

GOVERNMENT OF THE YUKON TERRITORY

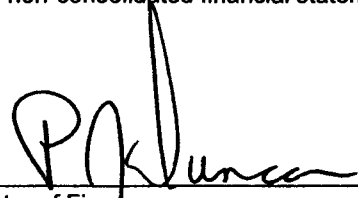
Statement of Financial Position
as at March 31, 2001

	2001	2000
	(thousands of dollars)	
ASSETS		
Cash and cash equivalents (Note 3)	\$ 3,368	\$ 16,763
Temporary investments (Note 4)	9,220	22,214
Due from Canada (Note 5)	83,999	36,818
Accounts receivable (Note 6)	12,426	11,143
Inventories	3,154	3,366
Advances to Territorial corporations (Note 7)	33,951	24,170
Loans receivable (Note 8)	25,560	22,963
Land held for sale (Note 9)	26,126	26,623
Capital assets, at a nominal value of one dollar	-	-
	\$ 197,804	\$ 164,060
LIABILITIES		
Due to Canada (Note 5)	\$ 5,594	\$ 3,847
Accounts payable and accrued liabilities (Note 10)	38,289	39,651
Deferred revenues	8,599	9,076
Employee future benefits	32,522	31,806
Long-term debt (Note 11)	8,423	8,564
	93,427	92,944
Contingencies, commitments and guarantees (Notes 9, 18, 20, 21, 22, 23 and 24)		
SURPLUS		
Accumulated surplus		
Surplus	63,122	63,926
Dedicated funds (Note 12)	36,000	-
	99,122	63,926
Restricted funds (Note 13)	5,255	7,190
	\$ 197,804	\$ 164,060

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

Approved:


Deputy Head of the Department of Finance


Minister of Finance

GOVERNMENT OF THE YUKON TERRITORY

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

	2001		2000
	Main Estimates (Note 17)	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
Grant from Canada (Note 12)	\$ 299,271	\$ 366,564	\$ 309,751
Taxes and general revenues	74,770	86,218	78,593
Transfer payments from Canada	18,005	19,928	19,946
Recoveries (Schedule B)			
Operations and maintenance	28,576	28,839	30,134
Capital	36,833	26,016	21,940
	<u>457,455</u>	<u>527,565</u>	<u>460,364</u>
Expenditures (Note 14 and Schedule C)			
Operations and maintenance	384,297	407,239	384,942
Capital	94,809	85,391	92,038
	<u>479,106</u>	<u>492,630</u>	<u>476,980</u>
Recovery of prior years' expenditures	-	261	133
Surplus (deficit) for the year	<u>\$ (21,651)</u>	35,196	(16,483)
Accumulated surplus at beginning of year		<u>63,926</u>	<u>80,409</u>
Accumulated surplus at end of year		<u>\$ 99,122</u>	<u>\$ 63,926</u>

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

GOVERNMENT OF THE YUKON TERRITORY

**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	\$ 35,196	\$ (16,483)
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	209	337
Provision for write-down of land held for sale	985	78
Gain on sale of lots	(266)	(268)
Provision for employee future benefits	716	1,806
Changes in non-cash operating activities		
Decrease (increase) in temporary investments	12,758	(22,479)
Decrease (increase) in due from Canada	(47,180)	23,818
Decrease (increase) in accounts receivable	(1,260)	984
Decrease (increase) in inventories	212	(863)
Increase (decrease) in due to Canada	1,747	(3,504)
Increase (decrease) in accounts payable and accrued liabilities	(1,362)	230
Decrease in deferred revenues	(477)	(1,960)
	1,514	(18,039)
Cash flows from investing activities		
Investment in land held for sale	(2,798)	(2,732)
Proceeds from sale of land held for sale	742	204
Advances to Territorial corporations	(9,831)	(7,397)
Repayment of advances from Territorial corporations	50	500
Loans advanced	(6,137)	(1,443)
Loans repaid	5,141	3,992
Increase (decrease) in restricted funds	(1,935)	799
	(14,768)	(6,077)
Cash flows from financing activities		
Repayment of long-term debt	(141)	(173)
Net decrease in cash and cash equivalents	(13,395)	(24,289)
Cash and cash equivalents		
Beginning of year	16,763	41,052
End of year (Note 3)	\$ 3,368	\$ 16,763

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

GOVERNMENT OF THE YUKON TERRITORY

Notes to 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.

2. **Significant accounting policies**

(a) Financial statements

These financial statements are prepared on a non-consolidated basis for the purpose of determining the financial resources realistically available to the Government to meet its program responsibilities. Financial statements of the Yukon Housing Corporation, the Yukon Liquor Corporation, the Yukon Development Corporation and the Compensation Fund (Yukon) are reported on separately.

