disclosed in the Public Accounts.

Parks, Abbas	\$	6,400
Clark, Adriana		5,236
Bartlett, Amy		699
Egeni, Camilius		3,438
Bodner, Jenine		3,913
Main, John		396
Sivilay, Manichanh		797
Constantineau, Marie-Rose		4,912
Alexander, Nathaniel		5,318
Kilpatrick, Sarah		5,113
Armstrong, Shamus		6,624
Rose, Tina		962
Schindel, Travis		2,713
Levy, Erin		4,768
		<hr/>
	\$	51,289

Non-Consolidated Schedule of Commitments Under Operating Leases

for the year ended March 31, 2008

(thousands of dollars)

	2009	2010	2011	2012	2013	>2013	Total
Headquarters	\$ 451	\$ 373	\$ 272	\$ 272	\$ 272	\$ 1,621	\$ 3,261
Qikiqtaaluk	5,114	4,173	3,901	2,787	2,359	8,523	26,857
Kivalliq	3,314	3,010	2,819	2,242	2,006	8,405	21,796
Kitikmeot	723	597	564	475	475	6,012	8,846
Total	\$ 9,602	\$ 8,153	\$ 7,556	\$ 5,776	\$ 5,112	\$ 24,561	\$ 60,760