

GOVERNMENT OF YUKON

Consolidated Statement of Financial Position
as at March 31, 2005

	2005	2004
		(Restated - Note 3)
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 4)	\$ 60,413	\$ 41,746
Due from Canada (Note 5)	71,021	59,984
Accounts receivable (Note 6)	11,619	10,203
Loans receivable (Note 7)	55,086	58,555
Land held for sale (Note 8)	19,257	21,708
Investment in government business enterprises (Note 9(a))	139,784	120,037
	<u>357,180</u>	<u>312,233</u>
Liabilities		
Due to Canada (Note 5)	11,877	9,784
Accounts payable and accrued liabilities (Note 10)	55,273	37,572
Deferred revenues	4,136	3,919
Post-employment benefits (Note 11)	45,503	44,445
Retirement benefits (Note 12)	32,633	2,453
Long-term debt (Note 13)	29,128	30,107
Capital lease obligations (Note 14)	10,393	11,307
	<u>188,943</u>	<u>139,587</u>
Net financial resources	<u>168,237</u>	<u>172,646</u>
Non-financial assets		
Tangible capital assets (Note 15)	813,986	802,139
Less deferred capital contributions (Note 16)	(428,529)	(415,757)
Inventories of supplies (Note 17)	4,140	3,640
Prepaid expenses	1,762	992
Accumulated surplus	<u>\$ 559,596</u>	<u>\$ 563,660</u>

Contingencies, contractual obligations and guarantees
(Notes 9, 22, 24, 25 and 26)

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

Approved:



Bruce McLennan, CMA
Deputy Head of the Department of Finance



Dennis Fentie
Minister of Finance

GOVERNMENT OF YUKON

Consolidated Statement of Operations
for the year ended March 31, 2005

	2005		2004
	Main Estimates (Note 21)	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Revenues (Schedule A)			
From Canada	\$ 510,845	\$ 556,993	\$ 493,319
Taxes and general revenues	73,439	76,672	75,431
Investment income	4,749	25,342	9,537
Funding and service agreements with other parties	21,659	15,318	19,497
Amortization of deferred capital contributions	15,170	13,102	12,997
	<u>625,862</u>	<u>687,427</u>	<u>610,781</u>
Expenses (Note 19)			
Health and social services	170,105	172,038	158,515
Community and transportation	140,797	153,234	132,515
Education	114,545	114,458	105,871
General government	98,680	95,708	84,198
Natural resources	57,894	57,033	51,277
Justice	37,787	38,637	36,789
Business, tourism and culture	34,547	31,061	24,331
Interest on loans	2,986	2,512	2,628
	<u>657,341</u>	<u>664,681</u>	<u>596,124</u>
Recovery of prior years' expenses	-	587	904
Surplus (deficit) for the year	<u>\$ (31,479)</u>	<u>23,333</u>	<u>15,561</u>
Accumulated surplus at beginning of year, as previously reported		188,389	176,201
Prior year adjustment (Note 3(a))		<u>375,271</u>	<u>371,898</u>
Accumulated surplus at beginning of year, restated		563,660	548,099
Less adjustment to accumulated surplus, beginning of year (Note 3(b))		<u>(27,397)</u>	<u>-</u>
Accumulated surplus at end of year		<u>\$ 559,596</u>	<u>\$ 563,660</u>

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

GOVERNMENT OF YUKON

Consolidated Statement of Change in Net Financial Resources
for the year ended March 31, 2005

	2005		2004
	Main Estimates (Note 21)	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Surplus (deficit) for the year	\$ (31,479)	\$ 23,333	\$ 15,561
Effect of change in tangible capital assets			
Acquisitions	(59,096)	(48,102)	(281,482)
Capital contributions received	25,395	25,912	248,471
Amortization of tangible capital assets	32,039	34,743	30,121
Amortization of deferred capital contributions	(15,170)	(13,102)	(12,997)
Gain on sale of tangible capital assets	-	(51)	(82)
Proceeds on sale of tangible capital assets	-	1,525	168
Write-down of tangible capital assets	-	-	1,317
	<u>(16,832)</u>	<u>925</u>	<u>(14,484)</u>
Effect of change in other non-financial assets			
Increase in inventories of supplies	-	(500)	(492)
Increase in prepaid expenses	-	(770)	(87)
	<u>-</u>	<u>(1,270)</u>	<u>(579)</u>
Increase (decrease) in net financial resources	<u>\$ (48,311)</u>	<u>22,988</u>	<u>498</u>
Net financial resources at beginning of year		172,646	172,148
Less adjustment to accumulated surplus, beginning of year (Note 3(b))		<u>(27,397)</u>	-
Net financial resources at end of year		<u>\$ 168,237</u>	<u>\$ 172,646</u>

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

GOVERNMENT OF YUKON

Consolidated Statement of Cash Flows
for the year ended March 31, 2005

	2005	2004
	(thousands of dollars)	
Operating transactions		
Cash received from:		
Canada	\$ 548,414	\$ 518,749
Taxes and general revenues	87,829	81,900
Funding and service agreements with other parties	14,559	18,447
	<u>650,802</u>	<u>619,096</u>
Cash paid for:		
Salary, wages and benefits	247,442	245,580
Transfer payments	140,019	139,128
Other expenses	224,538	175,718
	<u>611,999</u>	<u>560,426</u>
Cash provided by operating transactions	<u>38,803</u>	<u>58,670</u>
Capital transactions		
Acquisition of tangible capital assets	(46,279)	(39,717)
Contributions received for acquisition	20,321	19,660
Proceeds on sale of tangible capital assets	1,525	168
Cash used for capital transactions	<u>(24,433)</u>	<u>(19,889)</u>
Investing transactions		
Investment in land held for sale	(5,738)	(3,906)
Proceeds from sale of land held for sale	1,654	650
Loans advanced	(8,461)	(1,825)
Loans repaid	18,734	11,121
Cash provided by investing transactions	<u>6,189</u>	<u>6,040</u>
Financing transactions		
Repayment of capital lease obligations	(913)	(764)
Repayment of long-term debt	(979)	(2,538)
Cash used for financing transactions	<u>(1,892)</u>	<u>(3,302)</u>
Increase in cash and cash equivalents	18,667	41,519
Cash and cash equivalents at beginning of year	<u>41,746</u>	<u>227</u>
Cash and cash equivalents at end of year (Note 4)	\$ 60,413	\$ 41,746
Supplemental information		
Interest paid in the year	\$ 3,652	\$ 3,814
Interest received in the year	3,895	4,302