Net cost of operations of the Yukon Housing Corporation is included in the transfer payment to the Corporation. Yukon Liquor Corporation's net income, less acquisition of capital assets and related amortization, is included in revenues. Income of the Yukon Development Corporation and the Compensation Fund (Yukon) is retained within the entities and is, therefore, not reflected in these financial statements.

The Government also prepares a set of consolidated financial statements following the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(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.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements March 31, 2001

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 statement of financial position at a nominal value of one dollar.

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.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements March 31, 2001

(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 Financial Statements
March 31, 2001**

3. **Cash and cash equivalents**

	2001	2000
	(thousands of dollars)	
Short-term investments	\$ 2,269	\$ 3,396
Bank	1,029	13,299
Cash on hand	70	68
	\$ 3,368	\$ 16,763

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

4. **Temporary investments**

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

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 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	34,797	22,270
Other	<u>15</u>	<u>77</u>
	<u>\$ 83,999</u>	<u>\$ 36,818</u>
Due to Canada		
RCMP	\$ 3,238	\$ 2,849
Devolution funding repayable	1,322	-
Income tax payable	-	403
Other	<u>1,034</u>	<u>595</u>
	<u>\$ 5,594</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	\$ 11,239	\$ 9,234
Less valuation allowances	<u>(2,539)</u>	<u>(2,551)</u>
	8,700	6,683
Due from Territorial corporations	2,866	3,706
Prepaid expenses	<u>860</u>	<u>754</u>
	<u>\$ 12,426</u>	<u>\$ 11,143</u>

7. **Advances to Territorial corporations**

	<u>2001</u>	<u>2000</u>
	(thousands of dollars)	
Yukon Housing Corporation		
Working capital advances	<u>\$ 33,951</u>	<u>\$ 24,170</u>

The advances are interest free and have various repayment terms.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2001

8. Loans receivable

	<u>2001</u>	<u>2000</u>
	(thousands of dollars)	
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
Loan to Yukon Housing Corporation, due in equal annual instalments to the year 2028, bearing interest at 0.0%	3,780	3,918
Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2006, bearing interest at 0.0%	2,068	2,120
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2014, bearing interest at 0.0%	1,957	-
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
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2021, bearing interest at 0.0%	313	328
Energy infrastructure development loan, due in periodic instalments to the year 2005, bearing interest at 6.4%	205	205
Energy conservation loans due in varying annual amounts with varying rates of interest	184	183
Loan to Yukon Government Fund Limited, with no repayment terms, bearing interest at 0.0%	115	116
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%	69	135
Less valuation allowances	<u>(1,710)</u>	<u>(1,477)</u>
	<u>\$ 25,560</u>	<u>\$ 22,963</u>

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2001

9. **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>13,116</u>	<u>13,038</u>
	<u>\$ 26,126</u>	<u>\$ 26,623</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.

10. **Accounts payable and accrued liabilities**

	<u>2001</u>	<u>2000</u>
	(thousands of dollars)	
Accrued liabilities	\$ 21,329	\$ 21,057
Accounts payable	12,441	13,327
Due to Territorial corporations	2,770	3,187
Contractors' holdbacks and security deposits	<u>1,749</u>	<u>2,080</u>
	<u>\$ 38,289</u>	<u>\$ 39,651</u>

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2001

11. Long-term debt

	<u>2001</u>	<u>2000</u>
	(thousands of dollars)	
Loan from Yukon Housing Corporation, repayable in monthly blended payments until the year 2028, bearing interest at an annual rate of 7.0%	\$ 4,502	\$ 4,555
Loans from Canada, repayable in annual instalments with maturities up to the year 2007, bearing fixed interest rates ranging from 6.1% to 11.1%	3,829	3,893
Other debentures, repayable in semi-annual instalments with maturities up to the year 2003, bearing a fixed interest rate of 13.0%	<u>92</u>	<u>116</u>
	<u>\$ 8,423</u>	<u>\$ 8,564</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	(thousands of dollars)		
2002	\$ 124	\$ 694	\$ 818
2003	117	683	800
2004	126	672	798
2005	65	663	728
2006	70	658	728

GOVERNMENT OF THE YUKON TERRITORY

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

12. **Grant from Canada**

	2001	2000
	(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	4,098	1,231
Formula Financing grant	370,881	309,932
Less oil and gas revenue offset	(4,317)	(181)
Grant from Canada per Schedule of Revenues (Schedule A)	\$ 366,564	\$ 309,751

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.

On April 5, 2001, based on a position letter dated March 28, 2001 and signed by the Finance Minister of the Government of Canada, the Government announced that it reached an agreement with Canada on outstanding formula financing issues. This agreement is expected to result in the Government receiving a one-time retroactive payment of approximately \$36 million. The Government then created dedicated funds with the \$36 million for the purpose of a contingency reserve (\$15 million), the Yukon permanent fund (\$10 million), reserve for Canada Winter Games infrastructure (\$8 million) and funding for several new initiatives (\$3 million).

