


GOVERNMENT OF YUKON


Statement of Financial Position
as at March 31, 2004

	2004	2003
	(Restated - Note 3)	
	(thousands of dollars)	
ASSETS		
Financial assets		
Cash and cash equivalents (Note 4)	\$ 39,332	\$ 1,072
Due from Canada (Note 5)	59,287	83,954
Accounts receivable (Note 6)	12,624	12,963
Advances to Territorial corporations (Note 7)	34,257	38,612
Loans receivable (Note 8)	21,431	23,694
Land held for sale (Note 9)	19,922	22,114
	<u>186,853</u>	<u>182,409</u>
Non-financial assets		
Leased capital assets (Notes 10 and 14)	11,111	-
Inventories	3,640	3,148
Prepaid expenses	959	866
Tangible capital assets, at a nominal value of one dollar (Note 10)	-	-
	<u>\$ 202,563</u>	<u>\$ 186,423</u>
LIABILITIES		
Bank indebtedness (Note 4)	\$ -	\$ 2,516
Due to Canada (Note 5)	9,777	6,350
Accounts payable and accrued liabilities (Note 11)	36,689	39,468
Deferred revenues	3,336	2,109
Post-employment benefits (Note 12)	43,859	40,908
Long-term debt (Note 13)	3,726	8,161
Capital lease obligations (Note 14)	11,307	-
Pension and retirement benefit liabilities (Note 18 and Schedule D)	2,453	2,227
	<u>111,147</u>	<u>101,739</u>
Contingencies, commitments and guarantees (Notes 9, 21, 23, 25, 26 and 27)		
SURPLUS		
Accumulated surplus		
Surplus	85,644	77,682
Dedicated funds (Note 15)	-	2,000
	<u>85,644</u>	<u>79,682</u>
Restricted funds (Note 15)	5,772	5,002
	<u>\$ 202,563</u>	<u>\$ 186,423</u>

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

Approved:


Bruce McLennan, CMA
Deputy Head of the Department of Finance


Dennis Fentie
Minister of Finance

GOVERNMENT OF YUKON

Statement of Operations and Accumulated Surplus
for the year ended March 31, 2004

	2004		2003
	Main Estimates (Note 20)	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Revenues (Schedule A)			
Grant from Canada (Note 16)	\$ 359,796	\$ 426,135	\$ 381,821
Taxes and general revenues	72,673	80,607	73,084
Health and social transfers from Canada	21,730	30,322	19,889
Recoveries (Schedule B)			
Operations and maintenance	33,691	42,981	30,512
Capital	29,537	22,770	33,017
	<u>517,427</u>	<u>602,815</u>	<u>538,323</u>
Expenditures (Note 17 and Schedule C)			
Operations and maintenance	441,214	504,577	449,345
Capital	85,273	93,180	95,066
	<u>526,487</u>	<u>597,757</u>	<u>544,411</u>
Recovery of prior years' expenditures	-	904	772
Surplus (deficit) for the year	<u>\$ (9,060)</u>	5,962	(5,316)
Accumulated surplus at beginning of year, as previously reported		69,695	75,822
Adjustment to accumulated surplus, beginning of year - change in accounting policy (Note 3)		9,987	9,176
Accumulated surplus at beginning of year, restated		<u>79,682</u>	<u>84,998</u>
Accumulated surplus at end of year		<u>\$ 85,644</u>	<u>\$ 79,682</u>

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

GOVERNMENT OF YUKON

Statement of Cash Flows
for the year ended March 31, 2004

	2004	2003
	(Restated - Note 3)	
	(thousands of dollars)	
Operating activities		
Surplus (deficit) for the year	\$ 5,962	\$ (5,316)
Non-cash items included in surplus (deficit) for the year		
Provision for doubtful loans receivable	484	2
Provision for write-down of land held for sale	432	3,026
Gain on sale of lots	(876)	(289)
Provision for post-employment, pension and retirement benefits	3,177	8,741
Amortization of leased tangible capital assets	960	-
Adjustment due to change in accounting policy	-	(2,482)
Changes in non-cash operating activities		
Decrease in temporary investments	-	11,046
Decrease (increase) in due from Canada	24,667	(41,882)
Decrease (increase) in accounts receivable	339	(3,462)
Decrease (increase) in inventories and prepaid expenses	(585)	461
Increase in due to Canada	3,427	1,505
Decrease in accounts payable and accrued liabilities	(2,779)	(2,438)
Increase in deferred revenues	1,227	427
Cash flows from (used in) operating activities	<u>36,435</u>	<u>(30,661)</u>
Investing activities		
Investment in land held for sale	(3,896)	(2,929)
Proceeds from sale of land held for sale	221	20
Repayment of advances from Territorial corporations	3,475	450
Loans advanced	(985)	(511)
Loans repaid	5,571	5,804
Increase in restricted funds	770	318
Cash flows from investing activities	<u>5,156</u>	<u>3,152</u>
Financing activities		
Repayment of long-term debt	(51)	(135)
Repayment of capital lease obligations	(764)	-
Cash flows used in financing activities	<u>(815)</u>	<u>(135)</u>
Net increase (decrease) in cash and cash equivalents	40,776	(27,644)
Cash and cash equivalents		
Beginning of year	(1,444)	26,200
End of year (Note 4)	<u>\$ 39,332</u>	<u>\$ (1,444)</u>
Supplemental information		
Interest paid in the year	\$ 1,534	\$ 666
Interest received in the year	1,784	1,602

