

GOVERNMENT OF YUKON

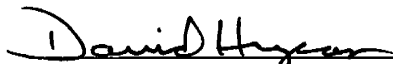
Consolidated Statement of Financial Position
as at March 31, 2013

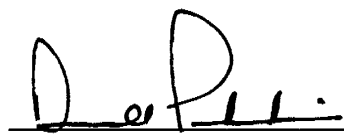
	2013	2012
		(Restated - Note 3)
		(thousands of dollars)
Financial assets		
Cash and cash equivalents (Note 4)	\$ 227,914	\$ 191,589
Due from Government of Canada (Note 5)	73,858	50,586
Accounts receivable (Note 6)	14,443	12,261
Portfolio investments (Note 7)	29,282	27,793
Loans receivable (Note 8)	58,249	53,524
Inventories held for sale (Note 9)	73,413	52,490
Investment in government business enterprises (Note 10(a))	169,465	162,370
	<u>646,624</u>	<u>550,613</u>
Liabilities		
Due to Government of Canada (Note 5)	14,895	12,691
Accounts payable and accrued liabilities (Note 11)	107,581	111,610
Environmental liabilities (Note 12)	21,938	14,575
Unearned revenues (Note 13)	40,352	55,102
Post-employment benefits and compensated absences (Note 14)	97,279	91,714
Retirement benefits (Note 15)	2,117	2,743
Borrowings (Note 16)	81,350	65,590
Liabilities for leased tangible capital assets (Note 17)	-	470
	<u>365,512</u>	<u>354,495</u>
Net financial assets	<u>281,112</u>	<u>196,118</u>
Non-financial assets		
Tangible capital assets (Note 19)	1,247,072	1,213,854
Inventories of supplies	8,406	8,251
Prepaid expenses	2,538	1,859
	<u>1,258,016</u>	<u>1,223,964</u>
Accumulated surplus	<u>\$ 1,539,128</u>	<u>\$ 1,420,082</u>

Contingencies, contractual obligations, commitments and guarantees
(Notes 10(c)(d), 12, 15(d)(e), 22, 24, 25 and 26)

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

Approved:


David Hrycan, CMA, FCMA
Deputy Minister of Finance


Darrell Pasloski
Minister of Finance

GOVERNMENT OF YUKON

**Consolidated Statement of Operations and Accumulated Surplus
for the year ended March 31, 2013**

	2013		2012
	Budget (Note 1(b))	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada	\$ 963,673	\$ 948,100	\$ 874,988
Taxes and general revenues	136,990	159,206	144,976
Funding and service agreements with other parties	50,828	52,665	46,788
Income from investment in government business enterprises	9,629	15,354	12,710
	<u>1,161,120</u>	<u>1,175,325</u>	<u>1,079,462</u>
Expenses (Note 20)			
Health and social services	302,280	295,019	281,500
Community and transportation	259,532	254,362	246,185
Education	175,088	172,816	165,217
General government	127,092	123,960	123,168
Natural resources	119,864	111,644	92,350
Justice	63,189	62,334	58,801
Business, tourism and culture	42,676	37,983	37,815
Interest on loans	1,700	1,678	1,074
Adjustments	(7,206)	-	-
	<u>1,084,215</u>	<u>1,059,796</u>	<u>1,006,110</u>
Recovery of prior years' expenses	-	3,563	1,029
Surplus for the year	<u>\$ 76,905</u>	<u>119,092</u>	<u>74,381</u>
Accumulated surplus at beginning of year, as previously reported		790,707	721,399
Prior-year adjustment (Note 3)		<u>629,375</u>	<u>624,377</u>
Accumulated surplus at beginning of year, restated		1,420,082	1,345,776
Other comprehensive loss of government business enterprises (Note 10(a))		<u>(46)</u>	<u>(75)</u>
Accumulated surplus at end of year		<u>\$ 1,539,128</u>	<u>\$ 1,420,082</u>

GOVERNMENT OF YUKON

**Consolidated Statement of Change in Net Financial Assets
for the year ended March 31, 2013**

	2013		2012
	Budget (Note 1(b))	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Surplus for the year	\$ 76,905	\$ 119,092	\$ 74,381
Effect of change in tangible capital assets			
Acquisitions	(120,631)	(88,533)	(112,596)
Amortization of tangible capital assets	44,836	50,719	48,260
Loss on disposal of tangible capital assets	-	4,286	11,200
Proceeds on disposal of tangible capital assets	-	164	386
Write-down of tangible capital assets	-	146	582
Other budgetary adjustments	5,945	-	-
	(69,850)	(33,218)	(52,168)
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(17,341)	(17,974)
Consumption of inventories of supplies	-	17,186	17,983
Increase in prepaid expenses	-	(679)	(950)
	-	(834)	(941)
Increase in net financial assets	\$ 7,055	85,040	21,272
Net financial assets at beginning of year, as previously reported		188,368	168,512
Prior-year adjustment (Note 3)		7,750	6,409
Net financial assets at beginning of year, restated		196,118	174,921
Other comprehensive loss of government business enterprises (Note 10(a))		(46)	(75)
Net financial assets at end of year		\$ 281,112	\$ 196,118

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

GOVERNMENT OF YUKON
Consolidated Statement of Cash Flow
for the year ended March 31, 2013

	2013	2012
		(Restated - Note 3)
		(thousands of dollars)
Operating transactions		
Cash received from:		
Government of Canada	\$ 910,373	\$ 876,170
Taxes and general revenues	161,423	143,190
Funding and service agreements with other parties	49,654	46,750
Interest from investments and loans	6,666	4,962
	1,128,116	1,071,072
Cash paid for:		
Salary, wages and benefits	470,199	445,169
Materials, utilities and contract services	332,429	307,334
Transfer payments	189,269	171,765
Interest on loans	1,675	1,097
Interest on leased tangible capital asset liabilities	21	97
	993,593	925,462
Cash provided by operating transactions	134,523	145,610
Capital transactions		
Acquisition of tangible capital assets	(88,479)	(115,098)
Proceeds on sale of tangible capital assets	164	386
Cash used for capital transactions	(88,315)	(114,712)
Investing transactions		
Investment in inventories held for sale	(24,490)	(39,726)
Proceeds from sale of inventories held for sale	5,137	6,956
Advances of loans receivable	(13,115)	(9,280)
Repayment of loans receivable	7,298	12,013
Cash used for investing transactions	(25,170)	(30,037)
Financing transactions		
Repayment for leased tangible capital asset liabilities	(470)	(827)
Proceeds from borrowings	18,708	34,102
Repayment of borrowings	(2,951)	(1,920)
Cash provided by financing transactions	15,287	31,355
Increase in cash and cash equivalents	36,325	32,216
Cash and cash equivalents at beginning of year	191,589	159,373
Cash and cash equivalents at end of year (Note 4)	\$ 227,914	\$ 191,589

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2013

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) Budget

The Budget figures are based on the Consolidated Budget of Government of Reporting Entity as published in the Government's 2012/2013 Operation & Maintenance and Capital Estimates.

(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 the 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**

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting entity and method of consolidation

The consolidated financial statements include the accounts of all government sector entities and government not-for-profit organizations.

Government sector entities include departments and government-controlled corporations. Government not-for-profit organizations comprise government-controlled education and health institutions.

The accounts of government sector entities and not-for-profit organizations, except for those that are commercial in nature and are classified as government business enterprises, are consolidated using the full consolidation method. With the full consolidation method, revenue and expense transactions, capital, investing and financing transactions, and related assets and liability accounts between consolidated entities have been eliminated.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2013

The accounts of government business enterprises are consolidated using the modified equity method. Under the modified equity method of consolidation, the accounting policies of consolidated entities are not adjusted to conform with those of the government organizations that are consolidated using the full consolidation method. Inter-entity revenue and expense transactions and related asset and liability balances are not eliminated.

All accounts of the government reporting entity are consolidated using the financial information for the year ended March 31, 2013. As for the organizations that use a fiscal year-end other than March 31, the Government used their interim financial statements as at March 31, 2013.

Trusts administered by the Government on behalf of other parties (Note 21) are excluded from the government reporting entity.

The organizations comprising the government reporting entity, categorized by the consolidation method are as follows:

Full consolidation:

- Government of Yukon departments
- Yukon College
- Yukon Hospital Corporation
- Yukon Housing Corporation

Modified equity:

- Yukon Development Corporation
- Yukon Liquor Corporation

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

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 transfer revenues are made in the year they are known.

Government transfers are recognized as revenue when the funding is authorized and any eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as unearned revenue when transfer stipulations give rise to a liability. Transfer revenues are recognized as the stipulation liabilities are settled.

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Notes to Consolidated Financial Statements March 31, 2013

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. Tax concessions are accrued on the same basis as the associated tax revenues and reduce gross taxation revenue.

