

SECTION I
GOVERNMENT OF YUKON
FINANCIAL STATEMENTS
(unaudited)

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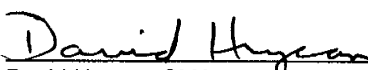
GOVERNMENT OF YUKON
Statement of Financial Position
as at March 31, 2008

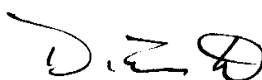
	2008	2007
		(Restated - Note 3)
		(thousands of dollars)
Financial assets		
Cash and cash equivalents (Note 4)	\$ 33,592	\$ 190,393
Temporary investments (Note 5)	118,001	-
Due from Government of Canada (Note 6)	87,378	47,457
Accounts receivable (Note 7)	18,072	15,353
Long-term investments (Note 8)	30,148	-
Advances to Territorial corporations (Note 9)	27,271	27,721
Loans receivable (Note 10)	20,076	18,375
Land held for sale (Note 11)	6,446	12,123
	340,984	311,422
Liabilities		
Due to Government of Canada (Note 6)	12,515	11,835
Accounts payable and accrued liabilities (Note 12)	72,073	71,691
Unearned revenues	2,548	2,644
Post-employment benefits (Note 13)	54,792	49,731
Retirement benefits (Note 14)	28,988	37,512
Capital lease obligations (Note 15)	4,984	5,963
	175,900	179,376
Net financial resources	165,084	132,046
Non-financial assets		
Tangible capital assets (Note 17)	915,591	894,337
Less deferred capital contributions (Note 18)	(509,394)	(489,517)
Inventories of supplies	4,353	4,038
Prepaid expenses	1,575	1,750
	412,125	410,608
Accumulated surplus	\$ 577,209	\$ 542,654

Contingencies, contractual obligations and guarantees
(Notes 21, 23, 24, 25 and 26)

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

Approved:


David Hrycan, CMA
Deputy Minister of Finance


Dennis Fentie
Minister of Finance

GOVERNMENT OF YUKON

**Statement of Operations and Accumulated Surplus
for the year ended March 31, 2008**

	2008		2007
	Main Estimates (Note 1(b))	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada			
Formula Financing grant	\$ 543,595	\$ 543,595	\$ 516,819
Other grants	49,733	78,352	92,897
Contributions and service agreements	44,634	45,232	42,170
Taxes and general revenues	91,467	104,018	98,929
Funding and service agreements with other parties	14,173	17,674	19,835
Amortization of deferred capital contributions	13,732	14,189	13,794
	<u>757,334</u>	<u>803,060</u>	<u>784,444</u>
Expenses (Note 19 and Schedule B)	<u>774,715</u>	<u>779,314</u>	<u>727,460</u>
Recovery of prior years' expenses	-	1,190	503
Surplus before amendment	(17,381)	24,936	57,487
Retirement benefits plan amendment (Note 14(d))	8,771	9,619	-
Surplus for the year	<u>\$ (8,610)</u>	<u>34,555</u>	<u>57,487</u>
Accumulated surplus at beginning of year		542,654	488,372
Prior year adjustment (Note 3)		-	(3,205)
Accumulated surplus at beginning of year, restated		<u>542,654</u>	<u>485,167</u>
Accumulated surplus at end of year		<u>\$ 577,209</u>	<u>\$ 542,654</u>

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

GOVERNMENT OF YUKON

**Statement of Change in Net Financial Resources
for the year ended March 31, 2008**

	2008		2007
	Main	Actual	Actual
	Estimates (Note 1(b))		(Restated - Note 3)
	(thousands of dollars)		
Surplus for the year	\$ (8,610)	\$ 34,555	\$ 57,487
Effect of change in tangible capital assets			
Acquisitions	(74,736)	(55,889)	(88,952)
Capital contributions received and deferred	38,120	34,082	47,684
Amortization of tangible capital assets	29,630	34,281	32,719
Amortization of deferred capital contributions	(13,732)	(14,189)	(13,794)
Loss on disposal of tangible capital assets	-	91	99
Proceeds on disposal of tangible capital assets	-	234	271
Write-down of tangible capital assets	-	29	92
Write-down of deferred capital contributions	-	(16)	-
	<u>(20,718)</u>	<u>(1,377)</u>	<u>(21,881)</u>
Effect of change in other non-financial assets			
Decrease (increase) in inventories of supplies	-	(315)	182
Decrease (increase) in prepaid expenses	-	175	(79)
	<u>-</u>	<u>(140)</u>	<u>103</u>
Increase (decrease) in net financial resources	<u>\$ (29,328)</u>	<u>33,038</u>	<u>35,709</u>
Net financial resources at beginning of year		132,046	99,542
Prior year adjustment (Note 3)		-	(3,205)
Net financial resources at beginning of year, restated		<u>132,046</u>	<u>96,337</u>
Net financial resources at end of year		<u>\$ 165,084</u>	<u>\$ 132,046</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, 2008**