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

GOVERNMENT OF YUKON

Statement of Tangible Capital Assets
for the year ended March 31, 2004

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Other*	2004 Total	2003 Total
	(thousands of dollars)						(Restated - Note 10)
Cost of tangible capital assets, opening	\$ 4,028	\$ 338,408	\$ 66,847	\$ 18,752	\$ 3,382	\$ 431,417	\$ 402,032
Acquisitions	594	22,146	3,227	1,479	1,871	29,317	33,146
Write-downs	-	-	-	-	-	-	-
Disposals	-	-	(1,137)	(1,083)	-	(2,220)	(3,761)
Cost of tangible capital assets, closing	4,622	360,554	68,937	19,148	5,253	458,514	431,417
Accumulated amortization, opening	-	125,897	37,628	12,371	2,102	177,998	166,682
Amortization expense	-	9,385	2,252	1,550	438	13,625	14,703
Disposals	-	-	(1,026)	(1,083)	-	(2,109)	(3,387)
Accumulated amortization, closing	-	135,282	38,854	12,838	2,540	189,514	177,998
Net book value	4,622	225,272	30,083	6,310	2,713	269,000	253,419
Work-in-progress	-	1,705	-	291	2,126	4,122	2,989
	\$ 4,622	\$ 226,977	\$ 30,083	\$ 6,601	\$ 4,839	\$ 273,122	\$ 256,408
**Value of contributed assets		\$ 26,945	\$ 1,425	\$ 580	\$ 293	\$ 29,243	\$ 25,040

* Includes portable classrooms, land improvements and fixtures.

** Relates to the value of tangible capital assets that were transferred from or cost shared with Canada.

GOVERNMENT OF YUKON

Notes to Financial Statements March 31, 2004

1. Authority and operations

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

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. Income taxes, levied under the *Income Tax Act* (Yukon), are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final. Changes to personal and corporate income tax estimates can have a significant impact on the Grant from Canada.

Revenue from general property tax is recognized on an accrual basis in the fiscal year in which the calendar year ends.

Expenditures

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

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.

GOVERNMENT OF YUKON

Notes to Financial Statements March 31, 2004

Assets

Financial assets

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

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

Non-financial assets

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.

For capital leases, an amount equal to the present value of the minimum lease payments required over the term of the lease or the fair value of the leased property, whichever is less, is recorded as a leased capital asset with an offsetting capital lease obligation.

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. The Government is currently in the process of accumulating information on all of its tangible capital assets. The Government intends to change its accounting policy for tangible capital assets and record them on the statement of financial position as of the fiscal year 2004/2005 (Notes 2(h) and 10).

Liabilities

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

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

(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.

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Notes to Financial Statements March 31, 2004

(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, health and social transfer contributions from Canada 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.

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

(e) Post-employment benefits

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

(f) Retirement benefits

The Government's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Government accounts for contributions to this pension plan as a defined contribution plan and, therefore, the Government's contributions represent its total pension obligations.

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

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and 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 post-employment benefits, contingencies and revenue accruals. Other estimates, such as Canada health and social transfer payments and corporate and personal income tax revenue are based on estimates made by Canada's Department of Finance and are subject to adjustments in future years. Another significant estimate is the Grant from Canada, which incorporates estimates supplied by Statistics Canada and Canada's Department of Finance. Many of the statistical estimates are not finalized until three to seven years after the year end.

GOVERNMENT OF YUKON

Notes to Financial Statements March 31, 2004

(h) Changes in accounting policies in 2005

In 2004/2005, the Government intends to adopt the remaining recommendations of the Canadian Institute of Chartered Accountants' Public Sector Accounting Board that are currently not applicable until the fiscal year beginning April 1, 2005. The most significant of these changes will be the recording of all tangible capital assets on the consolidated statement of financial position. Such changes will be applied retroactively with restatement of prior year amounts and will also have a significant impact on several measures of the Government's financial position such as its balance of non-financial assets, accumulated surplus and net financial resources/net debt.

3. Changes in accounting policies

Prior to this year, the Government's stated accounting policies were used as the basis of its financial statement preparation. Pursuant to certain requirements of the *Yukon Act (2002)* that came into force this year, the Government's financial statements must now be in accordance with Canadian generally accepted accounting principles for senior governments. These principles are recommended by the Canadian Institute of Chartered Accountants' Public Sector Accounting Board (PSAB). However, some of the PSAB recommendations have transitional provisions and therefore do not have to be implemented this year.