13. **Restricted funds**

	2001	2000
	(thousands of dollars)	
Road and Airport Equipment Reserve Fund	\$ 3,019	\$ 4,832
Vehicle Fleet Revolving Fund	1,351	1,503
Recycling Fund	418	476
Property Management Revolving Fund	250	157
Queen's Printer Revolving Fund	138	95
Health Investment Fund	79	127
	\$ 5,255	\$ 7,190

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2001

14. Expenditures by object

	<u>2001</u>	<u>2000</u>
	(thousands of dollars)	
Operations and maintenance		
Personnel	\$ 182,528	\$ 170,537
Transfer payments	93,434	90,042
Contract and special services	70,066	66,887
Materials, supplies and utilities	37,736	34,095
Communication and transportation	14,861	13,146
Other	<u>8,614</u>	<u>10,235</u>
	<u>\$ 407,239</u>	<u>\$ 384,942</u>
Capital		
Building and infrastructure	\$ 54,510	\$ 55,228
Transfer payments	20,173	26,292
Equipment	6,349	7,258
Other	<u>4,359</u>	<u>3,260</u>
	<u>\$ 85,391</u>	<u>\$ 92,038</u>

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2001

15. **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 \$15,300,000 (2000 - \$7,216,000), 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.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2001

16. **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. 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.

	<u>2001</u>	<u>2000</u>
	(thousands of dollars)	
Legislative Assembly Retirement Allowances (Note 15(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	<u>804</u>	<u>887</u>
	<u>\$ 23,110</u>	<u>\$ 21,885</u>

17. **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.

18. **Commitments**

At March 31, 2001 the Government had outstanding contractual obligations of \$41.3 million (2000 - \$13.6 million) for major capital projects. At that date, the estimated expenditures on these capital projects over the next three years were \$115.1 million (2000 - \$115.8 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 for this contract was \$4.8 million, with an annual payment amount of \$1.2 million.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements March 31, 2001

19. 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".

20. Guarantees

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of \$27.1 million (2000 - \$27.8 million), debts of the Yukon Development Corporation of \$45.2 million (2000 - \$46.0 million) and business loans totalling \$1.0 million (2000 - \$1.0 million). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Housing Corporation of up to \$11.0 million and 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.

21. 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.

22. 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 Financial Statements
March 31, 2001**

23. **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.

24. **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.

GOVERNMENT OF THE YUKON TERRITORY

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

25. **Related parties**

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

	2001	2000
	(thousands of dollars)	
Revenues/Recoveries from:		
Compensation Fund (Yukon)	\$ 773	\$ 853
Yukon Lotteries Commission	638	627
Yukon Housing Corporation	542	521
Yukon Liquor Corporation	296	230
Yukon Development Corporation	130	40
Yukon College	129	151
Yukon Hospital Corporation	22	17
Yukon Arts Centre Corporation	3	2
	\$ 2,533	\$ 2,441
Expenditures to:		
Yukon Hospital Corporation	\$ 20,160	\$ 19,183
Yukon College	14,340	14,899
Yukon Development Corporation	7,510	6,847
Yukon Housing Corporation	4,843	6,590
Compensation Fund (Yukon)	2,936	2,261
Yukon Legal Services Society	1,356	1,255
Yukon Arts Centre Corporation	872	909
Yukon Human Rights Commission	324	391
	\$ 52,341	\$ 52,335

26. **Comparative figures**

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

GOVERNMENT OF THE YUKON TERRITORY

Schedule A

**Schedule of Revenues
for the year ended March 31, 2001**

	2001		2000
	Main Estimates (Note 17)	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
Yukon Liquor Corporation - net income	4,745	5,040	5,063
Interest - bank and other	1,090	2,458	2,868
Liquor taxes	2,106	2,263	2,245
Aviation operations	723	750	720
Fines	485	342	437
Gain on sale of lots	-	224	249
Other revenues	118	145	127
	<u>74,770</u>	<u>86,218</u>	<u>78,593</u>
Transfer payments from Canada			
Canada health and social transfer	18,005	19,928	19,946
	<u>\$ 392,046</u>	<u>\$ 472,710</u>	<u>\$ 408,290</u>

