

**PUBLIC ACCOUNTS  
OF THE  
GOVERNMENT OF NUNAVUT  
FOR THE YEAR ENDED MARCH 31, 2011**

**HONOURABLE KEITH PETERSON  
Minister of Finance**

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**THE HONOURABLE EDNA ELIAS  
COMMISSIONER OF NUNAVUT**

I have the honour to present the Public Accounts of Nunavut for the fiscal year ended March 31, 2011. I would ask that these accounts be laid before the Legislative Assembly in accordance with the *Financial Administration Act*, R.S.N.W.T. 1988, c.F-4, S. 74 as amended, and duplicated for Nunavut, and the *Nunavut Act*, S.C. 1993, C.28, s.44.



The Honourable Keith Peterson  
Minister of Finance

Government of Nunavut  
Iqaluit, Nunavut

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**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
March 31, 2011

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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 consolidated financial statements.


The Government fulfills its accounting and reporting responsibilities, through the Department of Finance, by maintaining systems of financial management and internal control. 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 control.

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, he also examines transactions that have come to his notice, to ensure that they are, in all significant respects, within the statutory powers of the Government and those organizations included in the consolidation. The Auditor General's opinion is included with the consolidated financial statements.



Chris D'Arcy  
Deputy Minister of Finance



Jeff Chown, CA  
Comptroller General

December 5, 2011

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## INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Nunavut

### Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Government of Nunavut, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

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

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

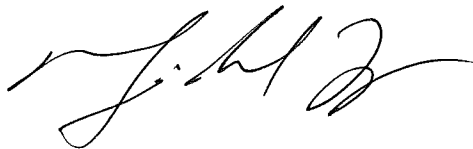
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*Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Government of Nunavut as at 31 March 2011, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**Report on Other Legal and Regulatory Requirements**

In my opinion, the transactions of the Government of Nunavut and 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 of Nunavut's powers under the *Nunavut Act*, the *Financial Administration Act* of Nunavut and regulations and the specific operating authorities disclosed in Note 1 to the consolidated financial statements.

A handwritten signature in black ink, appearing to read 'M. Ferguson', with a stylized flourish at the end.

Michael Ferguson, FCA  
Auditor General of Canada

5 December 2011  
Ottawa, Canada

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Consolidated Statement of Financial Position**  
**as at March 31, 2011**  
*(in thousands of dollars)*

|  | <b>2011</b>      | <b>2010</b>      |
|--|------------------|------------------|
| <b>Financial assets</b>                              |                  |                  |
| Cash and cash equivalents (Note 3)                   | 272,009          | 250,327          |
| Portfolio and other investments (Note 4)             | 13,571           | 15,541           |
| Due from the Government of Canada (Note 5(a))        | 77,461           | 85,750           |
| Other revenues receivable (Note 5(b))                | 74,669           | 88,249           |
| Inventories for resale (Note 6(a))                   | 109,576          | 93,243           |
| Loans receivable (Note 7)                            | 15,457           | 15,860           |
| <b>Total financial assets</b>                        | <b>562,743</b>   | <b>548,970</b>   |
| <b>Liabilities</b>                                   |                  |                  |
| Accounts payable and accrued liabilities (Note 8)    | 291,824          | 272,521          |
| Other employee future benefits (Note 9(a))           | 24,422           | 19,956           |
| Pension liabilities (Note 9(b))                      | 6,158            | 5,454            |
| Long term debt (Note 10)                             | 88,057           | 85,608           |
| Capital lease obligations (Note 11)                  | 88,942           | 97,755           |
| Deferred revenue and capital contributions (Note 12) | 354,501          | 282,324          |
| <b>Total liabilities</b>                             | <b>853,904</b>   | <b>763,618</b>   |
| <b>Net debt</b>                                      | <b>(291,161)</b> | <b>(214,648)</b> |
| <b>Non-financial assets</b>                          |                  |                  |
| Tangible capital assets (Schedule B)                 | 1,742,000        | 1,597,835        |
| Inventories for use (Note 6(b))                      | 16,333           | 12,307           |
| Prepaid expenses (Note 19)                           | 13,950           | 3,788            |
| <b>Total non-financial assets</b>                    | <b>1,772,283</b> | <b>1,613,930</b> |
| <b>Accumulated surplus</b>                           | <b>1,481,122</b> | <b>1,399,282</b> |
| Contractual obligations (Note 14)                    |                  |                  |
| Contingencies (Note 15)                              |                  |                  |

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

**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS**

**Consolidated Statement of Operations and Accumulated Surplus**

**for the year ended March 31, 2011**

*(in thousands of dollars)*

|   | <b>2011</b>      | <b>2011</b>      | <b>2010</b>      |
|---|------------------|------------------|------------------|
|   | <b>Budget</b>    | <b>Actual</b>    | <b>Actual</b>    |
| <b>Revenues (Schedule A)</b>                      |                  |                  |                  |
| From the Government of Canada                     | 1,302,857        | 1,310,552        | 1,231,864        |
| Revenues generated by the Government of Nunavut   | 270,095          | 327,524          | 308,201          |
| <b>Total revenues</b>                             | <b>1,572,952</b> | <b>1,638,076</b> | <b>1,540,065</b> |
| <b>Expenses (Note 13)</b>                         |                  |                  |                  |
| Health and Social Services                        | 309,556          | 360,518          | 351,513          |
| Community and Government Services                 | 364,453          | 344,271          | 318,098          |
| Education   | 234,452          | 260,248          | 244,696          |
| Nunavut Housing Corporation                       | 178,931          | 202,676          | 194,048          |
| Finance   | 204,668          | 125,686          | 146,316          |
| Justice   | 104,554          | 83,570           | 77,714           |
| Economic Development and Transportation           | 51,515           | 78,183           | 75,770           |
| Environment                                       | 24,361           | 25,997           | 23,435           |
| Culture, Language, Elders and Youth               | 36,619           | 22,904           | 21,847           |
| Human Resources                                   | 22,792           | 19,425           | 21,053           |
| Executive and Intergovernmental Affairs           | 20,881           | 16,498           | 14,678           |
| Legislative Assembly                              | 17,077           | 16,260           | 16,574           |
| <b>Total expenses</b>                             | <b>1,569,859</b> | <b>1,556,236</b> | <b>1,505,742</b> |
| <b>Surplus for the year</b>                       | <b>3,093</b>     | <b>81,840</b>    | <b>34,323</b>    |
| <b>Accumulated surplus, beginning of the year</b> |                  | <b>1,399,282</b> | <b>1,364,959</b> |
| <b>Accumulated surplus, end of the year</b>       |                  | <b>1,481,122</b> | <b>1,399,282</b> |

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

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Consolidated Statement of Change in Net Debt**  
**for the year ended March 31, 2011**  
*(in thousands of dollars)*

|   | <b>2011</b>   | <b>2011</b>   | <b>2010</b>   |
|---|---------------|---------------|---------------|
|   | <b>Budget</b> | <b>Actual</b> | <b>Actual</b> |
| <b>Surplus for the year</b>                       | 3,093         | 81,840        | 34,323        |
| <b>Tangible capital assets (Schedule B)</b>       |               |               |               |
| Additions   | (213,548)     | (233,555)     | (243,735)     |
| Disposals   | -             | 1,702         | 6,867         |
| Amortization                                      | 72,946        | 87,688        | 77,000        |
|   | (140,602)     | (144,165)     | (159,868)     |
| <b>Net use (additions) of inventories for use</b> | -             | (4,026)       | 3,583         |
| <b>Net use (additions) of prepaid expenses</b>    | -             | (10,162)      | 314           |
|   | -             | (14,188)      | 3,897         |
| <b>Change in net debt for the year</b>            | (137,509)     | (76,513)      | (121,648)     |
| <b>Net debt, beginning of the year</b>            |               | (214,648)     | (93,000)      |
| <b>Net debt, end of the year</b>                  |               | (291,161)     | (214,648)     |

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

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Consolidated Statement of Cash Flow**  
**for the year ended March 31, 2011**  
*(in thousands of dollars)*

|  | <b>2011</b>    | <b>2010</b>     |
|--|----------------|-----------------|
| <b>Cash provided by (used for) government operations:</b>  |                |                 |
| Transfers from the Government of Canada                    | 1,417,252      | 1,307,428       |
| Taxes  | 72,772         | 59,066          |
| Other government revenues                                  | 203,952        | 216,901         |
| Interest payments on long term debt                        | (5,455)        | (5,581)         |
| Interest payments on capital leases                        | (6,707)        | (7,521)         |
| Compensation and employee benefits                         | (476,640)      | (435,787)       |
| Grants and contributions                                   | (168,443)      | (168,361)       |
| Goods and services   | (778,030)      | (788,680)       |
| Cash provided by (used for) government operations          | 258,701        | 177,465         |
| <b>Cash provided by (used for) capital activities:</b>     |                |                 |
| Tangible capital asset acquisitions                        | (236,609)      | (250,128)       |
| Tangible capital asset disposals                           | 491            | 3,611           |
| Cash provided by (used for) capital activities             | (236,118)      | (246,517)       |
| <b>Cash provided by (used for) investing activities:</b>   |                |                 |
| Loan repayments received                                   | 6,108          | 10,919          |
| Portfolio and other investments                            | 2,964          | (538)           |
| Loans to municipalities, businesses and individuals        | (4,335)        | (781)           |
| Cash provided by (used for) investing activities           | 4,737          | 9,600           |
| <b>Cash provided by (used for) financing activities:</b>   |                |                 |
| Increase principal on long term debt                       | 8,000          | -               |
| Principal payments on capital leases                       | (7,577)        | (10,448)        |
| Principal payments on long term debt                       | (6,061)        | (5,237)         |
| Cash provided by (used for) financing activities           | (5,638)        | (15,685)        |
| <b>Increase (decrease) in cash and cash equivalents</b>    | <b>21,682</b>  | <b>(75,137)</b> |
| <b>Cash and cash equivalents, beginning of the year</b>    | <b>250,327</b> | <b>325,464</b>  |
| <b>Cash and cash equivalents, end of the year (Note 3)</b> | <b>272,009</b> | <b>250,327</b>  |

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



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

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**March 31, 2011***(in thousands of dollars)*

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**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' Safety and Compensation Commission). 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 31<sup>st</sup> 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

*Financial Administration Act*

Revolving Funds

*Revolving Funds Act*

Liquor Revolving Fund

Nunavut Outfitters Liability Protection Revolving Fund (*wound up effective February 25, 2011*)

Petroleum Products Revolving Fund

Public Stores Revolving Fund

Student Loan Fund

Territorial Corporations

Nunavut Arctic College (*June 30th year end*)

*Public Colleges Act*

Nunavut Business Credit Corporation

*Nunavut Business Credit Corporation Act*

Nunavut Development Corporation (including subsidiaries)

*Nunavut Development Corporation Act*

Nunavut Housing Corporation (including subsidiaries)

*Nunavut Housing Corporation Act*

Qulliq Energy Corporation

*Qulliq Energy Corporation Act*

District Education Authorities (*June 30th year end*)

*Education Act*

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.

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.

**Budget**

Generally accepted accounting principles (GAAP) for the public sector in Canada requires a government to present in its financial statements a comparison of the results of operations and changes in net financial assets (debt) for the period with those originally planned.

The Government's annual budget presented to the Legislative Assembly is not prepared on a consolidated basis. As a result, the budget figures included in these consolidated financial statements are based on the summary totals provided on pages x through xiii of the 2010-2011 Main Estimates and the approved annual budgets for the consolidated entities, adjusted to eliminate budgeted inter-entity revenues and expenses as well as significant accounting policy differences. Where necessary, assumptions were used to estimate the inter-entity eliminations and accounting policy adjustments required.

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**GOVERNMENT OF NUNAVUT****PUBLIC ACCOUNTS****Notes to Consolidated Financial Statements****March 31, 2011***(in thousands of dollars)*

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**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 and usually with a maturity date of 180 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, which is part of other revenues within revenues generated by the Government of Nunavut. 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.

**(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 recognized on the consolidated Statement of Financial Position only if they are expected to be used to provide government services in future years. These assets would not normally be used to provide financial resources to discharge liabilities of the Government unless they were sold. Non-financial assets are amortized or charged to expenses in future periods as they are used to provide or support the provision of government services.

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

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**March 31, 2011***(in thousands of dollars)*

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**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 buildings, vehicles, equipment, aircraft and computer hardware and software systems. 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 the lower of the rate implicit in the lease or the Government's incremental borrowing rate at the time the obligation is incurred.

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

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

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

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

**(i) Pension and other 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 1.98 times (2010 - 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 present 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. An actuarial valuation of the cost of these benefits has been prepared using data provided by management and assumptions based on management's best estimates. Termination benefits are recorded when employees are identified for lay-off.

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

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**March 31, 2011***(in thousands of dollars)*

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**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(j) Revenues**

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

Transfers from the Government of Canada

Grants from the Government of Canada are recognized as revenue when entitlement for the transfer occurs. The formula for the principle-based Territorial Formula Financing grant is legislated by the *Federal-Provincial Fiscal Arrangements Act (Canada)*. Health and social transfers are recorded in accordance with this Act. 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.

Recoveries of prior years expenditures

Recoveries of prior years expenditures, including reversals of prior years expenditure over-accruals, are reported as revenues in the consolidated financial statements. Pursuant to the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenditures.

**(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 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.

**(l) Contractual obligations and contingencies**

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

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur 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 in the notes to the financial statements and no liability is accrued. Contingent liabilities result from potential environmental contingencies or pending litigation and like items.