As transitional measures, in 2003/2004 the Government has applied a leased tangible capital assets accounting guideline issued by the PSAB, where capital lease obligations are accounted for as liabilities and leased properties are recorded as non-financial assets. This change in accounting policy was applied prospectively. The effect of this change in accounting policy in the current year's financial statements was an increase of non-financial assets by \$11,111,000, an increase of liabilities by \$11,307,000 and a reduction of the surplus for the year by \$196,000.

In the current year, the Government also implemented an accrual basis of accounting for income tax revenue. Previously, income tax remittances for the taxation year were recognized as revenue of the fiscal year in which the taxation year ended. With the new accounting policy, the last three months of the fiscal year's entitlement is accrued as revenue based on an estimate provided by Canada's Department of Finance. This change in accounting policy was applied retroactively and comparative amounts have been restated. The effect of this change in accounting policy in the current year's financial statements was as follows:

	2004	2003
	(thousands of dollars)	
Increase in the opening accumulated surplus	\$ 9,987	\$ 9,176
Increase in financial assets	3,142	3,076
Decrease in liabilities	7,026	6,911
Increase in revenues	181	811
Increase of surplus for the year	181	811

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Notes to Financial Statements
March 31, 2004

4. **Cash and cash equivalents**

	<u>2004</u>	<u>2003</u>
	(thousands of dollars)	
Short-term investments	\$ 33,966	\$ 1,008
Bank balances (bank indebtedness)	5,301	(2,516)
Cash on hand	<u>65</u>	<u>64</u>
	<u>\$ 39,332</u>	<u>\$ (1,444)</u>

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

5. **Due from/to Canada**

	<u>2004</u>	<u>2003</u>
	(Restated – Note 3)	
	(thousands of dollars)	
Due from Canada		
Cost-sharing agreements and projects delivered on behalf of Canada	\$ 35,600	\$ 40,908
Federal grant receivable	20,516	39,947
Other	<u>3,171</u>	<u>3,099</u>
	<u>\$ 59,287</u>	<u>\$ 83,954</u>
Due to Canada		
RCMP	\$ 3,415	\$ 3,430
Superannuation contribution payable	3,147	1,735
Payroll deductions payable	2,795	-
Other	<u>420</u>	<u>1,185</u>
	<u>\$ 9,777</u>	<u>\$ 6,350</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.

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Notes to Financial Statements
March 31, 2004

6. Accounts receivable

	<u>2004</u>	<u>2003</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 7,833	\$ 10,317
Less valuation allowances	<u>(1,007)</u>	<u>(3,452)</u>
	6,826	6,865
Due from Territorial corporations	<u>5,798</u>	<u>6,098</u>
	<u>\$ 12,624</u>	<u>\$ 12,963</u>

7. Advances to Territorial corporations

	<u>2004</u>	<u>2003</u>
	(thousands of dollars)	
Yukon Housing Corporation Working capital advances	<u>\$ 34,257</u>	<u>\$ 38,612</u>

The advances are interest free and have various repayment terms.

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Notes to Financial Statements
March 31, 2004

8. Loans receivable

	<u>2004</u>	<u>2003</u>
	(thousands of dollars)	
Debenture loans to municipalities, due in varying annual amounts to the year 2028, bearing interest rates ranging from 5.0% to 13.3%	\$ 8,985	\$ 9,855
Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2009, bearing interest at 0.0%	5,055	2,973
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 13.6%	3,783	4,427
Local improvement loans, due in varying annual amounts to the year 2031, bearing interest rates ranging from 2.3% to 13.5%	2,684	2,217
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2014, bearing interest at 0.0%	1,498	1,651
Agreements for sale, due in varying annual amounts over a three or five year term to the year 2009, bearing interest rates ranging from 5.0% to 8.5%	509	117
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2021, bearing interest at 0.0%	265	280
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	179	182
Loan to Yukon Government Fund Limited, with no repayment terms, bearing interest at 0.0%	116	116
Loan to Yukon Housing Corporation, due in equal annual instalments to the year 2028, bearing interest at 0.0%	-	3,505
Less valuation allowances	<u>(1,848)</u>	<u>(1,834)</u>
	<u>\$ 21,431</u>	<u>\$ 23,694</u>

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Notes to Financial Statements
March 31, 2004

9. Land held for sale

	2004	2003
	(thousands of dollars)	
Raw land	\$ 45	\$ 45
Land under development	8,042	9,517
Finished land	11,835	12,552
	<u>\$ 19,922</u>	<u>\$ 22,114</u>

Land held for sale is affected by the Yukon First Nations land claims negotiations. At March 31, 2004, \$4.1 million (2003 - \$4.4 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 are currently being determined. The Government expects to report on the entire tangible capital assets owned by the Government as of the fiscal year 2004/2005.