	2008	2007
	(thousands of dollars)	
Operating transactions		
Cash received from:		
Government of Canada	\$ 636,294	\$ 655,900
Taxes and general revenues	98,697	83,282
Funding and service agreements with other parties	17,121	14,326
Interest from investments and loans	9,146	8,487
	<u>761,258</u>	<u>761,995</u>
Cash paid for:		
Salary, wages and benefits	299,154	279,546
Transfer payments	195,416	171,749
Other expenses	241,914	219,360
Interest on loans and capital leases	853	1,143
	<u>737,337</u>	<u>671,798</u>
Cash provided by operating transactions	<u>23,921</u>	<u>90,197</u>
Capital transactions		
Acquisition of tangible capital assets	(56,288)	(93,879)
Contributions received for acquisition	25,798	55,434
Proceeds on sale of tangible capital assets	234	271
Cash used for capital transactions	<u>(30,256)</u>	<u>(38,174)</u>
Investing transactions		
(Increase) decrease in temporary investments	(118,001)	4,971
Increase in long-term investments	(36,349)	-
Investment in land held for sale	(4,438)	(6,190)
Proceeds from sale of land held for sale	7,815	8,436
Repayment of advances from Territorial corporations	450	900
Loans advanced	(795)	(1,436)
Loans repaid	1,831	2,345
Cash (used for) provided by investing transactions	<u>(149,487)</u>	<u>9,026</u>
Financing transactions		
Repayment of capital lease obligations	(979)	(868)
Repayment of long-term debt	-	(572)
Cash used for financing transactions	<u>(979)</u>	<u>(1,440)</u>
(Decrease) increase in cash and cash equivalents	(156,801)	59,609
Cash and cash equivalents at beginning of year	<u>190,393</u>	<u>130,784</u>
Cash and cash equivalents at end of year (Note 4)	\$ 33,592	\$ 190,393

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

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2008**

1. **Authority and operations**

(a) Authority

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

(b) Main Estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2007. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

(c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, the Government of Canada or a province;
- fixed deposits, notes, certificates and other short term paper of, or guaranteed by, a bank including swapped deposit transactions in currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of the Government of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

The duration of the securities held depends on cash projections but usually averages under a year in length.

2. **Significant accounting policies**

(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.

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.

GOVERNMENT OF YUKON

Notes to Financial Statements March 31, 2008

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

The Government receives funds from the Government of Canada and other sources under various cost-sharing agreements including reconstruction of the Alaska Highway, social assistance and occupational training. Revenues are recognized in the year in which the related expenses are incurred. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

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

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

Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when paid or when the terms of a contractual transfer agreement have been met.

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for the current year.

Assets

Financial assets

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

Temporary investments include banker's acceptance, bearer deposit notes and Government of Canada treasury bills with terms of maturity of more than 90 days but less than one year from the date of acquisition. When the market value of temporary investments has declined below the carrying value, they are carried at market value.

The Government's holdings of non-bank-sponsored asset-backed commercial paper at March 31, 2008 are classified as long-term investments as they are not current in nature. Long-term investments are valued at the lower of cost and net realizable value.

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2008**

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 net recoverable value to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale.

Non-financial assets

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

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

Liabilities

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

Unearned revenues are cash received for which goods and services have not been provided by year-end, and are primarily comprised of motor vehicle licence fees for the following fiscal years.

Capital lease obligations are recorded with a corresponding asset at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate at the time the obligation is incurred.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed.

(c) Tangible capital assets

Tangible capital assets are buildings, roads, equipment, and other items, whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated. For certain tangible capital assets that have previously been transferred from the Government of Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer.

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2008**

Transferred and cost-shared tangible capital assets are recorded upon acquisition with an offsetting deferred capital contribution that represents the value of the contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized. Tangible capital assets, when placed in service, are amortized on a straight-line basis over their estimated useful life.

The value of works of art, historical treasures, all intangibles and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources are not recorded as tangible capital assets. The existence of historical treasures and the total estimated value of works of art are disclosed in Note 17 of these financial statements.

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 - 20 years
Computer hardware	\$10,000	5 years
Computer software	\$100,000	7 years
Leasehold improvements	\$50,000	Lease term
Forestry access roads	\$50,000	10 years
Highways	\$250,000	30 - 50 years
Pavement	\$250,000	26 years
Bridges	\$250,000	30 - 50 years
Airport runways	\$50,000	26 - 50 years

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

(d) Post-employment benefits

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

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2008**

(e) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Government is not currently required to make contributions with respect to any actuarial deficiencies of the pension plan. Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet certain criteria. Liabilities for these benefits are valued on an actuarial basis.

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

(f) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. An environmental liability is accrued and an expense recorded based on management's best estimates when the contamination occurs, when the Government becomes aware of the contamination or, in the case of a solid waste landfill closure and post-closure care, as the landfill sites capacity is used, and the Government is obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements. Accrued environmental liabilities are reported as part of accrued liabilities.

(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 expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

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

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2008**

3. **Prior year adjustment – change in an accounting policy**

During the fiscal year 2007/2008, the Government changed its accounting policy regarding the recognition of environmental liabilities. Until 2006/2007, it was the Government's policy to record an environmental liability only when Environmental Site Assessments, as defined in the *Contaminated Sites Regulation* (Yukon) and generally referred to in the profession as Phase II ESA, is completed and a remedial cost is estimated in a plan of restoration. Starting in the fiscal year 2007/2008, the Government records an environmental liability when the existence of contamination is confirmed and the Government is obligated to incur the cost of remediation, based on its best estimate utilizing the information available at the time of recording. While it produces more accurate estimates, it was determined that to wait for the completion of Phase II ESA understates the Government's environmental liabilities. The amount is adjusted when more information becomes available.

The effect of this accounting change on the 2007/2008 financial statements was an increase of the 2007 opening liabilities and a decrease of the 2007 opening accumulated surplus of \$3,205,000. There was no effect on the current year as a result of this change in an accounting policy.