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2005

1. Authority and operations

The Government of Yukon (the Government) operates under the authority of the *Yukon Act* (Canada). All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

The Yukon Housing Corporation operates under the authority of the *Housing Corporation Act* (Yukon).

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector.

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Government and organizations accountable to and controlled by the Government. The entities that exist to deliver the executive functions of the Government are fully consolidated in these financial statements. The entities that are deemed to be government partnerships are accounted for using the proportionate consolidation method. The entities that are deemed to be government business enterprises are accounted for using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the government business enterprise's accounting principles are not adjusted to conform with those of the government. Thus, the government aggregates a government business enterprise's net assets and net income by adjusting the investment shown in the government's consolidated statement of financial position and by presenting the net income as a separate item on the government's consolidated statement of operations.

The organizations comprising the consolidated government reporting entity, categorized by accounting method are:

Fully consolidated:

Government of Yukon
Yukon Housing Corporation

Proportionate consolidation:

19596 Yukon Inc.

Modified equity:

Yukon Development Corporation
Yukon Liquor Corporation
Yukon Government Fund Limited

In October 1999 the Government, with Northwestel Inc. and another partner, formed a government partnership, 19596 Yukon Inc., in order to carry out the "Connect Yukon" telecommunication infrastructure development project to provide high speed internet services in the Yukon. 19596 Yukon Inc. has been financed with \$10.5 million from the Yukon Government Fund Limited (Note 9(c)). The Government's share of 19596 Yukon Inc. is 24.5%.

Trusts administered by the Government on behalf of other parties (Note 20) are excluded from the consolidated government reporting entity.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2005

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis. Income taxes levied, under the *Income Tax Act* (Yukon), are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final.

Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when paid or earlier if the terms of a contractual transfer agreement have been met.

Expenses are recovered from Canada and other sources under various cost-sharing agreements including reconstruction of the Alaska Highway, social assistance and occupational training. The amounts are recorded as recoverable in the year in which the related expenses are incurred. Any adjustments upon finalization are reflected in the accounts in the year of adjustment.

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for expenses for the current year.

Assets

Financial assets

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized on an accrual basis until such time that the collectibility of either principal or interest is not reasonably assured.

Land held for sale comprises the costs of acquiring, planning and developing serviced lots for eventual sale. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale.

Non-financial assets

Tangible capital assets are buildings, roads, equipment, etc. whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated by Canada. For certain tangible capital assets that have previously been received from Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer. Transferred and cost-shared tangible capital assets are recorded upon acquisition with an offsetting deferred capital contribution that represents the value of the contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized. Tangible capital assets, when placed in service, are amortized on a straight-line basis over their estimated useful life. Works of art, historical treasures and crown lands are not recorded.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2005

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and estimated useful lives.

Asset category	Threshold	Estimated useful life
Land	Nil	N/A
Land improvements and fixtures	\$50,000	up to 50 years
Buildings	\$50,000	40 - 50 years
Portable classrooms/housing trailers	\$50,000	20 years
Heavy equipment	\$10,000	7 - 30 years
Operating equipment	\$10,000	7 - 25 years
Vehicles	\$10,000	6 - 15 years
Computer hardware	\$10,000	5 years
Computer software	\$100,000	7 years
Leasehold improvements	\$50,000	Lease term
Highways	N/A	30 to 50 years
Pavement	N/A	26 years
Bridges	N/A	30 to 50 years
Airport runways	N/A	26 to 50 years

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

Inventories of supplies consist primarily of fuel and lubricants, repair parts, stationery and office supplies, highway materials, and engineering, building and maintenance supplies, and are valued at the lower of cost and replacement value. Other materials and supplies are expensed at the time of acquisition.

Liabilities

Liabilities include financial claims payable by the Government and deferred revenues.

Deferred revenues are cash received for which goods and services have not been provided by year-end, and are comprised of motor vehicle licence fees and other items for the following fiscal year.

Capital lease obligations are recorded with a corresponding asset at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate at the time the obligation is incurred.

(c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, Canada or a province;
- fixed deposits, notes, certificates and other short term paper of, or guaranteed by, a bank including swapped deposit transactions in currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

The duration of the securities held depends on cash projections but usually averages under a year in length.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2005

(d) Transfer payments from Canada

The Government receives a grant from Canada pursuant to Bill C-24, *An Act to amend the Federal-Provincial Fiscal Arrangements Act and to make consequential amendments to other Acts (fiscal equalization payments to the provinces and funding to the territories)* (Canada). Entitlements under the Formula Financing Agreement 1999/2000 to 2003/2004 were closed as of March 31, 2005 under this legislation. The legislation specifies the exact entitlement amount for 2004/2005 and 2005/2006. For future years, Yukon's grant is to be determined as a proportion of the aggregate quantum for the three territories specified in the legislation.

Health and social transfer payments are received from Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada). These revenues are recognized when entitlement occurs. Adjustments are made in accordance with the arrangements in the year they are known.

(e) Post-employment benefits

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits and accumulated sick, vacation, compensatory and personal leave and travel bonus benefits that are paid in cash when employment is terminated. The Government recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned.

