

SECTION I
GOVERNMENT OF THE YUKON TERRITORY
FINANCIAL STATEMENTS
(unaudited)


GOVERNMENT OF THE YUKON TERRITORY

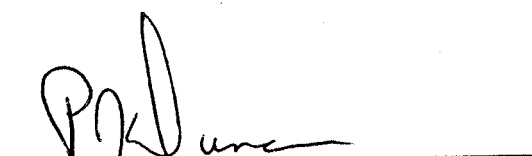
Statement of Financial Position
as at March 31, 2002

	2002	2001
	(thousands of dollars)	
ASSETS		
Cash and cash equivalents (Note 3)	\$ 26,200	\$ 3,368
Temporary investments (Note 4)	11,046	9,220
Due from Canada (Note 5)	39,437	83,999
Accounts receivable (Note 6)	10,310	12,426
Inventories	3,666	3,154
Advances to Territorial corporations (Note 7)	39,062	33,951
Loans receivable (Note 8)	25,535	25,560
Land held for sale (Note 9)	25,396	26,126
Tangible capital assets, at a nominal value of one dollar (Note 10)	-	-
	\$ 180,652	\$ 197,804
LIABILITIES		
Due to Canada (Note 5)	\$ 4,845	\$ 5,594
Accounts payable and accrued liabilities (Note 11)	43,777	38,289
Deferred revenues	8,223	8,599
Post-employment benefits (Note 12)	32,522	32,522
Long-term debt (Note 13)	8,296	8,423
	97,663	93,427
Contingencies, commitments and guarantees (Notes 9, 20, 22, 24, 25 and 26)		93,427
SURPLUS		
Accumulated surplus		
Surplus	43,804	63,122
Dedicated funds (Note 14)	34,500	36,000
	78,304	99,122
Restricted funds (Note 15)	4,685	5,255
	\$ 180,652	\$ 197,804

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, 2002

	2002		2001
	Main Estimates (Note 19)	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
Grant from Canada (Note 14)	\$ 332,591	\$ 348,646	\$ 366,564
Taxes and general revenues	77,741	73,390	86,218
Transfer payments from Canada	20,070	25,831	19,928
Recoveries (Schedule B)			
Operations and maintenance	29,309	28,315	28,839
Capital	31,228	26,832	26,016
	<u>490,939</u>	<u>503,014</u>	<u>527,565</u>
Expenditures (Note 16 and Schedule C)			
Operations and maintenance	419,312	424,432	407,239
Capital	93,223	100,238	85,391
	<u>512,535</u>	<u>524,670</u>	<u>492,630</u>
Recovery of prior years' expenditures	-	838	261
Surplus (deficit) for the year	<u>\$ (21,596)</u>	(20,818)	35,196
Accumulated surplus at beginning of year		<u>99,122</u>	<u>63,926</u>
Accumulated surplus at end of year		<u>\$ 78,304</u>	<u>\$ 99,122</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, 2002

	2002	2001
	(thousands of dollars)	
Cash flows from operating activities		
Surplus (deficit) for the year	\$ (20,818)	\$ 35,196
Non-cash items included in surplus (deficit) for the year		
Write-down of temporary investments	46	236
Provision for doubtful loans receivable and accounts receivable	926	209
Provision for write-down of land held for sale	-	985
Gain on sale of lots	(184)	(266)
Provision for post-employment benefits	-	716
Changes in non-cash operating activities		
Decrease (increase) in temporary investments	(1,872)	12,758
Decrease (increase) in due from Canada	44,561	(47,180)
Decrease (increase) in accounts receivable	1,312	(1,260)
Decrease (increase) in inventories	(512)	212
Increase (decrease) in due to Canada	(749)	1,747
Increase (decrease) in accounts payable and accrued liabilities	5,488	(1,362)
Decrease in deferred revenues	(376)	(477)
	<u>27,822</u>	<u>1,514</u>
Cash flows from investing activities		
Investment in land held for sale	(2,290)	(2,798)
Proceeds from sale of land held for sale	199	742
Advances to Territorial corporations	(5,360)	(9,831)
Repayment of advances from Territorial corporations	250	50
Loans advanced	(1,804)	(6,137)
Loans repaid	4,712	5,141
Decrease in restricted funds	(570)	(1,935)
	<u>(4,863)</u>	<u>(14,768)</u>
Cash flows from financing activities		
Repayment of long-term debt	(127)	(141)
Net increase (decrease) in cash and cash equivalents	22,832	(13,395)
Cash and cash equivalents		
Beginning of year	3,368	16,763
End of year (Note 3)	<u>\$ 26,200</u>	<u>\$ 3,368</u>
Supplemental information		
Interest paid in the year	\$ 379	\$ 388
Interest received in the year	1,997	3,964

