

GOVERNMENT OF YUKON

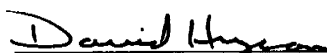
Consolidated Statement of Financial Position  
as at March 31, 2012


	2012	2011
	(thousands of dollars)	
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	\$ 191,589	\$ 159,373
Due from Government of Canada (Note 4)	50,586	59,460
Accounts receivable (Note 5)	12,261	14,823
Portfolio investments (Note 6)	27,793	26,403
Loans receivable (Note 7)	53,524	58,542
Inventories held for sale (Note 8)	52,490	16,541
Investment in government business enterprises (Note 9(a))	162,370	158,600
	<u>550,613</u>	<u>493,742</u>
<b>Liabilities</b>		
Due to Government of Canada (Note 4)	12,691	13,811
Accounts payable and accrued liabilities (Note 10)	111,610	101,700
Environmental liabilities (Note 11)	14,575	13,635
Unearned revenues (Note 12)	55,102	66,460
Post-employment benefits (Note 13)	87,438	80,088
Retirement benefits (Note 14)	14,769	14,831
Borrowings (Note 15)	65,590	33,408
Liabilities for leased tangible capital assets (Note 16)	470	1,297
	<u>362,245</u>	<u>325,230</u>
<b>Net financial resources</b>	<u>188,368</u>	<u>168,512</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 18)	1,213,854	1,161,686
Less: Deferred capital contributions (Note 19)	(622,505)	(619,569)
Inventories of supplies	8,251	8,260
Prepaid expenses	2,739	2,510
	<u>602,339</u>	<u>552,887</u>
<b>Accumulated surplus</b>	<u>\$ 790,707</u>	<u>\$ 721,399</u>

Contingencies, contractual obligations, commitments and guarantees  
(Notes 9(c)(d), 11, 14(d)(e), 22, 24, 25 and 26)

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

Approved:

  
David Hrycan, FCMA  
Deputy Minister of Finance

  
Darrell Pasloski  
Minister of Finance

GOVERNMENT OF YUKON

**Consolidated Statement of Operations and Accumulated Surplus  
for the year ended March 31, 2012**

	2012		2011
	Budget (Note 1(b)) (Schedule F)	Actual	Actual
	(thousands of dollars)		
<b>Revenues (Schedule A)</b>			
From Government of Canada	\$ 845,860	\$ 853,733	\$ 799,752
Taxes and general revenues	122,894	142,956	118,448
Income from investment in government business enterprises	8,912	12,710	13,520
Funding and service agreements with other parties	34,813	35,521	25,039
Amortization of deferred capital contributions	21,040	21,696	19,343
	<u>1,033,519</u>	<u>1,066,616</u>	<u>976,102</u>
<b>Expenses (Note 20)</b>			
Health and social services	279,678	281,694	274,286
Community and transportation	223,960	238,879	212,696
Education	167,306	165,725	163,890
General government	134,364	123,057	128,459
Natural resources	93,070	92,350	100,269
Justice	57,398	58,801	54,573
Business, tourism and culture	39,428	36,682	40,384
Interest on loans	1,880	1,074	1,178
Adjustments	(2,127)	-	-
	<u>994,957</u>	<u>998,262</u>	<u>975,735</u>
Recovery of prior years' expenses	-	1,029	986
<b>Surplus for the year</b>	<u><b>\$ 38,562</b></u>	<b>69,383</b>	<b>1,353</b>
Accumulated surplus at beginning of year		721,399	719,837
Other comprehensive income of government business enterprises (Note 9(a))		(75)	209
Accumulated surplus at end of year		<u><b>\$ 790,707</b></u>	<u><b>\$ 721,399</b></u>

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

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**Consolidated Statement of Change in Net Financial Resources  
for the year ended March 31, 2012**

	2012		2011
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus for the year	\$ 38,562	\$ 69,383	\$ 1,353
Effect of change in tangible capital assets			
Acquisitions	(127,925)	(112,596)	(146,219)
Capital contributions received and deferred	54,119	32,521	66,785
Amortization of tangible capital assets	44,373	48,260	45,323
Amortization of deferred capital contributions	(21,040)	(21,696)	(19,343)
Loss (gain) on disposal of tangible capital assets net of disposal of deferred capital contributions	-	3,311	(200)
Proceeds on disposal of tangible capital assets	-	386	283
Write-down of tangible capital assets	-	582	4,034
	<u>(50,473)</u>	<u>(49,232)</u>	<u>(49,337)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(17,974)	(14,774)
Consumption of inventories of supplies	-	17,983	14,556
Increase in prepaid expenses	-	(229)	(549)
	<u>-</u>	<u>(220)</u>	<u>(767)</u>
Increase (decrease) in net financial resources	<u>\$ (11,911)</u>	<u>19,931</u>	<u>(48,751)</u>
Net financial resources at beginning of year		168,512	217,054
Other comprehensive income of government business enterprises (Note 9(a))		<u>(75)</u>	<u>209</u>
Net financial resources at end of year		<u>\$ 188,368</u>	<u>\$ 168,512</u>

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

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**Consolidated Statement of Cash Flow  
for the year ended March 31, 2012**

	2012	2011
	(thousands of dollars)	
<b>Operating transactions</b>		
Cash received from:		
Government of Canada	\$ 848,974	\$ 835,650
Taxes and general revenues	143,190	120,275
Funding and service agreements with other parties	32,435	28,079
Interest from investments and loans	4,962	4,632
	1,029,561	988,636
Cash paid for:		
Salary, wages and benefits	445,169	432,469
Materials, utilities and contract services	307,334	311,358
Transfer payments	171,765	159,097
Interest on loans	1,097	1,233
Interest on leased tangible capital asset liabilities	97	246
	925,462	904,403
Cash provided by operating transactions	104,099	84,233
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(115,098)	(147,522)
Contributions received for acquisition	41,511	50,584
Proceeds on sale of tangible capital assets	386	282
	(73,201)	(96,656)
Cash used for capital transactions	(73,201)	(96,656)
<b>Investing transactions</b>		
Decrease in temporary investments	-	59,259
Investment in inventories held for sale	(39,726)	(12,651)
Proceeds from sale of inventories held for sale	6,956	7,474
Repayment of advances from Territorial corporations	-	25,000
Advances of loans receivable	(9,280)	(9,097)
Repayment of loans receivable	12,013	8,206
	(30,037)	78,191
Cash (used for) provided by investing transactions	(30,037)	78,191
<b>Financing transactions</b>		
Repayment for leased tangible capital asset liabilities	(827)	(1,336)
Proceeds from borrowings	34,102	14,203
Repayment of borrowings	(1,920)	(1,627)
	31,355	11,240
Cash provided by financing transactions	31,355	11,240
<b>Increase in cash and cash equivalents</b>	<b>32,216</b>	<b>77,008</b>
Cash and cash equivalents at beginning of year	159,373	82,365
<b>Cash and cash equivalents at end of year (Note 3)</b>	<b>\$ 191,589</b>	<b>\$ 159,373</b>

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

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements**  
**March 31, 2012**

1. **Authority and operations**

(a) Authority

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.

(b) Budget

The Budget figures fully consolidate, on a line-by-line basis, the Main Estimates approved in the Legislative Assembly, which consists of the estimates of the Government departments and the Yukon Housing Corporation, with the budgets of Yukon College and the Yukon Hospital Corporation as approved by the respective board of trustees. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

(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, the Government of Canada or a province;
- fixed deposits, notes, certificates and other short-term paper of, or guaranteed by, a bank including swapped deposit transactions in the currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of the Government 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.

2. **Significant accounting policies**

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting entity and method of consolidation

The consolidated financial statements include the accounts of all government sector entities and government not-for-profit organizations.

Government sector entities include departments and government-controlled corporations. Government not-for-profit organizations comprise government-controlled education and health institutions.

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### Notes to Consolidated Financial Statements March 31, 2012

The accounts of government sector entities and not-for-profit organizations, except for those that are commercial in nature and are classified as government business enterprises, are consolidated using the full consolidation method. With the full consolidation method, revenue and expense transactions, capital, investing and financing transactions, and related assets and liability accounts between consolidated entities have been eliminated.

The accounts of government business enterprises are consolidated using the modified equity method. Under the modified equity method of consolidation, the accounting policies of consolidated entities are not adjusted to conform with those of the government organizations that are consolidated using the full consolidation method. Inter-entity revenue and expense transactions and related asset and liability balances are not eliminated.

All accounts of the government reporting entity are consolidated using the financial information for the year ended March 31, 2012. As for the organizations that use a fiscal year-end other than March 31, the Government used their interim financial statements as at March 31, 2012.

Trusts administered by the Government on behalf of other parties (Note 21) are excluded from the government reporting entity.

The organizations comprising the government reporting entity, categorized by the consolidation method are as follows:

#### Full consolidation:

- Government of Yukon departments
- Yukon College
- Yukon Hospital Corporation
- Yukon Housing Corporation

#### Modified equity:

- Yukon Development Corporation
- Yukon Liquor Corporation

#### (b) Basis of accounting

##### Revenues

Revenues are recorded on an accrual basis.