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**GOVERNMENT OF NUNAVUT****PUBLIC ACCOUNTS****Notes to Consolidated Financial Statements****March 31, 2011***(in thousands of dollars)*

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**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(m) Environmental liabilities**

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

**(n) Financial instruments**

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

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

**3 CASH AND CASH EQUIVALENTS**

|                        | <b>2011</b>    | <b>2010</b>    |
|------------------------|----------------|----------------|
| Cash                   | 162,031        | 72,199         |
| Designated cash        | 1,557          | 1,089          |
| Short term investments | 108,421        | 177,039        |
|                        | <b>272,009</b> | <b>250,327</b> |

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, 2011 varied from 0.12% to 2.5% (2010 - 0.11% to 2.5%). All instruments held are in high quality debt obligations, rated R-1 Low or better by DBRS (i.e., formerly known as the Dominion Bond Rating Service), with an average term to maturity of 112 days (2010 - 84 days).

**4 PORTFOLIO AND OTHER INVESTMENTS**

Portfolio and other investments include the following at March 31.

|                              | <b>2011</b>           | <b>2011</b>     | <b>2011</b>     | <b>2010</b>     |
|------------------------------|-----------------------|-----------------|-----------------|-----------------|
|                              | <b>Effective</b>      | <b>Term to</b>  | <b>Carrying</b> | <b>Carrying</b> |
| <b>Portfolio investments</b> | <b>Rate of Return</b> | <b>Maturity</b> | <b>Value</b>    | <b>Value</b>    |
| Government of Canada         | variable              | 1 to 7 years    | 1,026           | 1,026           |
| Provincial Governments       | 4.33%                 | 1 to 8 years    | 5,617           | 8,118           |
|                              |                       |                 | 6,643           | 9,144           |
| <b>Other investments</b>     |                       |                 |                 |                 |
| Venture investments          |                       |                 | 250             | 250             |
| SRAF designated investments  |                       |                 | 6,678           | 6,147           |
|                              |                       |                 | <b>13,571</b>   | <b>15,541</b>   |

The market value of the portfolio investments at March 31, 2011 was \$6,735 (2010 - \$9,131), with an average yield in 2011 of 4.36% (2010 - 4.36%).

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

**March 31, 2011**

*(in thousands of dollars)*

**4 PORTFOLIO AND OTHER INVESTMENTS (continued)**

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, 2011 was \$7,360 (2010 - \$6,374) with a positive return of 10.69% (2010 - 23.16%).

Venture investments include 250 Class D Preferred Limited Partnership units with a fixed cumulative annual distribution of 6.25% based on its investment. The shares are redeemable in March 2015.

**5 REVENUES RECEIVABLE**

| <b>(a) Due from the Government of Canada</b>                 | <b>2011</b>   | <b>2010</b>   |
|--|---------------|---------------|
| Health Canada  | 13,860        | 19,389        |
| Infrastructure Funds   | 714           | 259           |
| Goods and Services Tax                                       | 8,305         | 7,332         |
| Official Languages   | 3,692         | 3,683         |
| Transport Canada Programs                                    | 2,473         | 3,553         |
| Canada Mortgage and Housing Corporation                      | 985           | 3,452         |
| Aboriginal Affairs and Northern Development Canada           | 14,739        | 19,275        |
| Other receivables  | 32,693        | 28,807        |
|  | <b>77,461</b> | <b>85,750</b> |
| <b>(b) Other revenues receivable</b>                         | <b>2011</b>   | <b>2010</b>   |
| Other accounts receivable of the Petroleum Products Division | 31,751        | 27,798        |
| Other accounts receivable of other departments               | 27,512        | 24,918        |
| Other accounts receivable of the Territorial Corporations    | 48,140        | 69,901        |
|  | 107,403       | 122,617       |
| Less: Allowance for doubtful accounts                        | (32,734)      | (34,368)      |
|  | <b>74,669</b> | <b>88,249</b> |

**6 INVENTORIES**

| <b>(a) For resale</b>            | <b>2011</b>    | <b>2010</b>   |
|----------------------------------|----------------|---------------|
| Bulk fuels                       | 105,533        | 88,954        |
| Liquor products                  | 1,572          | 1,822         |
| Finished goods                   | 2,082          | 1,945         |
| Packaging materials and supplies | 389            | 522           |
|                                  | <b>109,576</b> | <b>93,243</b> |

The write-down for bulk fuels inventory for 2011 was \$703 (2010 - \$849).

| <b>(b) For use</b>                 | <b>2011</b>   | <b>2010</b>   |
|------------------------------------|---------------|---------------|
| Fuel                               | 8,201         | 5,250         |
| Supplies and lubricants            | 5,367         | 4,408         |
| Health and medical supplies        | 2,263         | 2,251         |
| Raw materials and work in progress | 502           | 398           |
|                                    | <b>16,333</b> | <b>12,307</b> |

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

**March 31, 2011**

*(in thousands of dollars)*

**7 LOANS RECEIVABLE**

|   | <b>2011</b>   | <b>2010</b>   |
|---|---------------|---------------|
| Mortgage loans from Nunavut Housing Corporation to individuals with a maximum maturity of 25 years, bearing interest between 5.19% and 14.25% (2010 - 6.0% and 14.25%), net of valuation allowance of \$10,493 (2010 - \$7,005) and subsidy to mortgage holders of \$14,419 (2010 - \$20,472) | 1,932         | 2,452         |
| Loans from Nunavut Business Credit Corporation to businesses with a maximum maturity of 25 years, bearing interest between 4.25% and 8.5% (2010 - 2.57% and 10.25%), net of valuation allowance of \$912 (2010 - \$1,075).  | 12,222        | 11,790        |
| Loans to municipalities due in instalments to 2017, bearing interest between 0% and 8%, net of valuation allowance of \$nil (2010 - \$100).   | 6             | 347           |
| Student Loan Fund loans due in instalments to 2017, bearing interest between 2.75% and 12.5%, net of allowances for valuation and forgiveness of \$3,862 (2010 - \$3,672).  | 1,297         | 1,233         |
| Other, Qikiqtaq Co-op Mall Mortgage, net of valuation allowance of \$64 (2010 - \$304).   | -             | 38            |
|   | <b>15,457</b> | <b>15,860</b> |

**8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|  | <b>2011</b>    | <b>2010</b>    |
|--|----------------|----------------|
| <b>Payable to related parties</b>                                |                |                |
| Workers' Safety and Compensation Commission                      | 641            | 387            |
| <b>Other</b>   |                |                |
| Accounts payable   | 120,921        | 118,001        |
| Accrued environmental liabilities                                | 10,631         | 10,638         |
| Accrued liabilities, payroll deductions and contractor holdbacks | 109,138        | 94,256         |
| Vacation pay and lieu time                                       | 28,070         | 20,530         |
| Due to the Government of Canada                                  | 20,853         | 22,624         |
| Due to the Government of the Northwest Territories               | 1,570          | 6,085          |
|  | <b>291,183</b> | <b>272,134</b> |
|  | <b>291,824</b> | <b>272,521</b> |

**9 PENSION AND OTHER EMPLOYEE FUTURE BENEFIT LIABILITIES**

**(a) Other employee future benefit liabilities**

|           | <b>2011</b>   | <b>2010</b>   |
|-----------|---------------|---------------|
| Severance | 13,773        | 9,295         |
| Removal   | 10,649        | 10,661        |
|           | <b>24,422</b> | <b>19,956</b> |

**(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 2011, the Government's contributions were \$35,208 (2010 - \$30,817).

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.

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

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**March 31, 2011***(in thousands of dollars)*

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**9 PENSION AND OTHER EMPLOYEE FUTURE BENEFIT LIABILITIES (continued)**

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

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

There have been no plan amendments, plan settlements and curtailments or temporary deviations from these plans in 2011 (no changes in 2010).

Actuarial valuations were completed for these plans as of April 1, 2009. The valuations were based on a number of assumptions about future events including inflation rates (3.0%), interest rates (inflation, plus 3.5%), return on assets (inflation, plus 3.5%), 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 these plans is April 1, 2012.

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.

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

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.

|                                   | <b>LARAF</b> | <b>SRAF</b> | <b>2011</b> | <b>2010</b> |
|-----------------------------------|--------------|-------------|-------------|-------------|
| Accrued benefit obligation        | 4,650        | 6,301       | 10,951      | 8,744       |
| Deduct:                           |              |             |             |             |
| Pension fund assets               | 4,795        | -           | 4,795       | 3,493       |
| Unamortized actuarial (gain) loss | 17           | (19)        | (2)         | (203)       |
|                                   | 4,812        | (19)        | 4,793       | 3,290       |
| Pension (asset) liability         | (162)        | 6,320       | 6,158       | 5,454       |

As at March 31, 2011, LARAF pension fund assets had a market value of \$4,923 (2010 - \$3,251). The actual rate of return was positive 10.54% (2010 - 23.86%). The SRAF has no pension fund assets; however, the pension liability is funded all or in part by designated investments (see Note 4).

LARAF and SRAF actuarial gains/losses are amortized over 2.8 years (2010 - 3.8 years) which is the estimated average remaining service lives for contributors to these plans.



**GOVERNMENT OF NUNAVUT****PUBLIC ACCOUNTS****Notes to Consolidated Financial Statements****March 31, 2011***(in thousands of dollars)***9 PENSION AND OTHER EMPLOYEE FUTURE BENEFIT LIABILITIES (continued)**

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

|   | LARAF | SRAF  | 2011  | 2010  |
|---|-------|-------|-------|-------|
| Current period benefit cost                             | 623   | 906   | 1,529 | 1,365 |
| Amortization of actuarial (gains) losses                | 212   | (205) | 7     | 97    |
|   | 835   | 701   | 1,536 | 1,462 |
| MLAs contributions                                      | (188) | -     | (188) | (175) |
| Pension expense   | 647   | 701   | 1,348 | 1,287 |
| Interest cost on the average accrued benefit obligation | 287   | 403   | 690   | 617   |
| Expected return on the average pension plan assets      | (299) | -     | (299) | (198) |
| Pension interest expense                                | (12)  | 403   | 391   | 419   |
| Total expenses related to pensions                      | 635   | 1,104 | 1,739 | 1,706 |

Pension benefits paid for the LARAF and SRAF were \$114 and \$617, respectively (2010 - \$1,181 and \$754, respectively).

The Government's contributions related to the LARAF and SRAF during the year were \$441 and \$906, respectively (2010 - \$1,840 and \$821, respectively).

**10 LONG TERM DEBT AND BORROWING AUTHORITY LIMIT**

| Loans and mortgages payable   | 2011   | 2010   |
|---|--------|--------|
| 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% (2010 - 6.97%).  | 17,436 | 18,415 |
| Mortgage payable in annual instalments of \$554 to the year 2020, bearing interest at a rate of 6.9% (2010 - 6.9%) compounded semi-annually. The mortgage is secured by a building. The carrying value of the security is \$6,708 (2010 - \$7,017)    | 3,894  | 4,172  |
| Redeemable 20 year amortizing debenture, bearing interest at a rate of 6.809% (2010 - 6.809%) due September 27, 2021. Repayable in blended semi-annual payments of \$2,848 with a balloon payment of \$17,502 at the end of the term.                 | 49,794 | 51,988 |
| 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 less 0.5% in 2011 varied from 1.75% to 2.5% (2010 - 1.75% to 2.00%).      | 4,200  | 4,900  |
| 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 less 0.5% in 2011 varied from 1.75% to 2.5% (2010 - 1.75% to 2.00%). | 5,333  | 6,133  |
| Non-revolving floating rate term loan facility with payments of \$67 due monthly beginning July 25, 2010 with the final payment due July 25, 2020. Interest at bank prime less 0.5% in 2011 varied from 1.75% to 2.5%.                                | 7,400  | -      |
|   | 88,057 | 85,608 |

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

|                 | Principal | Interest | Total   |
|-----------------|-----------|----------|---------|
| 2012            | 5,993     | 5,042    | 11,035  |
| 2013            | 6,250     | 4,757    | 11,007  |
| 2014            | 6,527     | 4,451    | 10,978  |
| 2015            | 6,821     | 4,127    | 10,948  |
| 2016            | 7,136     | 3,784    | 10,920  |
| 2017 and beyond | 55,330    | 16,394   | 71,724  |
|                 | 88,057    | 38,555   | 126,612 |

Interest expense on long term debt was \$6,031 for the year (2010 - \$6,741). The interest paid on long term debt during the year was \$5,455 (2010 - \$5,581).

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

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**March 31, 2011***(in thousands of dollars)*

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**10 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.

|   | <b>2011</b>   | <b>2010</b>    |
|---|---------------|----------------|
| Qulliq Energy Corporation, long term debt                     | 66,727        | 63,021         |
| Nunavut Housing Corporation, long term debt                   | 17,436        | 18,415         |
| Government of Nunavut, mortgage payable                       | 3,894         | 4,172          |
|   | <u>88,057</u> | <u>85,608</u>  |
| Qulliq Energy Corporation, bank overdraft liability           | 17,099        | 10,597         |
| Nunavut Development Corporation, subsidiary credit facilities | 13            | 12             |
| Total debt  | 105,169       | 96,217         |
| Authorized borrowing limit                                    | 200,000       | 200,000        |
| Available borrowing capacity                                  | <u>94,831</u> | <u>103,783</u> |

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

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

**11 CAPITAL LEASE OBLIGATIONS**

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

|   | <b>2011</b>   | <b>2010</b>   |
|---|---------------|---------------|
| Total minimum lease payments            | 123,971       | 140,818       |
| Less: imputed interest                  | (30,923)      | (37,675)      |
| Less: executory costs                   | (4,106)       | (5,388)       |
| Present value of minimum lease payments | <u>88,942</u> | <u>97,755</u> |

Future minimum lease payments for each of the next 5 years and thereafter are as follows.

|                 |                |
|-----------------|----------------|
| 2012            | 16,702         |
| 2013            | 16,694         |
| 2014            | 16,014         |
| 2015            | 13,283         |
| 2016            | 11,242         |
| 2017 and beyond | 50,036         |
|                 | <u>123,971</u> |

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 \$8,047 (2010 - \$8,920) at an implied average interest rate of 9.0% (2010 - 9.1%). The capital lease obligations expire between 2013 and 2027.