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 authorized and recipients have met eligibility criteria.

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.

Portfolio investments are long-term investments and accounted for at the amortized cost. Any discount or premium arising on purchase is amortized over the period to maturity using the effective interest method, and the carrying value of the investment is adjusted systematically, during the period it is held, toward the amount expected to be realized at maturity. The Government periodically re-estimates the expected cash flows, and any impact from changes is recorded as part of the discount or premium amortization and is included in investment income. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

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. The loan receivable is reduced by the amount of a loss when the amount is known with sufficient precision, and there is no realistic prospect of recovery. Interest revenue is recognized on an accrual basis until such time that the collectability of either principal or interest is not reasonably assured. Loans with significant concessionary terms are reviewed annually. Each year a provision based on the present value of the loans at the average borrowing rate is recorded.

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Notes to Consolidated Financial Statements March 31, 2013

Inventories held for sale include land that has been developed by the Government and supplies held for eventual sale. Land held for sale comprises the costs of acquiring, planning and developing serviced lots. 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. Supplies held for sale are recorded at the lower of cost and net realizable value.

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, highway materials that are tracked through revolving funds and medical supplies of the Yukon Hospital Corporation. 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 and transfer payments from the Government of Canada, which have not yet been expended in accordance with funding agreements.

Liabilities for leased tangible capital assets 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. Interest costs on loans that are directly attributable to the acquisition of tangible capital assets are capitalized.

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 19 of these financial statements.

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**Notes to Consolidated Financial Statements
March 31, 2013**

Tangible capital assets that are held and available for use by the Government are generally amortized on a straight-line basis over their estimated useful life of the asset as follows:

<u>Asset category</u>	<u>Estimated useful life</u>
Land	N/A
Buildings	
Buildings	40 - 50 years
Leasehold improvements	Shorter of the lease term or useful economic life
Equipment and vehicles	
Heavy equipment	7 - 30 years
Operating equipment	7 - 25 years
Vehicles	6 - 20 years
Computer hardware and software	
Computer hardware	5 years
Computer software	7 years
Transportation infrastructure	
Forestry access roads	10 years
Highways	30 - 50 years
Pavement/surfaces	20 - 30 years
Bridges	30 - 50 years
Airport runways	26 - 50 years
Other	
Portable classrooms/housing trailers	20 years
Land improvements and fixtures	up to 50 years
Sewage and water systems	50 years
Mobile radio system infrastructure	15 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 and compensated absences

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. Compensated absences are benefits for employees to be absent while being paid. The Government recognizes the obligation for these benefits as a liability and use actuaries to estimate the amount of the obligation. Expenses related to post-employment benefits and compensated absences are recognized in the period in which the employee's service is rendered and the benefits are earned. The accrued benefit liability for these benefits is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

(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.

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Notes to Consolidated Financial Statements March 31, 2013

Retirement benefits to Members of the Legislative Assembly, territorial court judges, and the employees of Yukon College and the Yukon Hospital Corporation 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 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. Plan assets are valued at the fair market value.

(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 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.

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards 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 portfolio investments, post-employment and retirement benefits, environmental liabilities, amortization of tangible capital assets, contingencies and revenue accruals such as Canada health and social transfer payments, and corporate and personal income tax revenue.

3. **Prior-year adjustments**

Adoption of new accounting standards

Effective the fiscal year 2012/2013, the Government implemented Sections PS 3410 Government transfers and PS 3510 Tax revenue of the Public Sector Accounting Handbook issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA). These new accounting standards are applied retroactively with restatements of prior-year amounts.

(a) Revenue recognition of transferred or contributed tangible capital assets

Prior to 2012/2013, where the fair value has been capitalized for tangible capital assets that were transferred from a third party such as the Government of Canada, the Government recorded an offset as a deferred capital contribution. The Government also deferred funding received for the acquisition or construction of tangible capital assets, and amortized it on the same basis as the related asset was amortized. These deferred capital contributions were reported as a part of non-financial assets, offsetting the value of tangible capital assets.

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Notes to Consolidated Financial Statements March 31, 2013

With implementation of the new standards for government transfers, government transfers are recognized as revenue when the funding or transfer of a tangible capital asset is authorized and any eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability. This liability is recorded as unearned revenue. Transfer revenues are recognized as the stipulation liabilities are settled. The Government has determined none of the deferred capital contributions that were reported at March 31, 2012 met the definition of liabilities. Consequently, these amounts have been moved to accumulated surplus with restatements of prior-year amounts.

(b) Expense recognition of a transfer that is intended to be spent by the recipient in future years

Until 2011/2012, the Government deferred the expense recognition of a transfer that is intended to be spent by the recipient in future years. This deferral was reported as part of prepaid expenses. Under the new standards for government transfers, effective 2012/2013, the Government recognizes an expense in the period the transfer is authorized and all eligibility criteria have been met by the recipient.

(c) Changes in relation to the new tax revenue standards

As of the fiscal year 2012/2013, the Government classifies transfers made through a tax system and tax concessions in accordance with the new tax revenue section of the Public Sector Accounting Handbook. The net effect of this change in accounting policy is an increase of revenue and expense by the same amount.

Change in an accounting policy

(d) Compensated absences

Prior to the fiscal year 2012/2013, the Government of Yukon departments did not recognize a liability associated with compensated absences that are used by employees during employment since it was not considered material. As of the fiscal year 2012/2013, the Government of Yukon departments recognize expenses and a liability for this benefit based on an actuarial valuation.

Correction of an accounting error

(e) Correction of employee future benefits liabilities - government not-for-profit organizations

Until the fiscal year 2011/2012, employee future benefits liabilities of the Yukon Hospital Corporation and Yukon College were calculated using the accounting method recommended in the CICA Handbook - Accounting. These amounts had not been re-calculated using the method recommended in the Public Sector Accounting Handbook prior to consolidation. As of the fiscal year 2012/2013, these liabilities of the Yukon Hospital Corporation and Yukon College are calculated in accordance with Canadian public sector accounting standards, which resulted in an increase of accrued pension benefit assets and a reduction of the post-employment benefits accrued benefit liability. These changes have been applied retroactively with restatement of prior-year amounts.

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Notes to Consolidated Financial Statements
March 31, 2013

Effects of the above adjustments are summarized as follows:

	March 2012 as previously reported	Adjustments					Total adjustments	March 2012 restated
		(a) Revenue recognition of capital transfers	(b) Expense recognition of transfers	(c) Tax revenues related changes	(d) Compensated absences	(e) PSA adoption by GNFPPO		
(thousands of dollars)								
Financial assets	\$ 550,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,613
Liabilities	362,245	-	-	-	4,400	(12,150)	(7,750)	354,495
Net financial assets	188,368	-	-	-	(4,400)	12,150	7,750	196,118
Non-financial assets	602,339	622,505	(880)	-	-	-	621,625	1,223,964
Revenues	1,066,616	10,813	-	2,033	-	-	12,846	1,079,462
Expenses	998,262	7,877	(721)	2,033	110	(1,451)	7,848	1,006,110
Surplus for the year	69,383	2,936	721	-	(110)	1,451	4,998	74,381
Accumulated surplus at beginning of year	721,399	619,569	(1,601)	-	(4,290)	10,699	624,377	1,345,776
Accumulated surplus at end of year	790,707	622,505	(880)	-	(4,400)	12,150	629,375	1,420,082

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Notes to Consolidated Financial Statements
March 31, 2013

4. **Cash and cash equivalents**

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Bank balances	\$ 221,677	\$ 181,158
Short-term investments	6,136	9,951
Cash on hand	101	74
Funds held for the Government by trustees	-	406
	<u>\$ 227,914</u>	<u>\$ 191,589</u>

At March 31, 2013, \$2,535,000 (2012 - \$2,683,000) of bank balances were designated to be used for housing projects benefitting seniors.

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

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 68,806	\$ 43,994
Income tax receivable	4,585	5,910
Other	467	682
	<u>\$ 73,858</u>	<u>\$ 50,586</u>
Due to Government of Canada		
RCMP	\$ 6,183	\$ 5,547
Public Service Pension Plan contribution payable	5,541	5,497
Other	3,171	1,647
	<u>\$ 14,895</u>	<u>\$ 12,691</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.

6. **Accounts receivable**

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 12,970	\$ 10,160
Less valuation allowances	(1,565)	(1,391)
	11,405	8,769
Due from Territorial corporations that are not fully consolidated	3,038	3,492
	<u>\$ 14,443</u>	<u>\$ 12,261</u>

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Notes to Consolidated Financial Statements
March 31, 2013

7. **Portfolio investments**

On March 31, 2013 the Government held portfolio investments in floating rate notes with a carrying value of \$29.3 million (2012 - \$27.8 million) as a result of a restructuring process related to previous investments. Upon the restructuring, on January 21, 2009, the Government received notes with a face value of \$36.3 million of various classes issued by a trust referred to as the "Master Asset Vehicle II" ("MAV II").