(f) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government accounts for contributions to this pension plan as a defined contribution plan and, therefore, the Government's contributions represent its total pension obligations. Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet a certain criteria. Liabilities for these benefits are valued on an actuarial basis.

Retirement benefits to Members of the Legislative Assembly and judges are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on services. Pension expenses for these two plans are recognized as members render services. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses.

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 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 statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to post-employment and retirement benefits, contingencies and revenue accruals. Other estimates, such as Canada health and social transfer payments and corporate and personal income tax revenue are based on estimates made by Canada's Department of Finance and are subject to adjustments in future years.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2005

(h) Changes in accounting policies in 2006

In 2005/2006, the Government intends to adopt the Canadian Institute of Chartered Accountants' Public Sector Accounting Board recommendations for the government reporting entity by fully consolidating the Yukon College and the Yukon Hospital Corporation. These organizations are not currently reported as part of the Government reporting entity. This change in accounting policy will be applied retroactively with restatement of prior year amounts.

3. **Prior year adjustments**

(a) Change in accounting policy - tangible capital assets

In accordance with the Public Sector Accounting Board recommendations, tangible capital assets are being recognized in the financial statements of the Government commencing with the 2004/2005 fiscal year. Under this revised accounting policy, the costs of tangible capital assets are capitalized and amortized as expenses of operations over their estimated useful service lives. In 2003/2004 and prior years, the costs of tangible capital assets were recognized as expenditures when the assets were acquired or constructed.¹ This change in accounting policy has been applied retroactively and prior year financial statements have been restated. The effect of the change is presented below.

(b) Correction of accounting error - extended health care and life insurance retirement benefits

During 2004/2005, the Government corrected an accounting error that relates to extended health care and life insurance benefits for retired employees. Until the fiscal year 2003/2004, the Government accounted for these retirement benefits on a cash basis rather than by the method recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. As the actuarial valuation is not available for the period prior to April 1, 2004, this correction was applied with an adjustment to the opening net financial resources and accumulated surplus and no restatement of comparative amounts. The effect of the change is presented below.

The effects of the above prior-year adjustments on the surplus for the year, net financial resources and the accumulated surplus were as follows (\$ millions):

	2005			2004		
	Surplus for the year	Net financial resources April 1, 2004	Accumulated surplus April 1, 2004	Surplus for the year	Net financial resources April 1, 2003	Accumulated surplus April 1, 2003
			Increase (decrease)			
Tangible capital assets	\$ (0.9)	\$ -	\$ 375.3 ¹	\$ 3.4 ¹	\$ -	\$ 371.9
Retirement benefits	(2.6)	(27.4)	(27.4)	-	-	-
Total effect	\$ (3.5)	\$ (27.4)	\$ 347.9	\$ 3.4	\$ -	\$ 371.9

¹ Leased capital assets were capitalized in the fiscal year 2003/2004. This change in accounting policy was applied prospectively. As at April 1, 2004, the net book value of the leased capital assets that were reported as part of tangible capital assets was \$11.1 million.

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**Notes to Consolidated Financial Statements
March 31, 2005**

4. **Cash and cash equivalents**

	2005	2004
	(thousands of dollars)	
Short-term investments	\$ 42,793	\$ 35,075
Bank balances	17,552	6,603
Cash on hand	68	68
	\$ 60,413	\$ 41,746

Cash and cash equivalents include cash on hand, balances with banks and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

5. **Due from/to Canada**

	2005	2004
	(thousands of dollars)	
Due from Canada		
Cost-sharing agreements and projects delivered on behalf of Canada	\$ 56,136	\$ 36,213
Federal grant receivable	14,808	20,516
Other	77	3,255
	\$ 71,021	\$ 59,984
Due to Canada		
Public Service Pension Plan contribution payable	\$ 3,685	\$ 3,147
RCMP	3,381	3,415
Payroll deductions payable	3,140	2,795
Other	1,671	427
	\$ 11,877	\$ 9,784

Amounts due from and due to Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

6. **Accounts receivable**

	2005	2004
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 8,801	\$ 8,453
Less valuation allowances	(1,223)	(1,203)
	7,578	7,250
Due from Territorial corporations	4,041	2,953
	\$ 11,619	\$ 10,203

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Notes to Consolidated Financial Statements
March 31, 2005

7. Loans receivable

	<u>2005</u>	<u>2004</u>
	(thousands of dollars)	
Mortgages receivable, due in varying annual amounts to the year 2022, bearing interest rates ranging from 0.0% to 8.3%	\$ 36,536	\$ 41,191
Debenture loans to municipalities, due in varying annual amounts to the year 2030, bearing interest rates ranging from 5.0% to 11.4%	8,871	8,985
Agreements for sale, due in varying annual amounts over a three or five year term to the year 2010, bearing interest rates ranging from 4.8% to 8.5%	5,742	4,584
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 13.6%	3,474	3,783
Local improvement loans, due in varying annual amounts to the year 2035, bearing interest rates ranging from 2.3% to 13.8%	2,957	2,684
Others	599	500
Less valuation allowances	<u>(3,093)</u>	<u>(3,172)</u>
	<u>\$ 55,086</u>	<u>\$ 58,555</u>

8. Land held for sale

	<u>2005</u>	<u>2004</u>
	(thousands of dollars)	
Raw land	\$ 45	\$ 45
Land under development	5,479	8,042
Finished land	<u>13,733</u>	<u>13,621</u>
	<u>\$ 19,257</u>	<u>\$ 21,708</u>

Land held for sale is affected by the Yukon First Nations land claims negotiations. At March 31, 2005, \$3.4 million (2004 - \$4.1 million) of finished land is included in the scope of existing land claims. Recovery of costs of the land selected in land claims settlements is to be provided for by Canada as per provisions of the Bilateral Agreement of June 24, 1993.

