

**PUBLIC ACCOUNTS  
OF THE  
GOVERNMENT OF NUNAVUT  
FOR THE YEAR ENDED MARCH 31, 2013**

**HONOURABLE KEITH PETERSON  
Minister of Finance**

This page intentionally left blank

**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, 2013. I would ask that these accounts be laid before the Legislative Assembly in accordance with the *Financial Administration Act*, R.S.N.W.T. 1988, c.F-4, S. 74 as amended, and duplicated for Nunavut, and the *Nunavut Act*, S.C. 1993, C.28, s.44.

A handwritten signature in blue ink, appearing to be 'K Peterson', written in a cursive style.

The Honourable Keith Peterson  
Minister of Finance

Government of Nunavut  
Iqaluit, Nunavut

This page intentionally left blank

---

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
March 31, 2013

---

<b>Table of Contents</b>	<b>Page</b>
<b><u>SECTION I - CONSOLIDATED FINANCIAL STATEMENTS</u></b>	<b>1</b>
<b>MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING</b>	<b>3</b>
<b>AUDITOR'S REPORT</b>	<b>5</b>
Consolidated Statement of Financial Position	7
Consolidated Statement of Operations and Accumulated Surplus	8
Consolidated Statement of Change in Net Financial Assets (Debt)	9
Consolidated Statement of Cash Flow	10
Notes to Consolidated Financial Statements	11
Schedule A - Consolidated Schedule of Revenues by Source	26
Schedule B - Consolidated Schedule of Tangible Capital Assets	27
Schedule C - Consolidated Schedule of Segmented Information	28
<b><u>SECTION II - NON-CONSOLIDATED FINANCIAL STATEMENTS (unaudited)</u></b>	<b>29</b>
Non-Consolidated Statement of Financial Position	31
Non-Consolidated Statement of Operations and Accumulated Surplus	32
Non-Consolidated Statement of Change in Net Financial Assets (Debt)	33
Non-Consolidated Statement of Cash Flow	34
Notes to Non-Consolidated Financial Statements	35
Schedule A - Non-Consolidated Schedule of Revenues by Source	48
Schedule B - Non-Consolidated Schedule of Expenses	49
Schedule B.1 - Non-Consolidated Schedule of Expenses Funded under Approved Appropriations	50
Schedule B.2 - Non-Consolidated Schedule of Expenses Funded under Third-Party Agreements	53
Schedule B.3 - Non-Consolidated Schedule of Expenses Funded by Revolving Funds	54
Schedule C - Non-Consolidated Schedule of Tangible Capital Assets	55
<b>Supplementary Schedules to Non-Consolidated Financial Statements (unaudited)</b>	
Schedule 1 - Non-Consolidated Schedule of Recoveries of Prior Years Expenditures	56
Schedule 2 - Non-Consolidated Schedule of Special Warrants	57
Schedule 3 - Non-Consolidated Schedule of Inter-Activity Transfers Over \$250,000	58
Schedule 4 - Non-Consolidated Schedule of Student Loan Remissions	59
Schedule 5 - Non-Consolidated Schedule of Contractual Obligations under Operating Leases	60

This page intentionally left blank

**SECTION I**  
**CONSOLIDATED FINANCIAL STATEMENTS**

This page intentionally left blank



## MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

November 28, 2013

This page intentionally left blank



## 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 2013, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *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.

*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 2013, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**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 "Michael Ferguson", with a long horizontal flourish extending to the right.

Michael Ferguson, CPA, CA  
FCA (New Brunswick)  
Auditor General of Canada

28 November 2013  
Ottawa, Canada

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Consolidated Statement of Financial Position**  
**as at March 31, 2013**  
*(in thousands of dollars)*

	Note	2013	2012
<b>Financial assets</b>			
Cash and cash equivalents	4	481,180	325,700
Portfolio and other investments	5	15,033	14,432
Due from the Government of Canada	6(a)	60,204	75,976
Other revenues receivable	6(b)	71,033	83,422
Inventories for resale	7(a)	100,407	122,810
Loans receivable	8	13,978	12,765
<b>Total financial assets</b>		<b>741,835</b>	<b>635,105</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	9	258,889	269,546
Deferred revenues	10	108,703	95,292
Environmental liabilities	11	10,799	11,346
Pension liabilities	12	7,838	6,828
Other post-employment benefit liabilities	13	24,038	24,709
Long term debt	14	112,991	99,934
Capital lease obligations	15	69,489	79,609
Deferred capital contributions	16	-	267,047
<b>Total liabilities</b>		<b>592,747</b>	<b>854,311</b>
<b>Net financial assets (debt)</b>		<b>149,088</b>	<b>(219,206)</b>
<b>Non-financial assets</b>			
Tangible capital assets (Schedule B)		1,797,392	1,780,859
Inventories for use	7(b)	22,648	20,503
Prepaid expenses		2,811	2,922
<b>Total non-financial assets</b>		<b>1,822,851</b>	<b>1,804,284</b>
<b>Accumulated surplus</b>		<b>1,971,939</b>	<b>1,585,078</b>
Contractual obligations (Note 18)			
Contingencies (Note 19)			

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, 2013**

*(in thousands of dollars)*

	<b>2013 Budget (Note 23)</b>	<b>2013 Actual</b>	<b>2012 Actual</b>
<b>Revenues (Schedule A)</b>			
From the Government of Canada	1,513,000	1,489,358	1,398,489
Revenues generated by the Government of Nunavut	324,600	387,629	362,185
<b>Total revenues</b>	<b>1,837,600</b>	<b>1,876,987</b>	<b>1,760,674</b>
<b>Expenses (Note 17)</b>			
Community and Government Services	415,600	413,319	398,830
Health and Social Services	414,600	401,560	378,968
Education	298,800	292,346	274,487
Housing	221,800	236,587	225,666
Finance	142,000	130,100	110,199
Economic Development and Transportation	107,600	84,266	80,002
Justice	97,200	99,564	88,535
Culture and Heritage	35,600	19,443	27,346
Environment	25,300	28,746	28,027
Executive and Intergovernmental Affairs	24,600	17,908	17,331
Human Resources	23,800	16,135	17,831
Legislative Assembly	17,500	17,567	16,259
<b>Total expenses</b>	<b>1,824,400</b>	<b>1,757,541</b>	<b>1,663,481</b>
<b>Surplus for year</b>	<b>13,200</b>	<b>119,446</b>	<b>97,193</b>
<b>Accumulated surplus, beginning of year, as previously reported</b>		<b>1,585,078</b>	<b>1,487,885</b>
Adjustment for impact of revised government transfers accounting standard (Note 2(a))		267,415	-
<b>Accumulated surplus, beginning of year</b>		<b>1,852,493</b>	<b>1,487,885</b>
<b>Accumulated surplus, end of year</b>		<b>1,971,939</b>	<b>1,585,078</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 Financial Assets (Debt)**  
**for the year ended March 31, 2013**  
*(in thousands of dollars)*

	2013 Budget	2013 Actual	2012 Actual
<b>Surplus for year</b>	13,200	119,446	97,193
<b>Tangible capital assets (Schedule B)</b>			
Additions	(116,100)	(118,244)	(146,077)
Disposals	-	1,641	2,661
Amortization	88,900	100,070	95,729
	(27,200)	(16,533)	(47,687)
<b>Net use (additions) of inventories for use</b>	(100)	(2,145)	(3,992)
<b>Net use (additions) of prepaid expenses</b>	(1,000)	111	11,028
	(1,100)	(2,034)	7,036
<b>Change in net financial assets (debt)</b>	(15,100)	100,879	56,542
<b>Net financial assets (debt), beginning of year, as previously reported</b>		(219,206)	(275,748)
Adjustment for impact of revised government transfers accounting standard (Note 2(a))		267,415	-
<b>Net financial assets (debt), beginning of year</b>		48,209	(275,748)
<b>Net financial assets (debt), end of year</b>		149,088	(219,206)

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, 2013**  
*(in thousands of dollars)*

	<b>2013</b>	<b>2012</b>
<b>Cash provided by (used for) operating activities:</b>		
Transfers from the Government of Canada	1,521,383	1,426,086
Taxes	84,888	77,259
Other government revenues	285,409	279,702
Interest payments on long term debt	(4,298)	(5,844)
Interest payments on capital leases	(5,357)	(6,043)
Compensation and employee benefits	(522,803)	(499,914)
Grants and contributions	(169,452)	(183,587)
Goods and services	(913,118)	(890,997)
	<u>276,652</u>	<u>196,662</u>
<b>Cash provided by (used for) capital activities:</b>		
Tangible capital asset acquisitions	(124,941)	(149,724)
Tangible capital asset disposals	1,023	2,612
	<u>(123,918)</u>	<u>(147,112)</u>
<b>Cash provided by (used for) investing activities:</b>		
Loans to municipalities, businesses and individuals	(2,640)	(2,561)
Loan repayments received	3,591	5,738
Portfolio and other investment acquisitions	(901)	(877)
Portfolio and other investment disposals	300	-
	<u>350</u>	<u>2,300</u>
<b>Cash provided by (used for) financing activities:</b>		
New borrowings on long term debt	20,000	17,800
Principal payments on capital leases	(10,152)	(9,401)
Principal payments on long term debt	(7,452)	(6,433)
	<u>2,396</u>	<u>1,966</u>
<b>Increase in cash and cash equivalents</b>	<b>155,480</b>	<b>53,816</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>325,700</b>	<b>271,884</b>
<b>Cash and cash equivalents, end of year (Note 4)</b>	<b>481,180</b>	<b>325,700</b>

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



---

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

---

March 31, 2013

(in thousands of dollars)

---

**1 AUTHORITY AND OPERATIONS**

**(a) Authority**

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

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.

**(b) Reporting entity**

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

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

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

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

**(c) Budget**

Canadian public sector accounting standards require 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 2012-2013 Main Estimates and the approved annual budgets for the consolidated entities, adjusted to eliminate budgeted inter-entity revenues and expenses as well as significant accounting policy differences. Where necessary, assumptions were used to estimate the inter-entity eliminations and accounting policy adjustments required. There was a \$78,500 provision for centrally estimated 'Supplementary Requirements' included in the 2012-2013 Main Estimates, \$25,000 of which was designated for 'Extraordinary/Unforeseen Events'. For purposes of consolidated budget disclosure in these consolidated financial statements that provision has been included in the Finance expense budget.