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

GOVERNMENT OF THE YUKON TERRITORY

Statement of Tangible Capital Assets
for the year ended March 31, 2002

	Land	Buildings	Equipment	Vehicles	Computer hardware and software	Other*	Total
	(thousands of dollars)						
Cost of tangible capital assets, opening	\$ 3,027	\$ 315,543	\$ 51,359	\$ 8,228	\$ 16,235	\$ 3,734	\$ 398,126
Acquisitions	429	7,460	3,000	1,165	1,911	-	13,965
Disposals	-	-	(253)	(315)	(29)	-	(597)
Cost of tangible capital assets, closing	3,456	323,003	54,106	9,078	18,117	3,734	411,494
Accumulated amortization, opening	-	114,012	24,970	4,721	9,547	1,959	155,209
Amortization expense	-	8,409	2,887	741	1,472	183	13,692
Write-downs	-	-	-	-	-	-	-
Disposals	-	-	(238)	(275)	(29)	-	(542)
Accumulated amortization, closing	-	122,421	27,619	5,187	10,990	2,142	168,359
Net book value	3,456	200,582	26,487	3,891	7,127	1,592	243,135
Work-in-progress	-	27,577	-	-	633	-	28,210
	\$ 3,456	\$ 228,159	\$ 26,487	\$ 3,891	\$ 7,760	\$ 1,592	\$ 271,345

*Includes portable classrooms, housing trailers, land fixtures and leasehold improvements.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements

March 31, 2002

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, 2002

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 related 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, in which case the lots are written down to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale.

Tangible capital assets 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 deferred revenues.

Deferred revenues are cash received for which goods and services have not been provided by year-end, and 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, 2002

(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) Post-employment benefits

Post-employment benefits are expected to be provided after employment but before retirement to employees and their beneficiaries. These benefits include severance benefits and accumulated sick, vacation, compensatory and personal leave and travel bonus benefits that are paid in cash when the employee terminates. The Government recognizes the obligation for these benefits as a liability and uses actuarial estimates to determine the amount of the obligation.

(f) Retirement benefits

The Government's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Government's contributions are recorded as expenditures on a current basis and represent the total pension obligations of the Government.

The Government administers the Legislative Assembly Retirement Allowances Plan for Members of the Legislative Assembly, and maintains a fund for this plan as the Government's trust account. The obligation for these retirement benefits is valued on an actuarial basis. The Government is obligated to make contributions if it is determined that there are actuarial deficiencies to the fund.

Supplementary pension benefits to judges are recorded on an actuarial basis. The obligation for judges' supplementary pension benefits is included in accrued liabilities.

GOVERNMENT OF THE YUKON TERRITORY

**Notes to Financial Statements
March 31, 2002**

(g) Measurement uncertainty

The preparation of financial statements in accordance with these 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 the grant from Canada, the obligation for post-employment benefits and contingencies.