Grants from the Government of Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant from the Government of Canada. For the years 2007/2008 to 2013/2014, the Government of Canada has, under Bill C-52, the *Budget Implementation Act, 2007*, restored the Formula Financing grant to a principle-based arrangement. Health and social transfers are received in accordance with the *Federal-Provincial Fiscal Arrangements Act (Canada)*. Adjustments for health and social transfer revenues are made in the year they are known.

## GOVERNMENT OF YUKON

### Notes to Consolidated Financial Statements March 31, 2012

The Government receives funds from the Government of Canada and other sources under various transfers including infrastructure funding such as economic stimulus funding and the reconstruction of the Alaska Highway. These capital transfers are made for the purpose of acquiring assets that will provide government services for many years in the future. As a result, revenues are recognized in the year in which the related expenses are incurred; otherwise, they are included in deferred capital contributions as part of non-financial assets. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

Income taxes, levied under the *Income Tax Act* (Yukon), are collected by the Government of Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on the Government of Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for the year are final. The Government recognizes income tax revenues based on the estimates made by the Government of Canada, adjusted for known factors. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

Fuel and tobacco taxes are levied under the authority of the *Fuel Oil Tax Act* (Yukon) and the *Tobacco Tax Act* (Yukon). Revenues are recognized based on the statements received from collectors and estimates. Adjustments from reassessments are recorded in revenue in the year they are identified.

#### Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when authorized and recipients have met eligibility criteria.

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 the current year.

#### Assets

##### Financial assets

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

Portfolio investments are long-term investments and accounted for at the amortized cost. Any discount or premium arising on purchase is amortized over the period to maturity using the effective interest method, and the carrying value of the investment is adjusted systematically, during the period it is held, toward the amount expected to be realized at maturity. The Government periodically re-estimates the expected cash flows, and any impact from changes is recorded as part of the discount or premium amortization and is included in investment income. When 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.

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### Notes to Consolidated Financial Statements March 31, 2012

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. The loan receivable is reduced by the amount of a loss when the amount is known with sufficient precision, and there is no realistic prospect of recovery. Interest revenue is recognized on an accrual basis until such time that the collectibility of either principal or interest is not reasonably assured. Loans with significant concessionary terms are reviewed annually. Each year a provision based on the present value of the loans at the average borrowing rate is recorded.

Inventories held for sale include land that has been developed by the Government, housing units and supplies held for eventual sale. Land held for sale comprises the costs of acquiring, planning and developing serviced lots. 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 net recoverable value to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale. Housing units and supplies held for sale are recorded at the lower of cost and net realizable value.

#### Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and are amortized to expense over the estimated useful lives of the assets.

Inventories of supplies consist primarily of fuel and lubricants, repair parts, stationery and office supplies, highway materials that are tracked through revolving funds and medical supplies of the Yukon Hospital Corporation. Inventories are valued at the lower of cost and replacement value. These assets are not held for sale and are intended to be used in providing government services. Other materials and supplies are expensed at the time of acquisition.

#### Liabilities

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

Unearned revenues are cash received for which goods and services have not been provided by year-end, and are primarily comprised of motor vehicle licence fees for the following fiscal years and transfer payments from the Government of Canada, which have not yet been expended in accordance with funding agreements.

Liabilities for leased tangible capital assets 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.

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 considered 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.



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Notes to Consolidated Financial Statements  
March 31, 2012

(c) Tangible capital assets

Tangible capital assets are buildings, roads, equipment, and other items, 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. For certain tangible capital assets that have previously been transferred from the Government of 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. Interest costs on loans that are directly attributable to the acquisition of tangible capital assets are capitalized.

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.

The value of works of art, historical treasures, all intangibles, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources are not recorded as tangible capital assets. The existence of historical treasures and the total estimated value of works of art are disclosed in Note 18 of these financial statements.

Tangible capital assets that are held and available for use by the Government are generally amortized on a straight-line basis over their estimated useful life of the asset as follows:

<u>Asset category</u>	<u>Estimated useful life</u>
Land	N/A
Land improvements and fixtures	up to 50 years
Buildings	35 - 50 years
Portable classrooms/housing trailers	15 - 20 years
Heavy equipment	7 - 30 years
Operating equipment	7 - 25 years
Vehicles	6 - 20 years
Computer hardware	5 years
Computer software	7 years
Mobile radio system infrastructure	15 years
Leasehold improvements	Shorter of the lease term or useful economic life
Sewage and water systems	50 years
Forestry access roads	10 years
Highways	30 - 50 years
Pavement/surfaces	20 - 30 years
Bridges	30 - 50 years
Airport runways	26 - 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.

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### Notes to Consolidated Financial Statements March 31, 2012

#### (d) Post-employment benefits

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits, accumulated sick and vacation leave 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. The accrued benefit liability for these plans is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

#### (e) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Government is not currently required to make contributions with respect to any actuarial deficiencies of the pension plan. 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 certain criteria. Liabilities for these benefits are valued on an actuarial basis.

Retirement benefits to Members of the Legislative Assembly, territorial court judges, and the employees of Yukon College and the Yukon Hospital Corporation are defined benefit plans and are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on services, with an actuarial valuation for accounting purposes updated annually. Pension expenses for these 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.

#### (f) 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 when the contamination occurs, when the Government becomes aware of the contamination or, in the case of solid waste landfill closure and post-closure care, as the landfill sites capacity is used, and the Government is 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.

#### (g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards 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.

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**Notes to Consolidated Financial Statements  
March 31, 2012**

Some of the more significant management estimates relate to portfolio investments, post-employment and retirement benefits, environmental liabilities, contingencies and revenue accruals such as Canada health and social transfer payments, and corporate and personal income tax revenue.

(h) Changes in accounting policies in 2012/2013

In 2012/2013, the Government intends to adopt the new standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. These new standards must be implemented by the fiscal year 2012/2013. The most significant of the changes will be the change to the revenue recognition of capital transfers. Currently, the Government recognizes revenue in relation to a capital transfer as the related asset is expensed. As of 2012/2013, the Government intends to recognize a liability for any transfer that meets the definition of a liability and to recognize the revenue on the same basis as the related liability is settled. In addition, the Government intends to recognize the existing deferred capital contributions as at March 31, 2012 which do not meet the definition of a liability as an adjustment to the opening accumulated surplus as at April 1, 2012. These changes will be applied retroactively with restatement of prior year amounts and will have a significant impact on the balances of non-financial assets and accumulated surplus.

3. **Cash and cash equivalents**

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Bank balances	\$ 181,158	\$ 148,619
Short-term investments	9,951	10,246
Funds held for the Government by trustees	406	432
Cash on hand	<u>74</u>	<u>76</u>
	<u>\$ 191,589</u>	<u>\$ 159,373</u>

4. **Due from/to Government of Canada**

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 43,994	\$ 54,556
Income tax receivable	5,910	4,756
Other	<u>682</u>	<u>148</u>
	<u>\$ 50,586</u>	<u>\$ 59,460</u>
Due to Government of Canada		
RCMP	\$ 5,547	\$ 4,664
Public Service Pension Plan contribution payable	5,497	4,426
Payroll deductions payable	-	4,288
Other	<u>1,647</u>	<u>433</u>
	<u>\$ 12,691</u>	<u>\$ 13,811</u>

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

5. **Accounts receivable**

	2012	2011
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 10,160	\$ 11,264
Less valuation allowances	(1,391)	(1,170)
	8,769	10,094
Due from Territorial corporations that are not fully consolidated	3,492	4,729
	\$ 12,261	\$ 14,823

6. **Portfolio investments**

On March 31, 2012 the Government held portfolio investments in floating rate notes with a carrying value of \$27.8 million as a result of a restructuring process related to previous investments in asset-backed commercial paper. Upon the restructuring, on January 21, 2009, the Government received notes with a face value of \$36.3 million of various classes issued by a trust referred to as the "Master Asset Vehicle II" ("MAV II").

The investments were recorded at a discount to their face value. This discount is amortized over time as the investments move closer to their maturity dates. The March 31, 2012 carrying value reflects \$1,390,000 amortization of the discount, which was recognized as part of the current year revenue from portfolio investments.

The Government held the following investments in MAV II notes:

	2012		2011	
	Face Value	Carrying Value	Face Value	Carrying Value
	(thousands of dollars)			
Master Asset Vehicle II				
Class A-1 Notes	\$ 15,726	\$ 12,757	\$ 15,726	\$ 12,214
Class A-2 Notes	16,455	13,208	16,455	12,617
Class B Notes	2,986	1,612	2,986	1,418
Class C Notes	1,089	216	1,089	154
	\$ 36,256	\$ 27,793	\$ 36,256	\$ 26,403

All notes are scheduled to be repaid on January 22, 2017. Class A-1 and A-2 notes pay quarterly interest at a rate equivalent to a banker's acceptance rate minus 0.5%. Class B notes accrue interest at the same rate as A-1 and A-2 notes but will not pay interest until after the principal and interest on Class A-1 and A-2 notes have been fully paid. Class C notes accrue interest at a banker's acceptance rate plus 20% but will not pay interest until after the principal and interest on Class B notes have been fully paid.