4. **Cash and cash equivalents**

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Short-term investments	\$ 19,973	\$ 100,732
Funds held for the Government by trustees	9,850	73,519
Bank balances	3,704	16,076
Cash on hand	<u>65</u>	<u>66</u>
	<u>\$ 33,592</u>	<u>\$ 190,393</u>

5. **Temporary investments**

	<u>2008</u>		<u>2007</u>	
	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>
	(thousands of dollars)			
Banker's acceptance	\$ 54,704	\$ 54,697	\$ -	\$ -
Bearer deposit notes	43,666	43,672	-	-
Government of Canada treasury bills	<u>19,653</u>	<u>19,632</u>	<u>-</u>	<u>-</u>
	<u>\$ 118,023</u>	<u>\$ 118,001</u>	<u>\$ -</u>	<u>\$ -</u>

Temporary investments during the year had a weighted average effective yield of 4.5% per annum.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2008

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

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 53,679	\$ 44,648
Grant receivable	29,570	-
Income tax receivable	4,082	2,782
Other	<u>47</u>	<u>27</u>
	<u>\$ 87,378</u>	<u>\$ 47,457</u>
Due to Government of Canada		
RCMP	\$ 4,199	\$ 3,446
Public Service Pension Plan contribution payable	3,735	3,799
Payroll deductions payable	3,675	3,323
Other	<u>906</u>	<u>1,267</u>
	<u>\$ 12,515</u>	<u>\$ 11,835</u>

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

7. **Accounts receivable**

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 11,690	\$ 12,396
Less valuation allowances	<u>(691)</u>	<u>(921)</u>
	10,999	11,475
Due from Territorial corporations	<u>7,073</u>	<u>3,878</u>
	<u>\$ 18,072</u>	<u>\$ 15,353</u>

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2008**

8. **Long-term investments**

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Investments in asset-backed commercial paper	\$ 36,349	\$ -
Less valuation adjustment	<u>(6,201)</u>	<u>(-)</u>
	<u>\$ 30,148</u>	<u>\$ -</u>

At March 31, 2008, the Government held non-bank-sponsored asset-backed commercial paper ("ABCP") with a maturity value of \$36.5 million, comprising \$13 million in Opus Trust Series A and \$23.5 million in Symphony Trust Series A. These investments were purchased at a cost of \$36.3 million in July and August of 2007 and matured during the months of August and September 2007 but, as a result of liquidity issues in the ABCP market, did not settle on maturity. The Government's non-bank sponsored ABCP have not traded in the market since August 2007 and there is no market quote available. These investments held by the Government were rated by the Dominion Bond Rating Service as R-1 (high) at the time of purchase, which is of the highest credit quality, and had a yield rate of 4.7%.

On August 16, 2007, a consortium representing banks, assets providers and major investors had agreed in principle to a long-term proposal and interim agreement regarding the ABCP (commonly referred to as "the Montreal Accord"). Under this proposal, the affected ABCP would be converted into pooled long-term floating rate notes maturing no earlier than the scheduled maturity of the underlying assets. On September 6, 2007, the Pan Canadian Investors Committee for Third-Party Structured ABCP ("the Committee") consisting of major investors was created to propose a solution to the liquidity problem affecting the ABCP market, and has retained legal and financial advisors to oversee the proposed restructuring process.

Effective March 17, 2008, a court order was put in place that commits investors not to take any action that would precipitate an event of default. During the same week, the Committee announced the details of a restructuring plan (the "Plan"). On April 25, 2008, investors overwhelmingly approved the Plan. The Plan with an amendment that would allow certain investors, under specified conditions, to pursue claims of fraud against ABCP dealers, was sanctioned by the Ontario Superior Court of Justice on June 5, 2008. Some investors made motions to the Court of Appeal for Ontario for relief that includes the dismissal of the application to sanction the amended Plan. The Court of Appeal for Ontario dismissed the appeal on August 18, 2008. A few investors further sought leave to appeal to the Supreme Court of Canada; however, the Supreme Court of Canada denied leave to appeal on September 19, 2008. The Committee expects to be in a position to commence the process for implementation of the Plan by September 30, 2008 or shortly thereafter, with a view to completing implementation during the month of October.

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2008**

The Plan calls for the issuing to the Government the maturity value of approximately \$36.3 million in new four classes of floating rate notes: \$15.8 million in A-1 notes, \$16.4 million in A-2 notes, \$3.0 million in B notes and \$1.1 million in C notes. Generally all notes are expected to be repaid on December 20, 2016, except for Class A-1 notes that are expected to start returning principal beginning in 2013 as the underlying assets mature. Class A-1 and A-2 notes will pay quarterly interest at a rate equivalent to a banker's acceptance rate minus 0.5%. Class B notes will accrue interest at the same rate as A-1 and A-2 notes but will not payout the interest until maturity, and after all A-1 and A-2 notes are redeemed. Class C notes will accrue interest at a banker's acceptance rate plus 20% but not payout the interest until maturity and after all B notes are redeemed. All notes are backed by a combination of structured and traditional assets. Class A-1 and A-2 notes, which are approximately 89 per cent of the restructured notes, are expected to have a high credit rating ("AA") while Class B and C notes are not expected to be rated.

As the Government's investments in ABCP that are subject to the Montreal Accord and the Plan are no longer current in nature, these investments are classified as long-term investments. These investments are measured at the net recoverable value. While the Government expects to receive the full value of its \$36.3 million original investments at maturity plus interest, as required by Canadian generally accepted accounting principles when there is no active market, the Government has estimated the net recoverable value of its ABCP holdings at March 31, 2008, using a probability-weighted discounted cash flow valuation technique. The valuation technique takes into consideration a successful restructuring, the specific attributes of each class of note, general market observations and all publicly available information up to the date of finalization of the financial statements. The estimated net recoverable value of the Government's investments in ABCP at March 31, 2008, is \$30.1 million. The total valuation adjustment of \$6.2 million is recorded as a reduction to investment income in the consolidated statement of operations. Once the restructuring is finalized, the new notes will be recorded at a discount to their maturity value. This discount will be eliminated over time as the investments move closer to their maturity dates.