---

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

---

March 31, 2013

(in thousands of dollars)

---

**2 ADOPTION OF REVISED AND NEW PUBLIC SECTOR ACCOUNTING STANDARDS**

**(a) PS 3410 Government Transfers**

The revised government transfers standard recommends that the recognition of transfers revenue is only deferred when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. At April 1, 2012, deferred capital contributions of \$267,047 and deferred revenue of \$368 did not meet the definition of a liability. The revised standard has been applied retroactively without restatement of prior periods and comparative information, as follows:

	<b>2013</b>
April 1, 2012 - Accumulated surplus, beginning of year, as previously reported	1,585,078
Adjustment for impact of revised government transfers accounting standard	267,415
<u>April 1, 2012 - Accumulated surplus, beginning of year</u>	<u>1,852,493</u>
April 1, 2012 - Net financial assets (debt), beginning of year, as previously reported	(219,206)
Adjustment for impact of revised government transfers accounting standard	267,415
<u>April 1, 2012 - Net financial assets (debt), beginning of year</u>	<u>48,209</u>

**(b) PS 3510 Tax Revenue**

Effective April 1, 2012, under the new tax revenue standard, the most significant change is in relation to the classification of expenses. If an expense provides a financial benefit other than a relief of taxes, it is now classified as a transfer made through the tax system, such as the Nunavut child tax benefit and tobacco tax commissions. Alternatively, if an expense provides tax relief to a taxpayer and relates to revenue, this expense is considered a tax concession and is netted against tax revenues. The new standard has been applied on a prospective basis. The effect on the consolidated financial statements is to report the Nunavut child tax benefit and tobacco tax commissions as expenses instead of netting the amounts against tax revenues. For the year ended March 31, 2013, the effect of this change is to increase total revenues and total expenses by \$2,184 with no impact on the surplus for the year.

**3 SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of accounting**

These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS), which represent generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

**(b) Use of estimates and measurement uncertainty**

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

The more significant management estimates relate to other post-employment benefit liabilities, 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. Short term investments are recorded at the lower of cost or market value.

**(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, finished goods and packaging materials and supplies. Bulk fuel, finished goods and packaging materials and supplies are valued at the lower of weighted average cost or net realizable value. Liquor products are valued at the lower of cost or net realizable value on a first-in, first-out basis.

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

**(f) Loans receivable**

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

---

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

---

March 31, 2013

(in thousands of dollars)

---

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(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.

**(h) Tangible capital and leased assets**

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

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

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 using the straight line method at the following rates:

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

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

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

**(i) Pension and other post-employment benefits**

Pension benefits

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

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

Other post-employment benefits

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

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Revenues**

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

Transfers from the Government of Canada

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

Taxes and general revenues

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

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

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

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

Recoveries of prior years expenditures

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

**(k) Expenses**

Expenses are recorded on an accrual basis.

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

**(l) Contractual obligations**

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.

**(m) Contingencies**

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

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(n) Environmental liabilities**

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

**(o) Financial instruments**

The fair values of the Government's short term financial instruments, including accounts payable and accrued liabilities, cash and cash equivalents, portfolio and other investments (with terms of maturity 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 post-employment benefit liabilities, portfolio and other investments (with terms of maturity of greater than 12 months), and loans receivable, are detailed in the related notes. Where fair value amounts are not detailed, the carrying amounts approximate their fair value.

**(p) Future changes in accounting standards**

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

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

*PS 3450 Financial Instruments (effective April 1, 2015)*, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

*PS 2601 Foreign Currency Translation (effective April 1, 2015)*, replaces PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions and balances that are denominated in a foreign currency.

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

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

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

**4 CASH AND CASH EQUIVALENTS**

	<b>2013</b>	<b>2012</b>
Cash	387,220	241,025
Designated cash	2,504	2,208
Short term investments	91,456	82,467
	<b>481,180</b>	<b>325,700</b>

There is \$1,081 (2012 - \$5,066) of restricted cash being held in trust as a guarantee of Qulliq Energy Corporation's ability to pay an individual supplier for its capital commitments. 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 yield for the year ended March 31, 2013 varied from 0.55% to 5.38% (2012 - 0.15% to 2.50%). 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 remaining term to maturity after year end of 93 days (2012 - 63 days).

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

**March 31, 2013**

*(in thousands of dollars)*

**5 PORTFOLIO AND OTHER INVESTMENTS**

	<b>2013 Effective Rate of Return</b>	<b>2013 Term to Maturity</b>	<b>2013 Carrying Value</b>	<b>2012 Carrying Value</b>
<b>Portfolio investments</b>				
Provincial Governments	4.38%	2 to 5 years	5,601	5,601
Government of Canada	Variable	1 year	1,026	1,026
			6,627	6,627
<b>Other investments</b>				
SRAF designated investments			8,156	7,555
Venture investments			250	250
			15,033	14,432

The market value of the portfolio investments at March 31, 2013 was \$7,071 (2012 - \$7,049), with an average yield of 4.38% (2012- 4.36%).

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, 2013 was \$9,273 (2012 - \$7,956) with a positive return of 9.81% (2012 - 3.55%).

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.

**6 REVENUES RECEIVABLE**

	<b>2013</b>	<b>2012</b>
<b>(a) Due from the Government of Canada</b>		
Health Canada	11,672	14,014
Infrastructure Funds	11,441	15,994
Goods and Services Tax	3,923	9,044
Official Languages	7,783	6,058
Transport Canada Programs	1,695	1,896
Canada Mortgage and Housing Corporation	906	3,318
Aboriginal Affairs and Northern Development Canada	4,676	976
Other receivables	18,108	24,676
	60,204	75,976
<b>(b) Other revenues receivable</b>		
- Of the Territorial Corporations	53,346	49,862
- Of the Departments of Government	31,045	44,269
- Of the Petroleum Products Division	30,346	29,998
	114,737	124,129
Less: Allowance for doubtful accounts	(43,704)	(40,707)
	71,033	83,422

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

**March 31, 2013**

*(in thousands of dollars)*

<b>7 INVENTORIES</b>	<b>2013</b>	<b>2012</b>
<b>(a) For resale</b>		
Bulk fuels	95,723	117,885
Liquor products	1,862	1,683
Finished goods	2,620	2,795
Packaging materials and supplies	202	447
	<b>100,407</b>	<b>122,810</b>

During the year, bulk fuels inventory of the Petroleum Products Division was written down \$462 (2012 - \$813) and the finished goods inventory of Nunavut Development Corporation was written down by \$24 (2012 - \$25).

<b>(b) For use</b>		
Fuel	9,493	9,122
Supplies and lubricants	10,092	8,468
Health and medical supplies	2,488	2,467
Raw materials and work in progress	575	446
	<b>22,648</b>	<b>20,503</b>

<b>8 LOANS RECEIVABLE</b>	<b>2013</b>	<b>2012</b>
Mortgage loans from Nunavut Housing Corporation to individuals with a maximum maturity of 25 years, bearing interest between 5.19% and 14.25% (2012 - 5.19% and 14.25%), net of valuation allowance of \$17,911 (2012 - \$14,902) and subsidy to mortgage holders of \$2,775 (2012 - \$8,506).	1,667	1,710
Loans from Nunavut Business Credit Corporation to businesses with a maximum maturity of 25 years, bearing interest between 3.09% and 10.25% (2012 - 4.25% and 8.5%), net of valuation allowance of \$994 (2012 - \$1,176). The principal collaterals held as security and other credit enhancements for loans include: (i) various securities on assets; and (ii) corporate and personal guarantees.	10,508	9,672
Student Loan Fund loans, bearing interest between 0.0% and 12.5%, net of doubtful accounts and valuation allowances of \$4,340 (2012 - \$4,122).	1,460	1,383
Other, net of valuation allowance of \$64 (2012 - \$64).	343	-
	<b>13,978</b>	<b>12,765</b>

At March 31, 2013, the Nunavut Business Credit Corporation had commitments to make future loan disbursements on term loans of \$2,134 (2012 - \$1,105) due within the next fiscal year and on credit lines of \$1,424 (2012 - \$1,250) that are on demand with no established timelines.

<b>9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES</b>	<b>2013</b>	<b>2012</b>
Accounts payable	131,372	136,959
Accrued liabilities, payroll deductions and contractor holdbacks	61,340	67,356
Vacation pay and lieu time	31,608	29,369
Due to the Government of Canada	27,716	25,060
Due to the Government of the Northwest Territories	5,144	8,579
Workers' Safety and Compensation Commission	1,709	2,223
	<b>258,889</b>	<b>269,546</b>

<b>10 DEFERRED REVENUES</b>	<b>2013</b>	<b>2012</b>
Provincial-Territorial Base Funding (Building Canada Fund)	70,415	66,471
Gas Tax Agreement	26,662	21,310
Other deferred revenue	11,626	7,511
	<b>108,703</b>	<b>95,292</b>

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

March 31, 2013

(in thousands of dollars)

11 ENVIRONMENTAL LIABILITIES	2013	2012
Liabilities for remediation of contaminated sites	10,799	11,346
	10,799	11,346

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which it is responsible. As of March 31, 2013, there were 28 (2012 - 27 ) sites identified as potentially requiring environmental remediation. For those contaminated sites where the Government of Nunavut is responsible or has accepted responsibility, and an estimate could be determined for remediation costs, a liability has been recorded. Accruals have been established for 22 identified sites (2012 - 23 sites).

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

**12 PENSION LIABILITIES**

**Public Service Pension Plan**

Substantially all of the employees of the Government of Nunavut are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Government of Nunavut. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year end was 1.64 times for members enrolled before January 1, 2013 and 1.57 times for members enrolled beginning January 1, 2013 (2012 - 1.74). Total contributions of \$38,526 (2012 - \$37,995) were recognized as expense in the current year.

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

**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 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 2013 (no changes in 2012).

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



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

March 31, 2013

(in thousands of dollars)

**12 PENSION LIABILITIES (continued)**

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

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

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	2013	2012
Accrued benefit obligation	6,357	8,161	14,518	12,680
Deduct:				
Pension fund assets	6,480	-	6,480	5,372
Unamortized actuarial (gain) loss	65	135	200	480
	6,545	135	6,680	5,852
Pension (asset) liability	(188)	8,026	7,838	6,828

As at March 31, 2013, LARAF pension fund assets had a market value of \$6,683 (2012 - \$5,448). The actual rate of return was positive 10.13% (2012 - 3.3%). The SRAF has no pension fund assets; however, the pension liability is funded all or in part by designated investments (Note 5).

LARAF and SRAF actuarial gains/losses are amortized over 1.6 and 1.7 years respectively (2012- 2.6 and 2.7 years respectively) which is the estimated average remaining service lives for contributors to these plans.

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

	LARAF	SRAF	2013	2012
Current period benefit cost	783	1,116	1,899	1,697
Amortization of actuarial (gains) losses	47	87	134	268
	830	1,203	2,033	1,965
MLAs contributions	(192)	-	(192)	(178)
Pension expense	638	1,203	1,841	1,787
Interest cost on the average accrued benefit obligation	294	388	682	605
Expected return on the average pension plan assets	(287)	-	(287)	(229)
Pension interest expense	7	388	395	376
Total expenses related to pensions	645	1,591	2,236	2,163

Pension benefits paid for the LARAF and SRAF were \$106 and \$636, respectively (2012 - \$674 and \$620, respectively).

The Government's contributions related to the LARAF and SRAF during the year were \$589 and \$1,147, respectively (2012 - \$873 and \$950, respectively).