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Notes to Consolidated Financial Statements
March 31, 2005

9. Investments in government business enterprises

(a) Summary financial statements

Summary financial statements of the government entities accounted for by the modified equity method are provided below. The Yukon Development Corporation and the Yukon Government Fund Limited have a fiscal year end of December 31. In the fiscal year 2004/2005, to conform to the Government's fiscal year end, the interim financial statements from January 1, 2004 to March 31, 2005 (15 months) were used to account for the Yukon Development Corporation and the Yukon Government Fund Limited. In future years, these entities will be reported based on a twelve month accounting period. The Yukon Liquor Corporation has a fiscal year end of March 31.

	Yukon Development Corporation	Yukon Government Fund Limited	Yukon Liquor Corporation	2005 Total	2004 Total
(thousands of dollars)					
Balance Sheet					
Assets					
Current	\$ 15,358	\$ 10,687	\$ 3,589	\$ 29,634	\$ 18,432
Investments	3,397	-	-	3,397	3,905
Capital assets	157,884	-	2,364	160,248	161,472
Other	11,837	5,438	-	17,275	26,037
	<u>\$ 188,476</u>	<u>\$ 16,125</u>	<u>\$ 5,953</u>	<u>\$ 210,554</u>	<u>\$ 209,846</u>
Liabilities					
Current	\$ 6,027	\$ 7,264	\$ 3,022	\$ 16,313	\$ 9,049
Long-term debt	22,676	7,750	-	30,426	57,410
Other	23,348	116	567	24,031	23,350
Equity	<u>136,425</u>	<u>995</u>	<u>2,364</u>	<u>139,784</u>	<u>120,037</u>
	<u>\$ 188,476</u>	<u>\$ 16,125</u>	<u>\$ 5,953</u>	<u>\$ 210,554</u>	<u>\$ 209,846</u>
Statement of Operations and Equity					
Revenues	\$ 50,716	\$ 1,119	\$ 11,492	\$ 63,327	\$ 39,334
Expenses	<u>31,173</u>	<u>666</u>	<u>6,146</u>	<u>37,985</u>	<u>29,797</u>
Surplus	19,543	453	5,346	25,342	9,537
Remitted to the Government	-	-	(5,595)	(5,595)	(5,716)
Equity, beginning of year	<u>116,882</u>	<u>542</u>	<u>2,613</u>	<u>120,037</u>	<u>116,216</u>
Equity, end of year	<u>\$ 136,425</u>	<u>\$ 995</u>	<u>\$ 2,364</u>	<u>\$ 139,784</u>	<u>\$ 120,037</u>

Equity represents the Government's investment in the government business enterprises.

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**Notes to Consolidated Financial Statements
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(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Government Fund Limited	Yukon Liquor Corporation	2005 Total	2004 Total
(thousands of dollars)					
Government of Yukon:					
Accounts receivable from \$	192	\$ -	\$ 1,690	\$ 1,882	\$ 1,184
Loans receivable from	-	116	-	116	116
Accounts payable to	1,152	-	1,160	2,312	51
Long-term obligations to	3,567	2,573	-	6,140	6,686
Revenues from	294	-	270	564	786
Expenses to	9,751	244	-	9,995	7,240

(c) Commitments

Yukon Government Fund Limited

On January 4, 1999 the Yukon Government Fund Limited finalized a Confidential Offering Memorandum for filing with the Business Immigration Division, Department of Citizenship and Immigration Canada. The offering expired on March 31, 1999. The company has obtained \$15.0 million (2004 - \$15.0 million) from investors, of which \$3.0 million (2004 - \$3.0 million) is restricted. \$10.5 million (2004 - \$10.5 million) has been loaned to 19596 Yukon Inc. (Note 2(a)). The company has committed to use the remaining proceeds of the offering to invest in eligible businesses in the Yukon.

The \$15.0 million due to investors is repayable as follows:

	(thousands of dollars)
2006	\$ 7,250
2007	7,250
2008	250
2009	250
	\$ 15,000

(d) Guarantees

The Government has guaranteed debts of the Yukon Development Corporation of \$24.1 million (2004 - \$42.4 million). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Energy Corporation, a wholly owned subsidiary of the Yukon Development Corporation, of up to \$10.0 million. It is expected that no significant costs will be incurred by the Government with respect to these guarantees.

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**Notes to Consolidated Financial Statements
March 31, 2005**

10. **Accounts payable and accrued liabilities**

	2005	2004
	(thousands of dollars)	
Accounts payable	\$ 24,256	\$ 18,255
Accrued liabilities	23,793	14,790
Due to Territorial corporations	5,424	2,915
Contractors' holdbacks and security deposits	1,800	1,612
	\$ 55,273	\$ 37,572

11. **Post-employment benefits**

	2005	2004
	(thousands of dollars)	
Severance benefits	\$ 22,860	\$ 22,362
Sick leave obligation	12,487	12,135
Vacation leave obligation	9,585	9,395
Other	571	553
	\$ 45,503	\$ 44,445

Severance benefits are paid on termination of service or upon retirement.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by daily pay rate at termination or retirement.

Other benefit obligations include unused compensatory and personal leave and travel bonus benefits.

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method prorated on service. The obligation for compensatory and personal leave and travel bonus benefits is calculated assuming all employees would cash in those benefits on the valuation date. In projecting the accrued obligation for these benefits as at March 31, 2005, the actuary assumed a discount rate of 6.0% and general inflation of 2.5%. The actuary further assumed that general salary increases would be in line with inflation at 2.5% per annum.

Expenses related to post-employment benefits for the year ended March 31, 2005 were \$5,137,000 (2004 - \$6,619,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to \$4,079,000 (2004 - \$3,732,000).

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2005

12. Retirement benefits

(a) Public Service Pension Plan

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits at 2% per year of pensionable service based on their five consecutive years of highest paid services. The Government contributes at a basic rate of 2.14 times the employee's contribution. The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$26,088,000 (2004 - \$19,900,000). The large increase in 2005 pension contribution expenses was due to recognition of the Government's obligation for the employer contribution on the buy-back option elected by employees. The buy-back contribution expenses recognized in 2004/2005 amounted to \$5,559,000.