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

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**March 31, 2011***(in thousands of dollars)*

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**12 DEFERRED REVENUE AND CAPITAL CONTRIBUTIONS**

|  | <b>2011</b>          | <b>2010</b>          |
|--|----------------------|----------------------|
| Deferred revenue   |                      |                      |
| Provincial-Territorial Base Funding (Building Canada Fund) | 57,184               | 56,642               |
| Gas Tax Agreement  | 17,713               | 17,806               |
| Other deferred revenue                                     | 4,807                | 5,769                |
|  | <hr/> 79,704         | <hr/> 80,217         |
| Deferred capital contributions                             |                      |                      |
| CMHC Social Housing Agreement                              | 172,660              | 112,139              |
| CMHC other capital contributions                           | 21,127               | 38,936               |
| Other deferred capital contributions                       | 81,010               | 51,032               |
|  | <hr/> 274,797        | <hr/> 202,107        |
|  | <hr/> <b>354,501</b> | <hr/> <b>282,324</b> |

The deferred capital contributions balance includes \$172,660 (2010 - \$112,139) relating to the 1999 Social Housing Agreement, under the terms of which 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.

**13 EXPENSES BY TYPE**

|   | <b>2011</b>     | <b>2010</b>     |
|---|-----------------|-----------------|
| Compensation and employee benefits      | 490,905         | 441,019         |
| Grants and contributions                | 175,809         | 169,840         |
| Goods and services                      | 787,789         | 804,468         |
| Amortization of tangible capital assets | 87,688          | 77,000          |
| Interest expense                        | 11,740          | 12,919          |
| Increase in valuation allowances        | 2,305           | 496             |
|   | <hr/> 1,556,236 | <hr/> 1,505,742 |

**14 CONTRACTUAL OBLIGATIONS**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2011.

|                                    | <b>Year of Expiration</b> | <b>Total</b>  |
|------------------------------------|---------------------------|---------------|
| Commitments under operating leases | 2027                      | 191,630       |
| Capital commitments                | 2014                      | 54,180        |
| Policing agreement                 | 2012                      | 27,984        |
| Other commitments                  | 2018                      | 43,718        |
|                                    |                           | <hr/> 317,512 |

Contractual obligations by fiscal year are as follows.

|                 |               |
|-----------------|---------------|
| 2012            | 153,623       |
| 2013            | 43,328        |
| 2014            | 26,530        |
| 2015            | 19,533        |
| 2016            | 17,539        |
| 2017 and beyond | 56,959        |
|                 | <hr/> 317,512 |

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

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**March 31, 2011***(in thousands of dollars)*

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**15 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.

In addition to the matter disclosed above, 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. 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 or contract, personal injury, sexual abuse, negligence, wrongful arrest and assault. As of March 31, 2011, all of these claims have been assessed as being either without merit or not determinable at this time.

**(d) Pay Equity**

There are a number of pay equity claims outstanding against the Government of Nunavut primarily for job rating evaluations of specific trades. The Government is working with Nunavut Employees Union in order to resolve the claims. However, the outcome of these claims is not currently known. As of March 31, 2011, no provision has been made in these financial statements.

**(e) 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 \$2,851 as at March 31, 2011 (2010 - \$3,062).

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

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**March 31, 2011***(in thousands of dollars)*

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**16 PROJECTS FUNDED UNDER THIRD-PARTY AGREEMENTS**

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.

| Revenues                                | 2011           | 2010           |
|---|----------------|----------------|
| From the Government of Canada           | 113,502        | 99,565         |
| From others                             | 3,712          | 3,862          |
| <b>Total revenues</b>                   | <b>117,214</b> | <b>103,427</b> |
| <b>Expenses</b>                         |                |                |
| Compensation and benefits               | 15,704         | 14,783         |
| Grants and contributions                | 47,224         | 30,391         |
| Other expenses                          | 52,373         | 57,006         |
| Amortization of tangible capital assets | 1,913          | 1,247          |
| <b>Total expenses</b>                   | <b>117,214</b> | <b>103,427</b> |

**17 RELATED PARTY TRANSACTIONS**

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

**18 TRUSTS UNDER ADMINISTRATION**

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

|  | 2011         | 2010         |
|--|--------------|--------------|
| Public Trustee                           | 4,340        | 4,096        |
| Victims' Assistance Trust                | 536          | 289          |
| Natural Resources Conservation Trust     | 280          | 277          |
| Millennium Scholarship Fund              | 8            | 8            |
| Scholarship Fund                         | 42           | 41           |
| Territorial Court Trust                  | 807          | 129          |
| Maintenance Enforcement Trust            | 107          | 50           |
| Young Offenders Welfare Trust            | 3            | 18           |
| Baffin Correctional Centre Welfare Trust | -            | 8            |
| Baffin Correctional Centre Inmate Trust  | 12           | 25           |
| Young Offenders Trust                    | 15           | 6            |
| Sheriff's Imprest Account                | 10           | 10           |
| Nunavut Labour Standards Board Trust     | 3            | 3            |
| HSS - Akausisarvik                       | 9            | 11           |
| HSS - Ikpigusukniqmut Foundation         | -            | 95           |
|  | <b>6,172</b> | <b>5,066</b> |

**19 PREPAID EXPENSES**

The balance includes \$9,629 of 2011-12 funding for municipalities that was advanced on March 31, 2011. This was one day prior to the effective date (i.e., April 1, 2011) of the statutory spending authority for the 2011-12 expenditure appropriations. These prepaid expenses will be charged as grants and contributions during the 2011-12 year.

**20 OVER-EXPENDITURES**

Section 32 of the *Financial Administration Act* 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."

Based on the balances reported in Schedule B.1 of the non-consolidated financial statements, the Department of Justice exceeded its appropriation limit by \$77 for 2010-11. Under Section 36(2) the excess spending is covered by an interim appropriation, which under Section 36(4) is to be "...submitted in the form of a supplementary appropriation bill to the Legislative Assembly not later than 15 days after the tabling of the Public Accounts for the fiscal year in which the expenditure was charged."

**21 COMPARATIVE INFORMATION**

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

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

for the year ended March 31, 2011

*(in thousands of dollars)*

|  | <b>2011</b>      | <b>2010</b>      |
|--|------------------|------------------|
|  | <b>Actual</b>    | <b>Actual</b>    |
| <b>From the Government of Canada</b>   |                  |                  |
| Territorial Formula Financing Agreement  | 1,090,553        | 1,022,060        |
| Transfers under third-party funding agreements   | 113,502          | 99,565           |
| Other transfer payments  | 106,497          | 110,239          |
|  | <b>1,310,552</b> | <b>1,231,864</b> |
| <b>Revenues generated by the Government of Nunavut</b>   |                  |                  |
| Personal income tax  | 19,816           | 18,150           |
| Corporate income tax   | 9,034            | 7,451            |
| Payroll tax  | 19,803           | 17,616           |
| Tobacco tax  | 13,058           | 12,305           |
| Fuel tax   | 5,924            | 3,408            |
| Property tax   | 2,019            | 1,534            |
| Insurance tax  | 1,018            | 852              |
| Sales  |                  |                  |
| Petroleum Products Revolving Fund - before cost of goods<br>sold of \$86,287 (2010 - \$80,108) | 131,914          | 115,627          |
| Liquor Revolving Fund - before cost of goods<br>sold of \$2,670 (2010 - \$2,582)               | 6,338            | 5,421            |
| Nunavut Development Corporation - before cost of goods<br>sold of \$5,679 (2010 - \$6,158)     | 6,187            | 6,750            |
| Qulliq Energy Corporation - power sales  | 42,041           | 49,030           |
| Staff housing recoveries   | 16,224           | 15,544           |
| Transfers under third-party funding agreements   | 3,712            | 3,862            |
| Recoveries of prior years expenditures   | 10,818           | 11,968           |
| Other revenues   | 39,618           | 38,683           |
|  | <b>327,524</b>   | <b>308,201</b>   |
| <b>Total revenues</b>  | <b>1,638,076</b> | <b>1,540,065</b> |

GOVERNMENT OF NUNAVUT

SCHEDULE B

PUBLIC ACCOUNTS

Consolidated Schedule of Tangible Capital Assets

for the year ended March 31, 2011

(in thousands of dollars)

|  | Buildings        | Leased Buildings | Storage         | Tank Farms      | Equip-ment        | Heavy Equip-ment  | Electric Power Plants | Transmission Distribution Systems | Infra-structure | Land       | 2011             | 2010             |
|--|------------------|------------------|-----------------|-----------------|-------------------|-------------------|-----------------------|-----------------------------------|-----------------|------------|------------------|------------------|
| <b>Cost of tangible capital assets</b>         |                  |                  |                 |                 |                   |                   |                       |                                   |                 |            |                  |                  |
| Opening balance                                | 1,325,130        | 155,528          | 49,151          | 117,011         | 68,099            | 1,359             | 153,343               | 27,298                            | 115,715         | 428        | 2,013,062        | 1,821,081        |
| Additions                                      | 2,994            | -                | 1,372           | -               | 8,987             | -                 | 825                   | 3,693                             | 262             | -          | 18,133           | 24,442           |
| Transferred from work in progress              | 209,781          | -                | -               | 34,063          | 6,398             | -                 | 3,163                 | -                                 | 34,623          | -          | 288,028          | 180,489          |
| Disposals                                      | (3,236)          | (327)            | -               | -               | -                 | (159)             | (855)                 | -                                 | -               | -          | (4,577)          | (12,950)         |
| Closing balance                                | 1,534,669        | 155,201          | 50,523          | 151,074         | 83,484            | 1,200             | 156,476               | 30,991                            | 150,600         | 428        | 2,314,646        | 2,013,062        |
| <b>Accumulated amortization</b>                |                  |                  |                 |                 |                   |                   |                       |                                   |                 |            |                  |                  |
| Opening balance                                | (462,394)        | (49,977)         | (18,737)        | (40,052)        | (52,548)          | (793)             | (57,730)              | (13,178)                          | (38,321)        | -          | (733,730)        | (662,813)        |
| Amortization                                   | (56,194)         | (5,173)          | (1,602)         | (5,036)         | (9,229)           | (63)              | (4,942)               | (501)                             | (4,948)         | -          | (87,688)         | (77,000)         |
| Disposals                                      | 1,844            | -                | -               | -               | -                 | -                 | 1,031                 | -                                 | -               | -          | 2,875            | 6,083            |
| Closing balance                                | (516,744)        | (55,150)         | (20,339)        | (45,088)        | (61,777)          | (856)             | (61,641)              | (13,679)                          | (43,269)        | -          | (818,543)        | (733,730)        |
| <b>Work in progress</b>                        |                  |                  |                 |                 |                   |                   |                       |                                   |                 |            |                  |                  |
| Opening balance                                | 230,186          | -                | 4               | 25,319          | 13,486            | -                 | 19,430                | -                                 | 30,078          | -          | 318,503          | 279,699          |
| Additions                                      | 171,358          | -                | -               | 8,744           | 12,386            | -                 | 13,263                | -                                 | 9,671           | -          | 215,422          | 219,293          |
| Transferred to cost of tangible capital assets | (209,781)        | -                | -               | (34,063)        | (6,398)           | -                 | (3,163)               | -                                 | (34,623)        | -          | (288,028)        | (180,489)        |
| Closing balance                                | 191,763          | -                | 4               | -               | 19,474            | -                 | 29,530                | -                                 | 5,126           | -          | 245,897          | 318,503          |
| <b>Net book value</b>                          | <b>1,209,688</b> | <b>100,051</b>   | <b>30,188</b>   | <b>105,986</b>  | <b>41,181</b>     | <b>344</b>        | <b>124,365</b>        | <b>17,312</b>                     | <b>112,457</b>  | <b>428</b> | <b>1,742,000</b> | <b>1,597,835</b> |
| <b>Estimated useful life</b>                   | <b>30 years</b>  | <b>30 years</b>  | <b>30 years</b> | <b>30 years</b> | <b>5-30 years</b> | <b>5-40 years</b> | <b>20-40 years</b>    | <b>20-40 years</b>                | <b>30 years</b> |            |                  |                  |