**13 OTHER POST-EMPLOYMENT BENEFIT LIABILITIES**

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

	2013	2012
Severance	14,652	14,793
Removal	9,386	9,916
	24,038	24,709

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

March 31, 2013

(in thousands of dollars)

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

<b>Loans and mortgages payable</b>	<b>2013</b>	<b>2012</b>
Loans payable to Canada Mortgage and Housing Corporation (CMHC), repayable in annual instalments of \$2,285 to the year 2032, bearing interest at a rate of 6.97% (2012 - 6.97%).	15,264	16,387
Mortgage payable in annual instalments of \$554 to the year 2020, bearing interest at a rate of 6.9% (2012 - 6.9%) compounded semi-annually. The mortgage is secured by a building. The carrying value of the security is \$6,085 (2012 - \$6,396)	3,276	3,595
Redeemable 20 year amortizing debenture, bearing interest at a rate of 6.809% (2012 - 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.	44,941	47,448
Non-revolving fixed rate term loan facility with payments of \$42 due monthly with the final payment due on May 1, 2021. Interest at 4.24% in 2013.	3,451	3,799
Non-revolving fixed rate term loan facility with payments of \$53 due monthly with the final payment due on May 1, 2021. Interest at 4.24% in 2013.	4,404	4,846
Non-revolving fixed rate term loan facility with payments of \$74 due monthly with the final payment due on June 1, 2021. Interest at 4.24% in 2013.	6,182	6,799
Non-revolving fixed rate term loan facility with payments of \$30 due monthly with the final payment due on February 1, 2032. Interest at 4.24% in 2013.	4,618	4,775
Non-revolving fixed rate term loan facility with payments of \$133 due monthly with the final payment due on July 1, 2021. Interest at 4.24% in 2013.	11,188	12,285
Non-revolving fixed rate term loan with monthly payments of \$83 plus interest calculated at prime rate minus 50 bps per annum, beginning December 3, 2012. This facility has an option to Banker's Acceptance with stamping fees calculated at 50 bps per annum with terms not less than 7 days and not more than 365 days and issued and reissued in minimum aggregate amounts of Canadian \$1,000 and multiples thereof. The final payment is due on November 30, 2022 with the option to extend the termination date by up to 10 years, at the discretion of the lender.	19,667	-
	<b>112,991</b>	<b>99,934</b>

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	8,002	6,010	14,012
2015	8,417	5,570	13,987
2016	8,856	5,105	13,961
2017	9,222	4,611	13,833
2018	9,348	4,096	13,444
2019 and beyond	69,146	14,618	83,764
	<b>112,991</b>	<b>40,010</b>	<b>153,001</b>

Interest expense on long term debt was \$4,259 for the year (2012 - \$4,770). During the year, interest costs of \$2,089 (2012 - \$1,054) were capitalized as part of additions to tangible capital assets. The interest paid on long term debt during the year was \$6,389 (2012 - \$5,844).

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

March 31, 2013

(in thousands of dollars)

**14 LONG TERM DEBT AND BORROWING AUTHORITY LIMIT (continued)**

**Borrowing Authority**

The Governor General in Council of Canada, pursuant to subsection 27(5) of the *Nunavut Act*, has approved the Government of Nunavut borrowing up to \$400 million (i.e., authorized borrowing limit).

	2013	2012
Qulliq Energy Corporation, long term debt	94,451	79,952
Nunavut Housing Corporation, long term debt	15,264	16,387
Consolidated Revenue Fund, mortgage payable	3,276	3,595
Capital lease obligations	69,489	79,609
	182,480	179,543
Qulliq Energy Corporation, bank overdraft liability	4,114	1,894
Nunavut Development Corporation, bank overdraft liability and subsidiary credit facilities	507	743
Total debt	187,101	182,180
Authorized borrowing limit	400,000	400,000
Available borrowing capacity	212,899	217,820

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

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

**15 CAPITAL LEASE OBLIGATIONS**

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

	2013	2012
Total minimum lease payments	90,667	107,355
Less: imputed interest	(19,536)	(24,872)
Less: executory costs	(1,642)	(2,874)
Present value of minimum lease payments	69,489	79,609

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

	Principal	Interest	Executory	Total
2014	10,436	4,523	1,090	16,049
2015	9,056	3,773	476	13,305
2016	8,067	3,174	26	11,267
2017	8,656	2,596	26	11,278
2018	9,252	1,982	24	11,258
2019 and beyond	24,022	3,488	-	27,510
	69,489	19,536	1,642	90,667

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 \$5,334 (2012 - \$6,081) at an implied average interest rate of 7.7% (2012 - 7.6%). The capital lease obligations expire between 2014 and 2027.

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

**March 31, 2013**

*(in thousands of dollars)*

<b>16 DEFERRED CAPITAL CONTRIBUTIONS</b> (see Note 2(a))	<b>2013</b>	<b>2012</b>
CMHC Social Housing Agreement	-	182,500
Other deferred capital contributions	-	84,547
	-	<u>267,047</u>

<b>17 EXPENSES BY TYPE</b>	<b>2013</b>	<b>2012</b>
Compensation and employee benefits	531,297	503,198
Grants and contributions	159,612	158,047
Goods and services	951,774	889,876
Amortization of tangible capital assets	100,070	95,729
Interest expense	9,806	11,216
Increase in valuation allowances	4,982	5,415
	<u>1,757,541</u>	<u>1,663,481</u>

**18 CONTRACTUAL OBLIGATIONS**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2013:

	<b>Year of Expiration</b>	<b>Total</b>
Commitments under operating leases	2027	159,958
Capital commitments	2016	45,221
Policing agreement	2032	684,000
Other commitments	2023	78,569
		<u>967,748</u>

Contractual obligations by fiscal year are as follows:

2014	152,982
2015	89,408
2016	68,766
2017	59,456
2018	55,083
2019 and beyond	<u>542,053</u>
	<u>967,748</u>

In addition to the above, in fiscal 2011, as a result of a public request for proposal, the Government entered into contract arrangements for the supply of petroleum products for a five year term, ending after the 2015 re-supply season. Under the terms of this agreement, estimated minimum fuel volume purchases for the 2013 summer re-supply season are as follows:

	<b>Total</b>
	<i>(thousands of litres)</i>
Diesel	15,382
Gasoline	2,483
Jet fuel	<u>3,390</u>
	<u>21,255</u>

There are no estimated minimum fuel volume purchases for the 2014 or 2015 summer re-supply seasons outlined in the agreement.

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

March 31, 2013

(in thousands of dollars)

**19 CONTINGENCIES**

**(a) Post-division adjustments**

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

The period for such adjustments is unlimited; and such adjustments could be made in a variety of specified circumstances such as the settlement of litigation related to events prior to the date of division. In such an event, there is an opportunity for one of the governments to file a claim against the other government to share in costs. Post-division adjustments will be recognized in the year the liability can be reasonably estimated. As at March 31, 2013, no new post-division adjustments were recorded.

**(b) Environmental restoration costs**

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

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

**(c) Litigation**

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

There are a number of claims and threatened litigation cases outstanding against the Government for which the outcomes are not determinable, including a number of cases where an amount is not specified. The nature of these claims include wrongful dismissal, breach of policy, personal injury, sexual abuse, negligence, wrongful arrest and assault. As of March 31, 2013, 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, 2013, no provision has been made in these consolidated 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 \$2,413 as at March 31, 2013 (2012 - \$2,632).

**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.

Revenues	2013	2012
From the Government of Canada	110,764	108,095
From others	2,407	4,499
<b>Total revenues</b>	<b>113,171</b>	<b>112,594</b>
Expenses		
Compensation and benefits	16,433	16,390
Grants and contributions	12,431	12,463
Other expenses	75,785	78,074
Amortization of tangible capital assets	5,700	5,667
<b>Total expenses</b>	<b>110,349</b>	<b>112,594</b>

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

March 31, 2013

(in thousands of dollars)

**21 RELATED PARTY TRANSACTIONS**

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

**22 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>2013</b>	<b>2012</b>
Public Trustee	3,917	3,729
Victims' Assistance Trust	464	458
Natural Resources Conservation Trust	286	283
Territorial Court Trust	198	802
Maintenance Enforcement Trust	70	114
Scholarship Fund	43	42
Young Offenders Trust	14	12
Millennium Scholarship Fund	11	8
Sherriff's Imprest Account	10	10
Baffin Correctional Centre Welfare Trust	5	9
Baffin Correctional Centre Inmate Trust	3	21
Nunavut Labour Standards Board Trust	3	3
Rankin Inlet Inmate Fund	2	-
HSS - Akauisavik	2	6
Young Offenders Welfare Trust	-	15
	<b>5,028</b>	<b>5,512</b>

**23 CONSOLIDATED BUDGET**

The schedule below reconciles the Government's budget presented to the Legislative Assembly to the consolidated budget totals for 2012-13 reported in the Consolidated Statement of Operations and Accumulated Surplus.

	<b>Budget Per Main Estimates (1)</b>	<b>Budgets of Territorial Corporations (2)</b>	<b>Budgeted Consolidation Adjustments (3)</b>	<b>Consolidated Budget</b>
<b>Revenues</b>				
From the Government of Canada	1,482,300	30,700	-	1,513,000
From the Government of Nunavut	-	253,300	(253,300)	-
Revenues generated by the Government of Nunavut	299,000	135,500	(109,900)	324,600
<b>Total revenues</b>	<b>1,781,300</b>	<b>419,500</b>	<b>(363,200)</b>	<b>1,837,600</b>
<b>Expenses</b>				
Community and Government Services	470,300	-	(54,700)	415,600
Health and Social Services	415,200	-	(600)	414,600
Education	289,700	55,800	(46,700)	298,800
Housing	173,400	242,800	(194,400)	221,800
Finance	92,400	107,700	(58,100)	142,000
Economic Development and Transportation	101,000	11,200	(4,600)	107,600
Justice	97,200	-	-	97,200
Culture and Heritage	35,900	-	(300)	35,600
Environment	25,300	-	-	25,300
Executive and Intergovernmental Affairs	24,600	-	-	24,600
Human Resources	24,100	-	(300)	23,800
Legislative Assembly	17,500	-	-	17,500
<b>Total expenses</b>	<b>1,766,600</b>	<b>417,500</b>	<b>(359,700)</b>	<b>1,824,400</b>
<b>Surplus for year</b>	<b>14,700</b>	<b>2,000</b>	<b>(3,500)</b>	<b>13,200</b>

(1) The budgeted totals originally presented to the Legislative Assembly have been adjusted for the projected supplementary requirements, principal payments on capital leases, amortization and transfers to tangible capital assets included in the 2012-2013 Main Estimates and Capital Estimates. Further, budgeted revenues generated by the Government of Nunavut shown on a net basis in the Main Estimates have been increased \$178,700 to reclassify cost of goods sold (COGS) of revolving funds to expenses. Budgeted expenses of Finance and Community and Government Services have been increased by \$2,800 and \$175,900 respectively to reflect the COGS of the revolving funds.

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

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

---

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

---

**March 31, 2013**

*(in thousands of dollars)*

---

**24 SUBSEQUENT EVENTS**

In September 2013, the Government signed agreements as part of a public-private partnership arrangement to design, build, finance, operate and maintain new and updated infrastructure at the Iqaluit International Airport. The design and construction components are scheduled to be completed by December 2017 at an estimated cost of \$299.0 million. The operations and maintenance components are scheduled to start July 2014 at an estimated net present cost of \$191.8 million over the life of the contract, which ends in December 2048. The capital costs of the arrangements will be partially funded by up to \$73 million from PPP Canada.