(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. In addition to retirement allowances, the plan also contains a provision for payment of lump sum death and severance allowances. These benefits are based on service and/or earnings. The Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

During the fiscal year 2004/2005, the Members' Services Board transferred the fund assets being held by the Government to cover the liabilities of the Plan to an investment manager (Note 20). The funds transferred are held in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act*. The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid. It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The most recent valuation for funding purposes was conducted as at March 31, 2005. The results of this valuation indicate that the plan was fully funded with a surplus of \$4,694,000.

The accrued benefit obligation as at March 31, 2005 is based on an extrapolation of a valuation conducted as at March 31, 2002 using best estimate assumptions accepted by the Members' Services Board of the Legislative Assembly (Schedule C). Valuation information based on March 31, 2005 membership data will be reflected in the 2006 financial statements.

(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is a non-contributory defined benefit pension plan. In this plan, benefits are accrued at an annual rate of 3% based on the judges' highest twenty-four months of pensionable earnings. Benefit costs under this plan are offset by benefits paid under the Public Service Pension Plan and the Retirement Compensation Arrangement which are contributory plans. The *Territorial Court Judiciary Pension Plan Act* (Yukon) stipulates that no fund is to be maintained for this plan.

The actuarial report for this plan was prepared at March 31, 2002. The accrued benefit obligation shown for 2005 is based on an extrapolation of that 2002 valuation (Schedule C).

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2005**

(d) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both defined benefit plans. The extended health care plan is self-insured. As at March 31, 2005, the Government paid approximately 65% of the extended health care benefit costs and 100% of the life insurance premium for participating retirees. An actuarial valuation of these benefits was conducted as of April 1, 2004 (Schedule C). There are no plan assets.

The retirement benefit liabilities of the Government as of March 31, 2005 were as follows:

	2005	2004
	(thousands of dollars)	
Pension and retirement benefit liabilities (Schedule C)		
Extended health care retirement benefits (Note 3(b))	\$ 28,928	\$ -
Territorial Court Judiciary Pension Plan	2,608	2,335
Life insurance retirement benefits (Note 3(b))	1,021	-
Legislative Assembly Retirement Allowances Plan	76	118
	\$ 32,633	\$ 2,453

13. Long-term debt

	2005	2004
	(thousands of dollars)	
Mortgages, with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments with maturities up to the year 2023, bearing fixed interest rates ranging from 5.0% to 12.5%. Fair value is estimated at \$19,435,000 (2004 - \$20,331,000).	\$ 18,635	\$ 19,421
Canada Mortgage and Housing Corporation loans, repayable in blended annual payments with maturities up to the year 2028, bearing fixed interest rates ranging from 5.0% to 13.3%. Fair value is estimated at \$4,450,000 (2004 - \$4,978,000).	4,194	4,387
Loans from Canada, repayable in annual instalments with maturities up to the year 2008, bearing fixed interest rates ranging from 9.0% to 11.1%. Fair value is estimated at \$3,326,000 (2004 - \$3,156,000).	3,726	3,726
Loans from the Yukon Government Fund Limited, repayable 60 months after advance with maturities up to the year 2007, bearing a fixed interest rate of 7.7% calculated and compounded semi-annually and payable monthly. Fair value is estimated at \$2,449,000 (2004 - \$2,324,000).	2,573	2,573
	\$ 29,128	\$ 30,107

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2005**

Principal repayment requirements over the next five years on outstanding loans are as follows:

	(thousands of dollars)
2006	\$ 2,349
2007	3,023
2008	4,417
2009	1,348
2010	1,594
Thereafter	<u>16,397</u>
	<u>\$ 29,128</u>

Debt authority

Canada, pursuant to subsection 23(2) of the *Yukon Act* (Canada), has approved the Government borrowing up to \$138 million.

	<u>2005</u>	<u>2004</u>
	(thousands of dollars)	
Debt of the consolidated entities:		
Government business enterprises		
Yukon Development Corporation, long-term debt	\$ 24,135	\$ 42,410
Yukon Government Fund Limited, term loans	<u>15,000</u>	<u>15,000</u>
	<u>39,135</u>	<u>57,410</u>
Fully and proportionately consolidated entities		
Yukon Housing Corporation, mortgages payable	18,635	19,421
Yukon Housing Corporation, CMHC loans	4,194	4,387
Government of Yukon, long-term debt	3,726	3,726
19596 Yukon Inc., term loans	<u>2,573</u>	<u>2,573</u>
	<u>29,128</u>	<u>30,107</u>
Total debt	68,263	87,517
Authorized borrowing limit	<u>138,000</u>	<u>138,000</u>
Available borrowing capacity	<u>\$ 69,737</u>	<u>\$ 50,483</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2005**

14. Capital lease obligations

	2005	2004
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2012, with imputed interest rate of 11.0%. The building is to be transferred to the Government for \$1.00 at the end of the lease term.	\$ 3,567	\$ 3,936
Building lease obligation payable monthly until the year 2013, with imputed interest rate of 13.5%.	3,110	3,303
Building lease obligation payable monthly until the year 2012, with imputed interest rate of 6.0%	2,813	3,069
Building lease obligation payable monthly until the year 2010, with imputed interest rate of 13.3%.	903	999
	\$ 10,393	\$ 11,307

Interest expense related to capital lease obligations for the year was \$1,140,000 (2004 - \$1,169,000) at an imputed average interest rate of 10.9% (2004 - 10.9%). The following is a schedule of future minimum lease payments under the capital lease obligations.