The investments were recorded at a discount to their face value. This discount is amortized over time as the investments move closer to their maturity dates. The March 31, 2013 carrying value reflects \$1,489,000 amortization of the discount recognized as part of the current year revenue from portfolio investments.

The Government held the following investments in MAV II notes:

	2013		2012	
	Face Value	Carrying Value	Face Value	Carrying Value
	(thousands of dollars)			
Master Asset Vehicle II				
Class A-1 Notes	\$ 15,726	\$ 13,324	\$ 15,726	\$ 12,757
Class A-2 Notes	16,455	13,824	16,455	13,208
Class B Notes	2,986	1,832	2,986	1,612
Class C Notes	1,089	302	1,089	216
	<u>\$ 36,256</u>	<u>\$ 29,282</u>	<u>\$ 36,256</u>	<u>\$ 27,793</u>

All notes are scheduled to be repaid on January 22, 2017. Class A-1 and A-2 notes pay quarterly interest at a rate equivalent to a banker's acceptance rate minus 0.5%. Class B notes accrue interest at the same rate as A-1 and A-2 notes but will not pay interest until after the principal and interest on Class A-1 and A-2 notes have been fully paid. Class C notes accrue interest at a banker's acceptance rate plus 20% but will not pay interest until after the principal and interest on Class B notes have been fully paid.

All notes are backed by a combination of structured and traditional assets. On June 27, 2012, Dominion Bond Rating Service Limited (DBRS) upgraded the rating of the Class A-1 notes to AA(low)(sf) from A(high)(sf) Under Review with Positive Implications and DBRS maintained the rating of the Class A-2 notes at BBB(high)(sf). Class B and C notes are not rated.

GOVERNMENT OF YUKON

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8. **Loans receivable**

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Yukon Housing Corporation mortgages receivable, secured by registered charges against real property, chattel mortgages and general security agreements, due in varying annual amounts to the year 2025 (2012 – 2024) bearing interest rates ranging from 0% to 7.00% (2012 – 0% to 7.00%), net of allowance for subsidies and valuation of \$236,000 (2012 - \$313,000) and a provision in the amount of \$421,000 (2012 – \$276,000) for loans with significantly low interest rates	\$ 37,781	\$ 34,722
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2018 (2012 – 2017) bearing interest rates ranging from 3.00% to 7.25% (2012 – 3.00% to 7.25%)	7,568	8,709
Debenture loans to municipalities, due in varying annual amounts to the year 2030 (2012 – 2030), bearing interest rates ranging from 3.26% to 7.50% (2012 – 4.00% to 7.50%)	4,758	2,789
Local improvement loans, due in varying annual amounts to the year 2040 (2012 – 2040), bearing interest rates ranging from 0.50% to 6.00% (2012 – 0.50% to 5.00%)	4,506	4,222
Other, net of allowance for doubtful accounts of \$1,412,000 (2012 - \$1,901,000)	3,636	3,082
	<u>\$ 58,249</u>	<u>\$ 53,524</u>

9. **Inventories held for sale**

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Land held for sale		
Undeveloped land	\$ 580	\$ 474
Land under development	48,531	41,437
Developed land	<u>24,166</u>	<u>10,470</u>
	73,277	52,381
Other	<u>136</u>	<u>109</u>
	<u>\$ 73,413</u>	<u>\$ 52,490</u>

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10. **Investment in government business enterprises**

(a) Summary financial statements

Summary financial statements of the government entities accounted for by the modified equity method are provided below. The Yukon Development Corporation has a fiscal year-end of December 31. The Yukon Liquor Corporation has a fiscal year-end of March 31.

	<u>Yukon Development Corporation</u>	<u>Yukon Liquor Corporation</u>	<u>2013 Total</u>	<u>2012 Total</u>
	(thousands of dollars)			
Assets				
Current	\$ 24,967	\$ 3,694	\$ 28,661	\$ 20,777
Capital assets	381,620	1,183	382,803	382,482
Other	<u>27,713</u>	<u>-</u>	<u>27,713</u>	<u>28,414</u>
	<u>\$ 434,300</u>	<u>\$ 4,877</u>	<u>\$ 439,177</u>	<u>\$ 431,673</u>
Liabilities				
Current	\$ 12,423	\$ 2,934	\$ 15,357	\$ 20,239
Long-term debt	131,547	-	131,547	124,420
Other	122,048	760	122,808	124,644
Equity	<u>168,282</u>	<u>1,183</u>	<u>169,465</u>	<u>162,370</u>
	<u>\$ 434,300</u>	<u>\$ 4,877</u>	<u>\$ 439,177</u>	<u>\$ 431,673</u>
Revenues	\$ 45,861	\$ 16,879	\$ 62,740	\$ 56,369
Expenses	<u>39,136</u>	<u>8,250</u>	<u>47,386</u>	<u>43,659</u>
Surplus	6,725	8,629	15,354	12,710
Other comprehensive loss	-	(46)	(46)	(75)
Remitted to the Government	-	(8,213)	(8,213)	(8,865)
Equity, beginning of year	<u>161,557</u>	<u>813</u>	<u>162,370</u>	<u>158,600</u>
Equity, end of year	<u>\$ 168,282</u>	<u>\$ 1,183</u>	<u>\$ 169,465</u>	<u>\$ 162,370</u>

Equity represents the Government's investment in the government business enterprises.

Other comprehensive income of the Yukon Liquor Corporation resulted from the actuarial loss on its employee non-pension benefit liability.

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(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Liquor Corporation	2013 Total	2012 Total
(thousands of dollars)				
Government of Yukon:				
Accounts receivable from	\$ 255	\$ 1,083	\$ 1,338	\$ 1,850
Accounts payable to	1,406	278	1,684	1,276
Long-term obligations to	162	-	162	162
Revenues from	344	9,293	9,637	10,220
Expenses to	16,043	2	16,045	13,581

(c) Commitments

Yukon Development Corporation

In June 2010, the Yukon Development Corporation ("YDC") issued 30-year bonds in the amount of \$100 million at a fixed coupon rate of 5.0% per annum in part to finance the grant from the Yukon Development Corporation Fund and ratepayers' future contributions towards the construction of the Mayo B hydro enhancement and the Carmacks-Stewart transmission phase II projects. In the Memorandum of Understanding ("the MOU") between the Government and YDC dated March 10, 2011, the Government agreed to provide YDC with financial assistance to a maximum of \$2,625,000 annually from April 1, 2011, to March 31, 2042, based on a prescribed formula where, depending on the annual financial results of YDC, the Government funding will be reduced or eliminated. In 2012/2013, the Government paid \$2,625,000 (2012 - \$1,313,000) to YDC based on the MOU.

The Government authorized the continuation of the Interim Electrical Rebate program to March 31, 2014. This rebate program provides subsidies to non-government residential customers. It was initially implemented in 2009 as an Interim replacement of the Rate Stabilization Fund. During the fiscal year 2012/2013, the Government provided \$3,291,000 (2012 - \$3,000,000) to YDC for this purpose. The Government is committed to fund \$3,350,000 in the fiscal year 2013/2014.

As at March 31, 2013, the Yukon Energy Corporation, the wholly-owned subsidiary of YDC, had contractual obligations for future purchases of products or services in the amount of \$5.0 million (2012 - \$4.0 million).

Yukon Liquor Corporation

In the normal course of operations, the Yukon Liquor Corporation enters into multi-year arrangements for the provision of freight and other services. The total commitments as at March 31, 2013 for future years ending on March 31, 2015 are \$4.5 million (March 31, 2012 for 2013 - \$6.4 million).

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(d) Contingencies

Yukon Development Corporation

At March 31, 2013, the Yukon Energy Corporation had a claim from a contractor in the amount of \$4 million plus interest and legal costs as well as a potential claim from another contractor in the amount of \$1.8 million in relation to its construction contracts. The outcome of these claims was not determinable at the financial statements date and no amount was recognized in its financial statements.

(e) Future accounting changes

Yukon Development Corporation

Publicly accountable enterprises were required to move from Canadian generally accepted accounting principles to International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (IASB) and adopted by the Canadian Institute of Chartered Accountants (CICA), for years beginning on or after January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. In February 2013, the CICA Accounting Standards Board announced an extension of the existing deferral for qualifying rate regulated entities to January 1, 2015. This further extension is offered in recognition that the IASB is on track to issue an interim standard by the end of the 2013 year. The Yukon Energy Corporation has chosen to adopt this deferral and continues to monitor the situation. The deferral also applies to the consolidated financial statements of parents of qualifying entities with rate-regulated activities.