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 value at the date of transfer or, if it is not available, at the appraised value at various appraisal dates. In 2003/2004, the Government re-examined the historical cost information of major buildings and removed costs that were determined not to be capital, as well as changing the amortization calculation on some older buildings. A leased building that was included in the 2002/2003 information was also removed from the opening balance and included in the 2003/04 acquisitions in order to match the change in accounting policy for leased capital assets, which was applied prospectively. Effects of these corrections on the current year's statement of tangible capital assets were a reduction of the opening cost by \$15 million, a reduction of the opening accumulated amortization by \$3 million and a reduction of the opening net book value by \$12 million.

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
Land improvements and fixtures	\$50,000	up to 50 years
Buildings	\$50,000	40 - 50 years
Portable classrooms/housing trailers	\$50,000	20 years
Heavy equipment	\$10,000	7 - 30 years
Operating equipment	\$10,000	7 - 25 years
Vehicles	\$10,000	6 - 15 years
Computer hardware	\$10,000	5 years
Computer software	\$100,000	7 years
Leasehold improvements	\$50,000	Lease term

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Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service. The Government owns and/or maintains various historical sites. The Government also holds works of art with a total insured value of \$2.1 million (2003 - \$1.9 million). Works of art and historical treasures are not included in the statement of tangible capital assets.

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

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

11. Accounts payable and accrued liabilities

	<u>2004</u>	<u>2003</u>
	(thousands of dollars)	
Accounts payable	\$ 17,929	\$ 13,037
Accrued liabilities	14,347	21,763
Due to Territorial corporations	2,914	3,055
Contractors' holdbacks and security deposits	<u>1,499</u>	<u>1,613</u>
	<u>\$ 36,689</u>	<u>\$ 39,468</u>

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12. Post-employment benefits

	2004	2003
	(thousands of dollars)	
Severance benefits	\$ 22,079	\$ 22,524
Sick leave obligation	11,986	10,504
Vacation leave obligation	9,250	7,402
Other	544	478
	<u>\$ 43,859</u>	<u>\$ 40,908</u>

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

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

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

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method 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 the valuation date. In projecting the accrued obligation for these benefits as at March 31, 2004, the actuary assumed a discount rate of 6.0% and general inflation of 2.5%. The actuary further assumed that general salary increases would be in line with inflation at 2.5% per annum.

Expenses related to post-employment benefits for the year ended March 31, 2004 were \$6,636,000 (2003 - \$11,335,000). The 2003 expenses of \$11,335,000 included the expenses in the amount of \$7,195,000 that were applicable to the fiscal year 2001/2002. Benefits paid by the Government from the post-employment benefits liability during the year amounted to \$3,685,000 (2003 - \$2,948,000).

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Notes to Financial Statements
March 31, 2004

13. Long-term debt

	<u>2004</u>	<u>2003</u>
	(thousands of dollars)	
Loans from Canada, repayable in annual instalments with maturities up to the year 2008, bearing fixed interest rates ranging from 6.1% to 11.1%	\$ 3,726	\$ 3,742
Loan from Yukon Housing Corporation, repayable in monthly blended payments until the year 2028, bearing interest at an annual rate of 7.0%	-	4,384
Other debentures, repayable in semi-annual instalments with maturities up to the year 2004, bearing a fixed interest rate of 13.0%	<u>-</u>	<u>35</u>
	<u>\$ 3,726</u>	<u>\$ 8,161</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	(thousands of dollars)		
2005	\$ -	\$ 360	\$ 360
2006	-	360	360
2007	572	360	932
2008	<u>3,154</u>	<u>182</u>	<u>3,336</u>
	<u>\$ 3,726</u>	<u>\$ 1,262</u>	<u>\$ 4,988</u>

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**Notes to Financial Statements
March 31, 2004**

14. **Capital lease obligations**

Effective 2003/2004, the Government accounts for capital leases in accordance with the PSAB guideline where lease obligations are established with offsetting non-financial assets. This change in accounting policy was applied prospectively.

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

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

	(thousands of dollars)
2005	\$ 2,817
2006	2,823
2007	2,841
2008	2,841
2009	2,841
Beyond 2009	9,132
Total minimum lease payments	23,295
Less: amount representing executory costs	(4,902)
amount representing rental of land	(1,587)
amount representing interest	(5,499)
	\$ 11,307

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2004**

15. **Dedicated funds and restricted funds**

The Government maintains the following dedicated and restricted purpose funds.