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All notes are backed by a combination of structured and traditional assets. On September 23, 2011, DBRS maintained the rating of the Class A-1 notes at A(high)(sf) Under Review with Positive Implications and DBRS upgraded the rating of the Class A-2 notes to BBB(high)(sf) from BBB(low)(sf) Under Review with Positive Implications. Class B and C notes are not rated.

7. **Loans receivable**

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Yukon Housing Corporation mortgages receivable, secured by registered charges against real property, chattel mortgages and general security agreements, due in varying annual amounts to the year 2024 (2011 – 2025) bearing interest rates ranging from 0% to 7.00% (2011 – 0% to 7.00%), net of allowance for subsidies and valuation of \$313,000 (2011 - \$392,000) and a provision in the amount of \$276,000 (2011 – \$365,000) for loans with significantly low interest rates	\$ 34,722	\$ 37,436
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2017 (2011 – 2016) bearing interest rates ranging from 3.00% to 7.25% (2011 – 3.00% to 7.25%)	8,709	11,354
Local improvement loans, due in varying annual amounts to the year 2040 (2011 – 2036), bearing interest rates ranging from 0.50% to 5.00% (2011 – 0.50% to 8.21%)	4,222	3,926
Debenture loans to municipalities, due in varying annual amounts to the year 2030 (2011 – 2030), bearing interest rates ranging from 4.00% to 7.50% (2011 – 4.00% to 7.50%)	2,789	3,118
Other, net of allowance for doubtful accounts of \$1,901,000 (2011 - \$1,906,000)	3,082	2,708
	<u>\$ 53,524</u>	<u>\$ 58,542</u>

8. **Inventories held for sale**

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Land held for sale		
Undeveloped land	\$ 474	\$ 474
Land under development	41,437	13,141
Developed land	<u>10,470</u>	<u>2,803</u>
	52,381	16,418
Other	<u>109</u>	<u>123</u>
	<u>\$ 52,490</u>	<u>\$ 16,541</u>

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**Notes to Consolidated Financial Statements**  
**March 31, 2012**

**9. Investment 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 has a fiscal year-end of December 31. The Yukon Liquor Corporation has a fiscal year-end of March 31.

	Yukon Development Corporation	Yukon Liquor Corporation	2012 Total	2011 Total
	(thousands of dollars)			
<b>Assets</b>				
Current	\$ 16,307	\$ 4,470	\$ 20,777	\$ 64,901
Capital assets	381,669	813	382,482	299,841
Other	28,414	-	28,414	32,061
	<u>\$ 426,390</u>	<u>\$ 5,283</u>	<u>\$ 431,673</u>	<u>\$ 396,803</u>
<b>Liabilities</b>				
Current	\$ 16,700	\$ 3,539	\$ 20,239	\$ 17,234
Long-term debt	124,420	-	124,420	128,135
Other	123,713	931	124,644	92,834
Equity	161,557	813	162,370	158,600
	<u>\$ 426,390</u>	<u>\$ 5,283</u>	<u>\$ 431,673</u>	<u>\$ 396,803</u>
<b>Revenues</b>	\$ 39,663	\$ 16,706	\$ 56,369	\$ 54,379
<b>Expenses</b>	<u>35,712</u>	<u>7,947</u>	<u>43,659</u>	<u>40,859</u>
<b>Surplus</b>	3,951	8,759	12,710	13,520
<b>Other comprehensive Income</b>	-	(75)	(75)	209
<b>Remitted to the Government</b>	-	(8,865)	(8,865)	(8,631)
<b>Equity, beginning of year</b>	<u>157,606</u>	<u>994</u>	<u>158,600</u>	<u>153,502</u>
<b>Equity, end of year</b>	<u>\$ 161,557</u>	<u>\$ 813</u>	<u>\$ 162,370</u>	<u>\$ 158,600</u>

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

Other comprehensive income of the Yukon Liquor Corporation resulted from the actuarial gain (loss) on its employee non-pension benefit liability.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2012

(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Liquor Corporation	2012 Total	2011 Total
(thousands of dollars)				
Government of Yukon:				
Accounts receivable from	\$ 38	\$ 1,812	\$ 1,850	\$ 3,218
Accounts payable to	1,270	6	1,276	3,303
Long-term obligations to	162	-	162	419
Revenues from	100	10,120	10,220	10,328
Expenses to	13,574	7	13,581	12,457

(c) Commitments

Yukon Development Corporation

During the fiscal year 2010/2011, the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation ("YDC"), commenced construction on the Mayo B hydro enhancement and the Carmacks-Stewart transmission phase II projects. The projects were funded by a contribution of \$71 million from the Government of Canada, a grant of \$52.5 million from the Yukon Development Corporation Fund and ratepayers' future contributions of \$36.5 million. In June 2010, YDC issued 30-year bonds in the amount of \$100 million at a fixed coupon rate of 5.0% per annum in part to finance the grant from the Yukon Development Corporation Fund and ratepayers' future contributions. The Carmacks-Stewart transmission phase II project was completed in June 2011, and the Mayo B hydro enhancement project was completed in December 2011.

In the Memorandum of Understanding ("the MOU") between the Government and YDC dated March 10, 2011, the Government agreed to provide YDC with financial assistance to a maximum of \$2,625,000 annually from April 1, 2011 to March 31, 2042, based on a prescribed formula where, depending on the annual financial results of YDC, the Government funding will be reduced or eliminated. In 2011/2012, the Government paid \$1,313,000 to YDC based on the MOU.

In May 2011, the Government authorized the continuation of the Interim Electrical Rebate program for 18 months at current levels to September 30, 2012. This rebate program provides subsidies to non-government residential and municipal customers. It was implemented in 1998 after the Faro mine closed to protect customers from significant bill increases that would have resulted from the shutdown. The Government is providing funding for the rebate program to a maximum of \$3 million per year. During the fiscal year 2011/2012, the Government provided \$3 million to YDC for this purpose.

As at March 31, 2012, the Yukon Energy Corporation had contractual obligations for future purchases of products or services in the amount of \$4.0 million (2011 - \$83.4 million).

GOVERNMENT OF YUKON

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(d) Contingencies

Yukon Development Corporation

At March 31, 2012, the Yukon Energy Corporation had a claim from a contractor in the amount of \$4 million plus interest and legal costs as well as a potential claim from another contractor in the amount of \$1.8 million in relation to its construction contracts. The outcome of these claims was not determinable at the financial statements date and no amount was recognized in its financial statements.

(e) Accounting changes

Publicly accountable enterprises are required to adopt International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and adopted by the Canadian Institute of Chartered Accountants, for years beginning on or after January 1, 2011. IFRS uses a conceptual framework similar to Canadian generally accepted accounting principles, but there are significant differences in recognition, measurement and disclosure.

The Yukon Liquor Corporation's March 31, 2012 financial statements are prepared in accordance with IFRS. The date of transition to IFRS is April 1, 2010. The statements have been prepared using the historical cost conversion. No changes were made to its equity or other balance sheet accounts as a result of transition.

On October 1, 2010, the Canadian Accounting Standards Board (AcSB) issued guidance to allow, but not require, entities with rate-regulated activities to defer the transition. The Yukon Energy Corporation had elected to take this deferral option. In March 2012, the AcSB announced a further one-year deferral for qualifying rate-regulated entities to January 1, 2013, and in September 2012, an additional extension to January 1, 2014. These extensions are offered in recognition of the statements the IASB has made about the priority it intends to give rate-regulated activities when setting its future agenda. The Yukon Energy Corporation has chosen to adopt these deferrals and continues to monitor the situation. The deferrals also apply to the consolidated financial statements of parents of qualifying entities with rate-regulated activities.

10. **Accounts payable and accrued liabilities**

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Accrued liabilities	\$ 53,249	\$ 51,819
Accounts payable	44,410	34,411
Contractors' holdbacks and security deposits	12,400	11,428
Due to Territorial corporations that are not fully consolidated	<u>1,551</u>	<u>4,042</u>
	<u>\$ 111,610</u>	<u>\$ 101,700</u>



## GOVERNMENT OF YUKON

### Notes to Consolidated Financial Statements March 31, 2012

#### 11. Environmental liabilities

The Government recognizes that there are costs related to the remediation of contaminated sites for which the Government is responsible.

As at March 31, 2012, the Government was aware of 46 sites (2011 – 44 sites) where the Government is obligated or is likely obligated to incur such costs. Of the 46 sites, 10 are airports and 21 are highway maintenance camps. Phase I Environmental Site Assessments (ESA) have been undertaken on the majority of the 46 sites. Phase I ESA review indicates that the level of contamination is likely low at nine of the 10 airports, four highway maintenance camps and five other sites. Significant remediation work is in progress for one highway maintenance camp; smaller remediation projects are also planned for the fiscal year 2012/2013 at three other sites. The rest of the sites are undergoing or require Phase II ESA work. The Government is committed to perform Phase II ESA on these sites in a systematic manner.

