

GOVERNMENT OF YUKON

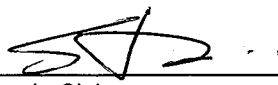
Consolidated Statement of Financial Position  
as at March 31, 2014

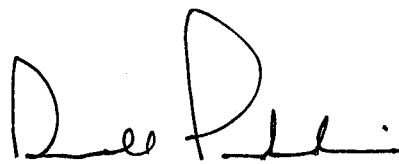
	2014	2013
		(Restated - Note 3)
		(thousands of dollars)
<b>Financial assets</b>		
Cash and cash equivalents (Note 4)	\$ 239,063	\$ 227,922
Temporary investments (Note 5)	11,984	883
Due from Government of Canada (Note 6)	56,150	73,858
Accounts receivable (Note 7)	15,194	14,443
Portfolio investments (Note 8)	57,859	52,093
Advances to Territorial corporations (Note 12(c))	18,000	-
Loans receivable (Note 10)	63,299	58,249
Inventories held for sale (Note 11)	76,922	73,413
Investment in government business enterprises (Note 12(a))	172,774	169,465
	<u>711,245</u>	<u>670,326</u>
<b>Liabilities</b>		
Due to Government of Canada (Note 6)	12,178	14,895
Accounts payable and accrued liabilities (Note 13)	105,372	107,581
Environmental liabilities (Note 14)	25,750	21,938
Unearned revenues (Note 15)	29,461	40,352
Post-employment benefits and compensated absences (Note 16)	101,469	97,554
Retirement benefits (Note 17)	28,282	27,971
Borrowings (Note 18)	57,868	81,350
Liabilities for leased tangible capital assets (Note 19)	5,176	-
	<u>365,556</u>	<u>391,641</u>
<b>Net financial assets</b>	<u><b>345,689</b></u>	<u><b>278,685</b></u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 21)	1,271,670	1,247,072
Inventories of supplies	9,046	8,406
Prepaid expenses	2,217	2,538
	<u>1,282,933</u>	<u>1,258,016</u>
<b>Accumulated surplus</b>	<u><b>\$ 1,628,622</b></u>	<u><b>\$ 1,536,701</b></u>

Contingencies, contractual obligations, commitments and guarantees  
(Notes 12(d)(e), 14, 17(d)(e), 24, 26, 27 and 28)

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

Approved:

  
\_\_\_\_\_  
Stephen LeClair  
Deputy Minister of Finance

  
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Darrell Pasloski  
Minister of Finance

GOVERNMENT OF YUKON

Consolidated Statement of Operations and Accumulated Surplus  
for the year ended March 31, 2014

	2014		2013
	Budget (Note 1(b))	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada	\$ 978,986	\$ 988,065	\$ 948,100
Taxes and general revenues	151,178	175,653	161,076
Funding and service agreements with other parties	54,690	40,640	55,175
Income from investment in government business enterprises	19,662	12,099	15,354
	<u>1,204,516</u>	<u>1,216,457</u>	<u>1,179,705</u>
Expenses (Note 22)			
Health and social services	348,020	318,302	295,019
Community and transportation	251,877	265,929	257,903
Education	187,916	188,458	172,816
General government	131,903	137,239	125,267
Natural resources	99,404	113,652	111,696
Justice	64,426	66,060	62,334
Business, tourism and culture	41,913	38,680	37,983
Interest on loans	2,125	2,478	1,678
Adjustments	(6,263)	-	-
	<u>1,121,321</u>	<u>1,130,798</u>	<u>1,064,696</u>
Recovery of prior years' expenses	-	6,009	3,563
Surplus for the year	<u>\$ 83,195</u>	<u>91,668</u>	<u>118,572</u>
Accumulated surplus at beginning of year, as previously reported		1,539,128	1,420,082
Prior-year adjustment (Note 3)		<u>(2,427)</u>	<u>(1,907)</u>
Accumulated surplus at beginning of year, restated		1,536,701	1,418,175
Other comprehensive gain (loss) of government business enterprises (Note 12(a))		<u>253</u>	<u>(46)</u>
Accumulated surplus at end of year		<u>\$ 1,628,622</u>	<u>\$ 1,536,701</u>