The Federal Government, in its proposed budget for 2013-14, announced new funding in the amount of \$100 million for housing in Nunavut. This funding is to be disbursed through two supplementary agreements to the existing 2011-14 Investment in Affordable Housing agreement: Supplementary Agreement No 1 worth \$30 million for fiscal 2013-14 and Supplementary Agreement No 2 worth \$70 million for fiscal 2014-15.

**25 COMPARATIVE INFORMATION**

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

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Consolidated Schedule of Revenues by Source**  
**for the year ended March 31, 2013**  
*(in thousands of dollars)*

**SCHEDULE A**

	<b>2013</b>	<b>2012</b>
	<b>Actual</b>	<b>Actual</b>
<b>From the Government of Canada</b>		
Territorial Formula Financing Agreement	1,273,498	1,175,255
Transfers under third-party funding agreements	110,764	108,095
Other transfer payments	105,096	115,139
	<b>1,489,358</b>	<b>1,398,489</b>
<b>Revenues generated by the Government of Nunavut</b>		
Personal income tax	27,065	25,177
Corporate income tax	9,500	7,530
Payroll tax	21,725	22,017
Tobacco tax	16,667	13,860
Fuel tax	5,328	5,027
Property tax	2,692	2,742
Insurance tax	1,268	1,410
Sales		
Petroleum Products Revolving Fund - before cost of goods sold of \$129,387 (2012 - \$122,396)	145,416	145,864
Liquor Revolving Fund - before cost of goods sold of \$2,295 (2012 - \$2,916)	6,371	6,465
Nunavut Development Corporation - before cost of goods sold of \$6,808 (2012 - \$7,281)	6,044	7,393
Qulliq Energy Corporation - power sales	57,398	52,668
Staff housing recoveries	17,827	16,767
Transfers under third-party funding agreements	2,407	4,499
Recoveries of prior years expenditures	13,315	11,090
Other revenues	54,606	39,676
	<b>387,629</b>	<b>362,185</b>
<b>Total revenues</b>	<b>1,876,987</b>	<b>1,760,674</b>



**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS**

**SCHEDULE B**

**Consolidated Schedule of Tangible Capital Assets**

for the year ended March 31, 2013

(in thousands of dollars)

	Buildings	Leased Buildings	Storage Facilities	Tank Farms	Equipment	Warehouse / Equipment (QEC)	Electric Power Plants	Transmission Distribution Systems	Infra-structure	Land	2013	2012
<b>Cost of tangible capital assets</b>												
Opening balance	1,728,878	155,201	50,691	153,774	90,567	44,938	151,603	40,364	158,480	428	2,574,924	2,297,642
Additions	1,808	-	-	-	4,576	118	-	-	-	-	6,502	30,074
Transferred from work in progress	59,929	-	107	471	1,970	1,692	-	17,415	1,889	-	83,473	252,630
Disposals	(3,238)	-	-	-	(50)	(36)	(604)	-	-	-	(3,928)	(5,422)
Closing balance	1,787,377	155,201	50,798	154,245	97,063	46,712	150,999	57,779	160,369	428	2,660,971	2,574,924
<b>Accumulated amortization</b>												
Opening balance	(572,569)	(60,323)	(21,947)	(50,214)	(51,110)	(14,324)	(68,067)	(17,281)	(48,332)	-	(904,167)	(811,199)
Amortization	(64,786)	(5,173)	(1,612)	(5,141)	(11,234)	(1,282)	(4,885)	(831)	(5,126)	-	(100,070)	(95,729)
Disposals	1,654	-	-	-	50	32	551	-	-	-	2,287	2,761
Closing balance	(635,701)	(65,496)	(23,559)	(55,355)	(62,294)	(15,574)	(72,401)	(18,112)	(53,458)	-	(1,001,950)	(904,167)
<b>Work in progress</b>												
Opening balance	79,497	-	112	160	1,611	436	12,444	8,671	7,171	-	110,102	246,729
Additions	41,135	-	146	4,430	4,672	1,972	36,474	9,052	13,861	-	111,742	116,003
Transferred to cost of tangible capital assets	(59,929)	-	(107)	(471)	(1,970)	(1,692)	-	(17,415)	(1,889)	-	(83,473)	(252,630)
Closing balance	60,703	-	151	4,119	4,313	716	48,918	308	19,143	-	138,371	110,102
<b>Net book value</b>	<b>1,212,379</b>	<b>89,705</b>	<b>27,390</b>	<b>103,009</b>	<b>39,082</b>	<b>31,854</b>	<b>127,516</b>	<b>39,975</b>	<b>126,054</b>	<b>428</b>	<b>1,797,392</b>	<b>1,780,859</b>
<b>Estimated useful life</b>	<b>30 years</b>	<b>20-30 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>			

Note: During the year, interest of \$2,089 was capitalized (2012 - \$1,054) as part of the cost of additions.

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Consolidated Schedule of Segmented Information**

**SCHEDULE C**

**for the year ended March 31, 2013**

*(in thousands of dollars)*

	Consolidated Revenue Fund	Revolving Funds	Territorial Corporations	Total for All Segments	Consolidation Adjustments (1)	2013	2012
<b>Revenues</b>							
From the Government of Canada							
Territorial Formula Financing Agreement	1,273,498	-	-	1,273,498	-	1,273,498	1,175,255
Transfers under third-party funding agreements	109,724	-	1,040	110,764	-	110,764	108,095
Other transfer payments	79,600	-	25,496	105,096	-	105,096	115,139
	1,462,822	-	26,536	1,489,358	-	1,489,358	1,398,489
Generated by the Government of Nunavut							
Corporate and personal income taxes	36,565	-	-	36,565	-	36,565	32,707
Other taxes	47,680	-	-	47,680	-	47,680	45,056
Sales	-	218,665	111,092	329,757	(114,528)	215,229	212,390
Transfers under third-party funding agreements	2,407	-	-	2,407	-	2,407	4,499
General	37,172	-	293,020	330,192	(257,759)	72,433	56,443
	123,824	218,665	404,112	746,601	(372,287)	374,314	351,095
Recoveries of prior years expenditures	13,315	-	-	13,315	-	13,315	11,090
<b>Total revenues</b>	<b>1,599,961</b>	<b>218,665</b>	<b>430,648</b>	<b>2,249,274</b>	<b>(372,287)</b>	<b>1,876,987</b>	<b>1,760,674</b>
<b>Expenses</b>							
Compensation and employee benefits	440,784	5,716	80,721	527,221	4,076	531,297	503,198
Grants and contributions	395,643	-	-	395,643	(236,031)	159,612	158,047
Goods and services	569,463	225,546	297,482	1,092,491	(140,717)	951,774	889,876
Amortization of tangible capital assets	53,656	-	42,195	95,851	4,219	100,070	95,729
Interest expense	4,681	1	5,302	9,984	(178)	9,806	11,216
Increase (decrease) in valuation allowances	1,409	(354)	2,716	3,771	1,211	4,982	5,415
<b>Total expenses</b>	<b>1,465,636</b>	<b>230,909</b>	<b>428,416</b>	<b>2,124,961</b>	<b>(367,420)</b>	<b>1,757,541</b>	<b>1,663,481</b>
<b>Surplus for year</b>	<b>134,325</b>	<b>(12,244)</b>	<b>2,232</b>	<b>124,313</b>	<b>(4,867)</b>	<b>119,446</b>	<b>97,193</b>

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

**SECTION II**  
**NON-CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

This page intentionally left blank

**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS**

**Non-Consolidated Statement of Financial Position (unaudited)**

as at March 31, 2013

(in thousands of dollars)

	Note	2013	2012
<b>Financial assets</b>			
Cash and cash equivalents	4	369,759	215,426
Due from the Government of Canada	5	56,425	69,336
Revenues receivable	6	105,132	107,598
Inventories for resale	7(a)	97,585	119,568
Loans receivable	8	19,673	19,610
Designated investments	9	8,156	7,555
<b>Total financial assets</b>		<b>656,730</b>	<b>539,093</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	10	232,333	238,359
Deferred revenues	11	107,895	94,096
Environmental liabilities	12	10,799	11,346
Pension liabilities	13	7,838	6,828
Other post-employment benefit liabilities	14	19,180	20,332
Mortgage payable	15	3,276	3,595
Capital lease obligations	16	60,072	66,279
Deferred capital contributions	17	-	76,336
<b>Total liabilities</b>		<b>441,393</b>	<b>517,171</b>
<b>Net financial assets</b>		<b>215,337</b>	<b>21,922</b>
<b>Non-financial assets</b>			
Tangible capital assets (Schedule C)		1,003,927	999,081
Inventories for use	7(b)	2,488	2,467
Prepaid expenses		1,993	1,858
<b>Total non-financial assets</b>		<b>1,008,408</b>	<b>1,003,406</b>
<b>Accumulated surplus</b>		<b>1,223,745</b>	<b>1,025,328</b>
Contractual obligations (Note 19)			
Contingencies (Note 20)			

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, 2013

*(in thousands of dollars)*

	<b>2013 Budget</b>	<b>2013 Actual</b>	<b>2012 Actual</b>
	(Note 23)		
<b>Revenues (Schedule A)</b>			
From the Government of Canada	1,482,377	1,462,822	1,358,555
Tax revenues generated by the Government of Nunavut	71,300	84,245	77,763
Other revenues generated by the Government of Nunavut	48,926	59,684	65,669
Recoveries of prior years expenditures	-	13,315	11,090
<b>Total revenues</b>	<b>1,602,603</b>	<b>1,620,066</b>	<b>1,513,077</b>
<b>Expenses (Schedule B)</b>			
Operations and maintenance expenses before amortization	1,365,441	1,378,443	1,302,182
<i>Plus: Amortization expenses on tangible capital assets</i>	40,523	53,656	51,107
Total operations and maintenance expenses	1,405,964	1,432,099	1,353,289
Capital expenditures	247,793	125,091	162,964
<i>Less: Transfers to tangible capital assets</i>	65,898	59,205	58,088
Total capital expenses	181,895	65,886	104,876
<b>Total expenses</b>	<b>1,587,859</b>	<b>1,497,985</b>	<b>1,458,165</b>
<b>Surplus for year</b>	<b>14,744</b>	<b>122,081</b>	<b>54,912</b>
<b>Accumulated surplus, beginning of year, as previously reported</b>	<b>857,692</b>	<b>1,025,328</b>	<b>970,416</b>
Adjustment for impact of revised government transfers accounting standard (Note 2(a))	-	76,336	-
<b>Accumulated surplus, beginning of year</b>	<b>857,692</b>	<b>1,101,664</b>	<b>970,416</b>
<b>Accumulated surplus, end of year</b>	<b>872,436</b>	<b>1,223,745</b>	<b>1,025,328</b>

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

**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS**

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

for the year ended March 31, 2013

(in thousands of dollars)