Remediation costs for the sites that are known to be contaminated and the Government is obligated to remediate are currently estimated at \$13.0 million (2011 - \$11.8 million), which has been recorded as a liability. The estimated cost to remediate the sites is based on management's best estimates as of the financial statement date and, therefore, actual amounts could vary significantly.

One of the 46 sites, Marwell Tar Pit, has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a "responsible party" as defined by the *Environment Act* (Yukon) and determined by the *Contaminated Sites Regulation*. The Government of Canada was the landowner when the contamination occurred. On September 7, 2010, the Government and the Government of Canada entered into an agreement to remediate the site over 11 years with a total estimated cost of \$6.8 million, of which the Government is to fund 30% or \$2.0 million and the Government of Canada \$4.8 million. As at March 31, 2012, \$2.0 million was recorded as a liability for this site, which is part of the \$13.0 million noted above.

The *Environment Act* (Yukon) – *Solid Waste Regulations* include requirements for closure and abandonment of a dump. There are 23 active or decommissioned landfill sites that are outside incorporated communities and, therefore, are the responsibility of the Government. As at March 31, 2012, a liability in the amount of \$535,000 (2011 - \$535,000) has been recorded for these sites using the method recommended by the Canadian Institute of Chartered Accountants' Public Sector Accounting Board.

In fall 2010, it was confirmed that approximately 20,000 litres of fuel oil spilled under two Yukon Housing Corporation properties in Dawson City. The remediation plan and projected future costs were prepared by independent consultants, and the remediation procedures along with the necessary upgrades to the land treatment facility started in the summer of 2011. Projected future expenditures over the next six years total \$1,031,000 (2011 - \$1,250,000 over seven years). This amount has been recorded as a liability in these financial statements.

Pursuant to the Devolution Transfer Agreement, the Government of Canada retained responsibility for the clean-up of waste sites that were identified on lands transferred effective April 1, 2003. The Government of Canada also accepted financial responsibility for the remediation of impacts attributable to activities that took place prior to April 2003 on the mine sites identified as Type II sites, where they have been abandoned by their owner/operator. The Government is not aware of any financial obligations on its part in relation to these mine sites.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
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	2012	2011
	(thousands of dollars)	
Liabilities for contaminated sites	\$ 14,040	\$ 13,100
Solid waste landfill closure and post-closure liability	535	535
	<u>\$ 14,575</u>	<u>\$ 13,635</u>

12. **Unearned revenues**

	2012	2011
	(thousands of dollars)	
Unspent transfer payments from Government of Canada	\$ 50,846	\$ 60,063
Motor vehicle fees for future years	2,631	2,332
Other	1,625	4,065
	<u>\$ 55,102</u>	<u>\$ 66,460</u>

13. **Post-employment benefits**

(a) The Government of Yukon and Yukon Housing Corporation

Employees of the Government of Yukon and the Yukon Housing Corporation receive severance benefits that are paid on termination of service or upon retirement based on the number of years worked, the level of the pay at the time of termination or retirement and the category of employment. In addition, if an employee has at least five years of continuous service, a cash-in of sick leave will be paid. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by the daily pay rate at termination or retirement.

The actuarial obligation for severance and sick and vacation leave benefits is calculated using the projected benefit method prorated on service. The Government and the Corporation have conducted actuarial valuations of post-employment benefits at April 1, 2010. March 31, 2012 amounts are based on an extrapolation of April 1, 2010 amounts. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Members of the Yukon Legislative Assembly receive a severance benefit in accordance with the *Legislative Assembly Retirement Allowance Act, 2007* (Yukon). The accrued benefit obligation is calculated actuarially using the projected benefit method prorated on services. The valuation included in these financial statements is based on membership data compiled at March 31, 2011. The results of the valuation were then projected to March 31, 2012 measurement date. The Government funds Yukon Legislative Assembly members' severance benefit obligation. The fund asset is held and managed by an external investment manager.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
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(b) Yukon College

Yukon College's cost of benefit plans, other than pensions, including severance benefits, sick leave and managers' accrued leave, payable upon termination of employment, death or retirement, is actuarially determined using the projected accrued benefit method prorated on employment services. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. The actuarial valuation of the accrued benefit liability was performed as at June 30, 2011.

The College expenses employee vacation leave as the benefits accrue to employees under their respective terms of employment.

(c) Yukon Hospital Corporation

Employees of the Yukon Hospital Corporation are entitled to specified severance and sick leave benefits as provided for under union contracts and conditions of employment. There are no segregated assets for these post-employment benefits.

An actuarial valuation of the specified severance benefits was performed for accounting purposes as of December 31, 2011 using the projected benefits method prorated on services. All gains and losses are recognized immediately in the net periodic benefit cost.

The accrued liabilities for the above post-employment benefits as of March 31, 2012 were as follows:

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Post-employment benefits liability (asset) (Schedule D)		
Government of Yukon employees	\$ 78,009	\$ 71,283
Yukon College	4,882	4,699
Yukon Hospital Corporation	2,834	2,454
Yukon Housing Corporation	1,759	1,527
Members of Yukon Legislative Assembly	<u>(46)</u>	<u>125</u>
	<u>\$ 87,438</u>	<u>\$ 80,088</u>

14. **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 up to a maximum period of 35 years at 2% per year of pensionable service based on the average of their five consecutive years of highest paid services. During the calendar year 2011, the Government contributed \$1.86 for every dollar contributed by the employee, and \$9.50 for every dollar contributed by the employee for the portion of the employee's salary above \$142,800. Effective January 1, 2012, the Government contributes \$1.74 for every dollar contributed by the employee, and \$8.95 for every dollar contributed by the employee for the portion of the employee's salary above \$148,000. The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$35,485,000 (2011 - \$33,312,000).

## GOVERNMENT OF YUKON

### Notes to Consolidated Financial Statements March 31, 2012

#### (b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. These benefits are based on service and 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.

The funds are held by an investment manager 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 accrued benefit obligation as at March 31, 2012 is based on an actuarial valuation for accounting purposes using the membership data as of March 31, 2012 and best estimate assumptions accepted by the Members' Services Board of the Legislative Assembly.

#### (c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is a defined benefit pension plan, which is comprised of a judiciary registered pension plan, a judiciary retirement compensation arrangement and a supplementary judiciary pension plan. In addition to pension payments, these plans also contain a provision for payment of lump sum death and severance allowances. The Plan is administered by the Public Service Commissioner in the meaning assigned by the *Public Service Act* (Yukon).

Pursuant to the *Territorial Court Judiciary Pension Plan Act* (Yukon), the pension fund assets for the judiciary registered pension plan and the judiciary retirement compensation arrangement are held separate and distinct from the Government's operations, and are managed by an investment manager. The *Territorial Court Judiciary Pension Plan Act* stipulates that no contributions are to be made to the supplementary judiciary pension plan, and no fund is to be maintained for this plan.

Actuarial valuations for the Territorial Court Judiciary Pension Plan for accounting and funding purposes were conducted using the membership data as at March 31, 2011. The accrued benefit obligation as at March 31, 2012 is based on an extrapolation of the March 31, 2011 actuarial valuation.

#### (d) Yukon College Employees' Pension Plan

The Yukon College Employee's Pension Plan is a contributory defined benefit pension plan. The College's pension plan provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees based on an employee's years of service and average final earnings. The College has contracted with external organizations to provide the services of trustee, administrator, and investment manager for the pension plan.

## GOVERNMENT OF YUKON

### Notes to Consolidated Financial Statements March 31, 2012

For any unfunded pension liability, the College has obtained a letter of credit in lieu of making solvency payments. The amount of the letter of credit is equal to the amount of solvency payments required as determined by the actuary. The Government has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letters of credit required by the Yukon College to address its solvency deficit in its pension plan, the Government will provide the necessary financial support to address any resulting debt, interest and costs that may be required under the federal pension legislation. This guarantee remains in effect to July 31, 2013. The maximum amount of letters of credit to which this guarantee applies will be \$3,363,000.

The College's pension information included in these consolidated financial statements is based on the measurement date of June 30, 2011. An actuarial valuation for accounting purposes was performed as of June 30, 2011 using the projected benefits method prorated on services. The next actuarial valuation for accounting purposes will be performed as of June 30, 2012. An actuarial valuation for funding purposes was performed as of June 30, 2011, which established Yukon College's required contributions as 168% of employee contributions.

The actuarial valuation for funding purposes as at June 30, 2011 indicates the College had an actuarial surplus of \$7,145,000 at the measurement date on a going-concern basis and a deficiency of \$12,030,000 if valued on the basis that the pension plan were terminated/wound up as at June 30, 2011. The solvency ratio of the plan was 83.1% at June 30, 2011. During the College's fiscal year July 1, 2010 to June 30, 2011, the College contributed \$2,729,000 to the plan. The Government provided pension funding of \$1,308,000 to the College in the year.

#### (e) Yukon Hospital Corporation Employees' Pension Plan

The Yukon Hospital Corporation Employees' Pension Plan is a contributory defined benefit pension plan, which provides defined retirement benefits based on the length of service and final average earnings of an employee, and is administered by the Corporation's Board of Trustees. A separate pension fund is maintained to hold plan assets. The Yukon Hospital Corporation has contracted with external organizations to provide trustee and investment management services for the fund.