	2004	2003
	(thousands of dollars)	
Dedicated funds:		
Canada winter games infrastructure fund	\$ -	\$ 2,000
Restricted funds:		
Road and Airport Equipment Reserve Fund	\$ 2,904	\$ 2,639
Vehicle Fleet Revolving Fund	1,928	1,377
Recycling Fund	316	286
Property Management Revolving Fund	249	249
Health Investment Fund	219	341
Queen's Printer Revolving Fund	155	110
Conservation Fund	1	-
	\$ 5,772	\$ 5,002

16. **Grant from Canada**

	2004	2003
	(thousands of dollars)	
Formula Financing grant entitlement	\$ 427,714	\$ 366,278
Adjustments in respect of:		
Census	(15,187)	15,187
Formula financing escalators	10,785	(1,524)
Tax effort adjustment	1,173	(2,949)
Own source revenues and recoveries	1,720	5,326
Formula Financing grant	426,205	382,318
Less oil and gas revenue offset	(70)	(497)
Grant from Canada per Schedule of Revenues (Schedule A)	\$ 426,135	\$ 381,821

The Government receives a grant from Canada according to an agreed formula. The current Formula Financing Agreement with Canada was in effect for the period April 1, 1999 to March 31, 2004. At the First Ministers' meeting in September 2004, the Government agreed to amend the Formula Financing Agreement to address several issues in regards to the escalators, predicated on a commitment that the grant in future years would be adjusted by the rate of growth in equalization payments. In recognition of this, the amount previously booked for the census adjustment of \$15.2 million at March 31, 2003 is reversed.

The grant entitlement increase in 2004 was partly due to the transfer of programs from Canada effective April 1, 2003 (Note 24).

Subsequent event

The Formula Financing grant calculation was finalized using July 1 population statistics released by Statistics Canada on September 29, 2004. This resulted in increased Formula Financing grant revenue and receivable from Canada of \$3.8 million.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2004

17. **Expenditures by object**

	<u>2004</u>	<u>2003</u>
	(thousands of dollars)	
Operations and maintenance		
Personnel	\$ 232,129	\$ 212,910
Transfer payments	111,742	95,958
Contract and special services	62,626	74,620
Materials, supplies and utilities	51,220	40,434
Communication and transportation	32,549	17,383
Other	<u>14,311</u>	<u>8,040</u>
	<u>\$ 504,577</u>	<u>\$ 449,345</u>
Capital		
Building and infrastructure	\$ 46,381	\$ 62,448
Transfer payments	29,364	18,758
Equipment	9,491	6,484
Other	<u>7,944</u>	<u>7,376</u>
	<u>\$ 93,180</u>	<u>\$ 95,066</u>

18. **Pension and retirement benefit liabilities**

(a) Public Service Superannuation Plan

The Government's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits at 2% per year of pensionable service based on their five consecutive years of highest paid services. The Government contributes at a basic rate of 2.14 times the employee's contribution. The Government's contributions to the Public Service Superannuation Plan during the year and recorded as expenditures were \$19,646,000 (2003 - \$17,454,000).

(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, and reports the Fund as a trust asset external to the Government of Yukon reporting entity (Note 19). It is the Government's policy to fully fund this pension plan.

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, 2002. The accrued benefit obligation shown for 2004 is based on an extrapolation of that 2002 valuation (Schedule D).

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2004

(c) Territorial Court Judiciary Pension Plan

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

The actuarial report for this plan was prepared at March 31, 2002. The accrued benefit obligation shown for 2004 is based on an extrapolation of that 2002 valuation (Schedule D).

	2004	2003
	(thousands of dollars)	
Pension and retirement benefit liabilities		
Legislative Assembly Retirement Allowance Plan	\$ 118	\$ 136
Territorial Court Judiciary Pension Plan	2,335	2,091
	<u>\$ 2,453</u>	<u>\$ 2,227</u>

19. **Trust assets**

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

	2004	2003
	(thousands of dollars)	
Legislative Assembly Retirement Allowances (Note 18(b))	\$ 18,571	\$ 17,060
Lottery Commission	2,769	2,743
Land Title Office – Assurance Fund	2,332	2,135
Crime Prevention and Victim Services	2,250	2,080
Historic Resources Trust Fund	1,144	1,069
Forest Sector Fund	1,035	-
Public Administrator	831	783
Other	1,848	1,783
	<u>\$ 30,780</u>	<u>\$ 27,653</u>

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2004

20. Main Estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2003. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

21. Commitments

The Government has entered into agreements for, or is contractually committed to, the following expenditures payable subsequent to March 31, 2004:

	Expiry Date	2005	2006 – 2013	Total
		(thousands of dollars)		
Capital projects				
- in progress at March 31, 2004	2006	\$ 26,269	\$ 1,700	\$ 27,969
(recoverable amount)		(19,714)	(1,700)	(21,414)
RCMP policing agreement	2012	11,282	89,041	100,323
Connect Yukon	2005	10,227	-	10,227
Building/office space leases	2013	7,795	25,105	32,900
Miscellaneous operational commitments	2006	6,242	3,779	10,021
		<u>\$ 42,101</u>	<u>\$ 117,925</u>	<u>\$ 160,026</u>

Connect Yukon

In October 1999, the Government, NorthwesTel Inc. and another partner formed a government partnership, 19596 Yukon Inc., in order to carry out the "Connect Yukon" telecommunication infrastructure development project. The objective of this project is to provide high speed internet services in the Yukon. The Government's obligations are to pay \$1.2 million annually for five years to NorthwesTel Inc. for its data services as well as providing to NorthwesTel Inc. \$1.7 million contributions annually for five years with a balloon payment of \$7,237,000 at the end of the five years. NorthwesTel Inc. entered into a five-year agreement with 19596 Yukon Inc. to lease its telecommunication equipment with an option to purchase at the end of the five year period. The termination date of these agreements is March 31, 2005.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2004

22. Overexpenditure

During the year, two (2003 - two) departments exceeded their votes with an aggregate total of \$819,000 (2003 - \$7,949,000). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that "a vote does not authorize any payment to be made in excess of the amount specified in the vote".