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

GOVERNMENT OF YUKON

Consolidated Statement of Change in Net Financial Assets  
for the year ended March 31, 2014

	2014		2013
	Budget (Note 1(b))	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Surplus for the year	\$ 83,195	\$ 91,668	\$ 118,572
Effect of change in tangible capital assets			
Acquisitions	(140,869)	(82,365)	(88,533)
Amortization of tangible capital assets	53,940	54,200	50,719
Loss on disposal of tangible capital assets	89	-	4,286
Proceeds on disposal of tangible capital assets	-	246	164
Write-down of tangible capital assets	-	3,321	146
Other budgetary adjustments	5,472	-	-
	<u>(81,368)</u>	<u>(24,598)</u>	<u>(33,218)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(24,461)	(17,341)
Consumption of inventories of supplies	-	23,821	17,186
Decrease (increase) in prepaid expenses	-	321	(679)
	<u>-</u>	<u>(319)</u>	<u>(834)</u>
Increase in net financial assets	<u>\$ 1,827</u>	<u>66,751</u>	<u>84,520</u>
Net financial assets at beginning of year, as previously reported		281,112	196,118
Prior-year adjustment (Note 3)		<u>(2,427)</u>	<u>(1,907)</u>
Net financial assets at beginning of year, restated		278,685	194,211
Other comprehensive gain (loss) of government business enterprises (Note 12(a))		<u>253</u>	<u>(46)</u>
Net financial assets at end of year		<u>\$ 345,689</u>	<u>\$ 278,685</u>

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, 2014

	2014	2013
		(Restated - Note 3)
	(thousands of dollars)	
<b>Operating transactions</b>		
Cash received from:		
Government of Canada	\$ 982,613	\$ 921,850
Taxes and general revenues	171,481	163,898
Funding and service agreements with other parties	48,867	37,094
Interest from investments and loans	7,228	6,061
	<u>1,210,189</u>	<u>1,128,903</u>
Cash paid for:		
Salary, wages and benefits	501,323	470,465
Materials, utilities and contract services	375,703	332,429
Transfer payments	176,032	189,269
Interest on loans	2,531	1,675
Interest on leased tangible capital asset liabilities	195	21
	<u>1,055,784</u>	<u>993,859</u>
Cash provided by operating transactions	<u>154,405</u>	<u>135,044</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(79,309)	(88,479)
Proceeds from sale of tangible capital assets	246	164
	<u>(79,063)</u>	<u>(88,315)</u>
Cash used for capital transactions	<u>(79,063)</u>	<u>(88,315)</u>
<b>Investing transactions</b>		
Proceeds from temporary investments	31,781	3,745
Temporary investments	(42,866)	(2,770)
Proceeds from portfolio investments	4,331	2,338
Portfolio investments	(8,489)	(3,786)
Proceeds from sale of inventories held for sale	8,027	5,137
Investment in inventories held for sale	(10,721)	(24,490)
Advances to Territorial corporations	(18,000)	-
Repayments of loans receivable	7,831	7,298
Issuances of loans receivable	(12,156)	(13,115)
	<u>(40,262)</u>	<u>(25,643)</u>
Cash used for investing transactions	<u>(40,262)</u>	<u>(25,643)</u>
<b>Financing transactions</b>		
Repayment for leased tangible capital asset liabilities	(458)	(470)
Proceeds from borrowings	-	18,708
Repayment of borrowings	(23,481)	(2,951)
	<u>(23,939)</u>	<u>15,287</u>
Cash (used for) provided by financing transactions	<u>(23,939)</u>	<u>15,287</u>
<b>Increase in cash and cash equivalents</b>	<b>11,141</b>	<b>36,373</b>
Cash and cash equivalents at beginning of year	<u>227,922</u>	<u>191,549</u>
<b>Cash and cash equivalents at end of year (Note 4)</b>	<b>\$ 239,063</b>	<b>\$ 227,922</b>

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

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements  
March 31, 2014**

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 2013/2014 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.