The Yukon Hospital Corporation adopted a measurement date of December 31 in respect of its pension obligations. Consequently, both benefit obligations and plan assets are measured as of December 31 for presentation in the financial statements as of March 31. An actuarial valuation for accounting purposes was performed as of December 31, 2011. The funded status of the pension plan, which was a deficit of \$11.2 million, presented in these financial statements has been determined on the basis that the pension plan remains a going-concern. The pension plan had a deficit of \$28.1 million if valued on the basis that the pension plan were terminated as at December 31, 2011.

The solvency ratio of the plan is 68%. Since it is less than 100%, to be in accordance with the *Federal Pension Benefits Standards Act, 1985*, the Corporation is required to make special payments to eliminate the solvency shortfall. The payments have been actuarially determined as monthly payments of \$305,000 over the 2012 year. In lieu of solvency special payments, the Corporation has obtained a conforming letter of credit. During the year, the Corporation entered into letters of credit totalling \$2,250,000 and contributed \$137,000 related to solvency deficiency payments. The letters of credit are secured by a General Security Agreement with the bank using the Corporation's property and equipment as collateral.

GOVERNMENT OF YUKON

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(f) 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 non-pension defined benefit plans. The extended health care plan is self-insured. The accrued benefit obligation as at March 31, 2012 is based on an extrapolation of an actuarial valuation conducted as at April 1, 2010. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The accrued benefit liability for the above retirement benefits as of March 31, 2012 was as follows:

	2012	2011
	(thousands of dollars)	
Accrued benefit liability (asset) (Schedule E)		
Extended health care retirement benefit	\$ 29,359	\$ 27,170
Territorial Court Judiciary Pension Plan	4,154	3,967
Life insurance retirement benefit	1,254	1,169
Legislative Assembly Retirement Allowances Plan	(2,075)	(1,341)
Yukon College Employees' Pension Plan	(8,013)	(6,828)
Yukon Hospital Corporation Employees' Pension Plan	(9,910)	(9,306)
	<u>\$ 14,769</u>	<u>\$ 14,831</u>

15. **Borrowings**

	2012	2011
	(thousands of dollars)	
Yukon Hospital Corporation – Loans with a chartered bank consisting of: two unsecured demand construction loan facilities and two unsecured demand term instalment loans, used to finance construction costs of the new staff residence/medical service building and the Thomson Centre renovation project in Whitehorse, the new Watson Lake Hospital and Dawson City Hospital, with an estimated total cost of \$76 million. Interest on the demand construction loan facilities is calculated at prime rate, payable in advance. The two demand construction loans will be repaid in full from the proceeds of demand term instalment loans upon substantial completion of each project, which is expected to occur between January and April 2013.	\$ 51,754	\$ 18,431
Yukon Housing Corporation – Mortgages payable to chartered banks, with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments with maturities up to the year 2029, bearing fixed interest rates ranging from 2.65% to 12.50%.	10,720	12,192

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	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
(Continued)		
Yukon Housing Corporation - Canada Mortgage and Housing Corporation loans, repayable in blended annual payments with maturities up to the year 2028, bearing fixed interest rates ranging from 5.00% to 13.25%.	\$ 2,390	\$ 2,623
Yukon Hospital Corporation – line of credit payable to Canadian Imperial Bank of Commerce, bearing interest at the bank's prime rate.	564	-
Yukon Hospital Corporation - flexible term note payable to the Yukon Development Corporation, bearing interest rate at 7.50% repayable in annual instalments, based on the annual energy savings realized, secured by a general security agreement on building improvements with a net book value of \$327,000 (2011 - \$357,000).	162	162
	<u>\$ 65,590</u>	<u>\$ 33,408</u>

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

(thousands of dollars)

2013	\$ 28,644
2014	3,637
2015	3,820
2016	3,545
2017	2,726
Thereafter	<u>23,218</u>
	<u>\$ 65,590</u>

Yukon Hospital Corporation – interest rate swap agreements

The Yukon Hospital Corporation has entered into interest rate swap agreements with a chartered bank to reduce its exposure to fluctuations in interest rates on a portion of its debt, totalling \$48 million. Interest rate swap agreements are transactions in which two parties exchange interest flows on a specified notional amount on predetermined dates for a specific period of time using agreed upon fixed or floating rates of interest. Notional amounts upon which the interest payments/receipts are based are not exchanged. The floating rate for the initial calculation period remains to be determined, but the floating rate option will be based on the Canadian Dollar – Bankers' Acceptance – Canadian Dealer Offer Rate (CAD-BA-CDOR). The spread is 0.85000%. These agreements will take effect once the demand construction loans have been converted into demand instalment loans. This conversion will take place upon completion of the projects.

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Debt authority

Prior to March 8, 2012, pursuant to subsection 23(2) of the *Yukon Act* (Canada), the Government of Canada had approved the Government borrowing up to \$300 million. Effective March 8, 2012, this limit was increased to \$400 million by Order in Council P.C. 2012-280.

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Debt of the consolidated entities:		
Government business enterprises		
Yukon Development Corporation, bonds	\$ 100,000	\$ 100,000
Yukon Development Corporation, other long-term debt	<u>26,224</u>	<u>29,966</u>
	<u>126,224</u>	<u>129,966</u>
Fully consolidated entities		
Yukon Hospital Corporation, bank loans	51,754	18,431
Yukon Housing Corporation, mortgages payable	10,720	12,192
Yukon Housing Corporation, CMHC loans	<u>2,390</u>	<u>2,623</u>
	<u>64,864</u>	<u>33,246</u>
Total debt	191,088	163,212
Accrued interest payable	1,378	1,402
Credit facilities	62,000	49,000
Authorized borrowing limit	<u>400,000</u>	<u>300,000</u>
Available borrowing capacity	<u>\$ 145,534</u>	<u>\$ 86,386</u>

16. **Liabilities for leased tangible capital assets**

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2013, with imputed interest rate of 13.5%.	\$ 470	\$ 1,040
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.	-	257
	<u>\$ 470</u>	<u>\$ 1,297</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$97,000 (2011 - \$245,000) at an imputed average interest rate of 12.2% (2011 - 12.6%).



GOVERNMENT OF YUKON

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The following is a schedule of future minimum lease payments under the liabilities for leased tangible capital assets:

	(thousands of dollars)
2013	<u>\$ 755</u>
Total minimum lease payments	755
Less: amount representing executory costs	(209)
amount representing rental of land	(49)
amount representing interest	<u>(27)</u>
	<u>\$ 470</u>

17. **Financial Instruments**

The balances in cash and cash equivalents, due to/from Government of Canada, accounts receivable, and accounts payable and accrued liabilities are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity.

The fair value and the methods of calculation and assumptions used for the Government's long-term financial instruments are detailed below:

	<u>2012</u>		<u>2011</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
	(thousands of dollars)			
Portfolio investments				
Master Asset Vehicle II	<u>\$ 27,793</u>	<u>\$ 29,354</u>	<u>\$ 26,403</u>	<u>\$ 31,128</u>
Loans receivable				
Mortgages receivable, net of valuation allowance	\$ 34,722	\$ 28,631	\$ 37,436	\$ 33,907
Other loans receivable, net of valuation allowance	<u>18,802</u>	<u>19,291</u>	<u>21,106</u>	<u>21,453</u>
	<u>\$ 53,524</u>	<u>\$ 47,922</u>	<u>\$ 58,542</u>	<u>\$ 55,360</u>
Borrowings				
Short-term debt with bank	\$ 52,318	\$ 54,864	\$ 18,431	\$ 18,377
Mortgages payable	10,720	11,051	12,192	12,309
CMHC loans	2,390	2,691	2,623	2,993
Other	<u>162</u>	<u>198</u>	<u>162</u>	<u>189</u>
	<u>\$ 65,590</u>	<u>\$ 68,804</u>	<u>\$ 33,408</u>	<u>\$ 33,868</u>

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**Notes to Consolidated Financial Statements  
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The estimated fair value for portfolio investments is calculated using a probability-weighted discounted cash flow valuation technique. The valuation technique takes into consideration the specific attributes of each class of note and general market observations including available information relating to the expected risk and return profile of the notes in comparison to market returns.

Since the above valuation approach and assumptions are based on market information available at March 31, 2012, the fair value of portfolio investments may change materially in future periods as a result of fluctuations in the major elements of the valuation methodology. These changes are, however, not expected to result in a significant impact on the Government's future operations.

The estimated fair values of loans receivable were determined using the present value of future cash flows discounted at the March 31, 2012 average market rate for mortgages and loans with similar maturities. Until settled, the fair value of loans receivable will fluctuate based on changes in interest rates. The Government believes the carrying amount of loans receivable will be fully recovered.

The estimated fair value for borrowings is calculated by discounting the expected future cash flows at year-end market interest rates for equivalent terms to maturity.