(thousands of dollars)

The votes that were overexpended are as follows:

Operations and maintenance		
Health and Social Services	\$	416
Public Service Commission		403

The *Appropriation Acts* (Yukon) states that the Government is not to expend grant payments in excess of the amounts specified in the Acts. During the year, four (2003 - three) departments exceeded the authorized amounts for the following grants:

Operations and maintenance grants		
Community Services		
- In lieu of property taxes	\$	11
- Home owner grants		65
Education		
- Post secondary student grants		183
Environment		
- Canada Cooperative Wildlife Health Centre		1
Health and Social Services		
- Child care subsidies		105
- Federal child benefit - Whitehorse		58
- Pioneer utility grant		6
- Federal child benefit - region		26

23. Guarantees

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of \$23.8 million (2003 - \$24.7 million), debts of the Yukon Development Corporation of \$42.4 million (2003 - \$43.5 million) and business loans totalling \$0.5 million (2003 - \$1.0 million). The Government is also liable for the debt of the Yukon Government Fund Limited in the amount of \$15.0 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.

GOVERNMENT OF YUKON

Notes to Financial Statements March 31, 2004

24. Transfer of programs from Canada

Effective April 1, 2003, pursuant to the Yukon Northern Affairs Program Devolution Transfer Agreement which was signed on October 29, 2001, the resources and responsibilities associated with the Northern Affairs Program of the Department of Indian Affairs and Northern Development were transferred from Canada to the Government. The programs and responsibilities that were transferred include land, water, forestry and mineral resources. With this transfer of programs, Canada is to provide on-going funding estimated at \$36.4 million to the Government as well as one-time and transitional funding of, at a minimum, \$23.2 million over the five years beginning with the fiscal year 2003/2004. The funding received in 2003/2004 for these purposes through Formula Financing grant were \$36.4 million for on-going and \$7.2 million as one-time.

25. 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 on September 15, 1998, another on April 1, 2002, and the most recent on February 2, 2004. Negotiations are proceeding with the remaining five 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. In 2003/2004 the bilateral funding agreement was amended to include the federal Northern Affairs Program implementation funding and the council and commission funding that came to Yukon as part of the Northern Affairs Program Devolution Transfer Agreement.

The Government expended \$4.6 million during the year (2003 - \$3.6 million) with cumulative expenditures of approximately \$28.0 million (2003 - \$23.3 million), of which \$27.0 million (2003 - \$22.5 million) was funded by Canada.

26. Contingencies

In the normal course of operations, the Government is subject to legal claims. At March 31, 2004 the Government estimated the total claimed amount to be about \$2.7 million (2003 - \$2.7 million). No liability has been admitted and no provision for claims is included in these financial statements.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2004

27. 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 does not actively search for contaminated sites, and is only aware of those that are brought to its attention. Consequently, there may be other as yet unidentified sites.

The Government has been informed of 37 sites on Commissioner's Land where environmental liabilities may exist. Of these, 12 sites are airports and are subject to the airport transfer agreements between the Government and Transport Canada; at two airports Transport Canada is responsible for the assessment and remediation of contamination, while at the remaining 10 airports/aerodromes the Government is responsible for assessing and identifying areas of potential contamination, but Transport Canada is responsible for the costs of remediation.

21 sites are highway maintenance camps; one of these sites has had a site investigation completed which determined that additional assessment is not necessary at this time, and 20 sites are either being assessed or awaiting assessment dependent on funding availability. Quantifiable portions of remediation costs for some of these sites are currently estimated at \$300,000. Of the remaining four sites, one has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a Responsible Party for this site but may incur some future environmental liability as the landowner.

Pursuant to the Yukon Northern Affairs Program Devolution Transfer Agreement which was made on October 29, 2001, effective April 1, 2003 the Government assumed 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 under the terms of the Agreement. As at March 31, 2004 the potential liability, if any, for these 13 sites has not been assessed.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2004

28. **Related parties**

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

	<u>2004</u>	<u>2003</u>
	(thousands of dollars)	
Revenues/Recoveries from:		
Compensation Fund (Yukon)	\$ 942	\$ 911
Yukon Liquor Corporation	629	786
Yukon Lotteries Commission	549	608
Yukon College	235	209
Yukon Housing Corporation	159	198
Yukon Development Corporation	135	211
Yukon Hospital Corporation	10	21
Yukon Arts Centre Corporation	5	1
	<u>\$ 2,664</u>	<u>\$ 2,945</u>
Expenditures to:		
Yukon Hospital Corporation	\$ 24,238	\$ 21,851
Yukon College	14,834	14,047
Yukon Development Corporation	7,432	10,208
Compensation Fund (Yukon)	3,504	3,288
Yukon Housing Corporation	2,476	2,235
Yukon Legal Services Society	1,384	1,256
Yukon Arts Centre Corporation	862	662
Yukon Human Rights Commission	371	374
	<u>\$ 55,101</u>	<u>\$ 53,921</u>

29. **Comparative figures**

Certain comparative figures for 2003 have been reclassified to conform with the 2004 presentation.