Investments were made in ABCP pursuant to subsection 39(1) of the *Financial Administration Act* (Yukon) as there were liquidity agreements with banks. In February 2008, the Auditor General of Canada issued an audit report stating that the investment in ABCP did not meet the conditions set out in the Act (Note 1(c)). The Government accepted the audit opinion and, had previously in January 2008, issued a policy prohibiting further investments in ABCP. The Government had invested \$1.7 billion in ABCP since the fiscal year 1989/1990, with \$223 million invested in 2007/2008.

The Government continues to maintain a strong cash position. The liquidity issues in the ABCP market have not had an impact on the Government's operations.

9. **Advances to Territorial corporations**

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Yukon Housing Corporation		
Working capital advances	<u>\$ 27,271</u>	<u>\$ 27,721</u>

The advances are interest free and have various repayment terms.

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2008**

10. **Loans receivable**

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2013, bearing interest at 0.0%	\$ 8,843	\$ 6,054
Debenture loans to municipalities, due in varying annual amounts to the year 2030, bearing interest rates ranging from 4.0% to 9.3%	4,163	4,729
Local improvement loans, due in varying annual amounts to the year 2036, bearing interest rates ranging from 2.3% to 8.9%	3,473	3,321
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 12.0%	1,818	2,363
Domestic well loans, due in varying annual amounts to the year 2023, bearing interest rates ranging from 2.3% to 4.8%	1,296	1,066
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2013, bearing interest rates ranging from 4.8% to 7.3%	938	1,013
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2014, bearing interest at 0.0%	886	1,039
Energy infrastructure development loan due in periodic instalments bearing interest at 6.4%	205	205
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2021, bearing interest at 0.0%	204	219
Energy conservation loans due in varying annual amounts with varying rates of interest	156	156
Loan to Yukon Government Fund Limited, with no repayment terms, bearing interest at 0.0%	-	116
Less valuation allowances	<u>(1,906)</u>	<u>(1,906)</u>
	<u>\$ 20,076</u>	<u>\$ 18,375</u>

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2008

11. **Land held for sale**

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Raw land	\$ 45	\$ 45
Land under development	1,732	5,751
Developed land	<u>4,669</u>	<u>6,327</u>
	<u>\$ 6,446</u>	<u>\$ 12,123</u>

12. **Accounts payable and accrued liabilities**

	<u>2008</u>	<u>2007</u>
		(Restated - Note 3)
	(thousands of dollars)	
Accrued liabilities	\$ 33,706	\$ 33,672
Accounts payable	27,918	29,280
Contractors' holdbacks and security deposits	5,987	5,486
Due to Territorial corporations	<u>4,462</u>	<u>3,253</u>
	<u>\$ 72,073</u>	<u>\$ 71,691</u>

13. **Post-employment benefits**

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Severance benefits	\$ 41,411	\$ 39,567
Sick leave obligation	15,707	14,929
Vacation leave obligation	<u>14,280</u>	<u>11,917</u>
Accrued benefit obligation	71,398	66,413
Unrecognized net actuarial loss	<u>(16,606)</u>	<u>(16,682)</u>
Accrued benefit liability	<u>\$ 54,792</u>	<u>\$ 49,731</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 multiplied by the daily pay rate at termination or retirement.

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The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method prorated on service. In projecting the accrued obligation for these benefits as at March 31, 2008, the Government assumed a discount rate of 5.75% and general salary increases of 2.5% per annum. The net actuarial loss is amortized over the expected average remaining service life of the active employees of 10.4 years.

Expenses related to post-employment benefits for the year ended March 31, 2008 were \$11,159,000 (2007 - \$9,055,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to \$6,098,000 (2007 - \$5,054,000). Post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

14. **Retirement benefits**

(a) Public Service Pension Plan

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits up to a maximum period of 35 years at 2% per year of pensionable service based on the average of their five consecutive years of highest paid services. Until December 31, 2007, the Government contributed \$2.14 for every dollar contributed by the employee, and \$7.00 for every dollar contributed by the employee for the portion of the employee's salary above \$126,500. Effective January 1, 2008, the Government contributes \$2.02 for every dollar contributed by the employee, and \$7.30 for every dollar contributed by the employee for the portion of the employee's salary above \$130,700. The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$26,462,000 (2007 - \$24,049,000).

(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 Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

The funds are held by an investment manager in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act*. The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid. It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The accrued benefit obligation as at March 31, 2008 is based on an extrapolation of an actuarial valuation for funding purposes conducted as at March 31, 2005 using best estimate assumptions accepted by the Members' Services Board of the Legislative Assembly. Valuation information based on March 31, 2008 membership data will be reflected in the 2009 financial statements.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2008

(c) Territorial Court Judiciary Pension Plan

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

The judiciary registered pension plan is a contributory defined benefit pension plan. In this plan, benefits are accumulated at an annual amount of 2% multiplied by the number of years of credited service multiplied by the annual average of the member's highest five consecutive years of earnings. A member's credited service is limited to a maximum of 35 years. The judiciary retirement compensation arrangement was established for the purpose of providing benefits to members with respect to pensionable service earnings that are in excess of the maximum pension limits of the judiciary registered pension plan as required by the *Income Tax Act* (Canada). Pursuant to the *Territorial Court Judiciary Pension Plan Act* (Yukon), the pension fund assets for these two plans are held separate and distinct from the Government's operations, and are managed by an investment manager.