18. **Tangible capital assets**

	<u>2012</u> Net Book Value	<u>2011</u> Net Book Value
	(thousands of dollars)	
Land	\$ 12,319	\$ 11,686
Buildings	466,136	417,861
Equipment and vehicles	45,340	43,855
Computer hardware and software	16,392	14,241
Transportation infrastructure	632,463	627,295
Other	<u>41,204</u>	<u>46,748</u>
(Schedule C)	<u>\$ 1,213,854</u>	<u>\$ 1,161,686</u>

The Government owns and/or maintains various historical sites. The Government also holds works of art with a total estimated value of \$6.7 million (2011 - \$6.0 million).

Leased tangible 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 \$347,000 (2011 - \$635,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Buildings (cost)	\$ 3,471	\$ 7,738
Less accumulated amortization	<u>(3,124)</u>	<u>(3,996)</u>
	<u>\$ 347</u>	<u>\$ 3,742</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements  
March 31, 2012**

During the year, loan interest costs in the amount of \$1,556,000 (2011 – \$322,000) were capitalized. This amount is included in the cost of buildings.

**19. Deferred capital contributions**

Where the fair value has been capitalized for tangible capital assets that were transferred from a third party such as the Government of Canada, an offset is recorded as a deferred capital contribution. Funding received from a third party 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.

	2012	2011
	(thousands of dollars)	
Deferred capital contributions, beginning of year	\$ 619,569	\$ 572,289
Add: Assets transferred or funded during the year	32,521	66,785
Less: Amortization	(21,696)	(19,343)
Write-down	(7,889)	(162)
Deferred capital contributions, end of year (Schedule C)	\$ 622,505	\$ 619,569

**20. Expenses by object**

	2012	2011
	(thousands of dollars)	
Personnel	\$ 452,122	\$ 439,136
Government transfers	172,052	161,394
Contract and special services	158,872	171,458
Materials, supplies and utilities	93,668	85,488
Amortization expenses	48,260	45,323
Communication and transportation	35,690	32,420
Interest on long-term debt and capital lease obligations	1,171	1,423
Other	36,427	39,093
	\$ 998,262	\$ 975,735

**21. 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. At March 31, 2012, the remaining trust assets were held in bank accounts or invested in long-term bonds.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements  
March 31, 2012**

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.

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 177,279	\$ 161,783
Federal Gas Tax Funds under the New Deal	15,936	6,839
Forest Sector Fund	5,340	5,270
Crime Prevention and Victim Services	4,676	4,276
Land Title Office – Assurance Fund	3,926	3,667
Water Resources Bonds	3,846	3,846
Lottery Commission	3,176	2,946
Public Guardian Trust	1,631	1,152
Historic Resources Trust Fund	1,219	1,215
Other	3,714	3,056
	<u>\$ 220,743</u>	<u>\$ 194,050</u>

**22. Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2012:

	<u>Expiry Date</u>	<u>2013</u>	<u>2014 – 2032</u>	<u>Total</u>
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 23,063	\$ 438,197	\$ 461,260
Capital projects				
- in progress at March 31, 2012	2014	80,465	6,697	87,162
(recoverable amount)		(39,050)	(6,197)	(45,247)
Faro mine site	2015	25,091	20,004	45,095
(recoverable amount)		(25,091)	(20,004)	(45,095)
Mobile radio network system	2025	3,481	40,358	43,839
Building/office space leases	2022	9,090	21,900	30,990
Miscellaneous operational commitments	2021	21,532	23,552	45,084
		<u>\$ 98,581</u>	<u>\$ 524,507</u>	<u>\$ 623,088</u>

In August 2009 and March 2010, the Government signed Memorandum of Agreements with the Town of the City of Dawson ("Dawson"), whereby the Government builds a wastewater treatment plant and an infrastructure heating facility for the use of Dawson. 75% of eligible project costs are funded by the Government of Canada under the Building Canada Fund. Dawson will be deemed to be the owner of the facilities upon successful commissioning or completion of a warranty period. The total project cost is estimated to be \$29.5 million for the wastewater treatment plant and \$4.9 million for the infrastructure heating facility. The Government's share is estimated to be \$7.8 million and \$1.9 million respectively. The construction of the wastewater treatment plant was physically complete in August 2012. The infrastructure heating facility is expected to be substantially complete by November 2012, followed by one-year commissioning period and a two-year warranty period.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2012

The Government expenses construction costs and recognizes revenues as the Government meets the stipulation of the funding agreement.

23. **Overexpenditure**

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, two (2011 – two) departments exceeded the authorized amounts as follows:

	(thousands of dollars)
Operations and maintenance grants	
Community Services	
- Home owner grants	\$ 109
Health and Social Services	
- Pioneer utility grant	103
- Adoption subsidies	62
- Social assistance – region	40

24. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$4.7 million (2011 - \$5.5 million). At March 31, 2012, on a consolidated basis, the Yukon Development Corporation had total debts of \$124.4 million (2011 - \$128.1 million) and a credit facility of up to \$27.5 million. While the Government has not issued guarantees for all of these instruments, as the Yukon Development Corporation is an agent of the Government, lenders may have recourse to the Government. Except for the amounts committed as described in note 9(c), it is expected that no significant costs will be incurred by the Government with respect to these guarantees and debts.

25. **Land claims**

Between February 1995 and March 31, 2012, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The bilateral funding agreement with the Government of Canada that had been in place since June 24, 1993 and which provided funding towards the Government's additional implementation costs expired on March 31, 2009. However there are no additional costs for the Government, as all of the existing funding commitments are captured elsewhere, either through a specific funding agreement with the Government of Canada or as a component of the base funding received by the Government. The specific implementation costs include Board and Council funding arising from the various Final Agreement Implementation Plans and other negotiated funding amounts.

The Government incurred expenses of \$4.8 million during the year (2011 - \$4.4 million) with cumulative expenditures of approximately \$67.7 million (2011 - \$62.9 million), of which \$66.5 million (2011 - \$61.7 million) was funded by the Government of Canada.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements  
March 31, 2012**

**26. Contingencies**

In the normal course of operations, the Government is subject to legal claims. These claims include items with pleading amounts and items where an amount is not specified. At March 31, 2012, the total extent of the amounts claimed, excluding the claim from the Commission scolaire francophone du Yukon which is described below, is \$11.4 million (2011 - \$0.9 million). No provision for claims has been made in these financial statements as it is unlikely or undeterminable that a liability has been incurred at the date of the financial statements.

In the Statement of Claim filed by the Commission scolaire francophone du Yukon ("CSFY") in 2009, the Government was named as defendant. Among its claims for the exclusive management and control of resources for French language schooling as well as the construction of a new school building, the CSFY sought payment in the amount of \$1,954,000 based on its claim that the Government breached previous years' contribution agreements. The court's ruling was made on July 26, 2011. As part of the ruling, the court ordered the Government to construct a new school within two years and to hold \$1,954,000 in trust for the CSFY. The Government has filed an appeal to the ruling; consequently, no liability has been recorded in relation to these court orders.

The Government established a Risk Management Revolving Fund in December 2004, with a limit of \$5 million, which is to be used for providing limited insurance and risk management services to Government departments. Expenses relating to some of the property and liability losses incurred by the Government are to be paid out of this fund. The Government carries no insurance policy for its property losses, but carries a legal liability insurance policy with a \$2 million deductible. In 2011/2012, the Government paid \$169,000 (2011 - \$66,000) for liability claims such as bodily injury and property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$1,258,000 as at March 31, 2011 (2011 - \$928,000). This amount is reported as part of the Government's accrued liabilities. The fund balance as at March 31, 2012 was \$4.6 million (2011 - \$4.8 million).

**27. Related parties**

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

	2012	2011
	(thousands of dollars)	
Transfer payments		
Yukon Legal Services Society	\$ 1,850	\$ 1,775
Yukon Arts Centre Corporation	1,139	1,144
Yukon Human Rights Commission	538	582
	\$ 3,527	\$ 3,501

**28. Comparative figures**

Certain comparative figures for 2011 have been reclassified to conform with the 2012 presentation.