GOVERNMENT OF YUKON

Schedule A

**Schedule of Revenues
for the year ended March 31, 2004**

	2004		2003
	Main Estimates (Note 20)	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Grant from Canada (Note 16)	\$ 359,796	\$ 426,135	\$ 381,821
Taxes and general revenues			
Income taxes	36,641	40,888	37,059
Other taxes	19,251	18,864	18,643
Licences, permits and fees	6,490	7,635	6,828
Yukon Liquor Corporation - net income	4,861	5,716	4,391
Oil and gas resource revenue	4,013	3,116	3,828
Interest - bank and other	250	1,099	635
Gain on sale of lots	-	876	289
Aviation operations	753	804	728
Slot machine revenue	-	766	-
Fines	283	473	436
Land and mineral leases and royalties	75	317	71
Other revenues	56	53	176
	<u>72,673</u>	<u>80,607</u>	<u>73,084</u>
Health and social transfers from Canada			
Canada Health and Social Transfer	21,730	22,676	19,889
Northern Health Accord	-	6,667	-
Health Reform Transfer	-	979	-
	<u>21,730</u>	<u>30,322</u>	<u>19,889</u>
	<u>\$ 454,199</u>	<u>\$ 537,064</u>	<u>\$ 474,794</u>

GOVERNMENT OF YUKON

Schedule B

Schedule of Recoveries
for the year ended March 31, 2004

	2004		2003
	Main Estimates (Note 20)	Actual	Actual
	(thousands of dollars)		
Operations and maintenance			
Health and Social Services	\$ 16,595	\$ 18,863	\$ 14,232
Energy, Mines and Resources	366	4,924	453
Highways and Public Works	3,752	4,297	3,874
Community Services	1,033	4,213	1,118
Executive Council Office	5,790	4,156	4,442
Education	2,524	2,602	2,505
Justice	1,506	1,713	1,471
Environment	987	998	1,004
Tourism and Culture	420	402	414
Economic Development	-	125	192
Public Service Commission	45	22	17
Finance	16	6	6
Office of the Ombudsman	-	-	17
Interest	657	660	767
	\$ 33,691	\$ 42,981	\$ 30,512
Capital			
Highways and Public Works	\$ 22,231	\$ 19,965	\$ 29,371
Community Services	6,460	6,709	4,869
Energy, Mines and Resources	110	745	1,004
Health and Social Services	-	453	697
Executive Council Office	446	435	-
Tourism and Culture	-	335	69
Education	40	51	112
Justice	-	25	111
Economic Development	-	-	208
Finance	250	-	-
	\$ 29,537	28,718	36,441
Less: Community Services			
land recoveries transferred to			
land held for sale		5,640	3,184
local improvement recoveries			
transferred to loans receivable		292	240
Energy, Mines and Resources			
land recoveries transferred to			
land held for sale		16	-
		\$ 22,770	\$ 33,017

GOVERNMENT OF YUKON

Schedule C

Schedule of Expenditures
for the year ended March 31, 2004

	2004		Actual 2004			2003
	Main Estimates (Note 20)	Personnel	Transfer Payments	Other	Total Expenditures (Note 17)	Actual
	(thousands of dollars)					
Operations and maintenance						
Health and Social Services	\$ 141,990	\$ 50,719	\$ 51,392	\$ 52,003	\$ 154,114	\$ 143,255
Education	91,791	61,751	19,502	13,268	94,521	92,101
Highways and Public Works	65,672	25,995	252	45,717	71,964	65,976
Community Services	31,490	13,244	23,008	9,416	45,668	30,897
Justice	34,089	15,208	3,435	16,057	34,700	33,935
Energy, Mines and Resources	6,555	15,283	4,530	7,310	27,123	6,999
Environment	15,249	11,909	690	4,925	17,524	15,414
Public Service Commission	12,361	14,959	-	2,398	17,357	20,948
Executive Council Office	15,148	8,903	4,056	2,863	15,822	14,627
Tourism and Culture	14,368	5,234	3,143	4,735	13,112	13,273
Finance	5,003	3,654	665	681	5,000	4,774
Yukon Legislative Assembly	3,832	3,032	-	725	3,757	6,090
Economic Development	-	1,474	348	807	2,629	1,970
Yukon Housing Corporation (Transfer Payment)	2,236	-	634	-	634	(201)
Women's Directorate	539	350	87	93	530	474
Office of the Ombudsman	390	327	-	72	399	378
Elections Office	137	87	-	37	124	620
Interest on Loans	364	-	-	364	364	358
	\$ 441,214	232,129	111,742	161,471	505,342	451,888
Less: Highways and Public Works capital lease payments transferred to capital lease obligations		-	-	765	765	-
Health and Social Services loan payments transferred to long-term debt		-	-	-	-	61
Legislative Assembly adjustment due to change in accounting policy		-	-	-	-	2,482
		\$ 232,129	\$ 111,742	\$ 160,706	\$ 504,577	\$ 449,345