The supplementary judiciary pension plan is supplemental to benefits provided under the judiciary registered pension plan and the judiciary retirement compensation arrangement. The *Territorial Court Judiciary Pension Plan Act* (Yukon) stipulates that no contributions are to be made to this plan, and no fund is to be maintained for the plan. In this plan, the annual amount of pension payable to a member equals 3% of the average annualized pensionable earnings of a member over the 24 months during which pensionable earnings are highest multiplied by the number of years of credited service, subject to a maximum of 70% of those earnings, minus actual benefits accumulated under the judiciary registered pension plan and the judiciary retirement compensation arrangement.

An actuarial valuation for the Plan was performed for accounting purposes using the membership data as at March 31, 2008. A valuation for funding purposes for the Plan was conducted as at January 31, 2006. A valuation for funding purposes as at March 31, 2008, as required by the *Territorial Court Judiciary Pension Plan Act* (Yukon), is currently being prepared by the Plan's actuary.

(d) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both defined benefit plans. The extended health care plan is self-insured. An actuarial valuation of these benefits was conducted as of April 1, 2007. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Until April 2007, the Government contributed approximately 65% of the benefit costs. Effective May 2007, the Government changed the level of its contributions; under the new contribution structure, the Government contributes a percentage of the cost depending on the years of service provided by the retiree as indicated in the table below. This change resulted in a reduction in the accrued benefit obligation as at April 1, 2007 by \$9,619,000. The Government recognized the reduction in the accrued benefit obligation as a negative past service cost in the fiscal year 2007/2008.

GOVERNMENT OF YUKON

**Notes to Financial Statements
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<u>Years of Service</u>	<u>Government Contribution of Benefit Costs</u>
Less than 5 years	0%
5 years, but less than 10 years	15%
10 years, but less than 15 years	35%
15 years, but less than 20 years	50%
20 or more years	65%

The accrued benefit liability for the above retirement benefits as of March 31, 2008 was as follows:

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Accrued benefit liability (asset) (Schedule D)		
Extended health care retirement benefit	\$ 27,029	\$ 34,607
Territorial Court Judiciary Pension Plan	3,329	3,126
Life insurance retirement benefit	1,214	1,166
Legislative Assembly Retirement Allowances Plan	<u>(2,584)</u>	<u>(1,387)</u>
	<u>\$ 28,988</u>	<u>\$ 37,512</u>

15. **Capital lease obligations**

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2013, with imputed interest rate of 13.5%.	\$ 2,292	\$ 2,608
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.	2,181	2,694
Building lease obligation payable monthly until the year 2010, with imputed interest rate of 13.3%.	<u>511</u>	<u>661</u>
	<u>\$ 4,984</u>	<u>\$ 5,963</u>

GOVERNMENT OF YUKON

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Interest expense related to capital lease obligations for the year was \$672,000 (2007 - \$783,000) at an imputed average interest rate of 12.6% (2007 – 12.6%). The following is a schedule of future minimum lease payments under the capital lease obligations.

	(thousands of dollars)
2009	\$ 2,164
2010	2,164
2011	2,043
2012	1,273
2013	<u>755</u>
Total minimum lease payments	8,399
Less: amount representing executory costs	(1,666)
amount representing rental of land	(429)
amount representing interest	<u>(1,320)</u>
	<u>\$ 4,984</u>

16. **Financial instruments**

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

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

	2008		2007	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
	(thousands of dollars)			
Long-term investments	\$ 30,148	\$ 27,896	\$ -	\$ -
Loans receivable	20,076	20,076	18,375	18,375
Capital lease obligations	4,984	5,503	5,963	6,796

The estimated fair value for long-term investments is calculated using a probability-weighted discounted cash flow valuation technique. While the carrying amount is estimated using the information available as of the date of finalization of the financial statements, the fair value is estimated based on the following assumptions: a successful restructuring, the specific attributes of each class of note to be received under a restructuring and the existing underlying assets and general market observations as of March 31, 2008.

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Since the above valuation approach and assumptions are based on market information available at March 31, 2008, the fair value of long-term investments may change materially in future periods as a result of fluctuations in the major elements of the valuation methodology. These changes are, however, not expected to result in a significant impact on the Government's future operations.

The carrying value, at the lower of cost or net recoverable value, is estimated to be the fair value of loans receivable due to the nature of these loans. The carrying value of the loans receivable should not be seen as the realizable value on immediate settlement of these loans due to the uncertainty associated with such a settlement.

The estimated fair value for capital lease obligations and long-term debt is calculated by discounting the expected future cash flows at year-end market interest rates for equivalent terms to maturity.

17. **Tangible capital assets**

	<u>2008</u> Net Book Value	<u>2007</u> Net Book Value
	(thousands of dollars)	
Land	\$ 6,075	\$ 6,066
Buildings	282,060	289,084
Equipment and vehicles	29,848	30,061
Computer hardware and software	9,262	8,322
Transportation infrastructure	570,461	548,809
Other	<u>17,885</u>	<u>11,995</u>
(Schedule C)	<u>\$ 915,591</u>	<u>\$ 894,337</u>

The Government owns and/or maintains various historical sites. The Government also holds works of art with a total estimated value of \$4.0 million (2007 - \$3.5 million).

Leased capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was \$635,000 (2007 - \$635,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Buildings (cost)	\$ 8,820	\$ 8,820
Less accumulated amortization	<u>(3,174)</u>	<u>(2,539)</u>
	<u>\$ 5,646</u>	<u>\$ 6,281</u>

No interest was capitalized during the year.