3. **Cash and cash equivalents**

	2002	2001
	(thousands of dollars)	
Short-term investments	\$ 30,211	\$ 2,269
Cash on hand	61	70
Bank	(4,072)	1,029
	\$ 26,200	\$ 3,368

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**

	2002		2001	
	Market Value	Book Value	Market Value	Book Value
	(thousands of dollars)			
Mid-term note	\$ 5,125	\$ 5,120	\$ -	\$ -
Commercial paper	4,976	4,987	-	-
Government of Canada coupons	945	983	-	-
Floating rate notes	-	-	5,045	5,064
Canada bonds	-	-	4,175	4,392
	\$ 11,046	\$ 11,090	\$ 9,220	\$ 9,456

Mid-term notes and commercial paper have terms of maturity of less than one year from the date of acquisition. Government of Canada coupons have a term of maturity of one to two years from the date of acquisition. Temporary investments have a weighted average effective yield of 2.9% (2001 - 5.5%) per annum.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2002

5. Due from/to Canada

	<u>2002</u>	<u>2001</u>
	(thousands of dollars)	
Due from Canada		
Cost-sharing agreements and projects delivered on behalf of Canada	\$ 35,835	\$ 34,797
Federal grant receivable	3,587	49,187
Other	<u>15</u>	<u>15</u>
	<u>\$ 39,437</u>	<u>\$ 83,999</u>
Due to Canada		
RCMP	\$ 2,801	\$ 3,238
Devolution funding repayable	1,322	1,322
Other	<u>722</u>	<u>1,034</u>
	<u>\$ 4,845</u>	<u>\$ 5,594</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>2002</u>	<u>2001</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 10,393	\$ 11,239
Less valuation allowances	<u>(3,292)</u>	<u>(2,539)</u>
	7,101	8,700
Due from Territorial corporations	2,400	2,866
Prepaid expenses	<u>809</u>	<u>860</u>
	<u>\$ 10,310</u>	<u>\$ 12,426</u>

7. Advances to Territorial corporations

	<u>2002</u>	<u>2001</u>
	(thousands of dollars)	
Yukon Housing Corporation Working capital advances	<u>\$ 39,062</u>	<u>\$ 33,951</u>

The advances are interest free and have various repayment terms.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2002

8. Loans receivable

	<u>2002</u>	<u>2001</u>
	(thousands of dollars)	
Debenture loans to municipalities, due in varying annual amounts to the year 2026, bearing interest rates ranging from 5.0% to 13.3%	\$ 11,430	\$ 11,538
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 13.6%	4,996	5,224
Loan to Yukon Housing Corporation, due in equal annual instalments to the year 2028, bearing interest at 0.0%	3,642	3,780
Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2007, bearing interest at 0.0%	2,719	2,068
Local improvement loans, due in varying annual amounts to the year 2031, bearing interest rates ranging from 2.3% to 13.4%	1,946	1,817
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2014, bearing interest at 0.0%	1,804	1,957
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2021, bearing interest at 0.0%	297	313
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	184
Loan to Yukon Government Fund Limited, with no repayment terms, bearing interest at 0.0%	115	115
Agreements for sale, due in varying annual amounts over a three or five year term to the year 2007, bearing interest rates ranging from 5.0% to 8.5%	29	69
Less valuation allowances	<u>(1,832)</u>	<u>(1,710)</u>
	<u>\$ 25,535</u>	<u>\$ 25,560</u>

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2002

9. Land held for sale

	<u>2002</u>	<u>2001</u>
	(thousands of dollars)	
Raw land	\$ 45	\$ 45
Land under development	13,879	12,965
Finished land	<u>11,472</u>	<u>13,116</u>
	<u>\$ 25,396</u>	<u>\$ 26,126</u>

Land held for sale is affected by the Yukon First Nations land claims negotiations. At March 31, 2002, \$2.7 million (2001 - \$2.7 million) of finished land is included in the scope of existing land claims. Recovery of costs of the land selected in land claims settlements is to be provided for by Canada as per provisions of the Bilateral Agreement of June 24, 1993.

10. Tangible Capital Assets

Tangible capital assets are buildings, roads, equipment, etc. whose life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services.

