

GOVERNMENT OF THE YUKON TERRITORY

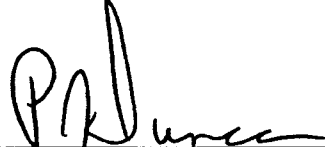
Consolidated Statement of Financial Position
as at March 31, 2001

	2001	2000
	(thousands of dollars)	
ASSETS		
Cash and cash equivalents (Note 3)	\$ 5,272	\$ 15,108
Temporary investments (Note 4)	9,220	22,214
Due from Canada (Note 5)	84,482	37,125
Accounts receivable (Note 6)	12,166	10,768
Inventories	3,154	3,366
Loans receivable (Note 7)	55,047	48,024
Land held for sale (Note 8)	28,778	29,648
Investments in government business enterprises (Note 9(a))	105,760	101,571
Capital assets, at a nominal value of one dollar	-	-
	<u>\$ 303,879</u>	<u>\$ 267,824</u>
LIABILITIES		
Due to Canada (Note 5)	\$ 5,688	\$ 3,847
Accounts payable and accrued liabilities (Note 10)	39,731	41,146
Deferred revenues	9,323	10,006
Employee future benefits	33,194	32,576
Long-term debt (Note 11)	31,840	31,788
	<u>119,776</u>	<u>119,363</u>
Contingencies, commitments and guarantees (Notes 8, 9(c), 17, 19, 20, 21, 22 and 23)		
SURPLUS		
Surplus	<u>184,103</u>	<u>148,461</u>
	<u>\$ 303,879</u>	<u>\$ 267,824</u>

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

Approved:


Deputy Head of the Department of Finance


Minister of Finance

GOVERNMENT OF THE YUKON TERRITORY

Consolidated Statement of Operations and Surplus
for the year ended March 31, 2001

	2001		2000
	Main Estimates (Note 16)	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
Grant from Canada (Note 12)	\$ 299,271	\$ 366,564	\$ 309,751
Taxes and general revenues	70,025	81,448	73,855
Transfer payments from Canada	18,005	19,928	19,946
Investment income	4,745	9,229	11,786
Recoveries (Schedule B)			
Operations and maintenance	37,151	37,013	38,014
Capital	37,383	26,512	22,417
	<u>466,580</u>	<u>540,694</u>	<u>475,769</u>
Expenditures (Note 13 and Schedule C)			
Operations and maintenance	392,872	413,494	389,433
Capital	95,359	91,819	94,032
	<u>488,231</u>	<u>505,313</u>	<u>483,465</u>
Recovery of prior years' expenditures	-	261	133
Surplus (deficit) for the year	<u>\$ (21,651)</u>	35,642	(7,563)
Surplus at beginning of year		<u>148,461</u>	<u>156,024</u>
Surplus at end of year		<u>\$ 184,103</u>	<u>\$ 148,461</u>

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

GOVERNMENT OF THE YUKON TERRITORY

**Consolidated Statement of Cash Flows
for the year ended March 31, 2001**

	2001	2000
	(thousands of dollars)	
Cash flows from operating activities		
Surplus (deficit) for the year	\$ 35,642	\$ (7,563)
Non-cash items included in surplus (deficit) for the year		
Write-down of temporary investments	236	265
Provision for doubtful loans receivable and accounts receivable	498	556
Provision for write-down of land held for sale	1,267	378
Gain on sale of lots	(266)	(110)
Investment income from government business enterprises	(4,189)	(6,723)
Employee future benefits	618	1,933
Changes in non-cash operating activities		
Decrease (increase) in temporary investments	12,758	(22,479)
Decrease (increase) in due from Canada	(47,357)	24,231
Increase in accounts receivable	(1,436)	(27)
Decrease (increase) in inventories	212	(864)
Increase (decrease) in due to Canada	1,841	(3,543)
Decrease in accounts payable and accrued liabilities	(1,415)	(109)
Decrease in deferred revenues	(683)	(1,915)
	(2,274)	(15,970)
Cash flows from investing activities		
Investment in land held for sale	(3,022)	(5,458)
Proceeds from sale of land held for sale	990	647
Repayment of advances to Territorial corporations	-	500
Loans advanced	(14,040)	(8,460)
Loans repaid	8,458	5,392
	(7,614)	(7,379)
Cash flows from financing activities		
Issue of long-term debt	857	-
Repayment of long-term debt	(805)	(775)
	52	(775)
Net decrease in cash and cash equivalents	(9,836)	(24,124)
Cash and cash equivalents		
Beginning of year	15,108	39,232
End of year (Note 3)	\$ 5,272	\$ 15,108