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2008**

18. **Deferred capital contributions**

Where the fair value has been capitalized for tangible capital assets that were transferred from a third party such as Government of Canada, an offset is recorded as a deferred capital contribution. Funding received from a third party for the acquisition, development, construction or betterment of tangible capital assets is also treated as a deferred capital contribution. The most significant of these assets are highways, bridges and airport infrastructure. The deferred capital contribution is recognized as revenue over the useful life of the related asset.

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Deferred capital contributions, beginning of year	\$ 489,517	\$ 455,627
Add: Assets transferred or funded during the year	34,082	47,684
Less: Disposal and write-down	(16)	-
Amortization	<u>(14,189)</u>	<u>(13,794)</u>
Deferred capital contributions, end of year (Schedule C)	<u>\$ 509,394</u>	<u>\$ 489,517</u>

19. **Expenses by object**

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Personnel	\$ 307,379	\$ 286,076
Transfer payments	195,352	178,948
Contract and special services	109,276	98,794
Materials, supplies and utilities	76,381	71,843
Amortization expenses	34,281	32,719
Communication and transportation	24,967	24,143
Other	<u>31,678</u>	<u>34,937</u>
	<u>\$ 779,314</u>	<u>\$ 727,460</u>

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2008**

20. **Trust assets**

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

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. The remaining trust assets are invested primarily in short-term and long-term bonds.

Investments of Compensation Fund (Yukon) are valued at fair value. Investments of the remainder of the trust accounts are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash.

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 144,590	\$ 148,776
Federal Gas Tax Funds under the New Deal	10,736	7,725
Forest Sector Fund	5,028	4,321
Land Title Office – Assurance Fund	3,135	2,872
Lottery Commission	2,984	2,902
Crime Prevention and Victim Services	2,953	2,707
Water Resources Bonds	2,583	2,583
Historic Resources Trust Fund	1,230	1,189
Public Guardian Trust	566	552
Other	<u>2,196</u>	<u>2,210</u>
	<u>\$ 176,001</u>	<u>\$ 175,837</u>

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2008**

21. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2008:

	Expiry Date	2009	2010 – 2019	Total
		(thousands of dollars)		
Capital projects				
- in progress at March 31, 2008	2019	\$ 48,569	\$ 8,037	\$ 56,606
(recoverable amount)		(26,586)	(3,688)	(30,274)
RCMP policing agreement	2012	14,055	44,746	58,801
Building/office space leases	2016	6,705	12,649	19,354
Yukon Development Corporation	2009	10,000	-	10,000
Yukon Hospital Corporation	2011	1,681	2,534	4,215
Yukon College	2016	950	3,190	4,140
Miscellaneous operational commitments	2012	10,477	6,614	17,091
		<u>\$ 65,851</u>	<u>\$ 74,082</u>	<u>\$ 139,933</u>

22. **Overexpenditure**

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, one (2007 – one) department exceeded the authorized amounts as follows:

	(thousands of dollars)
Operations and maintenance grants	
Health and Social Services	
- Adoption subsidies	\$ 32
- Federal child benefit - Whitehorse	8
- Rehabilitation subsidies	11
- Medical travel subsidies	331

23. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of \$19.2 million (2007 - \$20.4 million), debts of the Yukon Development Corporation of \$18.7 million (2007 - \$20.6 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, 2008**

24. **Land claims**

Between February 1995 and March 31, 2008, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The Government signed a bilateral funding agreement with the Government of 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 incurred expenses of \$5.3 million during the year (2007 - \$4.4 million) with cumulative expenditures of approximately \$50.1 million (2007 - \$45.0 million), of which \$49.6 million (2007 - \$42.1 million) was funded by Canada.

25. **Contingencies**

In the normal course of operations, the Government is subject to legal claims. At March 31, 2008 the Government estimated the total claimed amount to be about \$4.0 million (2007 - \$2.2 million). No provision for claims has been made in these financial statements as it is not likely that any future event will confirm that a liability has been incurred at the date of the financial statements.

The Government established a Risk Management Revolving Fund in December 2004, with a limit of \$5 million, which is to be used for providing insurance and risk management services to Government departments. Any expenses relating to property and liability losses incurred by the Government are to be paid out of this fund. The Government carries no insurance policy for its property losses, but carries a legal liability insurance policy with a \$2 million deductible. The Government had unpaid claims against the fund in the amount of \$863,000 as at March 31, 2008 (2007 - \$562,000). This amount is reported as part of the Government's accrued liabilities. The fund balance as at March 31, 2008 was \$3.9 million (2007 - \$3.1 million). (See also Schedule 6 of the Supplementary Financial Information.)

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2008

26. **Environmental liabilities**

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which the Government is responsible. As at March 31, 2008, the Government was aware of 58 sites where the Government is obligated or is likely obligated to incur such costs. Of the 58 sites, nine are airports and 21 are highway maintenance camps, the majority of which are awaiting assessment. Quantifiable portions of remediation costs for some of the sites that are known to be contaminated are currently estimated at \$3,832,000, which has been recorded as a liability and reported as part of accrued liabilities. The Government estimates the contingent environmental liabilities for the sites that are awaiting assessments to be another \$3.8 million. The Government is committed to assess all sites in a systematic manner.