The Government is in the process of accumulating information on all of its tangible capital assets. As each asset category is completed, cost and amortization information will be presented in the statement of tangible capital assets. For example, infrastructure costs for roads and bridges have yet to be determined.

In the statement of tangible capital assets, tangible capital assets are reported at cost. Tangible capital assets transferred from Canada are reported at their fair market value at the date of transfer. Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and estimated useful lives.

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

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service. Works of art and historical treasures are not reported.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2002

11. **Accounts payable and accrued liabilities**

	<u>2002</u>	<u>2001</u>
	(thousands of dollars)	
Accrued liabilities	\$ 22,714	\$ 21,329
Accounts payable	14,544	12,441
Due to Territorial corporations	3,433	2,770
Contractors' holdbacks and security deposits	<u>3,086</u>	<u>1,749</u>
	<u>\$ 43,777</u>	<u>\$ 38,289</u>

12. **Post-employment benefits**

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method pro-rated on service. The obligation for compensatory and personal leave and travel bonus benefits is calculated assuming all employees would cash in those benefits on valuation date. In projecting the accrued obligation for these benefits as at March 31, 2002, the actuary used, as economic assumptions, the liability discount rate of 7.0%, the annual rates of general salary increases of 3.0% and the annual rate of inflation of 3.0%.

At March 31, 2002 the Government limited the post-employment benefits liability to the level established for the previous year. Expenditures related to post-employment benefits for the year ended March 31, 2002 were \$2,485,000 (2001 - \$2,232,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to \$2,485,000 (2001 - \$1,516,000).

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2002

13. Long-term debt

	<u>2002</u>	<u>2001</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%	\$ 4,445	\$ 4,502
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%	3,786	3,829
Other debentures, repayable in semi-annual instalments with maturities up to the year 2003, bearing a fixed interest rate of 13.0%	<u>65</u>	<u>92</u>
	<u>\$ 8,296</u>	<u>\$ 8,423</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)		
2003	\$ 117	\$ 683	\$ 800
2004	126	672	798
2005	65	663	728
2006	70	658	728
2007	647	650	1,297

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2002

14. Grant from Canada

	<u>2002</u>	<u>2001</u>
	(thousands of dollars)	
Formula Financing grant entitlement	\$ 348,347	\$ 331,811
Adjustments in respect of:		
Formula financing escalators	238	35,463
Tax effort adjustment	2,753	(491)
Own source revenues and recoveries	<u>(1,875)</u>	<u>4,098</u>
Formula Financing grant	349,463	370,881
Less oil and gas revenue offset	<u>(817)</u>	<u>(4,317)</u>
Grant from Canada per Schedule of Revenues (Schedule A)	<u>\$ 348,646</u>	<u>\$ 366,564</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 population statistics released by Statistics Canada on September 26, 2002. This resulted in increased Formula Financing grant revenue of \$1.2 million.

On March 28, 2001, the Government reached an agreement with Canada on outstanding formula financing issues. This agreement resulted in the Government receiving a one-time retroactive payment of approximately \$36 million. As at March 31, 2001, the Government created dedicated funds with the \$36 million. In the fiscal year 2001-02, the Government expended \$1.5 million from these funds.

	<u>2002</u>	<u>2001</u>
	(thousands of dollars)	
Contingency reserve	\$ 15,000	\$ 15,000
Yukon permanent fund	10,000	10,000
Canada winter games infrastructure fund	8,000	8,000
Endowment funds	<u>1,500</u>	<u>3,000</u>
	<u>\$ 34,500</u>	<u>\$ 36,000</u>

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2002

15. Restricted funds

	<u>2002</u>	<u>2001</u>
	(thousands of dollars)	
Road and Airport Equipment Reserve Fund	\$ 2,255	\$ 3,019
Vehicle Fleet Revolving Fund	1,483	1,351
Recycling Fund	335	418
Property Management Revolving Fund	249	250
Health Investment Fund	191	79
Queen's Printer Revolving Fund	<u>172</u>	<u>138</u>
	<u>\$ 4,685</u>	<u>\$ 5,255</u>