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

GOVERNMENT OF THE YUKON TERRITORY

Notes to Consolidated Financial Statements
March 31, 2001

1. **Authority and operations**

The Government of the Yukon Territory (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**

(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, which are deemed to be government partnerships, are accounted for using the proportionate consolidation method. The entities, which are deemed to be government business enterprises, are accounted for using the modified equity method.

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

Fully consolidated:

Government of the Yukon Territory
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. was financed with \$3.5 million from the Yukon Government Fund Limited (Note 9(c)). 19596 Yukon Inc. leases equipment to Northwestel Inc. As described in Note 16, the Government has entered into a data service contract with Northwestel Inc.

Trusts administered by the Government on behalf of other parties (Note 15) are excluded from the consolidated Government reporting entity.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Consolidated Financial Statements March 31, 2001

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis unless the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The exceptions are as follows:

Income taxes, levied under the *Income Tax Act* (Yukon), are collected by Canada under a tax collection agreement and are remitted to the Government monthly. The remittances are based on estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are completed. The remittances for the taxation year are recognized as revenues of the fiscal year in which the taxation year ends, together with known income tax adjustments arising in the fiscal year.

Revenue from general property tax, assessed on a calendar year basis, is recognized in the fiscal year in which the calendar year ends.

Expenditures

Operations, maintenance and capital expenditures are recorded on an accrual basis. Transfer payments are recorded as expenditures when paid or when the terms of a contractual transfer agreement have been met.

Lease payments under capital and operating leases are recorded respectively as capital and operations and maintenance expenditures.

Expenditures 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 expenditures are incurred. Any adjustments upon finalization are reflected in the accounts in the year of adjustment.

Recovery of prior years' expenditures 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 expenditures for the current year.

Assets

Temporary investments are valued at the lower of cost and market value.

Inventories 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 charged to expenditures at the time of acquisition.

Loans receivable are stated at principal amounts. 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, the lots are written down to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale.

Capital assets, except land held for sale, are charged to expenditures at the time of acquisition or construction and are shown on the consolidated statement of financial position at a nominal value of one dollar.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Consolidated Financial Statements March 31, 2001

Liabilities

Liabilities include financial claims payable by the Government and revenues received but not yet earned.

Deferred revenues are comprised of remittances of income taxes for the first three months of the following taxation year together with motor vehicle licence fees and other items for the following fiscal year.

(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.

(d) Grant and transfer payments from Canada

The grant is subject to the terms of a financial agreement with Canada and is receivable in monthly instalments. Periodic adjustments, as they become known, are made to the grant when income taxes, Canada Health and Social Transfer contributions and certain operating revenues and recoveries collected by the Government differ from the estimated amounts which were used to determine the grant for the fiscal year. Further adjustments are made in accordance with escalation and tax effort adjustment clauses in the agreement. Other adjustments may arise out of new federal initiatives or unforeseen events.

Transfer payments are received from Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act*. Adjustments are made in accordance with the arrangements in the year they are known.

(e) Employee future benefits

Under the conditions of employment, employees may qualify and earn non-pension employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation was determined as of March 31, 2001 on an actuarial basis. The key assumptions used were a liability discount rate of 7% and an annual rate of general salary escalation of 3%. The obligation for sick, vacation leave, and severance benefits were calculated using the projected benefit method pro-rated on service. The remainder was calculated assuming all employees would receive the benefits on valuation date.