The *Environment Act (Yukon) – Solid Waste Regulations* include requirements for closure and abandonment of a dump. Twenty-three of the 58 sites identified above are active or decommissioned landfill sites that are outside incorporated communities, and therefore are the responsibility of the Government. As at March 31, 2008, a liability in the amount of \$535,000 has been recorded for these sites using the method recommended by the Canadian Institute of Chartered Accountants' Public Sector Accounting Board.

One site on the Commissioner's Land 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. Negotiations during the fiscal year 2007/2008 to cost-share the remediation of this site with Indian and Northern Affairs Canada failed. The Government of Canada was the landowner when the contamination occurred. The Government has since secured the site to contain the contamination and currently has no plan to proceed with additional assessment or remediation.

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

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2008**

27. **Related parties**

Related party transactions are as follows:

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Revenues from:		
Yukon Liquor Corporation	\$ 7,664	\$ 7,430
Yukon Housing Corporation	1,836	2,685
Compensation Fund (Yukon)	1,354	1,063
Yukon Lotteries Commission	644	645
Yukon Development Corporation	424	572
Yukon College	176	171
Yukon Hospital Corporation	25	30
	<u>\$ 12,123</u>	<u>\$ 12,596</u>
Expenses to:		
Yukon Hospital Corporation	\$ 34,276	\$ 36,258
Yukon College	20,281	18,599
Yukon Development Corporation	7,335	8,236
Yukon Housing Corporation	6,499	4,186
Compensation Fund (Yukon)	6,023	6,834
Yukon Legal Services Society	1,510	1,510
Yukon Arts Centre Corporation	842	961
Yukon Human Rights Commission	595	451
Yukon Liquor Corporation	6	15
	<u>\$ 77,367</u>	<u>\$ 77,050</u>

28. **Comparative figures**

Certain comparative figures for 2007 have been reclassified to conform with the 2008 presentation.

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Schedule A

**Schedule of Revenues
for the year ended March 31, 2008**

	2008		2007
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing grant	\$ 543,595	\$ 543,595	\$ 516,819
Other grants	49,733	78,352	92,897
Contributions and service agreements	44,634	45,232	42,170
	<u>637,962</u>	<u>667,179</u>	<u>651,886</u>
Taxes and general revenues			
Income taxes	50,860	57,358	48,415
Other taxes	20,396	21,821	20,797
Licences, permits and fees	7,988	10,594	9,556
Yukon Liquor Corporation - net income	6,108	6,390	6,243
Investment and interest revenue	3,975	2,894	8,358
Recovery of bad debts	-	1,488	-
Oil and gas resource revenue	641	1,163	1,777
Aviation operations	738	888	772
Gain on sale of lots	146	415	1,788
Fines	408	384	406
Other revenues	207	623	817
	<u>91,467</u>	<u>104,018</u>	<u>98,929</u>
Funding and service agreements with other parties	14,173	17,674	19,835
Amortization of deferred capital contributions	13,732	14,189	13,794
	<u>\$ 757,334</u>	<u>\$ 803,060</u>	<u>\$ 784,444</u>

GOVERNMENT OF YUKON

Schedule B

**Schedule of Expenses
for the year ended March 31, 2008**

	2008	Actual 2008				2007	
	Main Estimates (Note 1(b))	Personnel	Transfer Payments	Other	Amortization Expenses	Total (Note 19)	Actual
	(thousands of dollars)						
Health and Social Services	\$ 205,806	\$ 65,273	\$ 70,446	\$ 71,523	\$ 2,737	\$ 209,979	\$ 197,752
Education	130,386	71,769	28,404	29,024	5,850	135,047	126,183
Highways and Public Works	118,061	35,608	911	61,533	19,516	117,568	115,664
Community Services	74,388	22,150	33,644	18,321	1,544	75,659	81,423
Executive Council Office	51,062	10,843	31,186	2,727	16	44,772	23,696
Justice	43,871	18,593	4,170	21,500	670	44,933	40,963
Energy, Mines and Resources	39,777	20,441	5,023	14,533	104	40,101	36,186
Public Service Commission	30,858	29,358	-	3,575	10	32,943	30,028
Environment	24,762	14,198	1,626	8,495	171	24,490	22,399
Tourism and Culture	21,833	7,162	6,580	7,755	612	22,109	21,568
Economic Development	15,723	4,406	6,276	3,553	34	14,269	16,303
Finance	5,832	4,283	609	569	4	5,465	5,310
Yukon Housing Corporation (Transfer Payment)	5,764	-	6,113	-	-	6,113	3,815
Yukon Legislative Assembly	4,305	2,253	-	959	4	3,216	2,759
Women's Directorate	1,163	484	364	316	-	1,164	1,019
Office of the Ombudsman	471	418	-	100	-	518	440
Elections Office	440	140	-	116	-	256	662
Interest on Loans	213	-	-	77	-	77	357
Yukon Development Corporation (Transfer Payment)	-	-	-	-	-	-	450
Restricted Funds	-	-	-	(2,374)	3,009	635	483
	\$ 774,715	\$ 307,379	\$ 195,352	\$ 242,302	\$ 34,281	\$ 779,314	\$ 727,460