(f) Subsequent events

Yukon Development Corporation

Subsequent to the financial statements date, the Yukon Energy Corporation commenced a project of replacing two diesel-fired generators at its Whitehorse Rapids Generating Station with modular reciprocating natural gas-fired engines and related infrastructure. The project is scheduled to be complete by the end of 2014 at an estimated cost of \$34.4 million.

11. **Accounts payable and accrued liabilities**

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Accrued liabilities	\$ 48,048	\$ 53,249
Accounts payable	47,643	44,410
Contractors' holdbacks and security deposits	9,623	12,400
Due to Territorial corporations that are not fully consolidated	<u>2,267</u>	<u>1,551</u>
	<u>\$ 107,581</u>	<u>\$ 111,610</u>

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12. **Environmental liabilities**

The Government recognizes that there are costs related to the remediation of contaminated sites for which the Government is responsible.

As at March 31, 2013, the Government was aware of 61 sites (2012 – 46 sites) where the Government is obligated or is likely obligated to incur such costs. Of the 61 sites, 10 are airports and 22 are highway maintenance camps. Phase I Environmental Site Assessments (ESA) have been undertaken on all but two of the 61 sites. Those two sites are not owned by the Government; however, the Government will be held responsible if it is determined that remediation is required. Phase I ESA review indicates that the level of contamination is likely low at nine of the 10 airports, four highway maintenance camps and 10 other sites. Significant remediation work is in progress for one highway maintenance camp and at the Marwell Tar Pit (see below). Remediation work is also planned for three other sites in the fiscal year 2013/2014. The rest of the sites are undergoing or require Phase II ESA work. The Government is committed to perform Phase II ESA on these sites in a systematic manner.

Remediation costs for the sites that are known to be contaminated and the Government is obligated to remediate are currently estimated at \$16.2 million (2012 - \$13.0 million), which has been recorded as a liability. The estimated cost to remediate the sites is based on management's best estimates as of the financial statement date and, therefore, actual amounts could vary significantly.

One of the 61 sites, Marwell Tar Pit, has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a "responsible party" as defined by the *Environment Act* (Yukon) and determined by the *Contaminated Sites Regulation*. The Government of Canada was the landowner when the contamination occurred. On September 7, 2010, the Government and the Government of Canada entered into an agreement to remediate the site over 11 years with a total estimated cost of \$6.8 million, of which the Government is to fund 30% or \$2.0 million and the Government of Canada \$4.8 million. As at March 31, 2013, \$1.9 million (2012 - \$2.0 million) was recorded as a liability for this site, which is part of the \$16.2 million noted above.

The *Environment Act* (Yukon) – *Solid Waste Regulations* include requirements for closure and abandonment of a dump. There are 23 active or decommissioned landfill sites that are outside incorporated communities and, therefore, are the responsibility of the Government. The Government is the sole operator of these landfills. A liability is recognized as the landfill site's capacity is used with usage measured on a volumetric basis. As at March 31, 2013, the net present value of total expenditures for closure and post-closure care is estimated to be \$6,611,000 and a liability in the amount of \$5,133,000 (2012 - \$535,000) has been recorded for these sites. The amount remaining to be recognized in the future is \$1,478,000. No assets are designated for settling these liabilities.

In calculation of the above liability, the remaining landfill life was estimated to be from zero to 50 years. Solid waste permits issued under the *Solid Waste Regulations* specify 25 years of post-closure monitoring; therefore, 25 years is used as an estimated length of time needed for post-closure care.

In fall 2010, it was confirmed that approximately 20,000 litres of fuel oil had been spilled under two Yukon Housing Corporation properties in Dawson City. The remediation plan and projected future costs were prepared by independent consultants, and the remediation procedures started in the summer of 2011. Projected future expenditures to remediate these properties over the next five years are \$505,000 (2012 - \$1,031,000 over six years). There are other properties of the Yukon Housing Corporation, which had oil spills and require remediation. Total costs of remediating these sites are estimated to be about \$105,000. These amounts have been recorded as a liability in these financial statements.

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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 on its part in relation to these mine sites.

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Liabilities for contaminated sites	\$ 16,805	\$ 14,040
Solid waste landfill closure and post-closure liability	<u>5,133</u>	<u>535</u>
	<u>\$ 21,938</u>	<u>\$ 14,575</u>

13. **Unearned revenues**

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Liability portion of government transfers	\$ 36,647	\$ 50,846
Motor vehicle fees for future years	2,918	2,631
Other	<u>787</u>	<u>1,625</u>
	<u>\$ 40,352</u>	<u>\$ 55,102</u>

14. **Post-employment benefits and compensated absences**

(a) The Government of Yukon and Yukon Housing Corporation

Employees of the Government of Yukon and the Yukon Housing Corporation receive severance benefits that are paid on termination of service or upon retirement based on the number of years worked, the level of the pay at the time of termination or retirement and the category of employment. In addition, if an employee has at least five years of continuous service, a cash-in of sick leave will be paid. 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.

The actuarial obligation for severance and sick and vacation leave benefits is calculated using the projected benefit method prorated on service. The Government and the Corporation have conducted actuarial valuations of post-employment benefits at April 1, 2010. March 31, 2013 amounts are based on an extrapolation of April 1, 2010 amounts. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Members of the Yukon Legislative Assembly receive a severance benefit in accordance with the *Legislative Assembly Retirement Allowance Act, 2007* (Yukon). The accrued benefit obligation is calculated actuarially using the projected benefit method prorated on services. The valuation included in these financial statements is based on membership data compiled at March 31, 2012. The results of the valuation were then projected to the March 31, 2013 measurement date. The Government funds Yukon Legislative Assembly members' severance benefit obligation. The fund asset is held and managed by an external investment manager.

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As of the fiscal year 2012/2013, the Government accounts for compensated absences liabilities in accordance with Canadian public sector accounting standards. This change in accounting policy has been implemented retroactively with a restatement of the prior-year amount. In order to calculate accrued liabilities for these benefits, the actuary used the same membership data as those used in the post-employment benefits valuation at April 1, 2010.

(b) Yukon College

Yukon College's cost of benefit plans, other than pensions, including severance benefits, sick leave and managers' accrued leave, payable upon termination of employment, death or retirement, is actuarially determined using the projected accrued benefit method prorated on employment services. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. The actuarial valuation of the accrued benefit liability was performed as at June 30, 2012.

Yukon College accrues vacation leave and other compensated absences for employees as earned.

(c) Yukon Hospital Corporation

Employees of the Yukon Hospital Corporation are entitled to specified severance and sick leave benefits as provided for under union contracts and conditions of employment. There are no segregated assets for these post-employment benefits.

An actuarial valuation of the specified severance, special leave and sick leave benefits was performed for accounting purposes as of March 31, 2013 using the projected benefits method prorated on services. The actuarial valuation used membership data at December 31, 2012.

The accrued liabilities for the above post-employment benefits as of March 31, 2013 were as follows:

	<u>2013</u>	<u>2012</u> (Restated – Note 3(d)(e))
	(thousands of dollars)	
Post-employment benefits and compensated absences liability (asset) (Schedule D)		
Government of Yukon employees	\$ 87,602	\$ 82,409
Yukon College	5,123	4,882
Yukon Hospital Corporation	2,536	2,710
Yukon Housing Corporation	2,020	1,759
Members of Yukon Legislative Assembly	<u>(2)</u>	<u>(46)</u>
	<u>\$ 97,279</u>	<u>\$ 91,714</u>

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15. **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 service. During the calendar year 2012, the Government contributed \$1.74 for every dollar contributed by the employee, and \$8.95 for every dollar contributed by the employee for the portion of the employee's salary above \$148,000.

In December 2012, the Government of Canada passed legislation to create a new group of plan members for the employees who join the plan on or after January 1, 2013. This group of plan members is eligible to retire with an unreduced public service pension benefit at age 65 with at least two years of pensionable service (or at age 60 with at least 30 years of service) while the old group of members is eligible to retire with an unreduced public service pension benefit at age 60 with at least two years of pensionable service (or at age 55 with at least 30 years of service). These changes also resulted in the two groups' paying different rates of contributions to the plan. Effective January 1, 2013, the Government contributes \$1.64 for every dollar contributed by the old group of plan members and \$1.57 for the new group of plan members. For the portion of the employee's salary above \$150,900, the Government contributes \$8.00 for every dollar contributed by both groups of plan members.

The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$36,542,000 (2012 - \$35,485,000).

(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. These benefits are based on service and 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 and are accepted by the Members' Services Board of the Legislative Assembly. The last actuarial valuation for funding purposes was performed as of March 31, 2012. The accrued benefit obligation as at March 31, 2013 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2012.

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(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is a defined benefit pension plan, which 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).

Pursuant to the *Territorial Court Judiciary Pension Plan Act* (Yukon), the pension fund assets for the judiciary registered pension plan and the judiciary retirement compensation arrangement are held separate and distinct from the Government's operations, and are managed by an investment manager. The *Territorial Court Judiciary Pension Plan Act* stipulates that no contributions are to be made to the supplementary judiciary pension plan, and no fund is to be maintained for this plan.