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 Chartered Professional Accountants of Canada.

(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, 2014

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, 2014. 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, 2014.

Trusts administered by the Government on behalf of other parties (Note 23) 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). In December 2013, the Government of Canada passed the *Regulations Amending the Federal-Provincial Fiscal Arrangements Regulations, 2007* along with the *Regulations Amending the Canada Health Transfer, Canada Social Transfer and Wait Time Reduction Transfer Regulations* for the five year period 2014/2015 to 2018/2019. The Formula Financing grant continues to be principle-based but the Canada health transfer becomes a simple equal cash per capita grant just like the Canada social transfer. 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.

## GOVERNMENT OF YUKON

### Notes to Consolidated Financial Statements March 31, 2014

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, and short-term investments that have terms to maturity of less than 90 days from the date of acquisition.

Temporary investments include term deposits and funds that include treasury bills, floating rate notes, commercial paper, bearer deposit notes and banker's acceptance with terms to maturity of more than 90 days but less than one year from the date of acquisition. When the market value of temporary investments has declined below the carrying value, they are carried at market value.

Portfolio investments are accounted for by the cost method and include floating rate notes and funds that include bonds and equities. These investments are expected to be realized or have terms to maturity greater than one year from the date of acquisition. 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.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements**  
**March 31, 2014**

Inventories held for sale include land that has been developed by the Government and supplies held for eventual sale. Land held for sale is comprised of the costs of acquiring, planning and developing 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. 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 associated stipulations that gave rise to a liability as of year-end.

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. Historical treasures and works of art are expensed when they are acquired.



GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

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	5 - 25 years
Vehicles	6 - 20 years
Computer hardware and software	
Computer hardware	5 years
Computer software	Expected usage of the system before overhaul
Transportation infrastructure	
Forestry access roads	10 years
Highways	As determined by the Department of Highways and Public Works to a maximum of 75 years
Pavement/surfaces	
Bridges	
Airport runways	
Other	
Portable classrooms/housing trailers	25 years
Land improvements and fixtures	up to 50 years
Sewage and water systems	up to 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 uses 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.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements**  
**March 31, 2014**

(e) Retirement benefits

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

Retirement benefits to Members of the Legislative Assembly, 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 service, 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, corporate and personal income tax revenue and contingencies.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

(h) Future accounting changes

The Public Sector Accounting Board issued PS 3260 Liability for Contaminated Sites, which applies to fiscal years beginning on or after April 1, 2014. The Government's accounting policy is to recognize a liability based on management's best estimate when the Government becomes aware of a contaminated site and is obligated to incur costs for remediating the site (Notes 2(f) and 14). The Government has been analyzing any possible future impact of this standard on its financial statements.

The Public Sector Accounting Board issued PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments, which apply to fiscal years beginning on or after April 1, 2016. The Government is analyzing any possible future impact of these standards on its financial statements.

3. **Prior-year adjustment**

Until the fiscal year 2012/2013, the Government classified the funds set aside for the purpose of meeting the obligations under Part 3 (Supplemental Plan) of the *Legislative Assembly Retirement Allowances Act* (Yukon) as well as the "Severance allowance" section of the *Legislative Assembly Act* (Yukon) as plan assets. As of the fiscal year 2013/2014, these assets are classified as the Government's designated assets rather than plan assets as defined in Canadian public sector accounting standard PS 3250 Retirement Benefits.