GOVERNMENT OF YUKON

Schedule of Expenditures
for the year ended March 31, 2004

Schedule C
Continued

	2004		Actual 2004			2003
	Main Estimates (Note 20)	Personnel	Transfer Payments	Other	Total Expenditures (Note 17)	Actual
	(thousands of dollars)					
Capital						
Highways and Public Works	\$ 44,717	\$ 4,802	\$ 1,883	\$ 38,110	\$ 44,795	\$ 51,039
Community Services	16,635	646	14,690	8,212	23,548	14,893
Education	10,467	500	2,303	7,312	10,115	9,672
Economic Development	-	286	3,761	1,376	5,423	2,381
Energy, Mines and Resources	3,330	1,181	1,436	2,155	4,772	4,684
Tourism and Culture	3,475	779	1,657	1,186	3,622	2,911
Executive Council Office	1,451	-	1,721	683	2,404	670
Health and Social Services	1,272	-	410	1,687	2,097	4,606
Environment	1,449	180	36	1,661	1,877	1,037
Yukon Housing Corporation (Transfer Payment)	1,789	-	1,467	-	1,467	1,790
Finance	266	-	-	523	523	102
Justice	318	-	-	355	355	1,626
Public Service Commission	56	-	-	56	56	59
Yukon Legislative Assembly	40	-	-	40	40	19
Women's Directorate	-	-	-	10	10	-
Office of the Ombudsman	5	-	-	4	4	5
Elections Office	3	-	-	3	3	12
Yukon Development Corporation (Transfer Payment)	-	-	-	-	-	3,000
	\$ 85,273	8,374	29,364	63,373	101,111	98,506
Less: Community Services						
land development costs transferred to land held for sale		417	-	3,469	3,886	2,887
local improvement costs transferred to loans receivable		-	-	785	785	511
Energy, Mines and Resources						
land development costs transferred to land held for sale		-	-	9	9	42
Highways and Public Works						
leased capital asset cost transferred to non-financial assets		-	-	3,251	3,251	-
	\$ 7,957	\$ 29,364	\$ 55,859	\$ 93,180	\$ 95,066	

GOVERNMENT OF YUKON

Schedule D

Schedule of Pension and Retirement Plans
for the year ended March 31, 2004

	2004			2003
	Legislative Assembly Retirement Allowance Plan	Territorial Court Judiciary Pension Plan	Total (Note 18)	Total
	(thousands of dollars)			
Pension and retirement plan assets are valued at the lower of cost and market.				
Accrued benefit obligation				
Obligation at beginning of year	\$ 17,050	\$ 2,114	\$ 19,164	\$ 17,852
Current service costs	922	117	1,039	827
Interest cost on benefit obligation	1,033	151	1,184	1,093
Actuarial loss	-	152	152	-
Benefits paid	(582)	(30)	(612)	(608)
Accrued benefit obligation at end of year	\$ 18,423	\$ 2,504	\$ 20,927	\$ 19,164
Pension plan assets				
Value at beginning of year	\$ 17,060	\$ -	\$ 17,060	\$ 13,498
Actual return on plan assets	1,171	-	1,171	964
Government contributions	830	30	860	3,143
Member contributions	92	-	92	63
Benefits paid	(582)	(30)	(612)	(608)
Value at end of year	\$ 18,571	\$ -	\$ 18,571	\$ 17,060
Funded status - plan surplus (deficit)				
Unamortized net actuarial (gain) loss	\$ (266)	\$ 169	\$ (97)	\$ (123)
Accrued benefit liability	\$ (118)	\$ (2,335)	\$ (2,453)	\$ (2,227)
Net pension expense				
Current service costs	\$ 922	\$ 117	\$ 1,039	\$ 756
Less: Member contributions	(92)	-	(92)	-
Interest cost on benefit obligation	1,033	151	1,184	1,093
Expected return on plan assets	(1,034)	-	(1,034)	(810)
Amortization of net actuarial (gain) loss	(17)	6	(11)	(2)
Value at end of year	\$ 812	\$ 274	\$ 1,086	\$ 1,037
Assumptions				
Expected long-term rate of return on assets	6.0%	N/A		
Discount rate on projected benefit obligation	6.0%	6.0%		
Inflation	3.0%	3.0%		
* Rate of compensation increase	** 3.0%	*** 3.0%		
Amortization period				
(expected average remaining service life)	8 years	4 years		

* Assumed to be same as inflation rate.

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

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