Actuarial valuations for the Territorial Court Judiciary Pension Plan for accounting and funding purposes were conducted using the membership data as at March 31, 2011. The accrued benefit obligation as at March 31, 2013 is based on an extrapolation of the March 31, 2011 actuarial valuation.

(d) Yukon College Employees' Pension Plan

The Yukon College Employee's Pension Plan is a contributory defined benefit pension plan. The College's pension plan provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees after 24 months of continuous service. The College's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings. The College has contracted with external organizations to provide the services of trustee, administrator, and investment manager for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

Actuarial valuation for accounting purposes was performed as of June 30, 2012 following Canadian public sector accounting standards. An actuarial valuation for funding purposes was performed as of June 30, 2012, which established Yukon College's required contributions as 183.7% of employee contributions.

The actuarial valuation for funding purposes as at June 30, 2012 indicates the College had an actuarial surplus of \$2,403,000 at the measurement date on a going-concern basis and a deficit of \$19,974,000 if valued on the basis that the pension plan were terminated/wound up as at June 30, 2012. The solvency ratio of the plan was 76.3% at June 30, 2012.

For any unfunded pension liability, the College has obtained a letter of credit in lieu of making solvency payments. The amount of the letter of credit is equal to the amount of solvency payments required as determined by the actuary. The Government has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letters of credit required by Yukon College to address its solvency deficit in its pension plan, the Government will provide the necessary financial support to address any resulting debt, interest and costs that may be required under the federal pension legislation. This guarantee remains in effect to July 31, 2014. The maximum amount of letters of credit to which this guarantee applies will be \$6,921,000.

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(e) Yukon Hospital Corporation Employees' Pension Plan

The Yukon Hospital Corporation Employees' Pension Plan is a contributory defined benefit pension plan, which provides defined retirement benefits based on the length of service and final average earnings of an employee, and is administered by the Corporation's Board of Trustees. A separate pension fund is maintained to hold plan assets. The Yukon Hospital Corporation has contracted with external organizations to provide trustee and investment management services for the fund.

An actuarial valuation for funding purposes was performed at December 31, 2012. This valuation reported that, as at December 31, 2012, the pension plan had a deficit of \$7.8 million on a going concern basis, and a deficit of \$27.9 million if valued on the basis that the pension plan were terminated/wound up. The solvency ratio of the plan is 72%. In accordance with the *Pension Benefits Standards Act, 1985* (Canada), the Corporation is required to make special payments to eliminate the solvency shortfall. The payments have been actuarially determined as monthly payments of \$375,000 over the 2013 year. In lieu of special solvency payments, the Corporation has obtained a conforming letter of credit to satisfy the solvency special payment. During the fiscal year, the Corporation entered into letters of credit totaling \$5,711,000 (2012 - \$2,250,000) related to solvency deficiency payments.

An actuarial valuation for accounting purposes was performed as of March 31, 2013 following Canadian public sector accounting standards. The next actuarial valuation for accounting purposes will be performed as of March 31, 2014.

(f) 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 non-pension defined benefit plans. The extended health care plan is self-insured. The accrued benefit obligation as at March 31, 2013 is based on an extrapolation of an actuarial valuation conducted as at April 1, 2010. An actuarial valuation as of March 31, 2013 is to be performed during the fiscal year 2013/2014. 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.

The accrued benefit liability for the above retirement benefits as of March 31, 2013 was as follows:

	<u>2013</u>	<u>2012</u> (Restated – Note 3(e))
	(thousands of dollars)	
Accrued benefit liability (asset) (Schedule E)		
Extended health care retirement benefit	\$ 31,655	\$ 29,359
Territorial Court Judiciary Pension Plan	4,419	4,154
Life insurance retirement benefit	1,342	1,254
Legislative Assembly Retirement Allowances Plan	(2,811)	(2,075)
Yukon College Employees' Pension Plan	(13,861)	(12,860)
Yukon Hospital Corporation Employees' Pension Plan	<u>(18,627)</u>	<u>(17,089)</u>
	<u>\$ 2,117</u>	<u>\$ 2,743</u>

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16. **Borrowings**

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Yukon Hospital Corporation – loans with a chartered bank. (see below)	\$ 65,632	\$ 51,754
Yukon Housing Corporation – mortgages payable to chartered banks and Canada Mortgage and Housing Corporation (CMHC), secured by fixed charges against housing projects, repayable in blended monthly payments with maturities up to the year 2029, bearing fixed interest rates ranging from 1.88% to 12.50%.	6,914	7,763
Yukon Housing Corporation – loans payable to chartered banks and CMHC, repayable in blended periodic instalments with maturities up to the year 2028, bearing fixed interest rates ranging from 3.35% to 13.25%.	4,482	5,347
Yukon Hospital Corporation – line of credit payable to a chartered bank, bearing interest at the bank's prime rate.	4,160	564
Yukon Hospital Corporation - flexible term note payable to the Yukon Development Corporation, bearing interest rate at 7.50% repayable in annual instalments, based on the annual energy savings realized, secured by a general security agreement on building improvements with a net book value of \$297,000 (2012 - \$327,000).	162	162
	<u>\$ 81,350</u>	<u>\$ 65,590</u>

Yukon Hospital Corporation

(a) Loans with a chartered bank

In 2011 and 2012, the Corporation entered into demand term instalment loans with a chartered bank to repay the demand construction facilities set up in 2010 and 2011 for the construction of the new staff/medical services building and Thomson Centre construction projects in Whitehorse. The amounts of the demand term instalment loans are \$18.1 million and \$3.4 million and are amortized over 17 years and 10 years respectively.

In 2012, the Corporation revised the unsecured demand construction loan facility to be used for financing costs of the new Watson Lake Hospital facility. The estimated costs were up to \$27.9 million. The demand construction facility was repaid in full from the proceeds of a demand term instalment loan in June 2013. The Watson Lake Hospital facility was substantially complete in late August 2013.

In 2012, the Corporation revised the demand construction loan facility to be used for financing costs of the Dawson City Hospital facility. The estimated costs are up to \$31.8 million.

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The demand construction facility will be repaid in full from the proceeds of a demand term instalment loan upon substantial completion of the project, which is estimated to be October 2013. Interest rates on these loans range from 4.22% to 5.23% (2012 – 4.22% to 5.23%).

(b) Interest rate swap agreements

The Yukon Hospital Corporation has entered into interest rate swap agreements with a chartered bank to reduce its exposure to fluctuations in interest rates on a portion of its debt. Interest rate swap agreements are transactions in which two parties exchange interest flows on a specified notional amount on predetermined dates for a specific period of time using agreed upon fixed or floating rates of interest. Notional amounts upon which the interest payments/receipts are based are not exchanged. The floating rate for the initial calculation period remains to be determined, but the floating rate option will be based on the Canadian Dollar – Bankers' Acceptance – Canadian Dealer Offer Rate (CAD-BA-CDOR). The spread is 0.85000%. These agreements take effect once the demand construction loans have been converted into demand instalment loans. The terms and conditions of the interest rate swap agreements are highly correlated with the host debt instrument to which they relate.

The notional amount of the swap agreements was \$54,992,000 at March 31, 2013 (2012 - \$47,990,000). The fair value of the interest rate swap at March 31, 2013 is in a net unfavourable position of \$7,458,000 (2012 - \$6,425,000).

(c) Subsequent reduction of borrowings

In March 2013, the Government announced its commitment to provide \$27 million to the Yukon Hospital Corporation in the fiscal year 2013/2014, pending legislative approval, to help reduce the Corporation's debt. In accordance with a contribution agreement that was signed in April 2013, \$14.5 million of the \$27 million was paid to the Corporation on May 1, 2013, which was applied in its entirety to reduce its bank debt. The remainder of the funding is to be provided to the Corporation as the Corporation makes payments for costs incurred to complete the Watson Lake and Dawson City Hospitals.

Principal repayment requirements over the next five years on outstanding borrowings are as follows:

	(thousands of dollars)
2014	\$ 19,959
2015	5,040
2016	5,035
2017	4,319
2018	4,253
Thereafter	<u>42,744</u>
	<u>\$ 81,350</u>

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Borrowing Limit

An Order in Council (P.C. 2012-280) issued pursuant to subsection 23(2) of the *Yukon Act* (Canada) provides authority to the Government and its entities to borrow in aggregate to a maximum of \$400 million. The new *Yukon Borrowing Limits Regulations* came into force on March 8, 2013. These regulations prescribe what constitutes borrowing, the entities whose borrowing must be taken into account, and the manner in which the value of a borrowing is determined.