## GOVERNMENT OF YUKON

Schedule A

**Consolidated Schedule of Revenues by Source  
for the year ended March 31, 2012**

	2012		2011
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing grant	\$ 704,686	\$ 704,686	\$ 653,142
Other grants	40,543	39,194	37,272
Contributions and service agreements	100,631	109,853	109,338
	<u>845,860</u>	<u>853,733</u>	<u>799,752</u>
Taxes and general revenues			
Income taxes	71,421	81,843	59,552
Other taxes	27,586	30,372	29,406
Licences, permits and fees	9,446	12,493	12,166
Resource revenue - mineral, oil and gas and forestry	1,380	5,430	4,362
Investment and interest revenue	4,296	4,798	4,526
Hospital revenues	5,286	3,124	2,070
Income from portfolio investments	1,757	1,669	984
Aviation operations	991	1,153	999
Fines	408	548	664
Gain on sale of lots	150	403	2,500
Other revenues	173	1,123	1,219
	<u>122,894</u>	<u>142,956</u>	<u>118,448</u>
Income from investment in government business enterprises			
Yukon Liquor Corporation	8,912	8,759	8,090
Yukon Development Corporation	-	3,951	5,430
	<u>8,912</u>	<u>12,710</u>	<u>13,520</u>
Funding and service agreements with other parties	34,813	35,521	25,039
Amortization of deferred capital contributions	21,040	21,696	19,343
	<u>\$ 1,033,519</u>	<u>\$ 1,066,616</u>	<u>\$ 976,102</u>

GOVERNMENT OF YUKON

Schedule B

**Consolidated Schedule of Operations by Function  
for the year ended March 31, 2012**

	Health and Social Services		Community and Transportation		Education		General Government <sup>1</sup>		Natural Resources	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenues										
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 704,686	\$ 653,142	\$ -	\$ -
Other transfers from										
Government of Canada	27,866	26,690	34,222	19,333	10,141	12,025	46,466	53,299	27,918	33,826
Taxes and general revenues	7,209	5,103	16,768	18,069	2,088	2,139	112,556	88,921	7,282	6,412
Funding and service agreements	6,218	7,659	19,950	12,420	16,114	15,027	1,363	1,358	264	426
Amortization of deferred capital contributions	2,382	2,514	18,114	15,828	219	158	456	498	525	345
Income from investment in government business enterprises	-	-	3,951	5,430	-	-	8,759	8,090	-	-
	<b>43,675</b>	<b>41,966</b>	<b>93,005</b>	<b>71,080</b>	<b>28,562</b>	<b>29,349</b>	<b>874,286</b>	<b>805,308</b>	<b>35,989</b>	<b>41,009</b>
Expenses										
Personnel	118,459	110,909	60,454	59,374	105,210	105,474	87,541	85,712	43,038	41,989
Other	97,400	93,040	78,261	74,582	41,299	44,837	27,149	30,807	44,162	51,695
Government transfers	63,809	68,907	70,260	51,115	19,267	19,108	5,730	8,300	4,650	6,446
Amortization expenses	5,686	4,759	30,269	28,179	6,314	6,107	3,534	3,808	939	747
Interest on long-term debt and capital lease obligations	286	16	788	1,162	-	-	97	245	-	-
	<b>285,640</b>	<b>277,631</b>	<b>240,032</b>	<b>214,412</b>	<b>172,090</b>	<b>175,526</b>	<b>124,051</b>	<b>128,872</b>	<b>92,789</b>	<b>100,877</b>
Recovery of prior years' expenses	200	223	290	139	62	98	203	38	20	107
<b>(Deficit) surplus for the year</b>	<b>\$ (241,765)</b>	<b>\$ (235,442)</b>	<b>\$ (146,737)</b>	<b>\$ (143,193)</b>	<b>\$ (143,466)</b>	<b>\$ (146,079)</b>	<b>\$ 750,438</b>	<b>\$ 676,474</b>	<b>\$ (56,780)</b>	<b>\$ (59,761)</b>

<sup>1</sup> Includes the legislature, tax collection and administration, Formula Financing and other grants from the federal government, liquor profits, general administration and central agency services such as building maintenance, Public Service Commission, finance and IT services to government departments and organizations.



GOVERNMENT OF YUKON

Schedule B  
Continued

Consolidated Schedule of Operations by Function  
for the year ended March 31, 2012

	Justice		Business, Tourism and Culture		Adjustments <sup>2</sup>		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenues								
Formula financing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 704,686	\$ 653,142
Other transfers from Government of Canada	1,636	1,538	798	1,973	-	(2,074)	149,047	146,610
Taxes and general revenues	987	881	167	173	(4,101)	(3,250)	142,956	118,448
Funding and service agreements	378	640	349	354	(9,115)	(12,845)	35,521	25,039
Amortization of deferred capital contributions	-	-	-	-	-	-	21,696	19,343
Income from investment in government business enterprises	-	-	-	-	-	-	12,710	13,520
	3,001	3,059	1,314	2,500	(13,216)	(18,169)	1,066,616	976,102
Expenses								
Personnel	23,596	21,981	13,824	13,697	-	-	452,122	439,136
Other	29,215	27,025	10,035	11,576	(2,864)	(5,103)	324,657	328,459
Government transfers	5,200	4,639	13,488	15,945	(10,352)	(13,066)	172,052	161,394
Amortization expenses	835	1,043	683	680	-	-	48,260	45,323
Interest on long-term debt and capital lease obligations	-	-	-	-	-	-	1,171	1,423
	58,846	54,688	38,030	41,898	(13,216)	(18,169)	998,262	975,735
Recovery of prior years' expenses	50	180	204	201	-	-	1,029	986
<b>(Deficit) surplus for the year</b>	<b>\$ (55,795)</b>	<b>\$ (51,449)</b>	<b>\$ (36,512)</b>	<b>\$ (39,197)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 69,383</b>	<b>\$ 1,353</b>

<sup>2</sup> To eliminate transactions between sectors.

GOVERNMENT OF YUKON

Schedule C

**Consolidated Schedule of Tangible Capital Assets  
for the year ended March 31, 2012**

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Transportation Infrastructure	Other <sup>1</sup>	2012 Total	2011 Total
(thousands of dollars)								
Cost of tangible capital assets, opening	\$ 11,686	\$ 678,248	\$ 106,545	\$ 43,060	\$ 859,405	\$ 53,284	\$ 1,752,228	\$ 1,617,482
Acquisitions	644	65,346	9,125	4,523	25,934	7,024	112,596	146,219
Write-downs	-	(265)	(185)	-	(132)	-	(582)	(4,034)
Disposals	(11)	(834)	(4,274)	(310)	-	(11,335) <sup>3</sup>	(16,764)	(7,439)
Cost of tangible capital assets, closing	12,319	742,495	111,211	47,273	885,207	48,973	1,847,478	1,752,228
Accumulated amortization, opening	-	260,387	62,690	28,819	232,110	6,536	590,542	552,413
Amortization expense	-	16,806	7,215	2,372	20,634	1,233	48,260	45,323
Disposals	-	(834)	(4,034)	(310)	-	-	(5,178)	(7,194)
Accumulated amortization, closing	-	276,359	65,871	30,881	252,744	7,769	633,624	590,542
<b>Net book value (Note 18)</b>	<b>\$ 12,319</b>	<b>\$ 466,136</b>	<b>\$ 45,340</b>	<b>\$ 16,392</b>	<b>\$ 632,463</b>	<b>\$ 41,204</b>	<b>\$ 1,213,854</b>	<b>\$ 1,161,686</b>
Work-in-progress <sup>2</sup>	\$ -	\$ 46,172	\$ -	\$ 5,480	\$ 21,580	\$ 10,862	\$ 84,094	\$ 134,801
Deferred capital contributions (Note 19)	\$ -	\$ 117,312	\$ 5,566	\$ 2,809	\$ 481,781	\$ 15,037	\$ 622,505	\$ 619,569

<sup>1</sup> Includes portable classrooms, land improvements and fixtures, and sewage/water systems.  
<sup>2</sup> Included in net book value.  
<sup>3</sup> In 2011/2012, the Government removed the cost and deferred capital contributions in relation to a wastewater treatment plant and a district heating system which the Government has been building for the Town of the City of Dawson. The City of Dawson is to obtain ownership once these facilities are complete and successfully commissioned. \$11,335,000 were removed from the cost and \$7,877,000 were removed from deferred capital contributions (Note 21).

GOVERNMENT OF YUKON

Schedule D

**Consolidated Schedule of Post-employment Benefits  
for the year ended March 31, 2012**

	2012					2011	
	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon College	Yukon Hospital Corporation	Total	Total
Accrued benefit obligation	\$ 83,885	\$ 1,163	\$ 1,676	\$ 3,387	\$ 2,313	\$ 92,424	\$ 87,505
Obligation at beginning of year	7,317	38	123	370	144	7,992	7,760
Current service costs	4,407	77	95	195	106	4,880	4,631
Interest cost on benefit obligation	-	19	139	51	73	282	(1,228)
Actuarial loss	(6,133)	(1,128)	(34)	(425)	(185)	(7,905)	(6,244)
Benefits paid	89,476	169	1,999	3,578	2,451	97,673	92,424
Accrued benefit obligation at end of year	-	1,038	-	-	-	1,038	1,030
Plan assets - valued at fair market value	-	138	-	-	-	138	8
Value at beginning of year	6,133	122	34	425	185	6,899	6,244
Actual return on plan assets	(6,133)	(1,128)	(34)	(425)	(185)	(7,905)	(6,244)
Employer/Government contributions	-	170	-	-	-	170	1,038
Benefits paid	89,476	(1)	1,999	3,578	2,451	97,503	91,386
Value at end of year	(11,467)	(45)	(240)	(55)	68	(11,739)	(12,680)
Funded status - plan deficit (surplus)	78,009	(46)	1,759	3,523	2,519	85,764	78,706
Unrecognized net actuarial gain (loss)	-	-	-	1,359	315	1,674	1,382
Accrued benefit liability (asset)	-	-	-	-	-	-	-
Liabilities that are not included in actuarial valuation	\$ 78,009	\$ (46)	\$ 1,759	\$ 4,882	\$ 2,834	\$ 87,438	\$ 80,088
Post-employment benefits (Note 13)							

(thousands of dollars)