(f) Measurement uncertainty

The preparation of financial statements in accordance with stated accounting policies requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenditures 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 grant from Canada, employee future benefits and contingencies.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Consolidated Financial Statements
March 31, 2001

3. **Cash and cash equivalents**

	<u>2001</u>	<u>2000</u>
	(thousands of dollars)	
Short-term investments	\$ 2,618	\$ 3,396
Bank	2,581	11,639
Cash on hand	<u>73</u>	<u>73</u>
	<u>\$ 5,272</u>	<u>\$ 15,108</u>

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

4. **Temporary investments**

	<u>2001</u>		<u>2000</u>	
	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>
	(thousands of dollars)			
Floating rate notes	\$ 5,045	\$ 5,064	\$ -	\$ -
Canada bonds	4,175	4,392	2,533	2,719
Canada treasury bills	<u>-</u>	<u>-</u>	<u>19,681</u>	<u>19,760</u>
	<u>\$ 9,220</u>	<u>\$ 9,456</u>	<u>\$ 22,214</u>	<u>\$ 22,479</u>

Floating rate notes have terms to maturity of one to two years from the dates of acquisition. The Government of Canada bonds have terms to maturity of 23 to 29 years from the dates of acquisition. Temporary investments have an average effective yield of 5.5% (2000 - 5.4%) per annum.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Consolidated Financial Statements
March 31, 2001

5. **Due from/to Canada**

	<u>2001</u>	<u>2000</u>
	(thousands of dollars)	
Due from Canada		
Federal grant receivable	\$ 49,187	\$ 14,471
Cost-sharing agreements and projects delivered on behalf of Canada	35,119	22,577
Other	<u>176</u>	<u>77</u>
	<u>\$ 84,482</u>	<u>\$ 37,125</u>
Due to Canada		
RCMP	\$ 3,238	\$ 2,849
Devolution funding repayable	1,322	-
Income tax payable	-	403
Other	<u>1,128</u>	<u>595</u>
	<u>\$ 5,688</u>	<u>\$ 3,847</u>

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**

	<u>2001</u>	<u>2000</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 11,771	\$ 10,498
Less valuation allowances	<u>(2,739)</u>	<u>(2,910)</u>
	9,032	7,588
Due from Territorial corporations	2,243	2,426
Prepaid expenses	<u>891</u>	<u>754</u>
	<u>\$ 12,166</u>	<u>\$ 10,768</u>

GOVERNMENT OF THE YUKON TERRITORY

Notes to Consolidated Financial Statements
March 31, 2001

7. **Loans receivable**

	<u>2001</u>	<u>2000</u>
	(thousands of dollars)	
Mortgages receivable, due in varying annual amounts to the year 2015, bearing interest rates ranging from 0.0% to 10.0%	\$ 37,460	\$ 31,361
Debenture loans to municipalities, due in varying annual amounts to the year 2015, bearing interest rates ranging from 5.0% to 13.3%	11,538	10,646
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 13.6%	5,224	5,469
Agreements for sale, due in varying annual amounts over a three or five year term to the year 2006, bearing interest rates ranging from 5.0% to 9.0%	1,755	1,902
Local improvement loans, due in varying annual amounts to the year 2031, bearing interest rates ranging from 4.8% to 13.4%	1,817	1,320
Others	504	504
Less valuation allowances	<u>(3,251)</u>	<u>(3,178)</u>
	<u>\$ 55,047</u>	<u>\$ 48,024</u>

8. **Land held for sale**

	<u>2001</u>	<u>2000</u>
	(thousands of dollars)	
Raw land	\$ 45	\$ 45
Land under development	12,965	13,540
Finished land	<u>15,768</u>	<u>16,063</u>
	<u>\$ 28,778</u>	<u>\$ 29,648</u>

Land held for sale is affected by Yukon Indian land claims negotiations. At March 31, 2001, \$2.7 million (2000 - \$2.7 million) of the finished land has been identified for land claims purposes. 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.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Consolidated Financial Statements
March 31, 2001

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. The Yukon Liquor Corporation has a fiscal year end of March 31.