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Loans of money by government reporting entity:		
Government business enterprises		
Yukon Development Corporation, bonds	\$ 100,000	\$ 100,000
Yukon Development Corporation, other long-term debt	<u>33,010</u>	<u>26,224</u>
	<u>133,010</u>	<u>126,224</u>
Fully consolidated entities		
Yukon Hospital Corporation, bank loans	65,632	51,754
Yukon Housing Corporation, mortgages payable	6,914	7,763
Yukon Housing Corporation, loans payable	<u>4,482</u>	<u>5,347</u>
	<u>77,028</u>	<u>64,864</u>
	210,038	191,088
Accrued interest payable	1,358	1,378
Credit facilities available (applicable to March 7, 2013)	-	62,000
Credit facilities used (applicable from March 8, 2013)	4,525	-
Authorized borrowing limit	<u>400,000</u>	<u>400,000</u>
Available borrowing capacity	<u>\$ 184,079</u>	<u>\$ 145,534</u>

17. Liabilities for leased tangible capital assets

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2013, with imputed interest rate of 13.5%.	<u>\$ -</u>	<u>\$ 470</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$21,000 (2012 - \$97,000) at an imputed average interest rate of 13.5% (2012 - 12.2%).

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2013

18. **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:

	2013		2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(thousands of dollars)			
Portfolio investments				
Master Asset Vehicle II	<u>\$ 29,282</u>	<u>\$ 31,187</u>	<u>\$ 27,793</u>	<u>\$ 29,354</u>
Loans receivable				
Mortgages receivable, net of valuation allowance	\$ 37,781	\$ 35,582	\$ 34,722	\$ 28,631
Other loans receivable, net of valuation allowance	<u>20,468</u>	<u>20,920</u>	<u>18,802</u>	<u>19,291</u>
	<u>\$ 58,249</u>	<u>\$ 56,502</u>	<u>\$ 53,524</u>	<u>\$ 47,922</u>
Borrowings				
Short-term debt with bank	\$ 69,792	\$ 73,896	\$ 52,318	\$ 54,864
Mortgages payable	6,914	7,227	7,763	8,162
Loans payable	4,482	4,764	5,347	5,580
Other	<u>162</u>	<u>112</u>	<u>162</u>	<u>198</u>
	<u>\$ 81,350</u>	<u>\$ 85,999</u>	<u>\$ 65,590</u>	<u>\$ 68,804</u>

An active and established market has developed for the Master Asset Vehicle II notes. Consequently, for March 31, 2013, the estimated fair value is calculated using observed market data. The estimated fair value at March 31, 2012 was calculated using a probability-weighted discounted cash flow valuation technique.

Since the above valuation is based on market information available at March 31, 2013, the fair value of portfolio investments may change materially in future periods as a result of fluctuations in the market. However, these changes are not expected to result in a significant impact on the Government's future operations.

The estimated fair values of loans receivable were determined using the present value of future cash flows discounted at the March 31, 2013 average market rate for mortgages and loans with similar maturities. Until settled, the fair value of loans receivable will fluctuate based on changes in interest rates. The Government believes the carrying amount of loans receivable will be fully recovered.

The estimated fair value for borrowings is calculated by discounting the expected future cash flows at year-end market interest rates for equivalent terms to maturity.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2013**

19. **Tangible capital assets**

	2013 Net Book Value	2012 Net Book Value
	(thousands of dollars)	
Land	\$ 12,355	\$ 12,319
Buildings	473,636	466,136
Equipment and vehicles	46,365	45,340
Computer hardware and software	17,592	16,392
Transportation infrastructure	647,187	632,463
Other	49,937	41,204
(Schedule C)	\$ 1,247,072	\$ 1,213,854

The Government owns and/or maintains various historical sites. The Government also holds works of art with a total estimated value of \$7.5 million (2012 - \$6.7 million).

Leased tangible 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 \$347,000 (2012 - \$347,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2013	2012
	(thousands of dollars)	
Buildings (cost)	\$ -	\$ 3,471
Less accumulated amortization	-	(3,124)
	\$ -	\$ 347

During the year, the Yukon Hospital Corporation capitalized loan interest costs in the amount of \$1,584,000 (2012 - \$1,556,000). This amount is included in the cost of buildings.

20. **Expenses by object**

	2013	2012 (Restated - Note 3)
	(thousands of dollars)	
Personnel	\$ 476,182	\$ 450,781
Government transfers	184,630	181,241
Contract and special services	173,833	161,988
Materials, supplies and utilities	97,825	93,668
Amortization expenses	50,719	48,260
Communication and transportation	38,328	35,690
Rent	27,871	25,157
Interest on long-term debt and capital lease obligations	1,678	1,171
Other	8,730	8,154
	\$ 1,059,796	\$ 1,006,110

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2013

21. **Trust assets**

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

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. At March 31, 2013, the remaining trust assets were held in bank accounts or invested in floating rate notes.

Investments of the 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>2013</u>	<u>2012</u>
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 191,779	\$ 177,279
Federal Gas Tax Funds under the New Deal	9,531	15,936
Forest Sector Fund	5,409	5,340
Crime Prevention and Victim Services	5,066	4,676
Land Title Office – Assurance Fund	4,173	3,926
Lottery Commission	3,874	3,176
Contract withholdings for subcontractor's claims	2,717	494
Supreme Court trust	2,591	1,022
Other	5,305	8,894
	<u>\$ 230,445</u>	<u>\$ 220,743</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2013

22. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2013:

	Expiry Date	2014	2015 – 2032	Total
(thousands of dollars)				
RCMP policing agreement	2032	\$ 22,759	\$ 409,662	\$ 432,421
Capital projects				
- in progress at March 31, 2013	2018	48,513	4,999	53,512
(recoverable amount)		(20,242)	-	(20,242)
Faro mine site	2015	17,031	10,190	27,221
(recoverable amount)		(17,031)	(10,190)	(27,221)
NorthwesTel Inc. mobile radio network system	2025	3,584	36,888	40,472
Building/office space leases	2023	6,901	22,687	29,588
Alkan Air Ltd. medical evacuation contract	2015	5,253	5,393	10,646
Conair Group Inc. air tanker services	2018	1,820	7,710	9,530
Miscellaneous operational commitments	2018	21,105	18,107	39,212
		<u>\$ 89,693</u>	<u>\$ 505,446</u>	<u>\$ 595,139</u>

In August 2009 and March 2010, the Government signed Memorandum of Agreements with the Town of the City of Dawson ("Dawson"), whereby the Government builds a wastewater treatment plant and an infrastructure heating facility for the use of Dawson. 75% of eligible project costs are funded by the Government of Canada under the Building Canada Fund. Dawson will be deemed to be the owner of the facilities upon successful commissioning or completion of a warranty period. The total project costs were \$29.5 million for the wastewater treatment plant and \$4.7 million for the infrastructure heating facility. The Government's portions were \$7.8 million and \$1.6 million respectively. The construction of the wastewater treatment plant was physically complete in August 2012. The infrastructure heating facility was substantially completed in February 2013, followed by one-year commissioning period and a two-year warranty period.

23. **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 (2012 – two) department exceeded the authorized amounts as follows:

	(thousands of dollars)	
Operations and maintenance grants		
Health and Social Services		
- Child care subsidies	\$	109
- Medical travel subsidies		103
- Social assistance – region		62
- Pioneer utility grant		33

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2013

24. Guarantees

The Government has guaranteed repayment of loans payable by the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$3.7 million (2012 - \$4.7 million). At March 31, 2013, on a consolidated basis, the Yukon Development Corporation had total debts of \$131.5 million (2012 - \$124.4 million) and a credit facility of up to \$17.5 million. While the Government has not issued guarantees for all of these instruments, as the Yukon Development Corporation is an agent of the Government, lenders may have recourse to the Government. Except for the amounts committed as described in note 10(c), it is expected that no significant costs will be incurred by the Government with respect to these guarantees and debts.

25. Land claims

Between February 1995 and March 31, 2013, 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 bilateral funding agreement with the Government of Canada that had been in place since June 24, 1993 and which provided funding towards the Government's additional implementation costs expired on March 31, 2009. However, there are no additional costs for the Government as all of the existing funding commitments are captured elsewhere, either through a specific funding agreement with the Government of Canada or as a component of the base funding received by the Government. The specific implementation costs include Board and Council funding arising from the various Final Agreement Implementation Plans and other negotiated funding amounts.

The Government incurred expenses of \$5.0 million during the year (2012 - \$4.8 million) with cumulative expenditures of approximately \$72.7 million (2012 - \$67.7 million), of which \$71.5 million (2012 - \$66.5 million) was funded by the Government of Canada.