16. Expenditures by object

	<u>2002</u>	<u>2001</u>
	(thousands of dollars)	
Operations and maintenance		
Personnel	\$ 195,911	\$ 182,528
Transfer payments	93,132	93,434
Contract and special services	71,047	70,066
Materials, supplies and utilities	39,423	37,736
Communication and transportation	15,523	14,861
Other	<u>9,396</u>	<u>8,614</u>
	<u>\$ 424,432</u>	<u>\$ 407,239</u>
Capital		
Building and infrastructure	\$ 69,279	\$ 54,510
Transfer payments	20,958	20,173
Equipment	7,027	6,349
Other	<u>2,974</u>	<u>4,359</u>
	<u>\$ 100,238</u>	<u>\$ 85,391</u>

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2002

17. Pension plans

(a) Public Service Superannuation Plan

The Government's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Government contributes at a rate of 2.14 times the employee's contribution. The Government's contributions to the Public Service Superannuation Plan during the year and recorded as expenditures were \$16,858,000 (2001 - \$15,582,000).

(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. In addition to retirement allowances, the plan also contains a provision for payment of lump sum death and severance allowances. These benefits are based on service and/or earnings. The Government administers the Legislative Assembly Retirement Allowances Fund, but reports the Fund as a trust account external to the Government of Yukon reporting entity (Note 18).

The *Legislative Assembly Retirement Allowances Act* (Yukon) stipulates that actuarial valuations of the obligation for these benefits 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. These assumptions reflect the best estimates of expected long-term rates and short-term forecasts accepted by the Members' Services Board of the Legislative Assembly. The last completed actuarial valuation was as at March 31, 1999, and a valuation as of March 31, 2002 is currently in progress.

At March 31, 2002 the Legislative Assembly Retirement Allowances Fund held in the Government's trust assets was \$13,498,000 (2001 - \$13,147,000). Trust assets comprise of cash and short-term investments, and are valued at the lower of cost or market value. As of March 31, 1999, the plan was fully funded with a funding surplus of \$658,000.

The total pension-related expenditures recorded during the year and included in the expenditures of the Yukon Legislative Assembly are \$465,000 (2001 - \$426,000). Actual benefits paid in the year were \$449,000 (2001 - \$458,000).

(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 the Government is not required to maintain a fund for this plan.

On April 12, 2002, the 2001 Yukon Judicial Compensation Commission submitted its report and recommendations to the Legislative Assembly, which included recommended changes to the Territorial Court Judiciary Pension Plan. Subsequently the Government accepted the majority of these recommendations.

As a result, the pension obligation at March 31, 2002 including the retroactive adjustments, based on an actuarial estimate determined by the projected benefit method prorated on services, increased to \$1,871,000 (2001 - \$192,000). Significant assumptions used in the actuarial valuation were the valuation interest rate of 7.0%, the inflation rate of 3.5% and salary increases as recommended by the Yukon Judicial Compensation Commission to April 1, 2003 and increase in line with inflation thereafter.

The obligation of \$1,871,000 (2001 - \$192,000) is included in the accrued liabilities of the Government, and the pension expenditure of \$1,679,000 (2001 - \$192,000) is included in the expenditures of the Department of Justice.

GOVERNMENT OF THE YUKON TERRITORY

**Notes to Financial Statements
March 31, 2002**

18. **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.

	2002	2001
	(thousands of dollars)	
Legislative Assembly Retirement Allowances (Note 17(b))	\$ 13,498	\$ 13,147
Lottery Commission	2,799	3,262
Crime Prevention and Victim Services	2,244	2,042
Land Title Office – Assurance Fund	2,006	1,866
Historic Resources Trust Fund	1,027	564
Public Administrator	775	765
Public Service Group Insurance Benefit	352	660
Other	1,300	804
	\$ 24,001	\$ 23,110

19. **Main Estimates**

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2001. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

20. **Commitments**

At March 31, 2002 the Government had outstanding contractual obligations of \$37.1 million (2001 - \$41.3 million) for major capital projects. At that date, the estimated expenditures on these capital projects over the next three years were \$139.2 million (2001 - \$115.1 million), of which \$69.3 million (2001 - \$69.0 million) is 100% recoverable.