	<b>2013 Budget</b>	<b>2013 Actual</b>	<b>2012 Actual</b>
<b>Surplus for year</b>	14,744	122,081	54,912
<b>Tangible capital assets (Schedule C)</b>			
Additions	(65,898)	(59,205)	(58,088)
Disposals	-	703	-
Amortization	40,523	53,656	51,107
	<u>(25,375)</u>	<u>(4,846)</u>	<u>(6,981)</u>
<b>Net use (additions) of inventories for use</b>	-	(21)	(204)
<b>Net use (additions) of prepaid expenses</b>	-	(135)	11,138
	-	<u>(156)</u>	<u>10,934</u>
<b>Change in net financial assets (debt)</b>	<u>(10,631)</u>	<u>117,079</u>	<u>58,865</u>
<b>Net financial assets (debt), beginning of year, as previously reported</b>	(132,393)	21,922	(36,943)
Adjustment for impact of revised government transfers accounting standard (Note 2(a))	-	76,336	-
<b>Net financial assets (debt), beginning of year</b>	<u>(132,393)</u>	<u>98,258</u>	<u>(36,943)</u>
<b>Net financial assets (debt), end of year</b>	<u>(143,024)</u>	<u>215,337</u>	<u>21,922</u>

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, 2013**  
*(in thousands of dollars)*

	<b>2013</b>	<b>2012</b>
<b>Cash provided by (used for) operating activities:</b>		
Transfers from the Government of Canada	1,491,709	1,391,748
Taxes	84,888	77,259
Other government revenues	253,366	229,538
Interest payments on capital leases and mortgage	(4,639)	(5,050)
Compensation and employee benefits	(444,523)	(422,867)
Grants and contributions	(410,478)	(436,329)
Goods and services	(750,338)	(739,417)
	<b>219,985</b>	<b>94,882</b>
<b>Cash provided by (used for) capital activities:</b>		
Tangible capital asset acquisitions	(59,205)	(58,088)
Tangible capital asset disposals	703	-
	<b>(58,502)</b>	<b>(58,088)</b>
<b>Cash provided by (used for) investing activities:</b>		
Loans to municipalities, businesses and individuals	(357)	(479)
Loan repayments received	334	154
Loan advances	-	(3,000)
Designated investments	(601)	(877)
	<b>(624)</b>	<b>(4,202)</b>
<b>Cash provided by (used for) financing activities:</b>		
Principal payments on capital leases	(6,207)	(5,795)
Principal payments on mortgage payable	(319)	(299)
	<b>(6,526)</b>	<b>(6,094)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>154,333</b>	<b>26,498</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>215,426</b>	<b>188,928</b>
<b>Cash and cash equivalents, end of year (Note 4)</b>	<b>369,759</b>	<b>215,426</b>

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



**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Notes to Non-Consolidated Financial Statements (unaudited)**  
**March 31, 2013**  
*(in thousands of dollars)*

**1 AUTHORITY AND OPERATIONS**

**(a) Government of Nunavut**

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

**(b) Main Estimates**

The 2012-2013 Main Estimates were tabled in the Legislative Assembly in February 2012 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 2012-2013 Main Estimates. Planned Vote 5 revenues and Vote 4 expenses represent the share of eligible costs to be funded under agreements with the Government of Canada or others, and while not part of the annual Appropriations Act approved by the Legislative Assembly in March 2012, they are, along with those of revolving funds, included in the original budget totals disclosed in these financial statements.

**2 ADOPTION OF REVISED AND NEW PUBLIC SECTOR ACCOUNTING STANDARDS**

**(a) PS 3410 Government Transfers**

The revised government transfers standard recommends that the recognition of transfers revenue is only deferred when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. At April 1, 2012, deferred capital contributions of \$76,336 did not meet the definition of a liability. The revised standard has been applied retroactively without restatement of prior periods and comparative information, as follows:

	<b>2013</b>
April 1, 2012 - Accumulated surplus, beginning of year, as previously reported	1,025,328
Adjustment for impact of revised government transfers accounting standard	76,336
<b>April 1, 2012 - Accumulated surplus, beginning of year</b>	<b>1,101,664</b>
April 1, 2012 - Net financial assets (debt), beginning of year, as previously reported	21,922
Adjustment for impact of revised government transfers accounting standard	76,336
<b>April 1, 2012 - Net financial assets (debt), beginning of year</b>	<b>98,258</b>

**(b) PS 3510 Tax Revenue**

Effective April 1, 2012, under the new tax revenue standard, the most significant change is in relation to the classification of expenses. If an expense provides a financial benefit other than a relief of taxes, it is now classified as a transfer made through the tax system, such as the Nunavut child tax benefit and tobacco tax commissions. Alternatively, if an expense provides tax relief to a taxpayer and relates to revenue, this expense is considered a tax concession and is netted against tax revenues. The new standard has been applied on a prospective basis. The effect on the non-consolidated financial statements is to report the Nunavut child tax benefit and tobacco tax commissions as expenses instead of netting the amounts against tax revenues. For the year ended March 31, 2013, the effect of this change is to increase total revenues and total expenses by \$2,184 with no impact on the surplus for the year.

**3 SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of accounting**

These non-consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS), which represent generally accepted accounting principles 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. That is, the petroleum products division and liquor revenues are reported net of their cost of goods sold.

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

---

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Notes to Non-Consolidated Financial Statements (unaudited)**  
**March 31, 2013**  
*(in thousands of dollars)*

---

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**  
**(b) Reporting entity**

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

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

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

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

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

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

**(c) Use of estimates and measurement uncertainty**

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

- (i) Income tax revenues collected by the Government of Canada on the Government's behalf.
- (ii) Allowance for doubtful accounts, loan valuation allowances, provision for losses on loan guarantees, amortization of tangible capital assets, environmental liabilities, contingencies and other post-employment benefit liabilities.

**(d) Cash and cash equivalents**

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

**(e) Inventories**

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

**(f) Loans receivable**

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

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**  
**(g) Non-financial assets**

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

**(h) Tangible capital and leased assets**

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

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

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 rates:

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

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

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

**(i) Pension and other post-employment benefits**

Pension benefits

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

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

Other post-employment benefits

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

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Revenues**

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

Transfers from the Government of Canada

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

Taxes and general revenues

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

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

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

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

Recoveries of prior years expenditures

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

**(k) Expenses**

Expenses are recorded on an accrual basis.

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

**(l) Contractual obligations and contingencies**

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

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

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Notes to Non-Consolidated Financial Statements (unaudited)**  
**March 31, 2013**  
*(in thousands of dollars)*

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Environmental liabilities**

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

**(n) Financial instruments**

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

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

**(o) Future changes in accounting standards**

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

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

*PS 3450 Financial Instruments (effective April 1, 2015)*, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

*PS 2601 Foreign Currency Translation (effective April 1, 2015)*, replaces PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions and balances that are denominated in a foreign currency.

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

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

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

**4 CASH AND CASH EQUIVALENTS**

	<b>2013</b>	<b>2012</b>
Cash	349,621	182,476
Short term investments	20,138	32,950
	<u>369,759</u>	<u>215,426</u>

During the year, government earned interest of prime less 1.75% on its net bank balances. At year end, short term investments were held in guaranteed investment certificates and short term money market treasury investments. The market yield of this portfolio ranged from 1.25% to 1.67% in 2013 (2012 - 1.30% to 1.96%). 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 remaining term to maturity after year end of 112 days (2012 - 65 days).

**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS**

**Notes to Non-Consolidated Financial Statements (unaudited)**

March 31, 2013

(in thousands of dollars)

<b>5 DUE FROM THE GOVERNMENT OF CANADA</b>	<b>2013</b>	<b>2012</b>
Grant receivable:		
From the Government of Canada (Schedule A)	1,273,498	1,175,255
Less: Payments received	(1,273,498)	(1,175,255)
	-	-
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	56,425	69,336
	<b>56,425</b>	<b>69,336</b>

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.

<b>6 REVENUES RECEIVABLE</b>	<b>2013</b>	<b>2012</b>
<b>Receivable by funds</b>		
Consolidated Revenue Fund	43,330	55,280
Petroleum Products Revolving Fund	75,915	67,019
Public Stores Revolving Fund	21	67
Liquor Revolving Fund	1	2
	119,267	122,368
Less: Allowance for doubtful accounts	(14,135)	(14,770)
	<b>105,132</b>	<b>107,598</b>

<b>Receivable by relation with the creditors</b>		
Nunavut Arctic College	5,696	12,870
District Education Authorities	2,740	1,123
Nunavut Business Credit Corporation	260	154
Nunavut Development Corporation	96	66
Nunavut Housing Corporation	10,464	11,244
Qulliq Energy Corporation	38,620	23,159
Receivable from related parties	57,876	48,616
	61,391	73,752
Other accounts receivable	119,267	122,368
Less: Allowance for doubtful accounts	(14,135)	(14,770)
	<b>105,132</b>	<b>107,598</b>

<b>7 INVENTORIES</b>	<b>2013</b>	<b>2012</b>
<b>(a) For resale</b>		
Bulk fuels	95,723	117,885
Liquor products	1,862	1,683
	<b>97,585</b>	<b>119,568</b>

The write-down for bulk fuels inventory for 2013 was \$462 (2012 - \$813).

<b>(b) For use</b>		
Health and medical supplies	2,488	2,467

<b>8 LOANS RECEIVABLE</b>	<b>2013</b>	<b>2012</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 1.03% and 1.44% (2012 - 0.99% and 2.04%) at the end of the month, compounded annually.	18,213	18,227
Student Loan Fund loans, bearing interest between 0% and 12.5%, net of doubtful accounts and valuation allowances of \$4,340 (2012 - \$4,122).	1,460	1,383
Other, net of valuation allowances of \$64 (2012 - \$64)	-	-
	<b>19,673</b>	<b>19,610</b>

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Notes to Non-Consolidated Financial Statements (unaudited)**  
**March 31, 2013**  
*(in thousands of dollars)*

<b>9 DESIGNATED INVESTMENTS</b>	<b>2013</b>	<b>2012</b>
SRAF designated investments	8,156	7,555

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, 2013 was \$9,273 (2012 - \$7,956) with a positive return of 9.81% (2012 - 3.55%).

<b>10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES</b>	<b>2013</b>	<b>2012</b>
<b>To related parties</b>		
Nunavut Arctic College	1,679	3,177
District Education Authorities	2,561	1,873
Nunavut Business Credit Corporation	13	12
Nunavut Development Corporation	140	993
Nunavut Housing Corporation	4,536	2,312
Qulliq Energy Corporation	7,511	6,904
	<u>16,440</u>	<u>15,271</u>
<b>To others</b>		
Accounts payable	94,946	94,852
Accrued liabilities, payroll deductions, and contractor holdbacks	61,340	69,490
Vacation pay and lieu time	28,468	26,349
Due to the Government of Canada	25,995	23,818
Due to the Government of the Northwest Territories	5,144	8,579
	<u>215,893</u>	<u>223,088</u>
	<u>232,333</u>	<u>238,359</u>

<b>11 DEFERRED REVENUES</b>	<b>2013</b>	<b>2012</b>
Provincial-Territorial Base Funding (Building Canada Fund)	70,415	66,471
Gas Tax Agreement	26,662	21,310
Other deferred revenue	10,818	6,315
	<u>107,895</u>	<u>94,096</u>

<b>12 ENVIRONMENTAL LIABILITIES</b>	<b>2013</b>	<b>2012</b>
Liabilities for remediation of contaminated sites	10,799	11,346

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which it is responsible. As of March 31, 2013, there were 28 (2012 - 27) sites identified as potentially requiring environmental remediation. For those contaminated sites where the Government of Nunavut is responsible or has accepted responsibility, and an estimate could be determined for remediation costs, a liability has been recorded. Accruals have been established for 22 identified sites (2012 - 23 sites).