This accounting change is applied retroactively with restatements of prior-year amounts. Effects of this accounting change are:

- increase of March 31, 2013 financial assets of \$23,702,000;
- increase of March 31, 2013 liabilities of \$26,129,000;
- reduction of March 31, 2013 net financial assets and accumulated surplus of \$2,427,000;
- increase of 2012/2013 revenues of \$787,000;<sup>1</sup>
- increase of 2012/2013 expenses of \$1,307,000;<sup>1</sup>
- reduction of 2012/2013 net financial assets and surplus for the year of \$520,000; and
- reduction of the 2012/2013 opening net financial assets and accumulated surplus of \$1,907,000.

<sup>1</sup> Total 2012/2013 revenues and expenses were also impacted by unrelated reclassifications (Note 30).

4. **Cash and cash equivalents**

	<u>2014</u>	<u>2013</u> (Restated – Note 3)
	(thousands of dollars)	
Bank balances	\$ 234,889	\$ 221,685
Short-term investments	4,098	6,136
Cash on hand	<u>76</u>	<u>101</u>
	<u>\$ 239,063</u>	<u>\$ 227,922</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

5. **Temporary investments**

	2014		2013	
	Market Value	Carrying Value	Market Value	Carrying Value (Restated – Note 3)
	(thousands of dollars)			
Term deposit	\$ 10,016	\$ 10,016	\$ -	\$ -
Other	1,973	1,968	886	883
	<u>\$ 11,989</u>	<u>\$ 11,984</u>	<u>\$ 886</u>	<u>\$ 883</u>

The term deposits held during the year had a weighted average effective yield of 1.53% (2013 – N/A) per annum and the remaining temporary investments had a weighted average effective yield of 1.00% (2013 – 1.10%) per annum.

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

	2014	2013
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 50,627	\$ 68,806
Income tax receivable	4,912	4,585
Other	611	467
	<u>\$ 56,150</u>	<u>\$ 73,858</u>
Due to Government of Canada		
RCMP	\$ 5,175	\$ 6,183
Public Service Pension Plan contribution payable	4,673	5,541
Other	2,330	3,171
	<u>\$ 12,178</u>	<u>\$ 14,895</u>

Amounts due from and due to the 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.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

7. Accounts receivable

	2014	2013
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 12,866	\$ 12,970
Less valuation allowances	<u>(1,699)</u>	<u>(1,565)</u>
	11,167	11,405
Due from Territorial corporations that are not fully consolidated	<u>4,027</u>	<u>3,038</u>
	<u>\$ 15,194</u>	<u>\$ 14,443</u>

8. Portfolio investments

	2014		2013	
	Face Value	Carrying Value	Face Value	Carrying Value
	(Restated – Note 3)			
	(thousands of dollars)			
Master Asset Vehicle II	\$ 36,256	\$ 30,890	\$ 36,256	\$ 29,282
Marketable securities	<u>26,953</u>	<u>26,969</u>	<u>22,811</u>	<u>22,811</u>
	<u>\$ 63,209</u>	<u>\$ 57,859</u>	<u>\$ 59,067</u>	<u>\$ 52,093</u>

Master Asset Vehicle II

On March 31, 2014 the Government held portfolio investments in floating rate notes with a carrying value of \$30.9 million (2013 - \$29.3 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 scheduled maturity dates. The March 31, 2014 carrying value reflects \$1,608,000 (2013 - \$1,489,000) amortization of the discount recognized as part of the current year revenue from portfolio investments.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

The Government held the following investments in MAV II notes:

	2014		2013	
	Face Value	Carrying Value	Face Value	Carrying Value
	(thousands of dollars)			
Master Asset Vehicle II				
Class A-1 Notes	\$ 15,726	\$ 13,914	\$ 15,726	\$ 13,324
Class A-2 Notes	16,455	14,470	16,455	13,824
Class B Notes	2,986	2,083	2,986	1,832
Class C Notes	1,089	423	1,089	302
	<u>\$ 36,256</u>	<u>\$ 30,890</u>	<u>\$ 36,256</u>	<u>\$ 29,282</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 6, 2013, DBRS Limited maintained the rating of the Class A-1 notes at AA(low)(sf) and DBRS upgraded the rating of the Class A-2 notes from BBB(high)(sf) to A(low)(sf). Class B and C notes are not rated.