	Yukon Development Corporation (as at December 31, 2000)	Yukon Government Fund Limited	Yukon Liquor Corporation (as at March 31, 2001)	2001 Total	2000 Total
(thousands of dollars)					
Balance Sheet					
Assets					
Current	\$ 37,713	\$ 175	\$ 2,141	\$ 40,029	\$ 34,080
Investments	4,336	-	-	4,336	4,561
Capital assets	124,960	-	3,075	128,035	123,332
Other	<u>11,597</u>	<u>4,891</u>	<u>-</u>	<u>16,488</u>	<u>18,280</u>
	<u>\$ 178,606</u>	<u>\$ 5,066</u>	<u>\$ 5,216</u>	<u>\$ 188,888</u>	<u>\$ 180,253</u>
Liabilities					
Current	\$ 5,472	\$ 12	\$ 1,389	\$ 6,873	\$ 7,100
Long-term debt and other	70,387	5,116	752	76,255	71,582
Equity	<u>102,747</u>	<u>(62)</u>	<u>3,075</u>	<u>105,760</u>	<u>101,571</u>
	<u>\$ 178,606</u>	<u>\$ 5,066</u>	<u>\$ 5,216</u>	<u>\$ 188,888</u>	<u>\$ 180,253</u>
Statement of Operations and Equity					
Revenues	\$ 23,725	\$ 137	\$ 10,030	\$ 33,892	\$ 33,405
Expenses	<u>19,287</u>	<u>170</u>	<u>5,206</u>	<u>24,663</u>	<u>21,619</u>
Surplus (deficit)	4,438	(33)	4,824	9,229	11,786
Remitted to the Government	-	-	(5,040)	(5,040)	(5,063)
Equity, beginning of year	<u>98,309</u>	<u>(29)</u>	<u>3,291</u>	<u>101,571</u>	<u>94,848</u>
Equity, end of year	<u>\$ 102,747</u>	<u>\$ (62)</u>	<u>\$ 3,075</u>	<u>\$ 105,760</u>	<u>\$ 101,571</u>

Equity represents the Government's investment in the government entities.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Consolidated Financial Statements
March 31, 2001

(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Government Fund Limited	Yukon Liquor Corporation	2001 Total	2000 Total
	(as at December 31, 2000)		(as at March 31, 2001)		
	(thousands of dollars)				
Government of the Yukon Territory:					
Accounts receivable from	\$ 42	\$ -	\$ 474	\$ 516	\$ 1,027
Loans receivable from	-	116	-	116	116
Accounts payable to	395	5	19	419	283
Loans payable to	-	857	-	857	-
Revenues from	90	-	296	386	260
Expenditures to	7,826	28	-	7,854	22,692

(c) Commitments

Yukon Development Corporation

In April 2001 the Yukon Energy Corporation, the Yukon Development Corporation's wholly-owned subsidiary, entered into a contract for the construction of a transmission line from the Mayo hydro generation plant to the Dawson distribution system. The total cost of the contract is \$22 million, payable over the course of construction, which is estimated to be 19 months.

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 company has obtained \$5 million from investors, of which \$1 million is restricted. \$3.5 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 offering expired on March 31, 1999. At December 31, 2000 the balance held in escrow was \$2.6 million.

The \$5 million due to investors is repayable in 2005.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Consolidated Financial Statements
March 31, 2001

12. **Grant from Canada**

	<u>2001</u>	<u>2000</u>
	(thousands of dollars)	
Formula Financing grant entitlement	\$ 331,811	\$ 307,169
Adjustments in respect of:		
Formula financing escalators	35,463	4,883
Tax effort adjustment	(491)	(3,351)
Own source revenues and recoveries	<u>4,098</u>	<u>1,231</u>
Formula Financing grant	370,881	309,932
Less oil and gas revenue offset	<u>(4,317)</u>	<u>(181)</u>
Grant from Canada per Schedule of Revenues (Schedule A)	<u>\$ 366,564</u>	<u>\$ 309,751</u>

The Government receives a grant from Canada according to an agreed formula. The current Formula Financing Agreement with Canada is in effect for the period April 1, 1999 to March 31, 2004.

The Formula Financing grant calculation was finalized using July 1, 2000 Yukon population statistics released by Statistics Canada on September 25, 2001. This resulted in reduced Formula Financing grant revenue of \$1.0 million.