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

### **13 PENSION LIABILITIES**

#### **(a) Public Service Pension Plan**

Substantially all of the employees of the Government of Nunavut are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Government of Nunavut. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year end was 1.64 times for members enrolled before January 1, 2013 and 1.57 times for members enrolled beginning January 1, 2013 (2012 - 1.74). Total contributions of \$33,128 (2012 - \$32,675) were recognized as expense in the current year.

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

#### **(b) Legislative Assembly Retiring Allowances Plans**

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

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

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

There have been no plan amendments, plan settlements and curtailments or temporary deviations from these plans in 2013 (no changes in 2012).

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

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

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



**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Notes to Non-Consolidated Financial Statements (unaudited)**  
**March 31, 2013**  
*(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:

	<b>LARAF</b>	<b>SRAF</b>	<b>2013</b>	<b>2012</b>
Accrued benefit obligation	6,357	8,161	14,518	12,680
Deduct:				
Pension fund assets	6,480	-	6,480	5,372
Unamortized actuarial (gains) losses	65	135	200	480
	6,545	135	6,680	5,852
Pension (asset) liability	(188)	8,026	7,838	6,828

As at March 31, 2013, the LARAF pension fund assets had a market value of \$6,683 (2012 - \$5,448). The actual rate of return was positive 10.13% (2012 - 3.3%). The SRAF has no pension fund assets; however, the pension liability is funded all or in part by designated investments (Note 9).

LARAF and SRAF actuarial gains/losses are amortized over 1.6 and 1.7 years respectively (2012 - 2.6 and 2.7 years respectively) which is the estimated average remaining service lives for contributors to these plans.

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

	<b>LARAF</b>	<b>SRAF</b>	<b>2013</b>	<b>2012</b>
Current period benefit cost	783	1,116	1,899	1,697
Amortization of actuarial (gains) losses	47	87	134	268
	830	1,203	2,033	1,965
MLAs contributions	(192)	-	(192)	(178)
Pension expense	638	1,203	1,841	1,787
Interest cost on the average accrued benefit obligation	294	388	682	605
Expected return on average pension plan assets	(287)	-	(287)	(229)
Pension interest expense	7	388	395	376
Total pension expenses	645	1,591	2,236	2,163

Pension benefits paid for the LARAF and SRAF were \$106 and \$636, respectively (2012 - \$674 and \$620, respectively).

The Government's contributions related to the LARAF and SRAF during the year were \$589 and \$1,147, respectively (2012 - \$873 and \$950, respectively).

**14 OTHER POST-EMPLOYMENT BENEFIT LIABILITIES**

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

	<b>2013</b>	<b>2012</b>
Severance	10,517	11,132
Removal	8,663	9,200
	19,180	20,332

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Notes to Non-Consolidated Financial Statements (unaudited)**  
**March 31, 2013**  
*(in thousands of dollars)*

**15 MORTGAGE PAYABLE** **2013** **2012**

Mortgage payable in annual instalments to the year 2020, bearing interest at a rate of 6.9% compounded semi-annually. 3,276 3,595

Future mortgage payments consist of:	Principal	Interest	Total
2014	342	212	554
2015	366	188	554
2016	391	163	554
2017	419	135	554
2018	448	106	554
2019 and beyond	1,310	117	1,427
	<u>3,276</u>	<u>921</u>	<u>4,197</u>

Interest expense on the mortgage payable was \$233 for the year (2012 - \$254). The interest paid on the mortgage payable during the year was \$235 (2012 - \$256).

**16 CAPITAL LEASE OBLIGATIONS**

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

	<b>2013</b>	<b>2012</b>
Total minimum lease payments	77,757	88,347
Less: Imputed interest	(17,685)	(22,068)
<b>Present value of minimum lease payments</b>	<b>60,072</b>	<b>66,279</b>

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

	Principal	Interest	Total
2014	6,650	3,941	10,591
2015	7,124	3,467	10,591
2016	7,631	2,960	10,591
2017	8,226	2,414	10,640
2018	8,812	1,828	10,640
2019 and beyond	21,629	3,075	24,704
	<u>60,072</u>	<u>17,685</u>	<u>77,757</u>

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

Interest expense related to capital lease obligations for the year was \$4,383 (2012 - \$4,796) at an implied average interest rate of 7.0% (2012 - 7.0%). The capital lease obligations expire between 2020 and 2027.

**17 DEFERRED CAPITAL CONTRIBUTIONS** **2013** **2012**

Deferred capital contributions (Note 2(a)) - 76,336

**18 PETROLEUM PRODUCTS STABILIZATION FUND**

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

	<b>2013</b>	<b>2012</b>
Surplus, beginning of year	10,000	10,000
Petroleum Products Revolving Fund net profit (loss) for the year	(13,614)	771
Minimum transfer required to Consolidated Revenue Fund	-	(771)
<b>Surplus (deficit), end of year</b>	<b>(3,614)</b>	<b>10,000</b>

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Notes to Non-Consolidated Financial Statements (unaudited)**  
**March 31, 2013**  
*(in thousands of dollars)*

**19 CONTRACTUAL OBLIGATIONS**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2013:

	<b>Year of Expiration</b>	<b>Total</b>
Capital commitments	2016	45,221
Operational commitments	2018	78,569
Policing agreement	2032	684,000
Operating leases (Schedule 5)	2027	54,082
		<b>861,872</b>

Contractual obligations by fiscal year are as follows:

2014	127,693
2015	70,841
2016	53,271
2017	45,136
2018	42,552
2019 and beyond	522,379
	<b>861,872</b>

In addition to the above, in fiscal 2011, as a result of a public request for proposal, the Government entered into contract arrangements for the supply of petroleum products for a five year term, ending after the 2015 re-supply season. Under the terms of this agreement, estimated minimum fuel volume purchases for the 2013 summer re-supply season are as follows:

	<b>Total</b>
	<i>(thousands of litres)</i>
Diesel	15,382
Gasoline	2,483
Jet fuel	3,390
	<b>21,255</b>

There are no estimated minimum fuel volume purchases for the 2014 or 2015 summer re-supply seasons outlined in the agreement.

**20 CONTINGENCIES**

**(a) Post-division adjustments**

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

The period for such adjustments is unlimited; and such adjustments could be made in a variety of specified circumstances such as the settlement of litigation related to events prior to the date of division. In such an event, there is an opportunity for one of the governments to file a claim against the other government to share in costs. Post-division adjustments will be recognized in the year the liability can reasonably be estimated. As at March 31, 2013, no new post-division adjustments were recorded.

**(b) Environmental restoration costs**

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

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

**(c) Litigation**

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

There are a number of claims and threatened litigation cases outstanding against the Government for which the outcomes are not determinable, including a number of cases where an amount is not specified. The nature of these claims include wrongful dismissal, breach of policy, personal injury, sexual abuse, negligence, wrongful arrest and assault. As of March 31, 2013, all of these claims have been assessed as being either without merit or not determinable at this time.

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Notes to Non-Consolidated Financial Statements (unaudited)**  
**March 31, 2013**  
*(in thousands of dollars)*

**20 CONTINGENCIES (continued)**

**(d) Pay equity**

There are a number of pay equity claims outstanding against the Government of Nunavut primarily for job rating evaluations of specific trades. The Government is working with Nunavut Employees Union in order to resolve the claims. However, the outcome of these claims is not currently known. As of March 31, 2013, no provision has been made in these financial statements.

**(e) Loan guarantees**

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

	<b>2013</b>	<b>2012</b>
Bank credit facility, interest at prime minus 0.50%	4,114	1,894
20 year redeemable amortizing debenture due 2021, interest rate of 6.809%	44,941	47,448
Fixed rate capital loan facility due 2021, interest rate of 4.24%	3,451	3,799
Fixed rate capital loan facility due 2021, interest rate of 4.24%	4,404	4,846
Fixed rate capital loan facility due 2021, interest rate of 4.24%	6,182	6,799
Fixed rate capital loan facility due 2032, interest rate of 4.24%	4,618	4,775
Fixed rate capital loan facility due 2021, interest rate of 4.24%	11,188	12,285
Floating rate capital loan facility due 2022, with an option to extend by up to 10 years at the discretion of the lender, interest rate of prime minus 0.50%	19,667	-
<b>Total guarantees provided on balances outstanding</b>	<b>98,565</b>	<b>81,846</b>

The QEC bank credit facility limit is \$12,000 (2012 - \$12,000).

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, 2013, NDC's bank overdraft position was \$8 (2012 - \$22).

**21 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>2013</b>	<b>2012</b>
Nunavut Arctic College	2,975	2,718
District Education Authorities	14,267	15,546
Qulliq Energy Corporation	11,169	11,350
Nunavut Development Corporation	3,435	3,979
Nunavut Business Credit Corporation	662	600
	<b>32,508</b>	<b>34,193</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 \$38,019 (2012 - \$36,539) 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).

**GOVERNMENT OF NUNAVUT**  
**PUBLIC ACCOUNTS**  
**Notes to Non-Consolidated Financial Statements (unaudited)**  
**March 31, 2013**  
*(in thousands of dollars)*

**22 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>2013</b>	<b>2012</b>
Public Trustee	3,917	3,729
Victims' Assistance Trust	464	458
Natural Resources Conservation Trust	286	283
Territorial Court Trust	198	802
Maintenance Enforcement Trust	70	114
Scholarship Fund	43	42
Young Offenders Trust	14	12
Millennium Scholarship Fund	11	8
Sherriff's Imprest Account	10	10
Baffin Correctional Centre Welfare Trust	5	9
Baffin Correctional Centre Inmate Trust	3	21
Nunavut Labour Standards Board Trust	3	3
Rankin Inlet Inmate Fund	2	-
HSS - Akaisisarvik	2	6
Young Offenders Welfare Trust	-	15
	<b>5,028</b>	<b>5,512</b>

**23 BUDGET ADJUSTMENTS**

The 2013 total revenue budget of \$1,602,603, includes \$1,476,324 of 'Revenues' and \$72,195 of 'Vote 5 Revenues' on page A-IV-4 of the 2012-2013 Main Estimates, plus \$54,084 of funding under third-party agreements for specific capital projects included in Appendix IV of the 2012-2013 Capital Estimates. The planned expenses to be funded by these additional revenues have been added to the affected budget totals disclosed in these statements.