**GOVERNMENT OF NUNAVUT**
**SCHEDULE C**
**PUBLIC ACCOUNTS**
**Consolidated Schedule of Segmented Information**
**for the year ended March 31, 2011**
*(in thousands of dollars)*

|  | Consolidated<br>Revenue Fund | Revolving<br>Funds | Territorial<br>Corporations | Total for All<br>Segments | Consolidation<br>Adjustments (1) | 2011             | 2010             |
|--|------------------------------|--------------------|-----------------------------|---------------------------|----------------------------------|------------------|------------------|
| <b>Revenues</b>                                |                              |                    |                             |                           |                                  |                  |                  |
| From the Government of Canada                  |                              |                    |                             |                           |                                  |                  |                  |
| Territorial formula financing agreement        | 1,090,553                    | -                  | -                           | 1,090,553                 | -                                | 1,090,553        | 1,022,060        |
| Transfers under third-party funding agreements | 112,439                      | -                  | 1,063                       | 113,502                   | -                                | 113,502          | 99,565           |
| Other transfer payments                        | 74,608                       | -                  | 31,889                      | 106,497                   | -                                | 106,497          | 110,239          |
|  | 1,277,600                    | -                  | 32,952                      | 1,310,552                 | -                                | 1,310,552        | 1,231,864        |
| Generated by the Government of Nunavut         |                              |                    |                             |                           |                                  |                  |                  |
| Corporate and personal income taxes            | 28,850                       | -                  | -                           | 28,850                    | -                                | 28,850           | 25,601           |
| Other taxes                                    | 41,822                       | -                  | -                           | 41,822                    | -                                | 41,822           | 35,715           |
| Sales  | -                            | 197,072            | 145,636                     | 342,708                   | (156,228)                        | 186,480          | 176,828          |
| Transfers under third-party funding agreements | 3,712                        | -                  | -                           | 3,712                     | -                                | 3,712            | 3,862            |
| General  | 31,920                       | -                  | 217,252                     | 249,172                   | (193,330)                        | 55,842           | 54,227           |
|  | 106,304                      | 197,072            | 362,888                     | 666,264                   | (349,558)                        | 316,706          | 296,233          |
| Recoveries of prior years expenditures         | 10,818                       | -                  | -                           | 10,818                    | -                                | 10,818           | 11,968           |
| <b>Total revenues</b>                          | <b>1,394,722</b>             | <b>197,072</b>     | <b>395,840</b>              | <b>1,987,634</b>          | <b>(349,558)</b>                 | <b>1,638,076</b> | <b>1,540,065</b> |
| <b>Expenses</b>                                |                              |                    |                             |                           |                                  |                  |                  |
| Compensation and employee benefits             | 411,820                      | 4,715              | 73,150                      | 489,685                   | 1,220                            | 490,905          | 439,796          |
| Grants and contributions                       | 383,087                      | -                  | -                           | 383,087                   | (207,278)                        | 175,809          | 175,570          |
| Goods and services                             | 559,514                      | 162,994            | 272,848                     | 995,356                   | (207,567)                        | 787,789          | 799,961          |
| Amortization of tangible capital assets        | 44,708                       | -                  | 34,935                      | 79,643                    | 8,045                            | 87,688           | 77,000           |
| Interest expense                               | 5,486                        | -                  | 6,498                       | 11,984                    | (244)                            | 11,740           | 12,919           |
| Increase (decrease) in valuation allowances    | (1,282)                      | 703                | 360                         | (219)                     | 2,524                            | 2,305            | 496              |
| <b>Total expenses</b>                          | <b>1,403,333</b>             | <b>168,412</b>     | <b>387,791</b>              | <b>1,959,536</b>          | <b>(403,300)</b>                 | <b>1,556,236</b> | <b>1,505,742</b> |
| <b>Surplus (deficit) for the year</b>          | <b>(8,611)</b>               | <b>28,660</b>      | <b>8,049</b>                | <b>28,098</b>             | <b>53,742</b>                    | <b>81,840</b>    | <b>34,323</b>    |

(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**  
**PUBLIC ACCOUNTS**  
**Non-Consolidated Statement of Financial Position (unaudited)**  
**as at March 31, 2011**  
*(in thousands of dollars)*

|  | <b>2011</b>      | <b>2010</b>    |
|--|------------------|----------------|
| <b>Financial assets</b>                              |                  |                |
| Cash and cash equivalents (Note 3)                   | 188,928          | 202,683        |
| Due from the Government of Canada (Note 4)           | 74,803           | 80,942         |
| Revenues receivable (Note 5)                         | 92,146           | 66,318         |
| Inventories for resale (Note 6(a))                   | 107,105          | 90,776         |
| Loans receivable (Note 7)                            | 16,306           | 16,936         |
| Designated investments (Note 8)                      | 6,678            | 6,147          |
| <b>Total financial assets</b>                        | <b>485,966</b>   | <b>463,802</b> |
| <b>Liabilities</b>                                   |                  |                |
| Accounts payable and accrued liabilities (Note 9)    | 270,183          | 232,741        |
| Other employee future benefits (Note 10)             | 21,208           | 17,149         |
| Capital lease obligations (Note 11)                  | 72,075           | 77,485         |
| Mortgage payable (Note 12)                           | 3,894            | 4,172          |
| Pension liabilities (Note 13)                        | 6,158            | 5,454          |
| Deferred revenue and capital contributions (Note 14) | 151,430          | 124,972        |
| <b>Total liabilities</b>                             | <b>524,948</b>   | <b>461,973</b> |
| <b>Net financial assets (debt)</b>                   | <b>(38,982)</b>  | <b>1,829</b>   |
| <b>Non-financial assets</b>                          |                  |                |
| Tangible capital assets (Schedule C)                 | 992,100          | 941,430        |
| Inventories for use (Note 6(b))                      | 2,263            | 2,251          |
| Prepaid expenses (Note 22)                           | 12,996           | 2,818          |
| <b>Total non-financial assets</b>                    | <b>1,007,359</b> | <b>946,499</b> |
| <b>Accumulated surplus</b>                           | <b>968,377</b>   | <b>948,328</b> |
| Contractual obligations (Note 16)                    |                  |                |
| Contingencies (Note 17)                              |                  |                |

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

**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS**

**Non-Consolidated Statement of Operations and Accumulated Surplus (unaudited)**

**for the year ended March 31, 2011**

*(in thousands of dollars)*

|   | <b>2011<br/>Budget</b> | <b>2011<br/>Actual</b> | <b>2010<br/>Actual</b> |
|---|------------------------|------------------------|------------------------|
| <b>Revenues (Schedule A)</b>                            |                        |                        |                        |
| From the Government of Canada                           | 1,249,980              | 1,277,600              | 1,200,591              |
| Tax revenues generated by the Government of Nunavut     | 54,800                 | 70,672                 | 61,316                 |
| Other revenues generated by the Government of Nunavut   | 62,069                 | 84,927                 | 70,800                 |
| Recoveries of prior years expenditures                  | -                      | 10,818                 | 13,668                 |
| <b>Total revenues</b>                                   | <b>1,366,849</b>       | <b>1,444,017</b>       | <b>1,346,375</b>       |
| <b>Expenses (Schedule B)</b>                            |                        |                        |                        |
| Operations and maintenance expenses before amortization | 1,230,422              | 1,264,287              | 1,202,623              |
| Amortization expenses on tangible capital assets        | 38,032                 | 44,708                 | 37,656                 |
| <b>Total operations and maintenance expenses</b>        | <b>1,268,454</b>       | <b>1,308,995</b>       | <b>1,240,279</b>       |
| Capital expenditures                                    | 191,945                | 210,351                | 160,453                |
| Transfers to tangible capital assets                    | (82,162)               | (95,378)               | (117,425)              |
| <b>Total capital expenses</b>                           | <b>109,783</b>         | <b>114,973</b>         | <b>43,028</b>          |
| <b>Total expenses</b>                                   | <b>1,378,237</b>       | <b>1,423,968</b>       | <b>1,283,307</b>       |
| <b>Surplus (deficit) for the year (Note 21)</b>         | <b>(11,388)</b>        | <b>20,049</b>          | <b>63,068</b>          |
| <b>Accumulated surplus, beginning of the year</b>       |                        | <b>948,328</b>         | <b>885,260</b>         |
| <b>Accumulated surplus, end of the year</b>             |                        | <b>968,377</b>         | <b>948,328</b>         |

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

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

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for the year ended March 31, 2011

*(in thousands of dollars)*

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|   | <b>2011<br/>Budget</b> | <b>2011<br/>Actual</b> | <b>2010<br/>Actual</b> |
|---|------------------------|------------------------|------------------------|
| <b>Surplus (deficit) for the year</b>                     | (11,388)               | 20,049                 | 63,068                 |
| <b>Tangible capital assets (Schedule C)</b>               |                        |                        |                        |
| Additions   | (82,162)               | (95,378)               | (118,266)              |
| Disposals   | -                      | -                      | 3,611                  |
| Amortization  | 38,032                 | 44,708                 | 37,656                 |
|   | (44,130)               | (50,670)               | (76,999)               |
| <b>Net use (additions) of inventories for use</b>         | -                      | (12)                   | (284)                  |
| <b>Net use (additions) of prepaid expenses</b>            | -                      | (10,178)               | (656)                  |
|   | -                      | (10,190)               | (940)                  |
| <b>Change in net financial assets (debt) for the year</b> | (55,518)               | (40,811)               | (14,871)               |
| <b>Net financial assets (debt), beginning of the year</b> |                        | 1,829                  | 16,700                 |
| <b>Net financial assets (debt), end of the year</b>       |                        | (38,982)               | 1,829                  |

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

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Non-Consolidated Statement of Cash Flow (unaudited)**  
**for the year ended March 31, 2011**  
*(in thousands of dollars)*

|  | <b>2011</b>     | <b>2010</b>      |
|--|-----------------|------------------|
| <b>Cash provided by (used for) government operations:</b>  |                 |                  |
| Transfers from the Government of Canada                    | 1,307,510       | 1,246,472        |
| Taxes  | 72,772          | 59,066           |
| Other government revenues                                  | 198,773         | 203,699          |
| Interest on capital leases and mortgage                    | (5,456)         | (5,691)          |
| Compensation and employee benefits                         | (404,197)       | (371,148)        |
| Grants and contributions                                   | (445,041)       | (429,901)        |
| Goods and services   | (637,133)       | (625,932)        |
| <b>Cash provided by (used for) government operations</b>   | <b>87,228</b>   | <b>76,565</b>    |
| <b>Cash provided by (used for) capital activities:</b>     |                 |                  |
| Tangible capital asset acquisitions                        | (95,378)        | (118,266)        |
| Tangible capital asset disposals                           | -               | 3,611            |
| <b>Cash provided by (used for) capital activities</b>      | <b>(95,378)</b> | <b>(114,655)</b> |
| <b>Cash provided by (used for) investing activities:</b>   |                 |                  |
| Loans to municipalities, businesses and individuals        | (549)           | (118)            |
| Loan repayments received                                   | 1,163           | 4,131            |
| Designated investments                                     | (531)           | (240)            |
| <b>Cash provided by (used for) investing activities</b>    | <b>83</b>       | <b>3,773</b>     |
| <b>Cash provided by (used for) financing activities:</b>   |                 |                  |
| Principal payments on capital leases                       | (5,410)         | (8,795)          |
| Principal payments on mortgage payable                     | (278)           | (261)            |
| <b>Cash provided by (used for) financing activities</b>    | <b>(5,688)</b>  | <b>(9,056)</b>   |
| <b>Increase (decrease) in cash and cash equivalents</b>    | <b>(13,755)</b> | <b>(43,373)</b>  |
| <b>Cash and cash equivalents, beginning of the year</b>    | <b>202,683</b>  | <b>246,056</b>   |
| <b>Cash and cash equivalents, end of the year (Note 3)</b> | <b>188,928</b>  | <b>202,683</b>   |

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

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

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**March 31, 2011***(in thousands of dollars)*

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**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 2010-2011 Main Estimates were tabled in the Legislative Assembly during the March 2010 session and represent the Government's fiscal plan for the year (i.e., original budget). Summary information and totals for government's original budget for the year are provided on pages x through xiii of the 2010-2011 Main Estimates. Planned Vote 5 revenues and Vote 4 expenses represent the share of eligible costs to be funded under agreement with the Government of Canada or others, and while not part of the annual Appropriations Act approved by the Legislative Assembly, they are along with those of revolving funds included in the original budget totals disclosed in these financial statements.

**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's Consolidated Revenue Fund, including departments included in the Main Estimates, as well as the following revolving funds:

- Liquor Revolving Fund
- Nunavut Outfitters Liability Protection Revolving Fund (*wound up effective February 25, 2011*)
- Petroleum Products Revolving Fund
- Public Stores Revolving Fund
- Student Loan Fund

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

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

- Territorial corporations
  - Nunavut Arctic College
  - Nunavut Business Credit Corporation
  - Nunavut Development Corporation
  - Nunavut Housing Corporation
  - Qulliq Energy Corporation
- Other public agencies
  - District Education Authorities
  - Human Rights Tribunal
  - Labour Standards Board
  - Legal Services Board
  - Nunavut Liquor Licensing Board
  - Qullit Nunavut Status of Women Council

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**GOVERNMENT OF NUNAVUT****PUBLIC ACCOUNTS****Notes to Non-Consolidated Financial Statements (unaudited)****March 31, 2011***(in thousands of dollars)*

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**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.

**(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 uncollectible or impaired loan receivable balance can be written off only upon receipt of required statutory approvals.

**(g) Non-financial assets**

Non-financial assets, including tangible capital assets, inventories for use and prepaid expenses, are 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 buildings, vehicles, equipment, aircraft and computer hardware and software systems. 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. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized.



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

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**March 31, 2011***(in thousands of dollars)*

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**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

| <b>Asset Category</b> | <b>Amortization Period</b> |
|-----------------------|----------------------------|
| Land                  | Not amortized              |
| Buildings             | 30 years                   |
| Leased Buildings      | 30 years                   |
| Infrastructure        | 30 years                   |
| Tank Farms            | 30 years                   |
| Storage Facilities    | 30 years                   |
| Equipment             | 5-30 years                 |

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

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

**(i) Pension and other 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 1.98 times (2010 - 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. An actuarial valuation of the cost of these benefits has been prepared using data provided by management and assumptions based on management's best estimates. Termination benefits are recorded when employees are identified for lay-off.

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Revenues**

Unless otherwise stated, all revenues are 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 formula for the principle-based Territorial Formula Financing grant is legislated by the Federal-Provincial Fiscal Arrangements Act (Canada). Health and social transfers are recorded in accordance with this Act. 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.

Recoveries of prior years expenditures

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

**(k) Expenses**

Expenses are recorded on an accrual basis.

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 by the recipient.

**(l) Contractual obligations and contingencies**

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

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur 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 in the notes to the financial statements and no liability is accrued. Contingent liabilities result from potential environmental contingencies or pending litigation and like items.

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

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**March 31, 2011***(in thousands of dollars)*

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**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(m) Environmental liabilities**

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

**(n) Financial instruments**

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

The fair value of the Government's long term financial instruments, including debt, capital lease obligations, pension liabilities and other employee future benefits, portfolio and other 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.