	(thousands of dollars)
2006	\$ 2,823
2007	2,841
2008	2,841
2009	2,841
2010	2,841
Beyond 2010	6,291
Total minimum lease payments	20,478
Less: amount representing executory costs	(4,323)
amount representing rental of land	(1,396)
amount representing interest	(4,366)
	\$ 10,393

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2005

15. Tangible Capital Assets

	<u>2005</u>	<u>2004</u>
	Net Book Value	Net Book Value
	(Restated – Note 3)	
	(thousands of dollars)	
Land	\$ 6,776	\$ 6,011
Buildings	279,918	290,110
Equipment and vehicles	29,859	31,406
Computer hardware and software	6,208	6,629
Transportation infrastructure	485,604	462,782
Other	5,621	5,201
	<u>\$ 813,986</u>	<u>\$ 802,139</u>
(Schedule B)		

The Government owns and/or maintains various historical sites. The Government also holds works of art with a total insured value of \$2.3 million (2004 - \$2.1 million).

Leased capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was \$960,000 (2004 - \$960,000). The cost and accumulated amortization of leased capital assets that are included in the statement of tangible capital assets are as follows:

	<u>2005</u>	<u>2004</u>
	(thousands of dollars)	
Buildings (cost)	\$ 12,071	\$ 12,071
Less accumulated amortization	<u>(1,920)</u>	<u>(960)</u>
	<u>\$ 10,151</u>	<u>\$ 11,111</u>

16. Deferred capital contributions

Where the fair value has been capitalized for tangible capital assets that were transferred from a third party, e.g. Canada, an offset is recorded as a deferred capital contribution. Funding received for the acquisition, development, construction or betterment of tangible capital assets is also treated as a deferred capital contribution. The most significant of these assets are highways, bridges and airport infrastructure. The deferred capital contribution is recognized as revenue over the useful life of the related asset.

	<u>2005</u>	<u>2004</u>
	(Restated – Note 3)	
	(thousands of dollars)	
Deferred capital contributions, beginning of year	\$ 415,757	\$ 180,307
Add: Assets transferred or funded during the year	25,912	248,471
Less: Disposal	(38)	(24)
Amortization	<u>(13,102)</u>	<u>(12,997)</u>
Deferred capital contributions, end of year (Schedule B)	<u>\$ 428,529</u>	<u>\$ 415,757</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2005

17. Inventories of supplies

	2005	2004
	(thousands of dollars)	
Highways materials	\$ 2,641	\$ 2,214
Garage parts and fuel	1,078	1,002
Central stores	421	424
	<u>\$ 4,140</u>	<u>\$ 3,640</u>

18. Grant from Canada

	2005	2004
	(thousands of dollars)	
Formula Financing grant entitlement	\$ 465,708	\$ 427,714
Adjustments in respect of:		
Census	-	(15,187)
Escalator data adjustment	6,700	-
Formula financing escalators	12,492	10,785
Tax effort adjustment factors	(2,099)	1,173
Own source revenues and recoveries	(11,849)	1,720
GEB adjustments	(7)	-
Formula Financing grant	470,945	426,205
Adjustments in respect of resource revenue offsets	51	(70)
Grant from Canada per Schedule of Revenues (Schedule A)	<u>\$ 470,996</u>	<u>\$ 426,135</u>

19. Expenses by object

	2005	2004
	(Restated – Note 3)	
	(thousands of dollars)	
Personnel	\$ 257,904	\$ 242,171
Transfer payments	141,452	139,517
Contract and special services	100,935	69,852
Materials, supplies and utilities	73,129	68,144
Amortization expenses	34,743	30,121
Communication and transportation	21,117	33,327
Interest on long-term debt and capital lease obligations	3,652	4,196
Other	31,749	8,796
	<u>\$ 664,681</u>	<u>\$ 596,124</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
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20. **Trust assets**

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets.

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. The remaining trust assets are invested primarily in short-term and long-term bonds.

Investments are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash.

During the fiscal year 2004/2005, the Legislative Assembly Retirement Allowances fund assets were transferred from the Government to an external investment manager (Note 12(b)). The fund asset balance as of March 31, 2004 was \$18,571,000.

	2005	2004
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 137,781	\$ 128,578
Water Resources Bonds	2,895	-
Land Title Office – Assurance Fund	2,470	2,332
Lottery Commission	2,283	2,769
Crime Prevention and Victim Services	2,165	2,250
Forest Sector Fund	2,078	1,035
Historic Resources Trust Fund	1,148	1,144
Public Administrator	1,117	831
Other	1,913	20,419
	\$ 153,850	\$ 159,358

21. **Main Estimates**

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2004. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

22. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2005.

	Expiry Date	2006	2007 – 2016	Total
	(thousands of dollars)			
Capital projects				
- in progress at March 31, 2005	2007	\$ 27,790	\$ 53,300	\$ 81,090
(recoverable amount)		(26,945)	(50,650)	(77,595)
RCMP policing agreement	2012	11,763	78,371	90,134
Building/office space leases	2016	7,363	26,406	33,769
Miscellaneous operational commitments	2007	8,936	1,364	10,300
		\$ 28,907	\$ 108,791	\$ 137,698

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2005

23. Overexpenditure

During the year, two (2004 - two) departments exceeded their votes with a total of \$6,988,000 (2004 - \$819,000). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that "a vote does not authorize any payment to be made in excess of the amount specified in the vote".