26. Contingencies

In the normal course of operations, the Government is subject to legal claims. These claims include items with pleading amounts and items where an amount is not specified. At March 31, 2013, the total extent of the amounts claimed, excluding the claim from the Commission scolaire francophone du Yukon which is described below, is \$0.8 million (2012 - \$11.4 million). No provision for claims has been made in these financial statements as it is unlikely or undeterminable that a liability has been incurred at the date of the financial statements.

In the Statement of Claim filed by the Commission scolaire francophone du Yukon ("CSFY") in 2009, the Government was named as defendant. Among its claims for the exclusive management and control of resources for French language schooling as well as the construction of a new school building, the CSFY sought payment in the amount of \$1,954,000 based on its claim that the Government breached previous years' contribution agreements. The court's ruling was made on July 26, 2011. As part of the ruling, the court ordered the Government to construct a new school within two years and to hold \$1,954,000 in trust for the CSFY. The Government has filed an appeal to the ruling, which was heard in March 2012. As of the financial statements completion date, the court is yet to render a decision; consequently, no liability has been recorded in relation to these court orders.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2013

The Government established a Risk Management Revolving Fund in December 2004, with a limit of \$5 million, which is to be used for providing limited insurance and risk management services to Government departments. Expenses relating to some of the 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. In 2012/2013, the Government paid \$109,000 (2012 - \$169,000) for liability claims such as bodily injury and property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$1,365,000 as at March 31, 2013 (2012 - \$1,258,000). This amount is reported as part of the Government's accrued liabilities. The fund balance as at March 31, 2013 was \$4.7 million (2012 - \$4.6 million).

In February 2013, the Yukon Hospital Corporation gave notice to Dowland Contracting Ltd., the general contractor of the Watson Lake Hospital and Dawson City Hospital projects, that it was in default of its contracts for not paying sub-contractors for work performed. The Corporation has been directly working with a bonding company that has agreed to complete the projects under the terms of the original contract and at the contracted price. A construction manager has been hired by the bonding company and sub-contractors have resumed work. As the possibility of loss is undeterminable, no provision has been made in these financial statements.

27. **Related parties**

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

	<u>2013</u>	<u>2012</u>
	(thousands of dollars)	
Transfer payments		
Yukon Legal Services Society	\$ 1,833	\$ 1,850
Yukon Arts Centre Corporation	1,089	1,139
Yukon Human Rights Commission	<u>552</u>	<u>538</u>
	<u>\$ 3,474</u>	<u>\$ 3,527</u>

28. **Comparative figures**

Certain comparative figures for 2012 have been reclassified to conform with the 2013 presentation.

GOVERNMENT OF YUKON

Schedule A

**Consolidated Schedule of Revenues by Source
for the year ended March 31, 2013**

	2013		2012
	Budget (Note 1(b))	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
From Government of Canada			
Formula Financing grant	\$ 767,159	\$ 767,159	\$ 704,686
Other grants	41,860	41,977	39,194
Contributions and service agreements	154,654	138,964	131,108
	<u>963,673</u>	<u>948,100</u>	<u>874,988</u>
Taxes and general revenues			
Income taxes	81,304	98,890	84,447
Other taxes			
Tobacco tax	11,083	11,011	11,610
Fuel tax	8,809	8,126	8,153
Liquor tax	4,144	4,121	4,048
General property tax	3,862	3,441	3,352
Insurance premium tax	2,337	2,914	2,462
Grant in lieu of property tax	150	183	176
Licences, permits and fees	9,498	11,854	12,493
Investment and interest revenue	4,392	5,050	4,798
Resource revenue - mineral, oil and gas and forestry	2,880	4,000	5,430
Hospital revenues	5,171	2,563	3,124
Income from portfolio investments	1,640	1,767	1,669
Aviation operations	944	954	1,153
Fines	408	858	548
Gain on sale of lots	200	655	403
Other revenues	168	2,819	1,110
	<u>136,990</u>	<u>159,206</u>	<u>144,976</u>
Funding and service agreements with other parties	<u>50,828</u>	<u>52,665</u>	<u>46,788</u>
Income from investment in government business enterprises			
Yukon Liquor Corporation	9,629	8,629	8,759
Yukon Development Corporation	-	6,725	3,951
	<u>9,629</u>	<u>15,354</u>	<u>12,710</u>
	<u>\$ 1,161,120</u>	<u>\$ 1,175,325</u>	<u>\$ 1,079,462</u>

GOVERNMENT OF YUKON

Schedule B

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2013**

Note: 2012 amounts are restated (Note 3)

	Health and Social Services		Community and Transportation		Education		General Government ¹		Natural Resources	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
(thousands of dollars)										
Revenues										
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 767,159	\$ 704,686	\$ -	\$ -
Other transfers from										
Government of Canada	24,034	27,866	54,520	49,854	12,091	11,192	49,414	50,474	36,072	27,933
Taxes and general revenues	7,120	7,209	15,839	16,184	3,703	2,088	130,165	115,160	5,718	7,282
Funding and service agreements	6,473	6,634	38,996	30,801	13,037	16,114	1,384	1,363	316	264
Income from investment in government business enterprises	-	-	6,725	3,951	-	-	8,629	8,759	-	-
	<u>37,627</u>	<u>41,709</u>	<u>116,080</u>	<u>100,790</u>	<u>28,831</u>	<u>29,394</u>	<u>956,751</u>	<u>880,442</u>	<u>42,106</u>	<u>35,479</u>
Expenses (Note 20)										
Personnel	125,593	117,008	65,041	60,454	111,920	105,210	89,872	87,651	44,235	43,038
Contracts, materials and other	98,679	97,400	82,676	78,261	41,794	41,299	23,383	27,149	62,270	44,162
Government transfers	69,206	65,066	75,839	77,566	18,720	18,759	8,056	5,731	4,330	4,650
Amortization expenses	5,209	5,686	31,123	30,269	6,344	6,314	4,240	3,534	984	939
Interest on long-term debt and capital lease obligations	993	286	685	788	-	-	-	97	-	-
	<u>299,680</u>	<u>285,446</u>	<u>255,364</u>	<u>247,338</u>	<u>178,778</u>	<u>171,582</u>	<u>125,551</u>	<u>124,162</u>	<u>111,819</u>	<u>92,789</u>
Recovery of prior years' expenses	1,982	200	116	290	210	62	457	203	95	20
(Deficit) surplus for the year	\$ (260,071)	\$ (243,537)	\$ (139,168)	\$ (146,258)	\$ (149,737)	\$ (142,126)	\$ 831,657	\$ 756,483	\$ (69,618)	\$ (57,290)

¹ Includes the legislature, tax collection and administration, Formula Financing and other grants from the federal government, liquor profits, general administration and central agency services such as building maintenance, Public Service Commission, finance and IT services to government departments and organizations.

GOVERNMENT OF YUKON

Schedule B
Continued

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2013**

Note: 2012 amounts are restated (Note 3)

	Justice		Business, Tourism and Culture		Adjustments ²		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
(thousands of dollars)								
Revenues								
Formula financing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 767,159	\$ 704,686
Other transfers from								
Government of Canada	3,789	2,185	1,021	798	-	-	180,941	170,302
Taxes and general revenues	1,256	987	177	167	(4,772)	(4,101)	159,206	144,976
Funding and service agreements	657	378	232	349	(8,430)	(9,115)	52,665	46,788
Income from investment in government business enterprises	-	-	-	-	-	-	15,354	12,710
	<u>5,702</u>	<u>3,550</u>	<u>1,430</u>	<u>1,314</u>	<u>(13,202)</u>	<u>(13,216)</u>	<u>1,175,325</u>	<u>1,079,462</u>
Expenses (Note 20)								
Personnel	25,172	23,596	14,349	13,824	-	-	476,182	450,781
Contracts, materials and other	30,950	29,215	10,375	10,035	(3,540)	(2,864)	346,587	324,657
Government transfers	4,153	5,200	13,988	14,621	(9,662)	(10,352)	184,630	181,241
Amortization expenses	2,116	835	703	683	-	-	50,719	48,260
Interest on long-term debt and capital lease obligations	-	-	-	-	-	-	1,678	1,171
	<u>62,391</u>	<u>58,846</u>	<u>39,415</u>	<u>39,163</u>	<u>(13,202)</u>	<u>(13,216)</u>	<u>1,059,796</u>	<u>1,006,110</u>
Recovery of prior years' expenses	22	50	681	204	-	-	3,563	1,029
(Deficit) surplus for the year	\$ (56,667)	\$ (55,246)	\$ (37,304)	\$ (37,645)	\$ -	\$ -	\$ 119,092	\$ 74,381

² To eliminate inter-segment transactions that are measured at the carrying amount.