**3 CASH AND CASH EQUIVALENTS**

|                                    | <b>2011</b>   | <b>2010</b>   |
|------------------------------------|---------------|---------------|
| Royal Bank of Canada               | 123,606       | 74,109        |
| Canadian Imperial Bank of Commerce | 3,965         | 990           |
| Guaranteed investment certificates | 15,772        | 18,684        |
| Treasury investments               | 45,585        | 108,900       |
|                                    | <hr/> 188,928 | <hr/> 202,683 |

Treasury investments are in the short term money market. The market yield of this portfolio ranged from 1.23% to 1.59% in 2011 (2010 - 0.55% to 0.94%). All instruments held are in high quality debt obligations, rated R-1 Low or better by DBRS (i.e., formerly known as the Dominion Bond Rating Service), with an average term to maturity of 173 days (2010 - 112 days).

**4 DUE FROM THE GOVERNMENT OF CANADA**

|  | <b>2011</b>        | <b>2010</b>        |
|--|--------------------|--------------------|
| Grant receivable:                                  |                    |                    |
| From the Government of Canada (Schedule A)         | 1,090,553          | 1,022,060          |
| Less: Payments received                            | <u>(1,090,553)</u> | <u>(1,022,060)</u> |
| Balance of grant receivable, beginning of the year | -                  | -                  |
| Balance of grant receivable, end of the year       | -                  | -                  |
| Other receivables:                                 |                    |                    |
| Other receivables from the Government of Canada    | 74,803             | 80,942             |
|  | <hr/> 74,803       | <hr/> 80,942       |

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.

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

March 31, 2011

*(in thousands of dollars)*

| <b>5 REVENUES RECEIVABLE</b>  | <b>2011</b> | <b>2010</b> |
|---|-------------|-------------|
| <b>Receivable by funds</b>  |             |             |
| Consolidated Revenue Fund   | 43,514      | 39,255      |
| Petroleum Products Revolving Fund   | 61,616      | 40,449      |
| Public Stores Revolving Fund  | 45          | 18          |
| Liquor Revolving Fund   | 2           | 56          |
|   | 105,177     | 79,778      |
| Less: Allowance for doubtful accounts   | (13,031)    | (13,460)    |
|   | 92,146      | 66,318      |
| <b>Receivable by relation with the creditors</b>  |             |             |
| Nunavut Arctic College  | 11,474      | 6,184       |
| District Education Authorities  | 463         | 323         |
| Nunavut Business Credit Corporation   | 148         | 191         |
| Nunavut Development Corporation   | 49          | 38          |
| Nunavut Housing Corporation   | 10,472      | 6,102       |
| Qulliq Energy Corporation   | 23,824      | 14,960      |
| Receivable from related parties   | 46,430      | 27,798      |
| Other accounts receivable   | 58,747      | 51,980      |
|   | 105,177     | 79,778      |
| Less: Allowance for doubtful accounts   | (13,031)    | (13,460)    |
|   | 92,146      | 66,318      |
| <b>6 INVENTORIES</b>  | <b>2011</b> | <b>2010</b> |
| <b>(a) For resale</b>   |             |             |
| Bulk fuels  | 105,533     | 88,954      |
| Liquor products   | 1,572       | 1,822       |
|   | 107,105     | 90,776      |
| The write-down for bulk fuels inventory for 2011 was \$703 (2010 - \$849).  |             |             |
| <b>(b) For use</b>  |             |             |
| Health and medical supplies   | 2,263       | 2,251       |
| <b>7 LOANS RECEIVABLE</b>   | <b>2011</b> | <b>2010</b> |
| Working Capital advances to the Nunavut Business Credit Corporation. The term is indeterminate with the option to repay any portion of the principal on any interest payment date. Interest is calculated at selected Government of Canada three year benchmark bond yields ranging between 1.49% and 2.42% (2010 - 1.4% and 2.03%) at the end of the month, compounded annually. | 15,003      | 15,318      |
| Student Loan Fund loans due in instalments to 2017, bearing interest between 2.75% and 12.5%, net of the doubtful accounts and valuation allowances of \$3,862 (2010 - \$3,672).  | 1,297       | 1,233       |
| Loans to municipalities due in instalments to 2017, bearing interest between 0% and 8%, net of valuation allowance of \$nil (2010 - \$100).   | 6           | 347         |
| Other, including Qikiqtaq Co-op Mall Mortgage, net of valuation allowance of \$64 (2010 - \$304).   | -           | 38          |
|   | 16,306      | 16,936      |
| <b>8 DESIGNATED INVESTMENTS</b>   | <b>2011</b> | <b>2010</b> |
| SRAF designated investments   | 6,678       | 6,147       |

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, 2011 was \$7,360 (2010 - \$6,374) with a positive return of 10.69% (2010 - 23.16%).

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

March 31, 2011

*(in thousands of dollars)*

| <b>9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES</b>                 | <b>2011</b>    | <b>2010</b>    |
|---|----------------|----------------|
| <b>Accounts payable to related parties</b>                        |                |                |
| Nunavut Arctic College  | 2,864          | 3,589          |
| District Education Authorities                                    | 2,064          | 1,473          |
| Nunavut Business Credit Corporation                               | 57             | 496            |
| Nunavut Development Corporation                                   | 149            | 363            |
| Nunavut Housing Corporation                                       | 8,214          | 688            |
| Qulliq Energy Corporation   | 19,646         | 4,970          |
|   | <u>32,994</u>  | <u>11,579</u>  |
| <b>Other</b>  |                |                |
| Accounts payable  | 84,479         | 80,391         |
| Accrued liabilities, payroll deductions, and contractor holdbacks | 96,345         | 84,772         |
| Accrued environmental liabilities                                 | 10,631         | 10,638         |
| Vacation pay and lieu time  | 25,163         | 17,588         |
| Due to the Government of Canada                                   | 19,001         | 21,688         |
| Due to the Government of the Northwest Territories                | 1,570          | 6,085          |
|   | <u>237,189</u> | <u>221,162</u> |
|   | <u>270,183</u> | <u>232,741</u> |
| <b>10 OTHER EMPLOYEE FUTURE BENEFITS</b>                          | <b>2011</b>    | <b>2010</b>    |
| Severance   | 11,580         | 7,169          |
| Removal   | 9,628          | 9,980          |
|   | <u>21,208</u>  | <u>17,149</u>  |

**11 CAPITAL LEASE OBLIGATIONS**

Capital lease obligations are based upon contractual minimum lease payments for the leases in effect as of March 31, 2011.

|  | <b>2011</b>   | <b>2010</b>   |
|--|---------------|---------------|
| Total minimum lease payments                   | 98,938        | 109,529       |
| Imputed interest                               | (26,863)      | (32,044)      |
| <u>Present value of minimum lease payments</u> | <u>72,075</u> | <u>77,485</u> |
| Future minimum lease payments consist of:      |               |               |
| 2012   | 10,591        |               |
| 2013   | 10,591        |               |
| 2014   | 10,591        |               |
| 2015   | 10,591        |               |
| 2016   | 10,591        |               |
| 2017 and beyond                                | 45,983        |               |
|  | <u>98,938</u> |               |

Lease payments are allocated between repayment of the liability and interest expense. The total minimum lease payments less the present value of the minimum lease payments represents the interest costs over the remaining term of the leases. 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 \$5,181 (2010 - \$5,682) at an implied average interest rate of 7.0% (2010 - 7.0%). The capital lease obligations expire between 2020 and 2027.

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**GOVERNMENT OF NUNAVUT****PUBLIC ACCOUNTS****Notes to Non-Consolidated Financial Statements (unaudited)****March 31, 2011***(in thousands of dollars)*

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| <b>12 MORTGAGE PAYABLE</b>  | <b>2011</b>   | <b>2010</b>  |              |
|---|---------------|--------------|--------------|
| Mortgage payable in annual instalments to the year 2020, bearing interest at a rate of 6.9% compounded semi-annually. | 3,894         | 4,172        |              |
| Future mortgage payments consist of:  |               |              |              |
| 2012  | Principal 298 | Interest 256 | Total 554    |
| 2013  | 319           | 235          | 554          |
| 2014  | 342           | 212          | 554          |
| 2015  | 366           | 188          | 554          |
| 2016  | 391           | 163          | 554          |
| 2017 and beyond   | 2,178         | 358          | 2,536        |
|   | <u>3,894</u>  | <u>1,412</u> | <u>5,306</u> |

Interest expense on mortgage payable was \$275 for the year (2010 - \$294). The interest paid on the mortgage payable during the year was \$275 (2010 - \$294).

**13 PENSION LIABILITIES****(a) 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 2011, the Government's contributions were \$30,220 (2010 - \$26,829).

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.

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

There have been no plan amendments, plan settlements and curtailments or temporary deviations from these plans in 2011 (no changes in 2010).

Actuarial valuations were completed for these plans as of April 1, 2009. The valuations were based on a number of assumptions about future events including inflation rates (3.0%), interest rates (inflation, plus 3.5%), return on assets (inflation, plus 3.5%), 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 these plans is April 1, 2012.

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

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

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

March 31, 2011

*(in thousands of dollars)***13 PENSION LIABILITIES (continued)**

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

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

|                                      | LARAF | SRAF  | 2011   | 2010  |
|--------------------------------------|-------|-------|--------|-------|
| Accrued benefit obligation           | 4,650 | 6,301 | 10,951 | 8,744 |
| Deduct:                              |       |       |        |       |
| Pension fund assets                  | 4,795 | -     | 4,795  | 3,493 |
| Unamortized actuarial (gains) losses | 17    | (19)  | (2)    | (203) |
|                                      | 4,812 | (19)  | 4,793  | 3,290 |
| Pension (asset) liability            | (162) | 6,320 | 6,158  | 5,454 |

As at March 31, 2011, the LARAF pension fund assets had a market value of \$4,923 (2010 - \$3,251). The actual rate of return was positive 10.54% (2010 - 23.86%). The SRAF has no pension fund assets; however, the pension liability is funded all or in part by designated investments (Note 8).

LARAF and SRAF actuarial gains/losses are amortized over 2.8 years (2010 - 3.8 years) which is the estimated average remaining service lives for contributors to these plans.

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

|   | LARAF | SRAF  | 2011  | 2010  |
|---|-------|-------|-------|-------|
| Current period benefit cost                             | 623   | 906   | 1,529 | 1,365 |
| Amortization of actuarial (gains) losses                | 212   | (205) | 7     | 97    |
|   | 835   | 701   | 1,536 | 1,462 |
| MLAs contributions                                      | (188) | -     | (188) | (175) |
| Pension expense   | 647   | 701   | 1,348 | 1,287 |
| Interest cost on the average accrued benefit obligation | 287   | 403   | 690   | 617   |
| Expected return on average pension plan assets          | (299) | -     | (299) | (198) |
| Pension interest expense                                | (12)  | 403   | 391   | 419   |
| Total pension expenses                                  | 635   | 1,104 | 1,739 | 1,706 |

Pension benefits paid for the LARAF and SRAF were \$114 and \$617, respectively (2010 - \$1,181 and \$754, respectively).

The Government's contributions related to the LARAF and SRAF during the year were \$441 and \$906, respectively (2010 - \$1,840 and \$821, respectively).

**14 DEFERRED REVENUE AND CAPITAL CONTRIBUTIONS**

As at March 31, the Government had the following deferred revenue and capital contribution balances which are to be recognized as revenue in the year when eligible expenses are incurred:

|  | 2011    | 2010    |
|--|---------|---------|
| Provincial-Territorial Base Funding (Building Canada Fund) | 57,184  | 56,642  |
| Gas Tax Agreement  | 17,713  | 17,806  |
| Deferred capital contributions                             | 72,798  | 46,037  |
| Other deferred revenue                                     | 3,735   | 4,487   |
|  | 151,430 | 124,972 |

**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 is charged to the Petroleum Products Stabilization Fund. The accumulated surplus or deficit balance in the fund cannot exceed \$10,000.

|   | 2011     | 2010    |
|---|----------|---------|
| Surplus (deficit), beginning of the year                  | 9,246    | (148)   |
| Petroleum Products Revolving Fund net profit for the year | 26,387   | 15,394  |
| Minimum transfer required to Consolidated Revenue Fund    | (25,633) | (6,000) |
| Surplus (deficit), end of the year                        | 10,000   | 9,246   |

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

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**March 31, 2011***(in thousands of dollars)*

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**16 CONTRACTUAL OBLIGATIONS**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2011:

|                               | <b>Year of Expiration</b> | <b>Total</b>   |
|-------------------------------|---------------------------|----------------|
| Capital commitments           | 2014                      | 54,180         |
| Operational commitments       | 2016                      | 43,718         |
| Policing agreement            | 2012                      | 27,984         |
| Operating leases (Schedule 6) | 2027                      | 51,156         |
|                               |                           | <b>177,038</b> |

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Contractual obligations by fiscal year are as follows:

|                 |                |
|-----------------|----------------|
| 2012            | 125,438        |
| 2013            | 18,085         |
| 2014            | 10,526         |
| 2015            | 5,772          |
| 2016            | 4,867          |
| 2017 and beyond | 12,350         |
|                 | <b>177,038</b> |

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**17 CONTINGENCIES**

| <b>(a) Contingent liabilities</b> | <b>2011</b> | <b>2010</b> |
|-----------------------------------|-------------|-------------|
| Uninsured losses                  | -           | 5           |

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**(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.

**(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.

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



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

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**March 31, 2011***(in thousands of dollars)*

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**17 CONTINGENCIES (continued)**

There are a number of claims and threatened litigation cases outstanding against the Government for which the outcomes are not determinable, including a number of cases where an amount is not specified. The nature of these claims include wrongful dismissal, breach of policy, personal injury, sexual abuse, negligence, wrongful arrest and assault. As of March 31, 2011, all of these claims have been assessed as being either without merit or not determinable at this time.

**(e) Pay equity**

There are a number of pay equity claims outstanding against the Government of Nunavut primarily for job rating evaluations of specific trades. The Government is working with Nunavut Employees Union in order to resolve the claims. However, the outcome of these claims is not currently known. As of March 31, 2011, no provision has been made in these financial statements.