(thousands of dollars)

The votes that were overexpended are as follows:

Operations and maintenance	
Public Service Commission	\$ 6,884
Justice	104

The *Appropriation Acts* (Yukon) states that the Government is not to expend grant payments in excess of the amounts specified in the Acts. During the year, four (2004 - four) departments exceeded the authorized amounts as follows:

Operations and maintenance grants	
Community Services	
- Home owner grants	\$ 38
- Comprehensive municipal grants	1
Education	
- Post secondary student grants	157
Environment	
- Canadian Cooperative Wildlife Health Centre	1
Health and Social Services	
- Adoption subsidies	27
- Child care operating grants	21
- Child care subsidies	181
- Federal child benefit - Whitehorse	38
- Pioneer utility grant	130
- Medical travel subsidies	8
- Federal child benefit - region	28

24. Land claims

Between February 1995 and March 31, 2005, nine Yukon First Nation Final and Self-government Agreements came into effect. Two additional Yukon First Nations have concluded negotiations since March 31, 2005. Negotiations with the remaining three Yukon First Nations and one trans-boundary First Nation were in hiatus during 2004/2005 and discontinued effective March 31, 2005. Settlements of these outstanding claims would not result in a general liability to the Government as they are to be funded by Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The Government signed a bilateral funding agreement with Canada on June 24, 1993 that provides for funding towards the Government's additional implementation costs. Costs funded by this agreement include boards and councils established under the Yukon First Nation Final Agreements and implementation projects and activities. In 2003/2004 the bilateral funding agreement was amended to include the federal Northern Affairs Program implementation funding and the council and commission funding that came to Yukon as part of the Northern Affairs Program Devolution Transfer Agreement.

The Government expended \$3.8 million during the year (2004 - \$4.6 million) with cumulative expenditures of approximately \$31.8 million (2004 - \$28.0 million), of which \$30.7 million (2004 - \$27.0 million) was funded by Canada.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2005

25. Contingencies

In the normal course of operations, the Government is subject to legal claims. At March 31, 2005 the Government estimated the total claimed amount to be about \$5.3 million (2004 - \$2.7 million). No liability has been admitted and no provision for claims is included in these financial statements.

26. Environmental liabilities

The Government recognizes that there are liabilities for restoration of the environment on land that is administered and controlled by the Government (Commissioner's Land). The Government does not actively search for contaminated sites, and is only aware of those that are brought to its attention. Consequently, there may be other as yet unidentified sites.

As at March 31, 2005 the Government was aware of 57 sites on Commissioner's Land where environmental liabilities either exist or may exist. Of these, 12 sites are airports and are subject to the airport transfer agreements between the Government and Transport Canada. For two of these airports ("A" airports), Transport Canada has assumed responsibility for assessment and remediation costs; at the remaining 10 ("B" and "C" airports) Transport Canada maintains that the transfer agreement does not obligate them to undertake any assessment or remediation. 23 sites are highway maintenance camps, the majority of which are awaiting assessment dependent on funding availability. Quantifiable portions of remediation costs for some of the sites that have been at least partially assessed are currently estimated at \$700,000. 20 are active or decommissioned landfill sites; some monitoring is occurring at four of these sites but no assessment work has been done. Of the remaining two sites, one has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a Responsible Party for this site but may incur some future environmental liability as the landowner. The last site has had remedial work done at a cost of \$70,000.

Effective April 1, 2003 the Government assumed administration and regulatory responsibility for lands transferred from the Northern Affairs Program of the Department of Indian Affairs and Northern Development (DIAND), Canada. Two main categories of sites were identified in the Devolution Transfer Agreement (DTA); waste sites for which Canada retained responsibility for the clean-up, and seven mine sites identified as Type II sites.

Canada committed to allocate funding of \$20 million over 10 years to remediate those waste sites for which they retained responsibility for clean-up as well as newly discovered sites that were created while under the control of DIAND. No explicit funding was identified in the DTA to cover the costs associated with clean-up for the seven Type II sites, as none of the sites were abandoned at the time. Canada did however, under the DTA, accept financial responsibility for the remediation of impacts attributable to activities that took place prior to April 1, 2003. Since then, Canada has established dedicated funding under the Federal Contaminated Sites Accelerated Action Plan, for the clean-up of contaminated sites, including Yukon sites. While detailed closure plans have not been prepared, closure estimates range between \$250 million and \$300 million for the four sites currently under government care. Work plans and budgets are approved each year for these sites with funding being provided by Canada. The other three Type II mine sites are currently active sites under their owners' control. The Government continues to work with DIAND to ensure there is no inadvertent transfer of environmental liability from DIAND to the Government for pre-existing environmental liabilities at these sites.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2005

27. **Related parties**

Related party transactions not disclosed elsewhere in the financial statements are as follows:

	<u>2005</u>	<u>2004</u>
	(thousands of dollars)	
Transfer payments		
Yukon Hospital Corporation	\$ 26,573	\$ 24,238
Yukon College	16,536	14,578
Yukon Legal Services Society	1,593	1,384
Yukon Arts Centre Corporation	883	847
Yukon Human Rights Commission	515	371
	<u>\$ 46,100</u>	<u>\$ 41,418</u>

28. **Comparative figures**

Certain comparative figures for 2004 have been reclassified to conform with the 2005 presentation.

GOVERNMENT OF YUKON

Schedule A

Consolidated Schedule of Revenues by Source
for the year ended March 31, 2005

	2005		2004
	Main Estimates (Note 21)	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
From Canada			
Grant from Canada (Note 18)	\$ 434,339	\$ 470,996	\$ 426,135
Canada health and social transfers	34,441	34,790	30,322
Other funding and service agreements	42,065	51,207	36,862
	<u>510,845</u>	<u>556,993</u>	<u>493,319</u>
Taxes and general revenues			
Income taxes	39,883	43,031	40,888
Other taxes	19,155	18,996	18,864
Licences, permits and fees	6,838	7,992	7,635
Oil and gas resource revenue	5,928	2,184	3,116
Interest - bank and other	441	1,081	1,121
Net profit - restricted funds	-	717	103
Aviation operations	728	646	804
Gain on sale of lots	-	634	876
Equipment lease	-	521	416
Fines	408	435	473
Land and mineral leases and royalties	-	250	317
Other revenues	58	185	818
	<u>73,439</u>	<u>76,672</u>	<u>75,431</u>
Investment income			
Yukon Development Corporation	-	19,543	3,914
Yukon Liquor Corporation	4,749	5,346	5,371
Yukon Government Fund Limited	-	453	252
	<u>4,749</u>	<u>25,342</u>	<u>9,537</u>
Funding and service agreements with other parties	21,659	15,318	19,497
Amortization of deferred capital contributions	15,170	13,102	12,997
	<u>\$ 625,862</u>	<u>\$ 687,427</u>	<u>\$ 610,781</u>