At March 31, 2002 the Government had annual building lease commitments of \$6.3 million consisting of 5.1 million for rental costs and \$1.2 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 2002/2003 is \$11.9 million.

On April 1, 2000 the Government entered into a five year data service contract with Northwestel Inc. At March 31, 2002 the outstanding obligation over the remaining three years for this contract was \$3.6 million, with an annual payment amount of \$1.2 million.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2002

21. **Overexpenditure**

During the year, two (2001 - six) departments exceeded their votes with an aggregate total of \$803,000 (2001 - \$3,536,000). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that "a vote does not authorize any payment to be made in excess of the amount specified in the vote".

The votes that were overexpended are as follows:

	(thousands of dollars)
Operations and maintenance	
Justice	\$ 754
Tourism	49

22. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of \$25.5 million (2001 - \$27.1 million), debts of the Yukon Development Corporation of \$44.4 million (2001 - \$45.2 million) and business loans totalling \$1.1 million (2001 - \$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.

23. **Transfer of programs from Canada**

On October 29, 2001, Canada and the Government signed the Yukon Northern Affairs Program Devolution Transfer Agreement, in which both parties agreed to transfer from Canada to the Government the resources and responsibilities associated with the Northern Affairs Program of the Department of Indian Affairs and Northern Development. The programs and responsibilities being transferred include land, water, forestry and mineral resources. The effective date of the transfer is April 1, 2003. As of that effective date, Canada is to provide to the Government on-going funding estimated at \$33.7 million to the Government as well as one-time and transitional funding of, at a minimum, \$23.2 million over the five years beginning the fiscal year 2003/2004.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2002

24. 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, another came into effect on September 15, 1998, and the latest came into effect on April 2, 2002. Negotiations are proceeding with the remaining six First Nations on an individual basis. As well, the Government, 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 that provides for funding towards the Government's additional implementation costs. Costs funded by this agreement include boards and councils established under the Yukon First Nation Final Agreements and implementation projects and activities. The Government expended \$3.6 million during the year (2001 - \$3.5 million) with cumulative expenditures of approximately \$19.7 million (2001 - \$16.2 million), of which \$15.0 million (2001 - \$13.6 million) was funded by Canada.

25. Contingencies

In the normal course of operations, the Government is subject to legal claims. At March 31, 2002 the Government estimated the total claimed amount to be about \$1.9 million (2001 - \$4.8 million). No liability has been admitted and no provision for claims is included in these financial statements.

26. Environmental liabilities

The Government recognizes that there could be a liability for restoration of the environment on the land that is administered and controlled by the Government (Commissioner's Land).

The Government has identified 15 sites on Commissioner's Land where environmental liabilities may exist. Of these, three sites are on airports and are subject to the agreement between the Government and Transport Canada that includes remediation of contamination by Transport Canada. Three sites have been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. Of these three sites, two have been completely remediated. The Government is not a responsible party for the remaining one site. Of the nine sites that have not been formally designated, Whitehorse Grader Station has been partially assessed and remediated while the remaining eight are awaiting assessment work.

In those cases where the cost of remediating sites is quantifiable, an estimated liability is accrued. As at March 31, 2002 no costs have yet been quantified, so no liability has been accrued.

Pursuant to the Yukon Northern Affairs Program Devolution Transfer Agreement which was made on October 29, 2001 (Note 23), effective April 1, 2003 the Government will assume administration and regulatory responsibility for nearly 900 waste sites. Canada, however, is to continue assuming the financial responsibility for a majority of those sites that were contaminated while under Canada's control. The Government will assume some potential liability for six sites for which Canada is released from further financial liability, and seven sites where the Government will remediate the sites and then seek reimbursement from Canada. As at March 31, 2002 the potential liability for these 13 sites has not been assessed.