The 2013 budget total for Capital expenditures on Schedule B.2 of \$54,084 excludes the \$4,290 of CMHC capital projects budgeted for Nunavut Housing Corporation presented in Appendix IV of the 2012-2013 Capital Estimates. As a result, the budget totals for 'Vote 4 Expenses' and 'Vote 5 Revenues' (i.e., Transfers under third-party funding agreements) included in these statements is \$126,279 versus \$130,569 on page x of the 2012-2013 Main Estimates.

**24 SUBSEQUENT EVENTS**

In September 2013, the Government signed agreements as part of a public-private partnership arrangement to design, build, finance, operate and maintain new and updated infrastructure at the Iqaluit International Airport. The design and construction components are scheduled to be completed by December 2017 at an estimated cost of \$299.0 million. The operations and maintenance components are scheduled to start July 2014 at an estimated net present cost of \$191.8 million over the life of the contract, which ends in December 2048. The capital costs of the arrangements will be partially funded by up to \$73 million from PPP Canada.

**25 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, 2013

*(in thousands of dollars)*

	2013 Budget	2013 Actual	2012 Actual
<b>From the Government of Canada</b>			
Territorial Formula Financing Agreement	1,273,498	1,273,498	1,175,255
Transfers under third-party funding agreements	126,279	109,724	107,003
Other transfer payments	82,600	79,600	76,297
	1,482,377	1,462,822	1,358,555
<b>Revenues generated by the Government of Nunavut</b>			
Taxation revenues			
Personal income tax	18,400	27,065	25,177
Corporate income tax	8,400	9,500	7,530
Payroll tax	22,300	21,725	22,017
Tobacco tax	14,600	16,667	13,860
Fuel tax	4,200	5,328	5,027
Property tax	2,700	2,692	2,742
Insurance tax	700	1,268	1,410
	71,300	84,245	77,763
Other revenues			
Petroleum Products Division revenue - net of cost of goods sold of \$189,565 (2012 - \$177,768)	13,261	16,029	23,468
Liquor revenue - net of cost of goods sold of \$2,295 (2012 - \$2,916)	5,265	4,076	3,549
Staff housing recoveries	15,500	17,827	16,767
Transfers under third-party funding agreements	-	2,407	4,499
Other	14,900	19,345	17,386
	48,926	59,684	65,669
Recoveries of prior years expenditures (Schedule 1)	-	13,315	11,090
<b>Total revenues (Note 23)</b>	<b>1,602,603</b>	<b>1,620,066</b>	<b>1,513,077</b>

**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS**

Schedule B

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

for the year ended March 31, 2013

(in thousands of dollars)

TOTALS	Original Budget	Actual	(Over) Under Original Budget
<b>FUNDED UNDER APPROVED APPROPRIATIONS (Schedule B.1)</b>			
Operations and maintenance expenses before amortization	1,241,666	1,266,972	(25,306)
Plus: Amortization expenses on tangible capital assets	40,523	47,956	(7,433)
Total operations and maintenance expenses	1,282,189	1,314,928	(32,739)
Capital expenditures	94,499	90,869	3,630
Less: Transfers to tangible capital assets	65,898	50,668	15,230
Total capital expenses	28,601	40,201	(11,600)
<b>Total appropriation expenses</b>	<b>1,310,790</b>	<b>1,355,129</b>	<b>(44,339)</b>
<b>FUNDED UNDER THIRD-PARTY AGREEMENTS (Schedule B.2)</b>			
Operations and maintenance expenses before amortization	72,195	77,924	(5,729)
Plus: Amortization expenses on tangible capital assets	-	5,700	(5,700)
Total operations and maintenance expenses	72,195	83,624	(11,429)
Capital expenditures	54,084	34,222	19,862
Less: Transfers to tangible capital assets	-	8,537	(8,537)
Total capital expenses	54,084	25,685	28,399
<b>Total third-party agreement expenses</b>	<b>126,279</b>	<b>109,309</b>	<b>16,970</b>
<b>FUNDED BY REVOLVING FUNDS (Schedule B.3)</b>			
Operations and maintenance expenses before amortization	26,580	33,547	(6,967)
Plus: Amortization expenses on tangible capital assets	-	-	-
Total operations and maintenance expenses	26,580	33,547	(6,967)
Capital expenditures	-	-	-
Less: Transfers to tangible capital assets	-	-	-
Total capital expenses	-	-	-
<b>Total revolving fund expenses</b>	<b>26,580</b>	<b>33,547</b>	<b>(6,967)</b>
<b>NON-CONSOLIDATED STATEMENTS TOTALS</b>			
Operations and maintenance expenses before amortization	1,340,441	1,378,443	
Plus: Centrally estimated 'Supplementary requirements' per page x of 2012-2013 Main Estimates	78,500	-	
Less: Capital portion of the estimated 'Supplementary requirements'	53,500	-	
Total operations and maintenance expenses before amortization	1,365,441	1,378,443	(13,002)
Plus: Amortization expenses on tangible capital assets	40,523	53,656	(13,133)
Total operations and maintenance expenses	1,405,964	1,432,099	(26,135)
Capital expenditures	148,583	125,091	
Plus: Centrally estimated capital carryovers from prior year included in 'Capital' on page x of 2012-2013 Main Estimates	45,710	-	
Plus: Capital portion of the estimated 'Supplementary requirements'	53,500	-	
Total capital expenditures	247,793	125,091	122,702
Less: Transfers to tangible capital assets	65,898	59,205	6,693
Total capital expenses	181,895	65,886	116,009
<b>Total expenses</b>	<b>1,587,859</b>	<b>1,497,985</b>	<b>89,874</b>

Total expenses above includes, among other items, interest expense of \$4,682 (2012 - \$5,056) and a net increase in valuation allowances of \$1,055 (2012 - \$1,127).

## PUBLIC ACCOUNTS

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

for the year ended March 31, 2013

(in thousands of dollars)

APPROPRIATIONS	Original Budget	Supplementary Appropriations	Transfers	Revised Budget	Actual	(Over) Under Revised Budget
<b>LEGISLATIVE ASSEMBLY</b>						
Operations and maintenance						
Compensation and benefits	8,817	257	-	9,074	8,530	544
Grants and contributions	-	-	-	-	-	-
Other	8,081	290	-	8,371	8,523	(152)
	16,898	547	-	17,445	17,053	392
Capital expenditures	875	2,375	-	3,250	1,093	2,157
Total spending under appropriations	17,773	2,922	-	20,695	18,146	2,549
<b>EXECUTIVE AND INTERGOVERNMENTAL AFFAIRS</b>						
Operations and maintenance						
Compensation and benefits	14,098	(71)	-	14,027	12,700	1,327
Grants and contributions	500	-	-	500	474	26
Other	6,187	(197)	-	5,990	4,145	1,845
	20,785	(268)	-	20,517	17,319	3,198
Capital expenditures	-	-	-	-	-	-
Total spending under appropriations	20,785	(268)	-	20,517	17,319	3,198
<b>FINANCE</b>						
Operations and maintenance						
Compensation and benefits	24,353	689	-	25,042	22,514	2,528
Grants and contributions	8,577	4,477	-	13,054	13,231	(177)
Other	30,270	159	-	30,429	29,552	877
	63,200	5,325	-	68,525	65,297	3,228
Capital expenditures	100	2,886	-	2,986	1,402	1,584
Total spending under appropriations	63,300	8,211	-	71,511	66,699	4,812
<b>HUMAN RESOURCES</b>						
Operations and maintenance						
Compensation and benefits	17,602	492	-	18,094	11,169	6,925
Grants and contributions	-	-	-	-	-	-
Other	6,518	15	-	6,533	4,955	1,578
	24,120	507	-	24,627	16,124	8,503
Capital expenditures	-	-	-	-	-	-
Total spending under appropriations	24,120	507	-	24,627	16,124	8,503
<b>JUSTICE</b>						
Operations and maintenance						
Compensation and benefits	35,115	981	(4,479)	31,617	34,036	(2,419)
Grants and contributions	11,405	30	626	12,061	12,272	(211)
Other	45,565	4,579	3,853	53,997	48,488	5,509
	92,085	5,590	-	97,675	94,796	2,879
Capital expenditures	900	6,192	-	7,092	2,383	4,709
Total spending under appropriations	92,985	11,782	-	104,767	97,179	7,588



**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS**

Schedule B.1

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

for the year ended March 31, 2013

(in thousands of dollars)

APPROPRIATIONS	Original Budget	Supple- mentary Appro- priations	Transfers	Revised Budget	Actual	(Over) Under Revised Budget
<b>CULTURE AND HERITAGE</b>						
Operations and maintenance						
Compensation and benefits	12,806	(2,961)	(233)	9,612	7,635	1,977
Grants and contributions	9,818	(4,126)	-	5,692	5,451	241
Other	5,318	(1,280)	233	4,271	3,554	717
	27,942	(8,367)	-	19,575	16,640	2,935
Capital expenditures	60	-	-	60	60	-
Total spending under appropriations	28,002	(8,367)	-	19,635	16,700	2,935
<b>EDUCATION</b>						
Operations and maintenance						
Compensation and benefits	142,435	1,556	200	144,191	147,974	(3,783)
Grants and contributions	68,591	-	290	68,881	68,209	672
Other	21,869	-	(490)	21,379	17,241	4,138
	232,895	1,556	-	234,451	233,424	1,027
Capital expenditures	17,810	6,719	-	24,529	8,848	15,681
Total spending under appropriations	250,705	8,275	-	258,980	242,272	16,708
<b>HEALTH AND SOCIAL SERVICES</b>						
Operations and maintenance						
Compensation and benefits	109,198	5,005	(420)	113,783	112,209	1,574
Grants and contributions	6,569	300	-	6,869	5,347	1,522
Other	200,910	22,800	420	224,130	223,191	939
	316,677	28,105	-	344,782	340,747	4,035
Capital expenditures	10,536	43,641	-	54,177	21,792	32,385
Total spending under appropriations	327,213	71,746	-	398,959	362,539	36,420
<b>ENVIRONMENT</b>						
Operations and maintenance						
Compensation and benefits	14,050	381	(680)	13,751	14,190	(439)
Grants and contributions	1,893	-	85	1,978	1,741	237
Other	6,410	-	595	7,005	6,638	367
	22,353	381	-	22,734	22,569	165
Capital expenditures	3,044	3,429	-	6,473	3,307	3,166
Total spending under appropriations	25,397	3,810	-	29,207	25,876	3,331
<b>COMMUNITY AND GOVERNMENT SERVICES</b>						
Operations and maintenance						
Compensation and benefits	36,249	2,810	(668)	38,391	38,411	(20)
Grants and contributions	61,864	3,818	601	66,283	64,785	1,498
Other	90,014	3,802	67	93,883	94,358	(475)
	188,127	10,430	-	198,557	197,554	1,003
Capital expenditures	30,770	48,250	-	79,020	27,087	51,933
Total spending under appropriations	218,897	58,680	-	277,577	224,641	52,936

**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS**

Schedule B.1

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

for the year ended March 31, 2013

(in thousands of dollars)