9. **Designated assets**

The Government has designated a portion of its assets for the purpose of meeting the obligations under Part 3 (Supplemental Plan) of the *Legislative Assembly Retirement Allowances Act* (Yukon) as well as the "Severance allowance" section of the *Legislative Assembly Act* (Yukon).

Designated assets are included in cash and cash equivalents, temporary investments and portfolio investments as follows:

	2014	2013 (Restated – Note 3)
	(thousands of dollars)	
Cash and cash equivalents	\$ 126	\$ 8
Temporary investments (market value \$1,973,000; 2013 – \$886,000)	1,968	883
Portfolio investments – marketable securities (market value \$26,366,000; 2013 – \$24,787,000)	<u>22,653</u>	<u>22,811</u>
	<u>\$ 24,747</u>	<u>\$ 23,702</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

10. Loans receivable

	<u>2014</u>	<u>2013</u>
	(thousands of dollars)	
Yukon Housing Corporation mortgages receivable, secured by registered charges against real property, chattel mortgages or general security agreements, due in varying annual amounts to the year 2039 (2013 – 2039) bearing interest rates ranging from 0% to 5.99% (2013 – 0% to 7.00%), net of allowance for subsidies and valuation of \$177,000 (2013 – \$236,000) and a provision in the amount of \$397,000 (2013 – \$421,000) for loans with concessionary terms.	\$ 42,366	\$ 37,781
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2019 (2013 – 2018) bearing interest rates ranging from 3.00% to 5.00% (2013 – 3.00% to 7.25%).	8,150	7,568
Local improvement loans, due in varying annual amounts to the year 2041 (2013 – 2040), bearing interest rates ranging from 0.50% to 6.00% (2013 – 0.50% to 6.00%).	4,500	4,506
Debenture loans to municipalities, due in varying annual amounts to the year 2030 (2013 – 2030), bearing interest rates ranging from 3.26% to 7.50% (2013 – 3.26% to 7.50%).	4,268	4,758
Other, net of allowance for doubtful accounts of \$686,000 (2013 – \$1,412,000).	4,015	3,636
	<u>\$ 63,299</u>	<u>\$ 58,249</u>

11. Inventories held for sale

	<u>2014</u>	<u>2013</u>
	(thousands of dollars)	
Land held for sale		
Undeveloped land	\$ 580	\$ 580
Land under development	38,137	48,531
Developed land	<u>38,101</u>	<u>24,166</u>
	76,818	73,277
Other	<u>104</u>	<u>136</u>
	<u>\$ 76,922</u>	<u>\$ 73,413</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

12. 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.

	Yukon Development Corporation	Yukon Liquor Corporation	2014 Total	2013 Total
	(thousands of dollars)			
<b>Assets</b>				
Current	\$ 26,826	\$ 4,708	\$ 31,534	\$ 28,661
Capital assets	399,082	1,064	400,146	382,803
Other	25,078	-	25,078	27,713
	<u>\$ 450,986</u>	<u>\$ 5,772</u>	<u>\$ 456,758</u>	<u>\$ 439,177</u>
<b>Liabilities</b>				
Current	\$ 25,538	\$ 3,702	\$ 29,240	\$ 15,357
Long-term debt	130,340	-	130,340	131,547
Other	123,398	1,006	124,404	122,808
Equity	171,710	1,064	172,774	169,465
	<u>\$ 450,986</u>	<u>\$ 5,772</u>	<u>\$ 456,758</u>	<u>\$ 439,177</u>
Revenues	\$ 45,381	\$ 16,821 <sup>1</sup>	\$ 62,202	\$ 62,740
Expenses	41,953	8,150	50,103	47,386
Surplus	3,428	8,671	12,099	15,354
Other comprehensive gain (loss)	-	253	253	(46)
Remitted to the Government	-	(9,043)	(9,043)	(8,213)
Equity, beginning of year	168,282	1,183	169,465	162,370
Equity, end of year	<u>\$ 171,710</u>	<u>\$ 1,064</u>	<u>\$ 172,774</u>	<u>\$ 169,465</u>

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

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

<sup>1</sup> Yukon Liquor Corporation revenue is shown as net of cost of goods sold.



GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Liquor Corporation	2014 Total	2013 Total
	(thousands of dollars)			
Government of Yukon:				
Accounts receivable from	\$ 314	\$ 2,042	\$ 2,356	\$ 1,338
Advance receivable	18,000	-	18,000	-
Accounts payable to	1,015	-	1,015	706
Long-term obligations to	162	-	162	162
Revenues from	388	10,249	10,637	9,637
Expenses to	17,583 <sup>1</sup>	-	17,583	16,045

<sup>1</sup> Includes cost of electricity of \$10,207,000 (2013 - \$8,906,000) purchased by the Government from an unrelated third party. This unrelated party buys electricity from the Yukon Development Corporation's wholly owned subsidiary, Yukon Energy Corporation.

(c) Advance receivable

Yukon Development Corporation

In December 2013, the Government entered into a loan agreement with the Yukon Development Corporation ("YDC") and advanced \$18 million in order to assist in the development of the Whitehorse diesel – natural gas conversion project, which is being carried out by the Yukon Energy Corporation, YDC's wholly owned subsidiary. The initial term of the loan advance is March 31, 2015. Pursuant to the agreement, the loan may be extended for two additional six month terms upon mutual consent of the Government and YDC. The per annum interest rate during the first term is the one-year Canadian Dealer Offered Rate plus 20 basis points on December 20, 2013 (1.689%). The per annum interest rate during the second and third terms will be set based on the six-month Canadian Dealer Offered Rate plus 30 basis points in effect at the beginning of each term.

(d) 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 2013/2014, the Government paid \$2,625,000 (2013 – \$2,625,000) to YDC based on the MOU.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements  
March 31, 2014**

The Government authorized the continuation of the Interim Electrical Rebate program to March 31, 2015. 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 2013/2014, the Government provided \$3,333,000 (2013 - \$3,291,000) to YDC for this purpose. The Government is committed to fund up to \$3,435,000 in the fiscal year 2014/2015.

As at March 31, 2014, the Yukon Energy Corporation, the wholly-owned subsidiary of YDC, had contractual obligations for future purchases of products or services in the amount of \$13.4 million (2013 - \$5.0 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, 2014 for future years ending on March 31, 2015 are \$2.6 million (2013 for 2015 - \$4.5 million).

(e) Contingencies

Yukon Development Corporation

At March 31, 2014, the Yukon Energy Corporation had a claim from a contractor in the amount of \$4.0 million plus interest and legal costs as well as a potential claim from another contractor in the amount of \$3.0 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.

(f) Future accounting changes

Yukon Development Corporation

In February 2013, the Canadian Accounting Standards Board extended its existing deferral of the mandatory changeover to International Reporting Standards ("IFRS") for entities with rate regulated activities to January 1, 2015. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. The International Accounting Standards Board (IASB) issued an interim standard for regulatory deferral accounts during the first quarter of 2014. The interim standard allows first time adopters to use the interim rate regulated standard until such time as the IASB completes its comprehensive project on rate regulation. Yukon Development Corporation may be required to prepare its financial statements in accordance with IFRS for its fiscal year ending December 31, 2015. The IFRS statements, if prepared, will have comparative financial information and an opening statement of financial position as of January 1, 2014. The effect of rate regulation must be presented separately from other items under this interim standard.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