**(f) 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:

|   | <b>2011</b>   | <b>2010</b>   |
|---|---------------|---------------|
| Bank credit facility, interest at prime   | 16,314        | 9,751         |
| 20 year redeemable amortizing debenture due 2021, interest rate of 6.809%         | 49,794        | 51,987        |
| Floating rate capital loan facility drawn on April 30, 2007, interest at prime    | 4,200         | 4,900         |
| Floating rate capital loan facility drawn on November 21, 2007, interest at prime | 5,333         | 6,133         |
| Floating rate capital loan facility drawn on July 25, 2010, interest at prime     | 7,400         | -             |
| <b>Total guarantees provided on balances outstanding</b>                          | <b>83,041</b> | <b>72,771</b> |

The bank credit facility limit is \$24,000. The floating rate capital loan facility limit is \$24,000.

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 prime plus 0.50% per annum. Interest is charged only when NDC's operating account is in an overdraft position and the pooled accounts of the Government are also in an overdraft position. As at March 31, 2011, NDC's bank overdraft position was \$13 (2010 - \$12).

**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:

|                                     | <b>2011</b>   | <b>2010</b>   |
|-------------------------------------|---------------|---------------|
| Nunavut Arctic College              | 2,158         | 1,931         |
| District Education Authorities      | 13,185        | 12,484        |
| Qulliq Energy Corporation           | 23,364        | 6,716         |
| Nunavut Development Corporation     | 3,440         | 3,784         |
| Nunavut Business Credit Corporation | 450           | 450           |
|                                     | <b>42,597</b> | <b>25,365</b> |

Under agreements with related boards and agencies, the Government provides services at cost or for a service fee where direct costs cannot be determined. The fees charged for indirect costs are not necessarily the cost of providing those services. Services provided include personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal, and interpretation services. Direct costs of \$35,598 (2010 - \$31,188) were incurred and recovered from related parties. Grants and contributions from the Government of Nunavut to Nunavut Arctic College and Nunavut Housing Corporation are disclosed separately in the Schedule of Expenses Funded under Approved Appropriations (Schedule B.1).

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

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**March 31, 2011***(in thousands of dollars)*

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**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.

|  | <b>2011</b>  | <b>2010</b>  |
|--|--------------|--------------|
| Public Trustee                           | 4,340        | 4,096        |
| Victims' Assistance Trust                | 536          | 289          |
| Natural Resources Conservation Trust     | 280          | 277          |
| Millennium Scholarship Fund              | 8            | 8            |
| Scholarship Fund                         | 42           | 41           |
| Territorial Court Trust                  | 807          | 129          |
| Maintenance Enforcement Trust            | 107          | 50           |
| Young Offenders Welfare Trust            | 3            | 18           |
| Baffin Correctional Centre Welfare Trust | -            | 8            |
| Baffin Correctional Centre Inmate Trust  | 12           | 25           |
| Young Offenders Trust                    | 15           | 6            |
| Sherriff's Imprest Account               | 10           | 10           |
| Nunavut Labour Standards Board Trust     | 3            | 3            |
| HSS - Akausisarvik                       | 9            | 11           |
| HSS - Ikpigusukniqmut Foundation         | -            | 95           |
|  | <b>6,172</b> | <b>5,066</b> |

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**20 PROJECTS FUNDED UNDER THIRD-PARTY AGREEMENTS**

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.

|   | <b>2011</b>    | <b>2010</b>    |
|---|----------------|----------------|
| Revenues                                |                |                |
| From the Government of Canada           | 112,439        | 98,245         |
| From others                             | 3,712          | 3,862          |
|   | <b>116,151</b> | <b>102,107</b> |
| Expenses                                |                |                |
| Compensation and benefits               | 14,908         | 14,096         |
| Grants and contributions                | 47,224         | 30,391         |
| Other                                   | 52,106         | 56,373         |
| Amortization of tangible capital assets | 1,913          | 1,247          |
|   | <b>116,151</b> | <b>102,107</b> |

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**21 BUDGET ADJUSTMENTS**

The 2011 budget deficit of \$11,388 is \$5,410 lower than the budget deficit of \$16,798 disclosed on page x of the 2010-2011 Main Estimates. The \$5,410 represents principal repayments required during the year on capital leases that had been included in the operations and maintenance budgeted amounts. As principal repayments are not expenses, they have been removed from the operations and maintenance budget totals for financial statement reporting purposes.

The 2011 revenue budget includes \$1,284,069 of 'Revenues' and \$64,320 of 'Vote 5 Revenues' on page x of the 2010-2011 Main Estimates, plus \$18,460 of funding under third-party agreements for specific capital projects included in Appendix IV of the 2010-2011 Capital Estimates. The planned expenses to be funded by these additional revenues have been added to the affected budget totals disclosed in these statements.

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

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**March 31, 2011***(in thousands of dollars)*

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**22 PREPAID EXPENSES**

The balance includes \$9,629 of 2011-12 funding for municipalities that was advanced on March 31, 2011. This was one day prior to the effective date (i.e., April 1, 2011) of the statutory spending authority for the 2011-12 expenditure appropriations. These prepaid expenses will be charged as grants and contributions during the 2011-12 year.

**23 OVER-EXPENDITURES**

Section 32 of the *Financial Administration Act* 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."

Based on the balances reported in Schedule B.1, the Department of Justice exceeded its appropriation limit by \$77 for 2010-11. Under Section 36(2) the excess spending is covered by an interim appropriation, which under Section 36(4) is to be "...submitted in the form of a supplementary appropriation bill to the Legislative Assembly not later than 15 days after the tabling of the Public Accounts for the fiscal year in which the expenditure was charged."

**24 COMPARATIVE INFORMATION**

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

**PUBLIC ACCOUNTS**

**Non-Consolidated Schedule of Revenues by Source (unaudited)**

**for the year ended March 31, 2011**

*(in thousands of dollars)*

|   | <b>2011<br/>Budget</b> | <b>2011<br/>Actual</b> | <b>2010<br/>Actual</b> |
|---|------------------------|------------------------|------------------------|
| <b>From the Government of Canada</b>  |                        |                        |                        |
| Territorial Formula Financing Agreement   | 1,090,600              | 1,090,553              | 1,022,060              |
| Transfers under third-party funding agreements  | 82,780                 | 112,439                | 98,245                 |
| Other transfer payments   | 76,600                 | 74,608                 | 80,286                 |
|   | <b>1,249,980</b>       | <b>1,277,600</b>       | <b>1,200,591</b>       |
| <b>Revenues generated by the Government of Nunavut</b>  |                        |                        |                        |
| Taxation revenues   |                        |                        |                        |
| Personal income tax   | 12,200                 | 19,816                 | 18,150                 |
| Corporate income tax  | 6,400                  | 9,034                  | 7,451                  |
| Payroll tax   | 17,000                 | 19,803                 | 17,616                 |
| Tobacco tax   | 11,900                 | 13,058                 | 12,305                 |
| Fuel tax  | 5,400                  | 5,924                  | 3,408                  |
| Property tax  | 1,600                  | 2,019                  | 1,534                  |
| Insurance tax   | 300                    | 1,018                  | 852                    |
|   | <b>54,800</b>          | <b>70,672</b>          | <b>61,316</b>          |
| Other revenues  |                        |                        |                        |
| Petroleum Products Division revenue - net of cost of goods sold of \$139,104 (2010 - \$127,050) | 24,051                 | 45,627                 | 35,519                 |
| Liquor revenue - net of cost of goods sold of \$2,670 (2010 - \$2,582)                          | 3,818                  | 3,668                  | 2,839                  |
| Staff housing recoveries  | 15,000                 | 16,224                 | 15,544                 |
| Transfers under third-party funding agreements  | -                      | 3,712                  | 3,862                  |
| Other   | 19,200                 | 15,696                 | 13,036                 |
|   | <b>62,069</b>          | <b>84,927</b>          | <b>70,800</b>          |
| Recoveries of prior years expenditures (Schedule 1)   | -                      | 10,818                 | 13,668                 |
| <b>Total revenues (Note 21)</b>   | <b>1,366,849</b>       | <b>1,444,017</b>       | <b>1,346,375</b>       |

**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS**

Schedule B

**Non-Consolidated Schedule of Expenses (unaudited)**

for the year ended March 31, 2011

(in thousands of dollars)

| TOTALS   | Original<br>Budget | Supple-<br>mentary<br>Appro-<br>priations | Transfers | Revised<br>Budget | Actual           | (Over)<br>Under<br>Budget |
|--|--------------------|---|-----------|-------------------|------------------|---------------------------|
| <b>FUNDED UNDER APPROVED APPROPRIATIONS (Schedule B.1)</b>   |                    |   |           |                   |                  |                           |
| Operations and maintenance expenses before amortization  | 1,084,003          | 56,849                                    | -         | 1,140,852         | 1,128,268        | 12,584                    |
| Plus: Amortization expenses on tangible capital assets   | 38,032             | -   | -         | 38,032            | 42,795           | (4,763)                   |
| Total operations and maintenance expenses  | 1,122,035          | 56,849                                    | -         | 1,178,884         | 1,171,063        | 7,821                     |
| Capital expenditures   | 111,285            | 147,153                                   | -         | 258,438           | 181,677          | 76,761                    |
| Less: Transfers to tangible capital assets   | (82,162)           | -   | -         | (82,162)          | (66,704)         | (15,458)                  |
| Total capital expenses   | 29,123             | 147,153                                   | -         | 176,276           | 114,973          | 61,303                    |
| <b>Total appropriation expenses</b>  | <b>1,151,158</b>   | <b>204,002</b>                            | <b>-</b>  | <b>1,355,160</b>  | <b>1,286,036</b> | <b>69,124</b>             |
| <b>FUNDED UNDER THIRD-PARTY AGREEMENTS (Schedule B.2)</b>  |                    |   |           |                   |                  |                           |
| Operations and maintenance expenses before amortization  | 64,320             | -   | -         | 64,320            | 114,238          | (49,918)                  |
| Plus: Amortization expenses on tangible capital assets   | -                  | -   | -         | -                 | 1,913            | (1,913)                   |
| Total operations and maintenance expenses  | 64,320             | -   | -         | 64,320            | 116,151          | (51,831)                  |
| Capital expenditures   | 18,460             | -   | -         | 18,460            | 28,674           | (10,214)                  |
| Less: Transfers to tangible capital assets   | -                  | -   | -         | -                 | (28,674)         | 28,674                    |
| Total capital expenses   | 18,460             | -   | -         | 18,460            | -                | 18,460                    |
| <b>Total third-party agreement expenses</b>  | <b>82,780</b>      | <b>-</b>                                  | <b>-</b>  | <b>82,780</b>     | <b>116,151</b>   | <b>(33,371)</b>           |
| <b>FUNDED BY REVOLVING FUNDS (Schedule B.3)</b>  |                    |   |           |                   |                  |                           |
| Operations and maintenance expenses before amortization  | 26,699             | -   | -         | 26,699            | 21,781           | 4,918                     |
| Plus: Amortization expenses on tangible capital assets   | -                  | -   | -         | -                 | -                | -                         |
| Total operations and maintenance expenses  | 26,699             | -   | -         | 26,699            | 21,781           | 4,918                     |
| Capital expenditures   | -                  | -   | -         | -                 | -                | -                         |
| Less: Transfers to tangible capital assets   | -                  | -   | -         | -                 | -                | -                         |
| Total capital expenses   | -                  | -   | -         | -                 | -                | -                         |
| <b>Total revolving fund expenses</b>   | <b>26,699</b>      | <b>-</b>                                  | <b>-</b>  | <b>26,699</b>     | <b>21,781</b>    | <b>4,918</b>              |
| <b>NON-CONSOLIDATED STATEMENTS TOTALS</b>  |                    |   |           |                   |                  |                           |
| Operations and maintenance expenses before amortization  | 1,175,022          | 56,849                                    | -         | 1,231,871         | 1,264,287        | (32,416)                  |
| Plus: Centrally estimated 'Supplementary Requirements' per page x of 2010-2011 Main Estimates                            | 55,400             | (55,400)                                  | -         | -                 | -                | -                         |
| Total operations and maintenance expenses before amortization  | 1,230,422          | 1,449                                     | -         | 1,231,871         | 1,264,287        | (32,416)                  |
| Plus: Amortization expenses on tangible capital assets   | 38,032             | -   | -         | 38,032            | 44,708           | (6,676)                   |
| Total operations and maintenance expenses  | 1,268,454          | 1,449                                     | -         | 1,269,903         | 1,308,995        | (39,092)                  |
| Capital expenditures   | 129,745            | 147,153                                   | -         | 276,898           | 210,351          | 66,547                    |
| Plus: Centrally estimated capital carryovers from prior year included in 'Capital' on page x of 2010-2011 Main Estimates | 62,200             | (62,200)                                  | -         | -                 | -                | -                         |
| Total capital expenditures   | 191,945            | 84,953                                    | -         | 276,898           | 210,351          | 66,547                    |
| Less: Transfers to tangible capital assets   | (82,162)           | -   | -         | (82,162)          | (95,378)         | 13,216                    |
| Total capital expenses   | 109,783            | 84,953                                    | -         | 194,736           | 114,973          | 79,763                    |
| <b>Total expenses</b>  | <b>1,378,237</b>   | <b>86,402</b>                             | <b>-</b>  | <b>1,464,639</b>  | <b>1,423,968</b> | <b>40,671</b>             |

Total expenses above includes, among other items, interest expense of \$5,486 (2010 - \$5,992) and a net decrease in valuation allowances of \$579 (2010 - \$1,706 net increase).