GOVERNMENT OF THE YUKON TERRITORY

Schedule B

**Schedule of Recoveries
for the year ended March 31, 2001**

	2001		2000
	Main Estimates (Note 17)	Actual	Actual
	(thousands of dollars)		
Operations and maintenance			
Health and Social Services	\$ 13,667	\$ 15,491	\$ 14,947
Community and Transportation Services	2,831	2,809	3,566
Executive Council Office	6,930	2,745	4,704
Education	1,624	2,516	1,933
Government Services	177	1,960	1,905
Justice	1,410	1,265	1,033
Renewable Resources	771	839	843
Tourism	240	240	260
Public Service Commission	45	27	4
Economic Development	80	25	29
Finance	6	17	36
Office of the Ombudsman	5	3	3
Interest	790	902	871
	\$ 28,576	\$ 28,839	\$ 30,134
Capital			
Community and Transportation Services	\$ 33,405	\$ 25,520	\$ 23,163
Government Services	1,375	1,150	532
Education	513	879	43
Economic Development	930	810	680
Renewable Resources	219	111	129
Tourism	-	30	23
Justice	3	17	-
Health and Social Services	-	13	97
Executive Council Office	388	5	232
	\$ 36,833	28,535	24,899
Less: Community and Transportation Services			
land recoveries transferred to			
land held for sale		2,295	2,718
local improvement recoveries			
transferred to loans receivable		209	241
Renewable Resources			
land recoveries transferred to			
land held for sale		15	-
		\$ 26,016	\$ 21,940

GOVERNMENT OF THE YUKON TERRITORY

Schedule C

Schedule of Expenditures
for the year ended March 31, 2001

	2001		Actual 2001			2000	
	Main Estimates (Note 17)	Personnel	Transfer Payments	Other	Total Expenditures (Note 14)	Actual	Actual
Operations and maintenance							
Health and Social Services	\$ 115,184	\$ 38,837	\$ 42,335	\$ 42,488	\$ 123,660	\$	\$ 116,972
Education	84,281	58,794	18,700	13,315	90,809		83,709
Community and Transportation Services	64,105	21,799	19,366	24,888	66,053		64,421
Justice	31,672	14,570	3,153	16,430	34,153		32,050
Government Services	21,408	7,454	590	16,915	24,959		22,847
Renewable Resources	14,331	10,691	673	4,031	15,395		14,521
Executive Council Office	14,876	7,681	2,374	2,325	12,380		12,382
Tourism	9,962	3,966	2,139	4,824	10,929		9,647
Public Service Commission	9,910	8,508	-	2,069	10,577		10,710
Economic Development	6,231	3,967	653	2,018	6,638		6,024
Finance	3,879	3,401	641	216	4,258		4,279
Yukon Legislative Assembly	3,087	2,228	-	848	3,076		2,957
Yukon Housing Corporation (Transfer Payment)	3,654	-	2,723	-	2,723		3,081
Women's Directorate	477	321	87	98	506		433
Elections Office	607	84	-	387	471		321
Office of the Ombudsman	247	227	-	92	319		243
Interest on Loans	386	-	-	385	385		397
	\$ 384,297	182,528	93,434	131,329	407,291		384,994
Less: Economic Development loans transferred to loans receivable		-	-	(1)	(1)		2
Health and Social Services loan payments transferred to long-term debt		-	-	53	53		50
	\$ 182,528	\$ 93,434	\$ 131,277	\$ 407,239	\$ 384,942		

GOVERNMENT OF THE YUKON TERRITORY

Schedule C
Continued

Schedule of Expenditures
for the year ended March 31, 2001

	2001		Actual 2001		Total Expenditures (Note 14)	2000 Actual
	Main Estimates (Note 17)	Personnel Payments	Transfer Payments	Other		
Capital						
Community and Transportation Services	\$ 46,419	\$ 3,748	\$ 6,431	\$ 31,550	\$ 41,729	\$ 43,250
Education	13,753	625	2,205	8,578	11,408	14,944
Health and Social Services	10,195	-	491	10,582	11,073	5,477
Economic Development	7,397	1,239	5,858	2,349	9,446	11,901
Government Services	7,181	1,814	1,182	3,593	6,589	9,447
Tourism	4,509	694	2,290	1,489	4,473	5,738
Renewable Resources	1,800	218	167	1,255	1,640	1,901
Yukon Housing Corporation (Transfer Payment)	1,858	-	1,507	-	1,507	1,695
Justice	1,233	-	-	677	677	624
Executive Council Office	388	-	42	238	280	233
Finance	35	-	-	30	30	18
Yukon Legislative Assembly	20	-	-	19	19	28
Public Service Commission	18	-	-	18	18	19
Office of the Ombudsman	-	-	-	5	5	5
Elections Office	3	-	-	3	3	-
Women's Directorate	-	-	-	-	-	4
	\$ 94,809	8,338	20,173	60,386	88,897	95,284
Less: Community and Transportation Services						
land development costs transferred to land held for sale		380	-	2,395	2,775	2,717
local improvement costs transferred to loans receivable		-	-	707	707	310
Economic Development loans transferred to loans receivable		-	-	-	-	205
Renewable Resources land development costs transferred to land held for sale		-	-	24	24	14
	\$ 7,958	\$ 20,173	\$ 57,260	\$ 85,391	\$ 92,038	

(thousands of dollars)