GOVERNMENT OF THE YUKON TERRITORY

Notes to Financial Statements
March 31, 2002

27. **Related parties**

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

	2002	2001
	(thousands of dollars)	
Revenues/Recoveries from:		
Compensation Fund (Yukon)	\$ 912	\$ 773
Yukon Housing Corporation	611	542
Yukon Lotteries Commission	552	638
Yukon Liquor Corporation	285	296
Yukon Development Corporation	197	130
Yukon College	179	129
Yukon Hospital Corporation	20	22
Yukon Arts Centre Corporation	1	3
	<u>\$ 2,757</u>	<u>\$ 2,533</u>
Expenditures to:		
Yukon Hospital Corporation	\$ 22,749	\$ 20,160
Yukon College	14,291	14,340
Yukon Development Corporation	7,282	7,510
Compensation Fund (Yukon)	3,378	2,936
Yukon Housing Corporation	2,970	4,843
Yukon Legal Services Society	1,389	1,356
Yukon Arts Centre Corporation	574	872
Yukon Human Rights Commission	480	324
	<u>\$ 53,113</u>	<u>\$ 52,341</u>

GOVERNMENT OF THE YUKON TERRITORY

Schedule A

Schedule of Revenues
for the year ended March 31, 2002

	2002		2001
	Main Estimates (Note 19)	Actual	Actual
	(thousands of dollars)		
Grant from Canada (Note 14)	\$ 332,591	\$ 348,646	\$ 366,564
Taxes and general revenues			
Income taxes	38,696	38,080	45,507
Other taxes	15,262	15,195	13,984
Licences, permits and fees	5,197	5,394	5,309
Yukon Liquor Corporation - net income	4,945	4,920	5,040
Oil and gas resource revenue	9,000	4,361	10,196
Liquor taxes	2,220	2,340	2,263
Interest - bank and other	1,159	1,344	2,458
Aviation operations	753	809	750
Management fee	-	347	-
Fines	381	268	342
Gain on sale of lots	-	185	224
Other revenues	128	147	145
	<u>77,741</u>	<u>73,390</u>	<u>86,218</u>
Transfer payments from Canada			
Canada health and social transfer	20,070	25,831	19,928
	<u>\$ 430,402</u>	<u>\$ 447,867</u>	<u>\$ 472,710</u>

GOVERNMENT OF THE YUKON TERRITORY

Schedule B

Schedule of Recoveries
for the year ended March 31, 2002

	2002		2001
	Main Estimates (Note 19)	Actual	Actual
	(thousands of dollars)		
Operations and maintenance			
Health and Social Services	\$ 13,970	\$ 15,254	\$ 15,491
Community and Transportation Services	2,887	3,052	2,809
Education	2,403	2,475	2,516
Executive Council Office	4,722	2,351	2,745
Government Services	2,051	1,912	1,960
Renewable Resources	773	993	839
Justice	1,275	915	1,265
Tourism	240	513	240
Economic Development	28	37	25
Public Service Commission	45	23	27
Finance	16	6	17
Office of the Ombudsman	-	(1)	3
Interest	899	785	902
	<u>\$ 29,309</u>	<u>\$ 28,315</u>	<u>\$ 28,839</u>
Capital			
Community and Transportation Services	\$ 27,369	\$ 25,163	\$ 25,520
Government Services	1,081	1,764	1,150
Health and Social Services	1,000	1,350	13
Economic Development	1,206	945	810
Education	300	611	879
Tourism	-	103	30
Justice	53	56	17
Renewable Resources	219	37	111
Executive Council Office	-	-	5
	<u>\$ 31,228</u>	30,029	28,535
Less: Community and Transportation Services			
land recoveries transferred to			
land held for sale		3,006	2,295
local improvement recoveries			
transferred to loans receivable		175	209
Renewable Resources			
land recoveries transferred to			
land held for sale		16	15
		<u>\$ 26,832</u>	<u>\$ 26,016</u>