13. **Expenditures by object**

	<u>2001</u>	<u>2000</u>
	(thousands of dollars)	
Operations and maintenance		
Personnel	\$ 185,909	\$ 174,023
Transfer payments	91,152	87,309
Contract and special services	69,290	65,152
Materials, supplies and utilities	41,183	37,109
Communication and transportation	14,297	12,651
Loan interest	3,045	3,056
Other	<u>8,618</u>	<u>10,133</u>
	<u>\$ 413,494</u>	<u>\$ 389,433</u>
Capital		
Building and infrastructure	\$ 57,248	\$ 55,886
Transfer payments	18,666	24,597
Equipment	11,176	9,787
Other	<u>4,729</u>	<u>3,762</u>
	<u>\$ 91,819</u>	<u>\$ 94,032</u>

GOVERNMENT OF THE YUKON TERRITORY

Notes to Consolidated Financial Statements March 31, 2001

14. Pension plans

(a) Public Service Superannuation Plan

Until March 31, 2000, the Government and its employees made contributions in equal amounts to the Public Service Superannuation Plan administered by Canada. Since April 1, 2000, the Government's contributions have increased to 2.14 times of its employees' contributions. The Government's contributions, which amounted to \$15,582,000 (2000 - \$7,353,000), are recorded on a current basis and represent the total liability of the Government.

(b) Legislative Assembly Retirement Allowances Plan

The *Legislative Assembly Retirement Allowances Act* (Yukon), effective in 1984, established a non-contributory, defined benefit pension plan for members of the Yukon Legislative Assembly.

A new *Legislative Assembly Retirement Allowances Act* (Yukon) was passed in December 1991, which requires members to contribute an amount equal to 9% of their taxable indemnities and salaries to the Plan effective in 1992. The Plan provides pensions based on 5% of the best four-year average pensionable earnings for each year of service. There is a six-year vesting requirement and pensions are indexed to the Consumer Price Index. There is also a provision for payment of lump sum death and severance allowances.

Contributions are recorded on a current basis. Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. An actuarial valuation of the Plan was completed as at March 31, 1999.

The average age of the seventeen active members covered by the Plan is 46.6. There are currently fifteen former members receiving pension benefits and seven former members who are entitled to deferred pension benefits.

The actuarial valuation was 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 reflect the best estimates of expected long-term rates and short-term forecasts accepted by the Members' Services Board of the Legislative Assembly. Pension fund assets are held as cash and short-term investments, and are valued at the lower of cost or market value.

The expected long-term inflation rate is 3.0%.

The recorded retirement allowances obligation at March 31, 2001 is \$13,147,000 (2000 - \$12,392,000) which is included in trust liabilities and the corresponding cash reflected in trust assets. The most recent actuarial valuation of the Plan stated that the Plan, as of March 31, 1999, was fully funded with a funding excess of \$658,000.

The total pension-related expenditures recorded during the year and included in the expenditures of the Yukon Legislative Assembly is \$426,000 (2000 - \$414,000). Actual benefits paid in the year were \$458,000 (2000 - \$238,000).

(c) Territorial Court Judiciary Pension Plan

The *Territorial Court Judiciary Pension Plan Act* (Yukon) was enacted in May 2001, with an effective date of September 18, 1998. The Territorial Court Judiciary Pension Plan is a non-contributory defined benefit pension plan and is unfunded.

The pension obligation at March 31, 2001 based on an actuarial estimate, determined by the projected benefit method prorated on services, was \$192,000. This obligation is included in the accrued liabilities of the Government as at March 31, 2001, and the pension expenditure in the same amount is included in the expenditures of the Department of Justice.

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**Notes to Consolidated Financial Statements
March 31, 2001**

15. **Trust assets and liabilities**

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets and liabilities. The Compensation Fund (Yukon) has a fiscal year end of December 31. Details of the assets, principally investments, of the Compensation Fund (Yukon) 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.

	2001	2000
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 141,084	\$ 136,627
Legislative Assembly Retirement Allowances (Note 14(b))	13,147	12,392
Lottery Commission	3,262	3,130
Crime Prevention and Victim Services	2,042	1,816
Land Title Office – Assurance Fund	1,866	1,721
Public Administrator	765	702
Public Service Group Insurance Benefit	660	707
Historic Resources Trust Fund	564	530
Other	804	887
	\$ 164,194	\$ 158,512

16. **Main Estimates**

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2000 and therefore these figures do not reflect changes arising from the tabling of the Supplementary Estimates.