GOVERNMENT OF YUKON

Schedule B

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2005**

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Transportation Infrastructure	Other ¹	2005 Total (Note 15)	2004 Total (Restated - Note 3) ²
	(thousands of dollars)							
Cost of tangible capital assets, opening (Restated)	\$ 6,011	\$ 448,565	\$ 71,282	\$ 20,075	\$ 545,811	\$ 5,657	\$ 1,097,401	\$ 855,113
Acquisitions	765	3,547	4,013	922	33,468	2,722	45,437	244,530 ³
Write-downs	-	-	-	-	-	-	-	-
Disposals	-	(102)	(3,348)	(67)	(141)	(404)	(4,062)	(2,242)
Cost of tangible capital assets, closing	6,776	452,010	71,947	20,930	579,138	7,975	1,138,776	1,097,401
Accumulated amortization, opening (Restated)	-	160,160	39,876	13,737	123,592	2,583	339,948	311,960
Amortization expense	-	15,335	4,482	1,799	12,795	332	34,743	30,121
Disposals	-	(79)	(2,270)	(67)	(75)	(57)	(2,548)	(2,133)
Accumulated amortization, closing	-	175,416	42,088	15,469	136,312	2,858	372,143	339,948
Net book value	6,776	276,594	29,859	5,461	442,826	5,117	766,633	757,453
Work-in-progress	-	3,324	-	747	42,778	504	47,353	44,686
	\$ 6,776	\$ 279,918	\$ 29,859	\$ 6,208	\$ 485,604	\$ 5,621	\$ 813,986	\$ 802,139
Deferred capital contributions (Note 16)		\$ 59,895	\$ 1,359	\$ 650	\$ 366,625	\$ -	\$ 428,529	\$ 415,757

¹ Includes portable classrooms, land improvements and fixtures.

² Restated to include transportation infrastructure such as highways, bridges, pavement and airport runways and the Whitehorse General Hospital building.

³ Effective April 1, 2003, the resources and responsibilities associated with the Northern Affairs Program of the Department of Indian Affairs and Northern Development were transferred from Canada to the Government. The tangible capital assets transferred from Canada included in the acquisition amounted to \$229 million.

GOVERNMENT OF YUKON

Schedule C

Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2005

					2005	2004
	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefits	Life Insurance Retirement Benefits	Total (Note 12)	Total
(thousands of dollars)						
Pension and retirement plan assets are valued at fair market value.						
Accrued benefit obligation						
Obligation at beginning of year	\$ 18,423	\$ 2,504	\$ 26,463	\$ 934	\$ 48,324	\$ 19,164
Current service costs	763	125	994	31	1,913	1,039
Interest cost on benefit obligation	1,131	153	1,642	58	2,984	1,184
Actuarial (gain) loss	-	(126)	-	-	(126)	152
Benefits paid	(598)	(47)	(171)	(2)	(818)	(612)
Accrued benefit obligation at end of year	\$ 19,719	\$ 2,609	\$ 28,928	\$ 1,021	\$ 52,277	\$ 20,927
Plan assets						
Value at beginning of year	\$ 18,571	\$ -	\$ -	\$ -	\$ 18,571	\$ 17,060
Actual return on plan assets	1,599	-	-	-	1,599	1,171
Government contributions	707	47	171	2	927	860
Member contributions	76	-	-	-	76	92
Benefits paid	(598)	(47)	(171)	(2)	(818)	(612)
Value at end of year	\$ 20,355	\$ -	\$ -	\$ -	\$ 20,355	\$ 18,571
Funded status - plan surplus (deficit)	\$ 636	\$ (2,609)	\$ (28,928)	\$ (1,021)	\$ (31,922)	\$ (2,356)
Unamortized net actuarial (gain) loss	(712)	1	-	-	(711)	(97)
Accrued benefit liability	\$ (76)	\$ (2,608)	\$ (28,928)	\$ (1,021)	\$ (32,633)	\$ (2,453)
Net benefit cost						
Current service costs	\$ 763	\$ 125	\$ 994	\$ 31	\$ 1,913	\$ 1,039
Less: Member contributions	(76)	-	-	-	(76)	(92)
Interest cost on benefit obligation	1,131	153	1,642	58	2,984	1,184
Expected return on plan assets	(1,120)	-	-	-	(1,120)	(1,034)
Amortization of net actuarial (gain) loss	(32)	42	-	-	10	(11)
Net expense for the year	\$ 666	\$ 320	\$ 2,636	\$ 89	\$ 3,711	\$ 1,086

GOVERNMENT OF YUKON

Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2005

Schedule C
Continued

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefits	Life Insurance Retirement Benefits
Assumptions				
Expected long-term rate of return on assets	6.0%	N/A	N/A	N/A
Discount rate on projected benefit obligation	6.0%	6.0%	6.0%	6.0%
Inflation	3.0%	3.0%	N/A	N/A
Rate of compensation increase	3.0% ¹	3.0% ²	see below ³	N/A
Health care cost trend rate	N/A	N/A	see below ⁴	N/A
Amortization period (expected average remaining service life)	8 years	4 years	10 years	8 years

¹ Annual rates of increase in indemnities and expense allowances. No salary increases are assumed.

² Increase to \$178,000 on April 1, 2003, assumed rate thereafter.

³ 2.5% per annum until January 1, 2006, 3.0% on January 1, 2006 and 2.5% per annum thereafter.

⁴ 16% per annum, grading down annually by 2.2% per annum to 5.0% per annum and remaining at that level thereafter.