APPROPRIATIONS	Original Budget	Supplementary Appropriations	Transfers	Revised Budget	Actual	(Over) Under Revised Budget
<b>ECONOMIC DEVELOPMENT AND TRANSPORTATION</b>						
Operations and maintenance						
Compensation and benefits	16,202	923	(2,220)	14,905	15,542	(637)
Grants and contributions	21,039	-	-	21,039	19,798	1,241
Other	21,757	182	2,220	24,159	24,412	(253)
	58,998	1,105	-	60,103	59,752	351
Capital expenditures	14,400	11,302	-	25,702	8,893	16,809
<b>Total spending under appropriations</b>	<b>73,398</b>	<b>12,407</b>	<b>-</b>	<b>85,805</b>	<b>68,645</b>	<b>17,160</b>
<b>NUNAVUT HOUSING CORPORATION</b>						
Operations and maintenance						
Compensation and benefits	-	-	-	-	-	-
Grants and contributions	157,382	4,440	-	161,822	161,822	-
Other	-	-	-	-	-	-
	157,382	4,440	-	161,822	161,822	-
Capital expenditures	16,004	-	-	16,004	16,004	-
<b>Total spending under appropriations</b>	<b>173,386</b>	<b>4,440</b>	<b>-</b>	<b>177,826</b>	<b>177,826</b>	<b>-</b>
<b>NUNAVUT ARCTIC COLLEGE</b>						
Operations and maintenance						
Compensation and benefits	-	-	-	-	-	-
Grants and contributions	25,614	4,468	-	30,082	30,082	-
Other	-	-	-	-	-	-
	25,614	4,468	-	30,082	30,082	-
Capital expenditures	-	-	-	-	-	-
<b>Total spending under appropriations</b>	<b>25,614</b>	<b>4,468</b>	<b>-</b>	<b>30,082</b>	<b>30,082</b>	<b>-</b>
<b>TOTALS</b>						
Operations and maintenance						
Compensation and benefits	430,925	10,062	(8,500)	432,487	424,910	7,577
Grants and contributions	373,252	13,407	1,602	388,261	383,212	5,049
Other	442,899	30,350	6,898	480,147	465,057	15,090
	1,247,076	53,819	-	1,300,895	1,273,179	27,716
Less: Principal repayments on capital leases included in spending appropriations above	5,410	-	-	5,410	6,207	(797)
Operations and maintenance expenses before amortization	1,241,666	53,819	-	1,295,485	1,266,972	28,513
Plus: Amortization expenses on tangible capital assets	40,523	-	-	40,523	47,956	(7,433)
<b>Total operations and maintenance expenses</b>	<b>1,282,189</b>	<b>53,819</b>	<b>-</b>	<b>1,336,008</b>	<b>1,314,928</b>	<b>21,080</b>
Capital expenditures	94,499	124,794	-	219,293	90,869	128,424
Less: Transfers to tangible capital assets	65,898	-	-	65,898	50,668	15,230
<b>Total capital expenses</b>	<b>28,601</b>	<b>124,794</b>	<b>-</b>	<b>153,395</b>	<b>40,201</b>	<b>113,194</b>
<b>Total appropriation expenses</b>	<b>1,310,790</b>	<b>178,613</b>	<b>-</b>	<b>1,489,403</b>	<b>1,355,129</b>	<b>134,274</b>

PUBLIC ACCOUNTS

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

for the year ended March 31, 2013

(in thousands of dollars)

By Department	Original Budget	Actual	(Over) Under Original Budget
Legislative Assembly	-	1	(1)
Executive and Intergovernmental Affairs	3,774	589	3,185
Finance	800	4,957	(4,157)
Human Resources	-	-	-
Justice	1,141	2,170	(1,029)
Culture and Heritage	2,550	2,626	(76)
Education	8,509	5,742	2,767
Health and Social Services	47,156	51,644	(4,488)
Environment	350	3,964	(3,614)
Community and Government Services	36,084	27,340	8,744
Economic Development and Transportation	25,915	10,276	15,639
	126,279	109,309	16,970

By Category	Original Budget	Actual	(Over) Under Original Budget
Operations and maintenance			
Compensation and benefits	-	15,874	-
Grants and contributions	-	12,431	-
Other	-	49,619	-
Operations and maintenance expenses before amortization	72,195	77,924	(5,729)
Plus: Amortization expenses on tangible capital assets	-	5,700	(5,700)
Total operations and maintenance expenses	72,195	83,624	(11,429)
Capital expenditures	54,084	34,222	19,862
Less: Transfers to tangible capital assets	-	8,537	(8,537)
Total capital expenses	54,084	25,685	28,399
<b>Total third-party agreement expenses</b>	<b>126,279</b>	<b>109,309</b>	<b>16,970</b>

PUBLIC ACCOUNTS

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

for the year ended March 31, 2013

(in thousands of dollars)

By Revolving Fund	Original Budget	Actual	(Over) Under Original Budget
Liquor	2,383	2,703	(320)
Petroleum Products	24,197	29,645	(5,448)
Public Stores (1)	-	973	(973)
Student Loan (2)	-	226	(226)
	<b>26,580</b>	<b>33,547</b>	<b>(6,967)</b>

  

By Category	Original Budget	Actual	(Over) Under Original Budget
Operations and maintenance			
Compensation and benefits	4,907	5,716	(809)
Grants and contributions	-	-	-
Other expenses	21,673	27,831	(6,158)
Operations and maintenance expenses before amortization	26,580	33,547	(6,967)
Plus: Amortization expenses on tangible capital assets	-	-	-
Total operations and maintenance expenses	26,580	33,547	(6,967)
Capital expenditures	-	-	-
Less: Transfers to tangible capital assets	-	-	-
Total capital expenses	-	-	-
<b>Total revolving fund expenses</b>	<b>26,580</b>	<b>33,547</b>	<b>(6,967)</b>

(1) The Public Stores budget of \$840 was included in the Department of Community and Government Services on Schedule B.1 as per the tabled Main Estimates.

(2) The Student Loan Fund budget of \$212 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, 2013

(in thousands of dollars)

	<b>Buildings</b>	<b>Leased Buildings</b>	<b>Infra-structure</b>	<b>Tank Farms</b>	<b>Storage Facilities</b>	<b>Equipment</b>	<b>2013</b>	<b>2012</b>
<b>Cost of tangible capital assets</b>								
Opening balance	806,101	114,873	158,480	153,774	30,998	83,071	1,347,297	1,270,919
Additions	108	-	-	-	-	4,363	4,471	25,986
Transferred from work in progress	39,230	-	1,889	471	-	1,970	43,560	50,392
Disposals	(1,241)	-	-	-	-	(50)	(1,291)	-
Closing balance	844,198	114,873	160,369	154,245	30,998	89,354	1,394,037	1,347,297
<b>Accumulated amortization</b>								
Opening balance	(214,799)	(44,912)	(48,332)	(50,214)	(13,794)	(45,189)	(417,240)	(366,133)
Amortization	(28,065)	(3,829)	(5,126)	(5,141)	(978)	(10,517)	(53,656)	(51,107)
Disposals	538	-	-	-	-	50	588	-
Closing balance	(242,326)	(48,741)	(53,458)	(55,355)	(14,772)	(55,656)	(470,308)	(417,240)
<b>Work in progress</b>								
Opening balance	60,077	-	7,172	160	4	1,611	69,024	87,314
Additions	31,771	-	13,861	4,430	-	4,672	54,734	32,102
Transferred to cost of tangible capital assets	(39,230)	-	(1,889)	(471)	-	(1,970)	(43,560)	(50,392)
Closing balance	52,618	-	19,144	4,119	4	4,313	80,198	69,024
<b>Net book value</b>								
	654,490	66,132	126,055	103,009	16,230	38,011	1,003,927	999,081
<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>		

---

**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS****Schedule 1****Non-Consolidated Schedule of Recoveries of Prior Years Expenditures (unaudited)****for the year ended March 31, 2013***(in thousands of dollars)*

---

<b>Department</b>	<b>Over Accruals</b>	<b>Other Recoveries</b>	<b>Total</b>
Legislative Assembly	-	41	41
Executive and Intergovernmental Affairs	31	10	41
Finance	95	801	896
Human Resources	-	105	105
Justice	9	1,068	1,077
Culture and Heritage	44	566	610
Education	2,342	2,143	4,485
Health and Social Services	1,744	585	2,329
Environment	85	-	85
Community and Government Services	1,813	623	2,436
Economic Development and Transportation	1,201	9	1,210
	<hr/>	<hr/>	<hr/>
	7,364	5,951	13,315

---

---

**GOVERNMENT OF NUNAVUT**

Schedule 2

**PUBLIC ACCOUNTS****Non-Consolidated Schedule of Special Warrants (unaudited)****for the year ended March 31, 2013***(in thousands of dollars)*

---

	Date of FMB Approval	Amount Authorized
<b>OPERATIONS AND MAINTENANCE</b>		

There were no Special Warrants during the year.

---

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

---

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

**CAPITAL**

There were no Special Warrants during the year.

---

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

---

## PUBLIC ACCOUNTS

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

for the year ended March 31, 2013

*(in thousands of dollars)*

	<u>Transfer to (from)</u>	
<b>OPERATIONS AND MAINTENANCE</b>		
<b>Justice</b>		
Corrections	(626)	
Directorate	626	
Corrections	(679)	Transfer Funds
Law Enforcement	679	
Registries and Court Services	(332)	
Directorate	332	
<b>Education</b>		
Income Support	(272)	
Curriculum and School Services	(395)	Transfer Funds
K-12 School Operations	(1,639)	
Career and Early Childhood Services	2,306	
<b>Health and Social Services</b>		
Treatment	(2,291)	
Social Programs	2,291	Transfer Funds
Treatment	(300)	
Directorate	300	
<b>Environment</b>		
Corporate Management	(300)	Transfer Funds
Program Management	300	
<b>Community and Government Services</b>		
Capital Planning and Technical Services	(500)	
Community Support	500	Transfer Funds
Government Services	(900)	
Capital Planning and Technical Services	900	
<b>Economic Development and Transportation</b>		
Corporate Management	(900)	Transfer Funds
Community Economic Development	(300)	
Transportation	1,200	
Transportation	(300)	Transfer Funds
Community Economic Development	300	



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

---

**for the year ended March 31, 2013**

---

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

Colleen Healey	2,408
Melanie Stubbing	3,189
Heather McGregor	4,653
Lauren Teiman	1,529
	<hr/>
	11,779
	<hr/>

**GOVERNMENT OF NUNAVUT  
PUBLIC ACCOUNTS**

**Schedule 5**

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

**for the year ended March 31, 2013**

*(in thousands of dollars)*

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>&gt;2018</b>	<b>Total</b>
Headquarters	7,412	5,504	5,268	4,700	4,089	4,791	31,764
Qikiqtaaluk	1,016	956	851	538	442	589	4,392
Kivalliq	3,786	2,977	2,505	1,670	851	243	12,032
Kitikmeot	1,515	829	505	345	323	2,377	5,894
	<b>13,729</b>	<b>10,266</b>	<b>9,129</b>	<b>7,253</b>	<b>5,705</b>	<b>8,000</b>	<b>54,082</b>