**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS**

Schedule B.1

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

for the year ended March 31, 2011

(in thousands of dollars)

| APPROPRIATIONS                                 | Original Budget | Supplementary Appropriations | Transfers | Revised Budget | Actual        | (Over) Under Budget |
|--|-----------------|------------------------------|-----------|----------------|---------------|---------------------|
| <b>LEGISLATIVE ASSEMBLY</b>                    |                 |                              |           |                |               |                     |
| Operations and maintenance                     |                 |                              |           |                |               |                     |
| Compensation and benefits                      | 8,150           | -                            | -         | 8,150          | 8,322         | (172)               |
| Grants and contributions                       | -               | -                            | -         | -              | -             | -                   |
| Other  | 7,358           | 530                          | -         | 7,888          | 7,551         | 337                 |
|  | 15,508          | 530                          | -         | 16,038         | 15,873        | 165                 |
| Capital expenditures                           | 1,482           | 1,092                        | -         | 2,574          | 879           | 1,695               |
| <b>Total spending under appropriations</b>     | <b>16,990</b>   | <b>1,622</b>                 | <b>-</b>  | <b>18,612</b>  | <b>16,752</b> | <b>1,860</b>        |
| <b>EXECUTIVE AND INTERGOVERNMENTAL AFFAIRS</b> |                 |                              |           |                |               |                     |
| Operations and maintenance                     |                 |                              |           |                |               |                     |
| Compensation and benefits                      | 11,813          | (526)                        | (610)     | 10,677         | 9,963         | 714                 |
| Grants and contributions                       | 406             | 100                          | 25        | 531            | 400           | 131                 |
| Other  | 5,347           | -                            | 585       | 5,932          | 5,157         | 775                 |
|  | 17,566          | (426)                        | -         | 17,140         | 15,520        | 1,620               |
| Capital expenditures                           | -               | -                            | -         | -              | -             | -                   |
| <b>Total spending under appropriations</b>     | <b>17,566</b>   | <b>(426)</b>                 | <b>-</b>  | <b>17,140</b>  | <b>15,520</b> | <b>1,620</b>        |
| <b>FINANCE</b>                                 |                 |                              |           |                |               |                     |
| Operations and maintenance                     |                 |                              |           |                |               |                     |
| Compensation and benefits                      | 22,063          | (1,299)                      | (102)     | 20,662         | 21,431        | (769)               |
| Grants and contributions                       | 7,400           | 16,026                       | -         | 23,426         | 23,395        | 31                  |
| Other  | 28,006          | (425)                        | 102       | 27,683         | 24,911        | 2,772               |
|  | 57,469          | 14,302                       | -         | 71,771         | 69,737        | 2,034               |
| Capital expenditures                           | 1,250           | 4,934                        | -         | 6,184          | 4,419         | 1,765               |
| <b>Total spending under appropriations</b>     | <b>58,719</b>   | <b>19,236</b>                | <b>-</b>  | <b>77,955</b>  | <b>74,156</b> | <b>3,799</b>        |
| <b>HUMAN RESOURCES</b>                         |                 |                              |           |                |               |                     |
| Operations and maintenance                     |                 |                              |           |                |               |                     |
| Compensation and benefits                      | 16,214          | (438)                        | (632)     | 15,144         | 14,256        | 888                 |
| Grants and contributions                       | -               | -                            | -         | -              | -             | -                   |
| Other  | 6,616           | (247)                        | 632       | 7,001          | 5,158         | 1,843               |
|  | 22,830          | (685)                        | -         | 22,145         | 19,414        | 2,731               |
| Capital expenditures                           | -               | -                            | -         | -              | -             | -                   |
| <b>Total spending under appropriations</b>     | <b>22,830</b>   | <b>(685)</b>                 | <b>-</b>  | <b>22,145</b>  | <b>19,414</b> | <b>2,731</b>        |
| <b>JUSTICE</b>                                 |                 |                              |           |                |               |                     |
| Operations and maintenance                     |                 |                              |           |                |               |                     |
| Compensation and benefits                      | 28,165          | (675)                        | (300)     | 27,190         | 29,078        | (1,888)             |
| Grants and contributions                       | 8,905           | 2,500                        | -         | 11,405         | 10,667        | 738                 |
| Other  | 40,982          | 622                          | 300       | 41,904         | 40,831        | 1,073               |
|  | 78,052          | 2,447                        | -         | 80,499         | 80,576        | (77)                |
| Capital expenditures                           | 16,600          | 11,459                       | -         | 28,059         | 16,804        | 11,255              |
| <b>Total spending under appropriations</b>     | <b>94,652</b>   | <b>13,906</b>                | <b>-</b>  | <b>108,558</b> | <b>97,380</b> | <b>11,178</b>       |

**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS**

Schedule B.1

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

for the year ended March 31, 2011

(in thousands of dollars)

| APPROPRIATIONS                            | Original Budget | Supplementary Appropriations | Transfers | Revised Budget | Actual  | (Over) Under Budget |
|---|-----------------|------------------------------|-----------|----------------|---------|---------------------|
| <b>CULTURE, LANGUAGE, ELDER AND YOUTH</b> |                 |                              |           |                |         |                     |
| Operations and maintenance                |                 |                              |           |                |         |                     |
| Compensation and benefits                 | 10,767          | (545)                        | (740)     | 9,482          | 9,126   | 356                 |
| Grants and contributions                  | 7,642           | -                            | 200       | 7,842          | 7,180   | 662                 |
| Other                                     | 5,423           | (820)                        | 540       | 5,143          | 3,616   | 1,527               |
|   | 23,832          | (1,365)                      | -         | 22,467         | 19,922  | 2,545               |
| Capital expenditures                      | 7,060           | (603)                        | -         | 6,457          | 3,687   | 2,770               |
| Total spending under appropriations       | 30,892          | (1,968)                      | -         | 28,924         | 23,609  | 5,315               |
| <b>EDUCATION</b>                          |                 |                              |           |                |         |                     |
| Operations and maintenance                |                 |                              |           |                |         |                     |
| Compensation and benefits                 | 123,470         | 3,820                        | -         | 127,290        | 135,796 | (8,506)             |
| Grants and contributions                  | 62,373          | 2,680                        | -         | 65,053         | 57,702  | 7,351               |
| Other                                     | 20,915          | (2,692)                      | -         | 18,223         | 15,800  | 2,423               |
|   | 206,758         | 3,808                        | -         | 210,566        | 209,298 | 1,268               |
| Capital expenditures                      | 12,910          | 12,864                       | -         | 25,774         | 21,615  | 4,159               |
| Total spending under appropriations       | 219,668         | 16,672                       | -         | 236,340        | 230,913 | 5,427               |
| <b>HEALTH AND SOCIAL SERVICES</b>         |                 |                              |           |                |         |                     |
| Operations and maintenance                |                 |                              |           |                |         |                     |
| Compensation and benefits                 | 105,357         | -                            | (5,863)   | 99,494         | 105,196 | (5,702)             |
| Grants and contributions                  | 6,169           | (90)                         | 571       | 6,650          | 5,059   | 1,591               |
| Other                                     | 152,981         | 40,622                       | 5,292     | 198,895        | 193,249 | 5,646               |
|   | 264,507         | 40,532                       | -         | 305,039        | 303,504 | 1,535               |
| Capital expenditures                      | 1,050           | 6,430                        | -         | 7,480          | 2,492   | 4,988               |
| Total spending under appropriations       | 265,557         | 46,962                       | -         | 312,519        | 305,996 | 6,523               |
| <b>ENVIRONMENT</b>                        |                 |                              |           |                |         |                     |
| Operations and maintenance                |                 |                              |           |                |         |                     |
| Compensation and benefits                 | 13,372          | (563)                        | (250)     | 12,559         | 13,261  | (702)               |
| Grants and contributions                  | 1,891           | -                            | 87        | 1,978          | 1,708   | 270                 |
| Other                                     | 4,876           | 758                          | 163       | 5,797          | 5,268   | 529                 |
|   | 20,139          | 195                          | -         | 20,334         | 20,237  | 97                  |
| Capital expenditures                      | 2,160           | 545                          | -         | 2,705          | 1,330   | 1,375               |
| Total spending under appropriations       | 22,299          | 740                          | -         | 23,039         | 21,567  | 1,472               |
| <b>COMMUNITY AND GOVERNMENT SERVICES</b>  |                 |                              |           |                |         |                     |
| Operations and maintenance                |                 |                              |           |                |         |                     |
| Compensation and benefits                 | 35,879          | (2,115)                      | 28        | 33,792         | 35,706  | (1,914)             |
| Grants and contributions                  | 53,811          | 142                          | (99)      | 53,854         | 52,701  | 1,153               |
| Other                                     | 82,950          | (2,398)                      | 71        | 80,623         | 79,464  | 1,159               |
|   | 172,640         | (4,371)                      | -         | 168,269        | 167,871 | 398                 |
| Capital expenditures                      | 35,954          | 41,184                       | -         | 77,138         | 39,129  | 38,009              |
| Total spending under appropriations       | 208,594         | 36,813                       | -         | 245,407        | 207,000 | 38,407              |

**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS**

Schedule B.1

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

for the year ended March 31, 2011

(in thousands of dollars)

| APPROPRIATIONS  | Original<br>Budget | Supple-<br>mentary<br>Appro-<br>priations | Transfers | Revised<br>Budget | Actual           | (Over)<br>Under<br>Budget |
|---|--------------------|---|-----------|-------------------|------------------|---------------------------|
| <b>ECONOMIC DEVELOPMENT AND TRANSPORTATION</b>  |                    |   |           |                   |                  |                           |
| Operations and maintenance  |                    |   |           |                   |                  |                           |
| Compensation and benefits   | 15,113             | (300)                                     | (700)     | 14,113            | 14,777           | (664)                     |
| Grants and contributions  | 20,044             | (306)                                     | (555)     | 19,183            | 18,228           | 955                       |
| Other   | 18,127             | 493                                       | 1,255     | 19,875            | 19,898           | (23)                      |
|   | 53,284             | (113)                                     | -         | 53,171            | 52,903           | 268                       |
| Capital expenditures  | 5,550              | 13,148                                    | -         | 18,698            | 7,953            | 10,745                    |
| <b>Total spending under appropriations</b>  | <b>58,834</b>      | <b>13,035</b>                             | <b>-</b>  | <b>71,869</b>     | <b>60,856</b>    | <b>11,013</b>             |
| <b>NUNAVUT HOUSING CORPORATION</b>  |                    |   |           |                   |                  |                           |
| Operations and maintenance  |                    |   |           |                   |                  |                           |
| Compensation and benefits   | -                  | -   | -         | -                 | -                | -                         |
| Grants and contributions  | 132,642            | 2,625                                     | -         | 135,267           | 135,267          | -                         |
| Other   | -                  | -   | -         | -                 | -                | -                         |
|   | 132,642            | 2,625                                     | -         | 135,267           | 135,267          | -                         |
| Capital expenditures  | 27,269             | 56,100                                    | -         | 83,369            | 83,369           | -                         |
| <b>Total spending under appropriations</b>  | <b>159,911</b>     | <b>58,725</b>                             | <b>-</b>  | <b>218,636</b>    | <b>218,636</b>   | <b>-</b>                  |
| <b>NUNAVUT ARCTIC COLLEGE</b>   |                    |   |           |                   |                  |                           |
| Operations and maintenance  |                    |   |           |                   |                  |                           |
| Compensation and benefits   | -                  | -   | -         | -                 | -                | -                         |
| Grants and contributions  | 24,186             | (630)                                     | -         | 23,556            | 23,556           | -                         |
| Other   | -                  | -   | -         | -                 | -                | -                         |
|   | 24,186             | (630)                                     | -         | 23,556            | 23,556           | -                         |
| Capital expenditures  | -                  | -   | -         | -                 | -                | -                         |
| <b>Total spending under appropriations</b>  | <b>24,186</b>      | <b>(630)</b>                              | <b>-</b>  | <b>23,556</b>     | <b>23,556</b>    | <b>-</b>                  |
| <b>TOTALS</b>   |                    |   |           |                   |                  |                           |
| Operations and maintenance  |                    |   |           |                   |                  |                           |
| Compensation and benefits   | 390,363            | (2,641)                                   | (9,169)   | 378,553           | 396,912          | (18,359)                  |
| Grants and contributions  | 325,469            | 23,047                                    | 229       | 348,745           | 335,863          | 12,882                    |
| Other   | 373,581            | 36,443                                    | 8,940     | 418,964           | 400,903          | 18,061                    |
|   | 1,089,413          | 56,849                                    | -         | 1,146,262         | 1,133,678        | 12,584                    |
| Less: Principal repayments on capital leases included in<br>spending appropriations above | (5,410)            | -   | -         | (5,410)           | (5,410)          | -                         |
| Operations and maintenance expenses before<br>amortization                                | 1,084,003          | 56,849                                    | -         | 1,140,852         | 1,128,268        | 12,584                    |
| Plus: Amortization expenses on tangible capital assets                                    | 38,032             | -   | -         | 38,032            | 42,795           | (4,763)                   |
| <b>Total operations and maintenance expenses</b>  | <b>1,122,035</b>   | <b>56,849</b>                             | <b>-</b>  | <b>1,178,884</b>  | <b>1,171,063</b> | <b>7,821</b>              |
| Capital expenditures  | 111,285            | 147,153                                   | -         | 258,438           | 181,677          | 76,761                    |
| Less: Transfers to tangible capital assets  | (82,162)           | -   | -         | (82,162)          | (66,704)         | (15,458)                  |
| <b>Total capital expenses</b>   | <b>29,123</b>      | <b>147,153</b>                            | <b>-</b>  | <b>176,276</b>    | <b>114,973</b>   | <b>61,303</b>             |
| <b>Total appropriation expenses</b>   | <b>1,151,158</b>   | <b>204,002</b>                            | <b>-</b>  | <b>1,355,160</b>  | <b>1,286,036</b> | <b>69,124</b>             |