GOVERNMENT OF YUKON

Schedule D  
Continued

Consolidated Schedule of Post-employment Benefits  
for the year ended March 31, 2012

	2012					2011	
	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon College	Yukon Hospital Corporation	Total	Total
Net benefit cost	\$ 7,317	\$ 38	\$ 123	\$ 370	\$ 144	\$ 7,992	\$ 7,798
Current service costs	4,407	77	95	195	106	4,880	4,637
Interest cost on benefit obligation	-	(67)	-	-	-	(67)	(67)
Expected return on plan assets	1,135	16	14	-	73	1,238	1,297
Amortization of net actuarial (gain) loss							
Net cost for the year	\$ 12,859	\$ 64	\$ 232	\$ 565	\$ 323	\$ 14,043	\$ 13,665

(thousands of dollars)

Assumptions

Expected long-term rate of return on assets at beginning of year	N/A	6.50%	N/A	N/A	N/A	N/A
Discount rate on benefit costs	5.00%	6.50%	5.33%	5.50%	4.50%	
Discount rate on accrued benefit obligation at end of year	5.00%	6.00%	5.33%	5.25%	3.75%	
Rate of compensation increase	2.25%	2.50%	2.25%	See below <sup>1</sup>	2.50%	
Amortization period (expected average remaining service life)	12.3 years	7.3 years	10.8 years	8.4 years <sup>2</sup>	8.7 years <sup>2</sup>	

<sup>1</sup>For 10 years 4.25%, thereafter 4.75%

<sup>2</sup>Applies to excess of the net actuarial gain (loss) over 10%

GOVERNMENT OF YUKON

Schedule E

Consolidated Schedule of Retirement Benefits  
for the year ended March 31, 2012

	2012				2011			
	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	Total	Total
(thousands of dollars)								
Pension and retirement plan assets are valued at fair market value.								
Accrued benefit obligation								
Obligation at beginning of year	\$ 24,065	\$ 6,832	\$ 27,109	\$ 1,655	\$ 50,412	\$ 51,898	\$ 161,971	\$ 140,646
Current service costs	1,222	339	1,244	27	3,020	3,829	9,681	9,368
Interest cost on benefit obligation	1,561	458	1,406	82	2,799	2,857	9,163	8,683
Actuarial (gain) loss	(311)	(162)	-	-	1,049	10,839	11,415	7,523
Benefits paid	(1,319)	(197)	(451)	(82)	(2,071)	(1,312)	(5,432)	(4,249)
Accrued benefit obligation at end of year	\$ 25,218	\$ 7,270	\$ 29,308	\$ 1,682	\$ 55,209	\$ 68,111	\$ 186,798	\$ 161,971
Plan assets								
Value at beginning of year	\$ 27,186	\$ 3,782	\$ -	\$ -	\$ 49,961	\$ 53,007	\$ 133,936	\$ 116,161
Actual return on plan assets	1,522	117	-	-	7,640	151	9,430	12,265
Employer contributions	1,319	137	451	82	2,729	3,946	8,664	7,934
Member contributions	159	57	-	-	1,038	1,285	2,539	2,316
Transfers	-	-	-	-	-	-	-	(303)
Benefits paid	(1,319)	(197)	(451)	(82)	(2,071)	(1,312)	(5,432)	(4,249)
Actual plan expenses	-	-	-	-	-	(189)	(189)	(188)
Value at end of year	\$ 28,867	\$ 3,896	\$ -	\$ -	\$ 59,297	\$ 56,888	\$ 148,948	\$ 133,936
Funded status - plan deficit (surplus)	\$ (3,649)	\$ 3,374	\$ 29,308	\$ 1,682	\$ (4,088)	\$ 11,223	\$ 37,850	\$ 28,035
Unrecognized net actuarial gain (loss)	1,574	780	51	(428)	(3,925)	(20,380)	(22,328)	(11,026)
Unrecognized past service costs	-	-	-	-	-	(120)	(120)	(357)
Employer contribution made after measurement date	-	-	-	-	-	(633)	(633)	(1,821)
Accrued benefit liability (asset) (Note 14)	\$ (2,075)	\$ 4,154	\$ 29,359	\$ 1,254	\$ (8,013)	\$ (9,910)	\$ 14,769	\$ 14,831

GOVERNMENT OF YUKON

Schedule E  
Continued

Consolidated Schedule of Retirement Benefits  
for the year ended March 31, 2012

	2012				2011			
	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	Total	Total
Net benefit cost	(thousands of dollars)							
Current service costs	\$ 1,222	\$ 339	\$ 1,244	\$ 27	\$ 3,020	\$ 4,036	\$ 9,888	\$ 9,553
Less: Member contributions	(159)	(57)	-	-	(1,038)	(1,285)	(2,539)	(2,316)
Past service cost	-	-	-	-	-	157	157	157
Interest cost on benefit obligation	1,561	458	1,406	82	2,799	2,857	9,163	8,683
Expected return on plan assets	(1,772)	(246)	-	-	(3,557)	(3,703)	(9,278)	(8,193)
Amortization of past service costs	-	-	-	-	80	-	80	81
Amortization of net actuarial (gain) loss	(266)	(169)	(11)	58	240	92	(56)	(219)
Net cost for the year	\$ 586	\$ 325	\$ 2,639	\$ 167	\$ 1,544	\$ 2,154	\$ 7,415	\$ 7,746

Assumptions

Expected long-term rate of return on assets at beginning of year	6.50%	6.50%	N/A	N/A	7.00%	6.75%		
Discount rate on benefit costs	6.50%	6.50%	5.00%	5.00%	5.50%	5.25%		
Discount rate on accrued benefit obligation at end of year	6.00%	6.25%	5.00%	5.00%	5.25%	4.25%		
Inflation	2.50%	2.50%	N/A	N/A	2.30%	2.00%		
Rate of compensation increase	2.50%	3.00%	N/A	2.25%	4.25%	2.50%		
Health care cost trend rate	N/A	N/A	see below <sup>2</sup>	N/A	N/A	N/A		
Amortization period (expected average remaining service life)	7.3 years	6.3 years	12.2 years	8.7 years	9 years	8.7 years		

<sup>1</sup> Includes \$207,000 for provision of administrative expenses.

<sup>2</sup> 10.0% per annum, grading down annually in level steps to an ultimate rate of 3.0% per annum in year 20 and remaining at that level thereafter.

GOVERNMENT OF YUKON

Schedule F

Reconciliation of 2011-2012 Budget  
to the Main Estimates Approved by the Yukon Legislative Assembly

	Main Estimates	Government Departments	Other Entities <sup>3</sup>	Adjustments & Eliminations	Consolidated Budget
(thousands of dollars)					
<b>Revenues</b>					
From Government of Canada					
Formula Financing grant	\$ 704,686				
Other grants	40,543				
Contributions and service agreements	142,281				
Less: Deferred capital contributions <sup>1</sup>	(36,293)				
Yukon Housing Corporation's recoveries <sup>2</sup>	(11,984)	\$ 839,233	\$ 6,627		\$ 845,860
Taxes and general revenue	123,106	123,106	8,700	\$ (8,912)	122,894
Income from investment in government business enterprises <sup>4</sup>				8,912	8,912
Funding and service agreements with other parties	94,655				
Less: Deferred capital contributions <sup>1</sup>	(12,269)				
Balance sheet transactions <sup>1</sup>					
- Land held for sale	(41,921)				
- Loans receivable	(1,200)				
Yukon Housing Corporation's recoveries <sup>2</sup>	(18,720)	20,545	88,105	(73,837)	34,813
Amortization of deferred capital contribution	18,237	18,237	3,792	(989)	21,040
		1,001,121	107,224	(74,826)	1,033,519
<b>Expenses</b>					
Operation and maintenance expenditures <sup>1</sup>	851,863				
Capital expenditures <sup>1</sup>	237,717				
	1,089,580				
Less: Remove expenditures of Yukon Housing Corporation <sup>2</sup>					
- Operation and maintenance	(16,044)				
- Capital	(21,434)				
Balance sheet transactions <sup>1</sup>					
- Land held for sale	(41,921)				
- Loans receivable	(1,200)				
Add: Net expenditures of Yukon Housing Corporation - transfer payments <sup>2</sup>	6,774				
Acquisitions of tangible capital assets	(88,088)				
Amortization expense	37,615				
Adjustments - estimated year-end lapses and prior-year revotes	(2,617)	962,665	104,139	(71,847)	994,957
<b>Surplus for the year</b>		<b>\$ 38,456</b>	<b>\$ 3,085</b>	<b>\$ (2,979)</b>	<b>\$ 38,562</b>

<sup>1</sup> The Government's Main Estimates are prepared on a modified cash basis and payments for balance sheet items are appropriated.

<sup>2</sup> The Government's Main Estimates include expenditures and revenues of the Yukon Housing Corporation.

Net expenditures of the Yukon Housing Corporation become transfer payments of the Government of Yukon.

<sup>3</sup> Includes Yukon College, Yukon Hospital Corporation and Yukon Housing Corporation.

<sup>4</sup> Includes Yukon Development Corporation and Yukon Liquor Corporation.