17. **Commitments**

At March 31, 2001 the Government had outstanding contractual obligations of \$43.1 million (2000 - \$14.8 million) for major capital projects. At that date, the estimated expenditures on these capital projects over the next three years were \$117.0 million (2000 - \$117.4 million), of which \$69.0 million (2000 - \$76.5 million) is 100% recoverable.

At March 31, 2001 the Government had annual building lease commitments of \$5.9 million consisting of \$4.8 million for rental costs and \$1.1 million for operating costs. These leases are generally for three year terms.

The Government entered into a twenty year policing services contract with the RCMP in 1992. The estimated expenditure under this contract for 2001/2002 is \$11.5 million.

On April 1, 2000 the Government entered into a five year data service contract with Northwestel Inc. At March 31, 2001 the outstanding obligation over the remaining four years was \$4.8 million, with an annual payment amount of \$1.2 million.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Consolidated Financial Statements March 31, 2001

18. Overexpenditure

During the year the following votes were overexpended:

	(thousands of dollars)
Operations and maintenance	
Government Services	\$ 1,713
Health and Social Services	1,231
Education	526
Renewable Resources	26
Office of the Ombudsman	22
Finance	18

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".

19. Guarantees

The Government has guaranteed debts of the Yukon Development Corporation of \$45.2 million (2000 - \$46.0 million) and business loans of \$1.0 million (2000 - \$1.0 million). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Energy 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.

20. Transfer of programs from Canada

The transfer of oil and gas resource management in the Yukon took effect on November 19, 1998. The Government has been negotiating with Canada for the transfer of the remaining provincial-like responsibilities of the Northern Affairs Program, which will include responsibilities for land, water, forestry and mineral resources. Transfer of these responsibilities will depend on certain conditions including funding requirements.

21. Land claims

The Government, with Canada and the various Yukon First Nations, is engaged in the negotiation of aboriginal land claims (final) and self-government agreements. On February 14, 1995, Federal and Yukon legislation came into force giving effect to four Yukon First Nation Final Agreements, which incorporated the provisions of the Umbrella Final Agreement (UFA) and specific provisions for each First Nation, and four Self-Government Agreements. The UFA is a framework document signed by the Council for Yukon Indians, Canada, and the Government. Two more Yukon First Nation Final and Self-Government Agreements came into effect on October 1, 1997, and another came into effect on September 15, 1998. Negotiations are proceeding with the remaining seven First Nations on an individual basis. As well, Yukon, with Canada, has engaged in land claims negotiations with one transboundary First Nation and anticipates further transboundary negotiations. Any settlement of these claims will not result in a liability to the Government as they are to be funded by Canada.

The Government signed a bilateral funding agreement with Canada on June 24, 1993, for funding towards the Government's additional implementation costs. Costs supported by this agreement include boards and councils established under the Yukon First Nation Final Agreements and implementation projects and activities. Based on this funding, the Government expended \$3.5 million during the year (2000 - \$3.4 million) with cumulative expenditures of approximately \$16.2 million.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Consolidated Financial Statements
March 31, 2001

22. **Contingencies**

In the normal course of operations, the Government is subject to legal claims. At March 31, 2001 the Government estimated the total claimed amount to be about \$4.8 million (2000 - \$5.1 million). No liability has been admitted and no provision for claims is included in these financial statements.

23. **Environmental liabilities**

The Government recognizes that there could be a liability for restoration of the environment on Commissioner's Land.

The Government has identified 15 sites on Commissioner's Land where environmental liabilities may exist. Of these, 3 sites are on airport land and are subject to the agreement between the Government and Transport Canada that includes remediation of contamination. The remaining 12 sites are ones where the Government may have true environmental liability in that actions of the Government have likely resulted in some of the contamination on these sites. Assessment has occurred on one of the larger of these sites, the Whitehorse Grader Station, where some of the contamination present may have resulted from use of the site by the Government. The remediation of some hydrocarbon contamination and the removal of an abandoned underground storage tank are planned for the Whitehorse Grader Station.