GOVERNMENT OF YUKON

Schedule C

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2013**

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Transportation Infrastructure	Other ¹	2013 Total	2012 Total
(thousands of dollars)								
Cost of tangible capital assets, opening	\$ 12,319	\$ 742,495	\$ 111,211	\$ 47,273	\$ 885,207	\$ 48,973	\$ 1,847,478	\$ 1,752,228
Acquisitions	36	26,714	10,010	4,360	36,327	11,086	88,533	112,596
Write-downs	-	(92)	(49)	(5)	-	-	(146)	(582)
Disposals	-	(3,531)	(4,664)	(138)	(156)	(1,007)	(9,496)	(16,764)
Cost of tangible capital assets, closing	12,355	765,586	116,508	51,490	921,378	59,052	1,926,369	1,847,478
Accumulated amortization, opening	-	276,359	65,871	30,881	252,744	7,769	633,624	590,542
Amortization expense	-	17,271	7,251	3,155	21,575	1,467	50,719	48,260
Disposals	-	(1,680)	(2,979)	(138)	(128)	(121)	(5,046)	(5,178)
Accumulated amortization, closing	-	291,950	70,143	33,898	274,191	9,115	679,297	633,624
Net book value (Note 19)	<u>\$ 12,355</u>	<u>\$ 473,636</u>	<u>\$ 46,365</u>	<u>\$ 17,592</u>	<u>\$ 647,187</u>	<u>\$ 49,937</u>	<u>\$ 1,247,072</u>	<u>\$ 1,213,854</u>
Work-in-progress ²		\$ 73,347	\$ 441	\$ 5,808	\$ 17,119	\$ 11,873	\$ 108,588	\$ 84,094

¹ Includes portable classrooms, land improvements and fixtures, and sewage/water systems.

² Included in net book value.

GOVERNMENT OF YUKON

Schedule D

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2013**

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon College	Yukon Hospital Corporation	2013 Total	2012 Total
	(thousands of dollars)						(Restated - Note 3(d)(e))
Accrued benefit obligation							
Obligation at beginning of year	\$ 93,876	\$ 169	\$ 1,999	\$ 3,578	\$ 2,359	\$ 101,981	\$ 96,729
Current service costs	10,172	91	202	393	174	11,032	10,626
Interest cost on benefit obligation	4,926	18	108	197	107	5,356	5,158
Actuarial loss (gain)	3,502	100	(99)	314	25	3,842	173
Benefits paid	(11,269)	-	(68)	(425)	(136)	(11,898)	(10,705)
Accrued benefit obligation at end of year	101,207	378	2,142	4,057	2,529	110,313	101,981
Plan assets - valued at fair market value							
Value at beginning of year	-	170	-	-	-	170	1,038
Actual return on plan assets	-	1	-	-	-	1	138
Employer contributions	11,269	75	68	425	136	11,973	9,699
Benefits paid	(11,269)	-	(68)	(425)	(136)	(11,898)	(10,705)
Value at end of year	-	246	-	-	-	246	170
Funded status - plan deficit	101,207	132	2,142	4,057	2,529	110,067	101,811
Unrecognized net actuarial gain (loss)	(13,834)	(134)	(122)	(369)	7	(14,452)	(11,771)
Accrued benefit liability (asset)	87,373	(2)	2,020	3,688	2,536	95,615	90,040
Liabilities that are not included in actuarial valuation	229	-	-	1,435	-	1,664	1,674
Post-employment benefits and compensated absences (Note 14)	\$ 87,602	\$ (2)	\$ 2,020	\$ 5,123	\$ 2,536	\$ 97,279	\$ 91,714

GOVERNMENT OF YUKON

Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2013

Schedule D
Continued

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon College	Yukon Hospital Corporation	2013 Total	2012 Total
(thousands of dollars)							(Restated - Note 3(d)(e))
Net benefit cost							
Current service costs	\$ 10,172	\$ 91	\$ 202	\$ 393	\$ 174	\$ 11,032	\$ 10,626
Interest cost on benefit obligation	4,926	18	108	197	107	5,356	5,158
Expected return on plan assets	-	(10)	-	-	-	(10)	(67)
Amortization of net actuarial (gain) loss	1,135	20	(14)	-	(4)	1,137	1,165
Net cost for the year	\$ 16,233	\$ 119	\$ 296	\$ 590	\$ 277	\$ 17,515	\$ 16,882

Assumptions

Expected long-term rate of return on assets at beginning of year	N/A	6.00%	N/A	N/A	N/A
Discount rate on benefit costs	5.00%	6.00%	5.33%	5.25%	4.50%
Discount rate on accrued benefit obligation at end of year	4.50%	5.50%	5.33%	4.00%	4.50%
Rate of compensation increase	2.25%	2.50%	2.25%	See below ¹	2.50%
Amortization period (expected average remaining service life)	12.2 years	7.5 years	10.8 years	8.4 years ²	9.4 years

¹For 10 years 4.25%, thereafter 4.75%

²Applies to excess of the net actuarial gain (loss) over 10%

GOVERNMENT OF YUKON

Schedule E

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2013**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2013 Total	2012 Total
(thousands of dollars)								
(Restated - Note 3(e))								
Pension and retirement plan assets are valued at fair market value.								
Accrued benefit obligation								
Obligation at beginning of year	\$ 25,218	\$ 7,270	\$ 29,308	\$ 1,682	\$ 55,209	\$ 48,031	\$ 166,718	\$ 151,273
Transition adjustment	-	-	-	-	(8,771)	-	(8,771)	-
Current service costs	1,078	332	1,273	27	2,257	3,171	8,138	8,705
Interest cost on benefit obligation	1,498	464	1,517	83	2,991	3,151	9,704	9,138
Actuarial (gain) loss	1,842	468	7,789	90	3,555	(1,895)	11,849	3,075
Benefits paid	(1,558)	(304)	(483)	(80)	(1,667)	(2,271)	(6,363)	(5,473)
Accrued benefit obligation at end of year	28,078	8,230	39,404	1,802	53,574	50,187	181,275	166,718
Plan assets - valued at fair market value								
Value at beginning of year	28,867	3,896	-	-	59,297	60,208	152,268	137,161
Actual return on plan assets	2,776	340	-	-	1,854	6,873	11,843	10,682
Employer contributions	1,163	62	483	80	1,523	3,165	6,476	7,476
Member contributions	150	56	-	-	907	1,504	2,617	2,566
Benefits paid	(1,558)	(304)	(483)	(80)	(1,667)	(2,271)	(6,363)	(5,473)
Actual plan expenses	-	-	-	-	-	(265)	(265)	(144)
Value at end of year	31,398	4,050	-	-	61,914	69,214	166,576	152,268
Funded status - plan deficit (surplus)	(3,320)	4,180	39,404	1,802	(8,340)	(19,027)	14,699	14,450
Unrecognized net actuarial gain (loss)	509	239	(7,749)	(460)	(5,521)	400	(12,582)	(11,707)
Accrued benefit liability (asset) (Note 15)	\$ (2,811)	\$ 4,419	\$ 31,655	\$ 1,342	\$ (13,861)	\$ (18,627)	\$ 2,117	\$ 2,743

GOVERNMENT OF YUKON

Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2013

Schedule E
Continued

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2013 Total	2012 Total
(thousands of dollars)								
Net benefit cost								(Restated - Note 3(e))
Current service costs	\$ 1,078	\$ 332	\$ 1,273	\$ 27	\$ 2,257	\$ 3,399 ¹	\$ 8,366	\$ 8,916
Less: Member contributions	(150)	(56)	-	-	(907)	(1,504)	(2,617)	(2,566)
Interest cost on benefit obligation	1,498	464	1,517	83	2,991	3,151	9,704	9,138
Expected return on plan assets	(1,724)	(238)	-	-	(3,819)	(3,983)	(9,764)	(9,458)
Amortization of past service costs	-	-	-	-	-	-	-	80
Amortization of net actuarial (gain) loss	(275)	(175)	(11)	58	-	564	161	(148)
Net cost for the year	\$ 427	\$ 327	\$ 2,779	\$ 168	\$ 522	\$ 1,627	\$ 5,850	\$ 5,962

Assumptions

Expected long-term rate of return on assets at beginning of year	6.00%	6.25%	N/A	N/A	6.40%	6.50%
Discount rate on benefit costs	6.00%	6.25%	5.00%	5.00%	6.40%	6.50%
Discount rate on accrued benefit obligation at end of year	5.50%	5.75%	4.50%	4.50%	6.00%	6.50%
Inflation	2.50%	2.50%	N/A	N/A	2.30%	2.00%
Rate of compensation increase	2.50%	3.00%	N/A	2.25%	4.25%	2.50%
Health care cost trend rate	N/A	N/A	see below ²	N/A	N/A	N/A
Amortization period (expected average remaining service life)	7.5 years	5.5 years	12.2 years	8.7 years	9 years	7.6 years

¹ Includes \$228,000 for provision of administrative expenses.

² 10.0% per annum, grading down annually in level steps to an ultimate rate of 3.0% per annum in year 20 and remaining at that level thereafter.