PUBLIC ACCOUNTS

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

for the year ended March 31, 2011

(in thousands of dollars)

| By Department                           | Original<br>Budget | Actual  | (Over)<br>Under<br>Budget |
|---|--------------------|---------|---------------------------|
| Legislative Assembly                    | -                  | 1       | (1)                       |
| Executive and Intergovernmental Affairs | 3,325              | 977     | 2,348                     |
| Finance                                 | 12,500             | 1,267   | 11,233                    |
| Human Resources                         | -                  | -       | -                         |
| Justice                                 | 797                | 1,794   | (997)                     |
| Culture, Language, Elders and Youth     | 2,750              | 2,699   | 51                        |
| Education                               | 8,932              | 6,652   | 2,280                     |
| Health and Social Services              | 35,382             | 49,226  | (13,844)                  |
| Environment                             | 750                | 3,634   | (2,884)                   |
| Community and Government Services       | 10,710             | 38,637  | (27,927)                  |
| Economic Development and Transportation | 7,634              | 11,264  | (3,630)                   |
| Nunavut Housing Corporation             | -                  | -       | -                         |
| Nunavut Arctic College                  | -                  | -       | -                         |
|   | 82,780             | 116,151 | (33,371)                  |

| By Category   | Original<br>Budget | Actual         | (Over)<br>Under<br>Budget |
|---|--------------------|----------------|---------------------------|
| Operations and maintenance                              |                    |                |                           |
| Compensation and benefits                               | -                  | 14,908         | -                         |
| Grants and contributions                                | -                  | 47,224         | -                         |
| Other   | -                  | 52,106         | -                         |
| Operations and maintenance expenses before amortization | 64,320             | 114,238        | (49,918)                  |
| Plus: Amortization expenses on tangible capital         | -                  | 1,913          | (1,913)                   |
| Total operations and maintenance expenses               | 64,320             | 116,151        | (51,831)                  |
| Capital expenditures                                    | 18,460             | 28,674         | (10,214)                  |
| Less: Transfers to tangible capital assets              | -                  | (28,674)       | 28,674                    |
| Total capital expenses                                  | 18,460             | -              | 18,460                    |
| <b>Total third-party agreement expenses</b>             | <b>82,780</b>      | <b>116,151</b> | <b>(33,371)</b>           |

PUBLIC ACCOUNTS

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

for the year ended March 31, 2011

(in thousands of dollars)

| By Revolving Fund  | Original<br>Budget | Actual        | (Over)<br>Under<br>Budget |
|--------------------|--------------------|---------------|---------------------------|
| Liquor             | 2,005              | 2,213         | (208)                     |
| Petroleum Products | 24,694             | 18,422        | 6,272                     |
| Public Stores      | -                  | 900           | (900)                     |
| Student Loan       | -                  | 246           | (246)                     |
|                    | <b>26,699</b>      | <b>21,781</b> | <b>4,918</b>              |

| By Category   | Original<br>Budget | Actual        | (Over)<br>Under<br>Budget |
|---|--------------------|---------------|---------------------------|
| Operations and maintenance                              |                    |               |                           |
| Compensation and benefits                               | 4,723              | 4,715         | 8                         |
| Grants and contributions                                | -                  | -             | -                         |
| Other expenses  | 21,976             | 17,066        | 4,910                     |
| Operations and maintenance expenses before amortization | 26,699             | 21,781        | 4,918                     |
| Plus: Amortization expenses on tangible capital assets  | -                  | -             | -                         |
| Total operations and maintenance expenses               | 26,699             | 21,781        | 4,918                     |
| Capital expenditures                                    | -                  | -             | -                         |
| Less: Transfers to tangible capital assets              | -                  | -             | -                         |
| Total capital expenses                                  | -                  | -             | -                         |
| <b>Total revolving fund expenses</b>                    | <b>26,699</b>      | <b>21,781</b> | <b>4,918</b>              |

The Student Loan Fund budget of \$135 was included in the Department of Education on Schedule B.1 as per the tabled Main Estimates.

**GOVERNMENT OF NUNAVUT**
**Schedule C**
**PUBLIC ACCOUNTS**
**Non-Consolidated Schedule of Tangible Capital Assets (unaudited)**
**for the year ended March 31, 2011**
*(in thousands of dollars)*

|  | <b>Buildings</b> | <b>Tank<br/>Farms</b> | <b>Infra-<br/>structure</b> | <b>Leased<br/>Buildings</b> | <b>Storage<br/>Facilities</b> | <b>Equipment</b>  | <b>2011</b> | <b>2010</b> |
|--|------------------|-----------------------|-----------------------------|-----------------------------|-------------------------------|-------------------|-------------|-------------|
| <b>Cost of tangible capital assets</b>         |                  |                       |                             |                             |                               |                   |             |             |
| Opening balance                                | 651,002          | 117,011               | 115,715                     | 114,873                     | 30,998                        | 38,244            | 1,067,843   | 1,004,804   |
| Additions                                      | 2,028            | -                     | 262                         | -                           | -                             | 5,220             | 7,510       | 9,957       |
| Transferred from work in progress              | 120,482          | 34,063                | 34,623                      | -                           | -                             | 6,398             | 195,566     | 58,168      |
| Disposals                                      | -                | -                     | -                           | -                           | -                             | -                 | -           | (5,086)     |
| Closing balance                                | 773,512          | 151,074               | 150,600                     | 114,873                     | 30,998                        | 49,862            | 1,270,919   | 1,067,843   |
| <b>Accumulated amortization</b>                |                  |                       |                             |                             |                               |                   |             |             |
| Opening balance                                | (162,295)        | (40,052)              | (38,321)                    | (37,254)                    | (11,838)                      | (31,665)          | (321,425)   | (285,244)   |
| Amortization                                   | (25,709)         | (5,036)               | (4,948)                     | (3,829)                     | (978)                         | (4,208)           | (44,708)    | (37,656)    |
| Disposals                                      | -                | -                     | -                           | -                           | -                             | -                 | -           | 1,475       |
| Closing balance                                | (188,004)        | (45,088)              | (43,269)                    | (41,083)                    | (12,816)                      | (35,873)          | (366,133)   | (321,425)   |
| <b>Work in progress</b>                        |                  |                       |                             |                             |                               |                   |             |             |
| Opening balance                                | 126,124          | 25,319                | 30,079                      | -                           | 4                             | 13,486            | 195,012     | 144,871     |
| Additions                                      | 57,067           | 8,744                 | 9,671                       | -                           | -                             | 12,386            | 87,868      | 108,309     |
| Transferred to cost of tangible capital assets | (120,482)        | (34,063)              | (34,623)                    | -                           | -                             | (6,398)           | (195,566)   | (58,168)    |
| Closing balance                                | 62,709           | -                     | 5,127                       | -                           | 4                             | 19,474            | 87,314      | 195,012     |
| <b>Net book value</b>                          |                  |                       |                             |                             |                               |                   |             |             |
|  | 648,217          | 105,986               | 112,458                     | 73,790                      | 18,186                        | 33,463            | 992,100     | 941,430     |
| <b>Estimated useful life</b>                   |                  |                       |                             |                             |                               |                   |             |             |
|  | <b>30 Years</b>  | <b>30 Years</b>       | <b>30 Years</b>             | <b>30 Years</b>             | <b>30 Years</b>               | <b>5-30 Years</b> |             |             |

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**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS****Schedule 1****Non-Consolidated Schedule of Recoveries of Prior Years Expenditures (unaudited)****for the year ended March 31, 2011***(in thousands of dollars)*

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| <b>Department</b>                       | <b>Over<br/>Accruals</b> | <b>Other<br/>Recoveries</b> | <b>Total</b> |
|---|--------------------------|-----------------------------|--------------|
| Executive and Intergovernmental Affairs | -                        | 1                           | 1            |
| Finance                                 | 2,222                    | 207                         | 2,429        |
| Human Resources                         | 177                      | 8                           | 185          |
| Justice                                 | 132                      | 813                         | 945          |
| Culture, Language, Elders and Youth     | -                        | 118                         | 118          |
| Education                               | 486                      | 588                         | 1,074        |
| Health and Social Services              | 868                      | 128                         | 996          |
| Environment                             | 61                       | 632                         | 693          |
| Community and Government Services       | 2,739                    | 539                         | 3,278        |
| Economic Development and Transportation | 1,099                    | -                           | 1,099        |
|   | <hr/>                    | <hr/>                       | <hr/>        |
|   | 7,784                    | 3,034                       | 10,818       |

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**GOVERNMENT OF NUNAVUT**

Schedule 2

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

for the year ended March 31, 2011

*(in thousands of dollars)*

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|  | Date of FMB<br>Approval | Amount<br>Authorized |
|--|-------------------------|----------------------|
|--|-------------------------|----------------------|

**OPERATIONS AND MAINTENANCE**

There were no Special Warrants during the year.

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|   |   |
|---|---|
| <b>Total operations and maintenance</b> | - |
|---|---|

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**CAPITAL**

There were no Special Warrants during the year.

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|                      |   |
|----------------------|---|
| <b>Total capital</b> | - |
|----------------------|---|

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## PUBLIC ACCOUNTS

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

for the year ended March 31, 2011

*(in thousands of dollars)*

|  | <u>Transfer<br/>to (from)</u> |                            |
|--|-------------------------------|----------------------------|
| <b>OPERATIONS AND MAINTENANCE</b>              |                               |                            |
| <b>Executive and Intergovernmental Affairs</b> |                               |                            |
| Directorate                                    | (700,000)                     |                            |
| Intergovernmental Affairs                      | 630,000                       | Transfer funds             |
| Sustainable Development<br>Directorate         | 230,000<br>(160,000)          |                            |
| <b>Finance</b>                                 |                               |                            |
| Directorate                                    | (407,000)                     |                            |
| Comptrollership                                | (726,000)                     | Transfer funds             |
| Directorate                                    | 370,000                       |                            |
| Comptrollership                                | 763,000                       |                            |
| <b>Human Resources</b>                         |                               |                            |
| Community Operations                           | 255,000                       | Transfer funds             |
| Training and Development                       | (255,000)                     |                            |
| Staffing                                       | 590,000                       | Transfer funds             |
| Directorate                                    | (590,000)                     |                            |
| <b>Health and Social Services</b>              |                               |                            |
| Directorate                                    | 321,000                       | Transfer funds             |
| Treatment                                      | (321,000)                     |                            |
| Social Programs                                | 550,000                       | Transfer funds             |
| Treatment                                      | (550,000)                     |                            |
| Social Programs                                | 500,000                       | Transfer funds             |
| Treatment                                      | (500,000)                     |                            |
| Social Programs                                | 300,000                       | Transfer funds             |
| Treatment                                      | (300,000)                     |                            |
| <b>Economic Development and Transportation</b> |                               |                            |
| Community Economic Development                 | (100,000)                     |                            |
| Corporate Management                           | (200,000)                     | Transfer funds             |
| Transportation                                 | 300,000                       |                            |
| Corporate Management                           | (300,000)                     | Transfer funds             |
| Transportation                                 | 300,000                       |                            |
| <b>CAPITAL</b>                                 |                               |                            |
| <b>Community and Government Services</b>       |                               |                            |
| Capital Planning and Technical Services        | (1,160,000)                   | Capital budget adjustments |
| Petroleum Products Division                    | 1,160,000                     |                            |

**PUBLIC ACCOUNTS**

**Non-Consolidated Schedule of Debenture Loans Receivable from Municipalities (unaudited)**

**for the year ended March 31, 2011**

*(in thousands of dollars)*

|                           | <b>Original<br/>Amount</b> | <b>Balance<br/>April 1,<br/>2010</b> | <b>Accrued<br/>Interest</b> | <b>Valuation<br/>Adjustment</b> | <b>Principal<br/>Payments</b> | <b>Balance<br/>March 31,<br/>2011</b> |
|---------------------------|----------------------------|--------------------------------------|-----------------------------|---------------------------------|-------------------------------|---------------------------------------|
| City of Iqaluit           | 3,898                      | 447                                  | 25                          | -                               | (466)                         | 6                                     |
| Less: valuation allowance | -                          | (100)                                | -                           | 100                             | -                             | -                                     |
|                           | <b>3,898</b>               | <b>347</b>                           | <b>25</b>                   | <b>100</b>                      | <b>(466)</b>                  | <b>6</b>                              |

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

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**for the year ended March 31, 2011**

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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.

|                      |        |
|----------------------|--------|
| Alexander, Nathaniel | 7,482  |
| Anawak, Jennifer     | 3,200  |
| Bodner, Jenine       | 3,206  |
| Chemko, Erika        | 2,134  |
| Illaszewicz, George  | 3,200  |
| Larabie, Nicolas     | 3,288  |
| Main, Heather        | 1,307  |
| McDermott, Sarah     | 6,243  |
| Parks, Anisa         | 9,675  |
| Sanguin, Kevin       | 15,300 |
| Stubbing, Melanie    | 312    |
| Young, Daniel        | 950    |
|                      | <hr/>  |
|                      | 56,297 |



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**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS****Schedule 6****Non-Consolidated Schedule of Contractual Obligations under Operating Leases (unaudited)**

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**for the year ended March 31, 2011***(in thousands of dollars)*

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|              | <b>2012</b>   | <b>2013</b>   | <b>2014</b>  | <b>2015</b>  | <b>2016</b>  | <b>&gt;2016</b> | <b>Total</b>  |
|--------------|---------------|---------------|--------------|--------------|--------------|-----------------|---------------|
| Headquarters | 5,541         | 4,823         | 3,134        | 1,948        | 1,713        | 4,703           | 21,862        |
| Qikiqtaaluk  | 869           | 838           | 684          | 671          | 624          | 1,340           | 5,026         |
| Kivalliq     | 3,608         | 3,150         | 2,686        | 1,818        | 1,491        | 1,324           | 14,077        |
| Kitikmeot    | 1,429         | 1,397         | 1,342        | 818          | 624          | 4,581           | 10,191        |
|              | <b>11,447</b> | <b>10,208</b> | <b>7,846</b> | <b>5,255</b> | <b>4,452</b> | <b>11,948</b>   | <b>51,156</b> |

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