GOVERNMENT OF THE YUKON TERRITORY

Schedule C

Schedule of Expenditures
for the year ended March 31, 2002

	2002		Actual 2002			2001
	Main Estimates (Note 19)	Personnel	Transfer Payments	Other	Total Expenditures (Note 16)	Actual
	(thousands of dollars)					
Operations and maintenance						
Health and Social Services	\$ 125,889	\$ 42,840	\$ 43,629	\$ 44,291	\$ 130,760	\$ 123,660
Education	90,475	61,682	18,961	12,889	93,532	90,809
Community and Transportation Services	69,765	23,623	20,167	26,505	70,295	66,053
Justice	34,369	17,104	3,002	16,518	36,624	34,153
Government Services	24,973	7,531	382	17,311	25,224	24,959
Renewable Resources	16,122	11,225	702	4,217	16,144	15,395
Tourism	11,552	4,202	2,460	5,323	11,985	10,929
Public Service Commission	11,728	9,721	-	2,069	11,790	10,577
Executive Council Office	14,334	7,568	2,008	1,822	11,398	12,380
Economic Development	7,770	3,953	485	2,541	6,979	6,638
Finance	4,249	3,416	626	354	4,396	4,258
Yukon Legislative Assembly	3,229	2,318	-	830	3,148	3,076
Yukon Housing Corporation (Transfer Payment)	3,350	-	623	-	623	2,723
Women's Directorate	584	387	87	104	578	506
Office of the Ombudsman	312	263	-	65	328	319
Elections Office	232	78	-	229	307	471
Interest on Loans	379	-	-	378	378	385
	\$ 419,312	195,911	93,132	135,446	424,489	407,291
Less: Health and Social Services loan payments transferred to long-term debt		-	-	57	57	53
Economic Development loans transferred to loans receivable		-	-	-	-	(1)
	\$ 195,911	\$ 93,132	\$ 135,389	\$ 424,432	\$ 407,239	

GOVERNMENT OF THE YUKON TERRITORY

Schedule of Expenditures
for the year ended March 31, 2002

Schedule C
Continued

	2002		Actual 2002			2001
	Main Estimates (Note 19)	Personnel	Transfer Payments	Other	Total Expenditures (Note 16)	Actual
	(thousands of dollars)					
Capital						
Community and Transportation Services	\$ 46,180	\$ 3,778	\$ 8,556	\$ 38,430	\$ 50,764	\$ 41,729
Education	11,820	724	2,459	11,898	15,081	11,408
Health and Social Services	11,226	-	1,931	10,414	12,345	11,073
Government Services	6,170	1,779	94	5,069	6,942	6,589
Economic Development	7,197	1,421	2,911	2,589	6,921	9,446
Tourism	3,675	742	2,368	1,258	4,368	4,473
Yukon Housing Corporation (Transfer Payment)	2,194	-	1,697	-	1,697	1,507
Executive Council Office	390	42	835	760	1,637	280
Renewable Resources	1,900	156	107	1,342	1,605	1,640
Justice	2,373	77	-	1,324	1,401	677
Public Service Commission	35	-	-	34	34	18
Finance	30	-	-	29	29	30
Yukon Legislative Assembly	20	-	-	9	9	19
Office of the Ombudsman	5	-	-	5	5	5
Women's Directorate	5	-	-	5	5	-
Elections Office	3	-	-	2	2	3
	\$ 93,223	8,719	20,958	73,168	102,845	88,897
Less: Community and Transportation Services						
land development costs transferred to land held for sale		360	-	1,930	2,290	2,775
local improvement costs transferred to loans receivable		-	-	317	317	707
Renewable Resources land development costs						
transferred to land held for sale		-	-	-	-	24
		\$ 8,359	\$ 20,958	\$ 70,921	\$ 100,238	\$ 85,391