GOVERNMENT OF YUKON

Schedule C

**Schedule of Tangible Capital Assets
for the year ended March 31, 2008**

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Transportation Infrastructure	Other ¹	2008 Total	2007 Total
(thousands of dollars)								
Cost of tangible capital assets, opening ²	\$ 6,066	\$ 462,803	\$ 76,553	\$ 26,450	\$ 713,419	\$ 15,450	\$ 1,300,741	\$ 1,214,055
Acquisitions ²	9	5,740	4,651	2,226	36,894	6,369	55,889	88,952
Write-downs	-	(5)	(21)	(3)	-	-	(29)	(92)
Disposals	-	-	(2,124)	(21)	-	-	(2,145)	(2,174)
⁸⁸ Cost of tangible capital assets, closing	<u>6,075</u>	<u>468,538</u>	<u>79,059</u>	<u>28,652</u>	<u>750,313</u>	<u>21,819</u>	<u>1,354,456</u>	<u>1,300,741</u>
Accumulated amortization, opening	-	173,719	46,492	18,128	164,610	3,455	406,404	375,489
Amortization expense	-	12,759	4,518	1,283	15,242	479	34,281	32,719
Disposals	-	-	(1,799)	(21)	-	-	(1,820)	(1,804)
Accumulated amortization, closing	<u>-</u>	<u>186,478</u>	<u>49,211</u>	<u>19,390</u>	<u>179,852</u>	<u>3,934</u>	<u>438,865</u>	<u>406,404</u>
Net book value (Note 17)	<u>\$ 6,075</u>	<u>\$ 282,060</u>	<u>\$ 29,848</u>	<u>\$ 9,262</u>	<u>\$ 570,461</u>	<u>\$ 17,885</u>	<u>\$ 915,591</u>	<u>\$ 894,337</u>
Work-in-progress		\$ 7,785	\$ -	\$ 3,049	\$ 55,616	\$ 7,113	\$ 73,563	\$ 78,999
Deferred capital contributions (Note 18)	\$ -	\$ 62,859	\$ 1,287	\$ 2,361	\$ 439,763	\$ 3,124	\$ 509,394	\$ 489,517

¹ Includes portable classrooms, land improvements and fixtures.

² Includes work-in-progress.

GOVERNMENT OF YUKON

Schedule D

**Schedule of Retirement Benefits
for the year ended March 31, 2008**

					2008	2007
	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Total	Total
	(thousands of dollars)					
Pension and retirement plan assets are valued at fair market value.						
Accrued benefit obligation						
Obligation at beginning of year	\$ 17,815	\$ 4,923	\$ 32,424	\$ 1,130	\$ 56,292	\$ 51,871
Current service costs	708	295	1,134	35	2,172	2,313
Past service cost	-	-	(9,619)	-	(9,619)	-
Interest cost on benefit obligation	1,177	335	1,370	66	2,948	3,248
Actuarial (gain) loss	-	(169)	945	238	1,014	(193)
Benefits paid	(712)	(92)	(253)	(48)	(1,105)	(947)
Accrued benefit obligation at end of year	<u>\$ 18,988</u>	<u>\$ 5,292</u>	<u>\$ 26,001</u>	<u>\$ 1,421</u>	<u>\$ 51,702</u>	<u>\$ 56,292</u>
Plan assets						
Value at beginning of year	\$ 24,844	\$ 2,674	\$ -	\$ -	\$ 27,518	\$ 25,115
Actual return on plan assets	(466)	208	-	-	(258)	2,208
Government contributions	672	71	253	48	1,044	1,004
Member contributions	129	46	-	-	175	138
Benefits paid	(712)	(92)	(253)	(48)	(1,105)	(947)
Value at end of year	<u>\$ 24,467</u>	<u>\$ 2,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,374</u>	<u>\$ 27,518</u>
Funded status - plan deficit (surplus)	\$ (5,479)	\$ 2,385	\$ 26,001	\$ 1,421	\$ 24,328	\$ 28,774
Unamortized net actuarial gain (loss)	2,895	944	1,028	(207)	4,660	8,738
Accrued benefit liability (asset) (Note 14)	<u>\$ (2,584)</u>	<u>\$ 3,329</u>	<u>\$ 27,029</u>	<u>\$ 1,214</u>	<u>\$ 28,988</u>	<u>\$ 37,512</u>
Net benefit cost						
Current service costs	\$ 708	\$ 295	\$ 1,134	\$ 35	\$ 2,172	\$ 2,313
Less: Member contributions	(129)	(46)	-	-	(175)	(138)
Past service cost	-	-	(9,619)	-	(9,619)	-
Interest cost on benefit obligation	1,177	335	1,370	66	2,948	3,248
Expected return on plan assets	(1,617)	(175)	-	-	(1,792)	(1,639)
Amortization of net actuarial gain	(664)	(135)	(210)	(5)	(1,014)	(1,018)
Net cost for the year	<u>\$ (525)</u>	<u>\$ 274</u>	<u>\$ (7,325)</u>	<u>\$ 96</u>	<u>\$ (7,480)</u>	<u>\$ 2,766</u>

GOVERNMENT OF YUKON

**Schedule of Retirement Benefits
for the year ended March 31, 2008**

Schedule D
Continued

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit
Assumptions				
Expected long-term rate of return on assets	6.5%	6.5%	N/A	N/A
Discount rate on accrued benefit obligation	6.5%	6.5%	5.75%	5.75%
Discount rate on benefit costs	6.5%	6.5%	5.75%	5.75%
Inflation	2.5%	2.5%	N/A	N/A
Rate of compensation increase	2.5% ¹	3.0%	N/A	see below ²
Health care cost trend rate	N/A	N/A	see below ³	N/A
Amortization period (expected average remaining service life)	8.5 years	7.7 years	10.4 years	7.6 years

¹ Annual rates of increase in indemnities and expense allowances. No salary increases are assumed.

² 1.2% on June 1, 2008, 1.8% on January 1, 2009, 1.2% on June 1, 2009, 2.5% per annum thereafter.

³ 12.0% per annum, grading down annually by 1.4% per annum to 5.0% per annum and remaining at that level thereafter.