In those cases where the cost of remediating sites is quantifiable, an estimated liability is accrued. As at March 31, 2001 no costs have yet been quantified, so no liability has been accrued.

24. **Related parties**

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

	<u>2001</u>	<u>2000</u>
	(thousands of dollars)	
Transfer payments		
Yukon Hospital Corporation	\$ 20,160	\$ 19,183
Yukon College	14,069	14,687
Yukon Legal Services Society	1,356	1,255
Yukon Arts Centre Corporation	864	902
Yukon Human Rights Commission	<u>324</u>	<u>391</u>
	<u>\$ 36,773</u>	<u>\$ 36,418</u>

25. **Comparative figures**

Certain comparative figures for 2000 have been reclassified to conform with the 2001 presentation.

GOVERNMENT OF THE YUKON TERRITORY

Schedule A

Consolidated Schedule of Revenues by Source
for the year ended March 31, 2001

	2001		2000
	Main Estimates (Note 16)	Actual	Actual
	(thousands of dollars)		
Grant from Canada (Note 12)	\$ 299,271	\$ 366,564	\$ 309,751
Taxes and general revenues			
Income taxes	42,814	45,507	43,512
Other taxes	14,870	13,984	15,003
Oil and gas resource revenue	2,900	10,196	3,313
Licences, permits and fees	4,919	5,309	5,056
Interest - bank and other	1,090	2,474	2,868
Liquor taxes	2,106	2,263	2,245
Aviation operations	723	750	720
Other revenues	118	399	610
Fines	485	342	437
Gain on sale of lots	-	224	91
	70,025	81,448	73,855
Transfer payments from Canada			
Canada Health and Social Transfer	18,005	19,928	19,946
Investment income (loss)			
Yukon Liquor Corporation	4,745	4,824	4,722
Yukon Development Corporation	-	4,438	7,093
Yukon Government Fund Limited	-	(33)	(29)
	4,745	9,229	11,786
	\$ 392,046	\$ 477,169	\$ 415,338

GOVERNMENT OF THE YUKON TERRITORY

Schedule B

Consolidated Schedule of Recoveries by Function
for the year ended March 31, 2001

	2001		2000
	Main Estimates (Note 16)	Actual	Actual
	(thousands of dollars)		
Operations and maintenance			
Health and social services	\$ 13,667	\$ 15,057	\$ 14,527
Community and transportation	9,862	9,459	10,245
General government	7,163	4,727	6,631
Education	1,624	2,516	1,933
Justice	1,410	1,265	1,033
Natural resources and economic development	851	864	924
Tourism and culture	240	240	260
Interest	2,334	2,885	2,461
	\$ 37,151	\$ 37,013	\$ 38,014
Capital			
Community and transportation	\$ 33,955	\$ 23,374	\$ 20,682
General government	1,763	1,293	763
Natural resources and economic development	1,149	906	809
Education	513	879	43
Tourism and culture	-	30	23
Justice	3	17	-
Health and Social Services	-	13	97
	\$ 37,383	\$ 26,512	\$ 22,417

GOVERNMENT OF THE YUKON TERRITORY

Schedule C

Consolidated Schedule of Expenditures by Function
for the year ended March 31, 2001

	2001		2000
	Main Estimates (Note 16)	Actual (Note 13) (thousands of dollars)	Actual
Operations and maintenance			
Health and social services	\$ 114,869	\$ 123,147	\$ 116,287
Education	84,281	90,783	83,672
Community and transportation	73,577	73,781	70,719
General government	54,491	55,622	53,413
Justice	31,672	34,153	32,050
Natural resources and economic development	20,562	22,034	20,589
Tourism and culture	9,962	10,929	9,647
Interest	3,458	3,045	3,056
	\$ 392,872	\$ 413,494	\$ 389,433
Capital			
Community and transportation	\$ 48,827	\$ 45,171	\$ 42,896
Education	13,753	11,408	14,944
Health and Social Services	10,195	11,073	5,477
Natural resources and economic development	9,197	11,062	13,583
General government	7,645	7,955	10,770
Tourism and culture	4,509	4,473	5,738
Justice	1,233	677	624
	\$ 95,359	\$ 91,819	\$ 94,032