13. **Accounts payable and accrued liabilities**

	<u>2014</u>	<u>2013</u>
	(thousands of dollars)	
Accrued liabilities	\$ 51,533	\$ 48,306
Accounts payable	46,049	48,127
Contractors' holdbacks and security deposits	5,760	9,623
Due to Territorial corporations that are not fully consolidated	<u>2,030</u>	<u>1,525</u>
	<u>\$ 105,372</u>	<u>\$ 107,581</u>

14. **Environmental liabilities**

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

The Government has recorded \$18.3 million (2013 – \$16.8 million) as liabilities, based on management's best estimates utilizing the information available at the financial statement date, for remediation of the sites that are known to be contaminated and the Government is obligated to remediate. The amount of liabilities becomes determinable over a continuum of events and activities as information becomes available. For example, the estimate of costs becomes known as the Government completes the various stages of assessing the extent of the contamination. As a result, the actual amount of liabilities to remediate these sites could vary significantly.

As at March 31, 2014, the Government was aware of 74 sites (2013 – 65 sites) where the Government is obligated or is likely obligated to incur such costs. Of the 74 sites, 12 are airports and 23 are highway maintenance camps. Phase I Environmental Site Assessments (ESA) have been undertaken on all but two of the 74 sites. Phase I ESA review indicates that the level of contamination is likely low or very low at 10 of the 12 airports, four highway maintenance camps and 15 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 seven other sites in the fiscal year 2014/2015. Sites not being remediated are undergoing or may require Phase II ESA work; the Government is committed to perform Phase II ESA work on these sites in a systematic manner.

One of the 74 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. In September 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, 2014, \$1.8 million (2013 – \$1.9 million) was recorded as a liability for this site, which is part of the \$18.3 million noted above.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

The *Environment Act* (Yukon) – *Solid Waste Regulations* include requirements for closure and abandonment of a dump. There are 27 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, 2014, the net present value of total expenditures for closure and post-closure care is estimated to be \$8,937,000 (2013 – \$6,611,000) and a liability in the amount of \$7,459,000 (2013 - \$5,133,000) has been recorded for these sites. The amount remaining to be recognized in the future is \$1,478,000 (2013 – \$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.

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.

	2014	2013
	(thousands of dollars)	
Liabilities for contaminated sites	\$ 18,291	\$ 16,805
Solid waste landfill closure and post-closure liability	7,459	5,133
	<u>\$ 25,750</u>	<u>\$ 21,938</u>

15. **Unearned revenues**

	2014	2013
	(thousands of dollars)	
Liability portion of government transfers	\$ 25,759	\$ 36,647
Motor vehicle fees for future years	2,415	2,918
Other	1,287	787
	<u>\$ 29,461</u>	<u>\$ 40,352</u>

The liability portion of government transfers represents transfer payments from the Government of Canada, which have funding stipulations that gave rise to a liability as of year-end. Of the amount of \$25,759,000, \$25,106,000 (2013 - \$33,132,000 of \$36,647,000) are transfer payments received under the Building Canada Fund, which are yet to be spent on eligible infrastructure projects under the terms and conditions of the funding agreement.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements  
March 31, 2014**

16. **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 sick and vacation leave payouts and severance 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 March 31, 2013. March 31, 2014 amounts are based on an extrapolation of March 31, 2013 amounts. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Government and the Yukon Housing Corporation also account for compensated absences liabilities in accordance with Canadian public sector accounting standards. Compensated absences include special leave benefits and educational leave benefits.

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 service. The valuation included in these financial statements is based on membership data as of March 31, 2014. The Government has designated a portion of its assets for the purpose of meeting this obligation (Note 9).

(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, 2013.

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, special leave 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, 2014 using the projected benefits method prorated on service. The actuarial valuation used membership data at December 31, 2013.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

The Yukon Hospital Corporation accrues vacation leave as earned. This liability is included in accounts payable and accrued liabilities.

The accrued liabilities for the above benefits as of March 31, 2014 were as follows:

	2014	2013 (Restated – Note 3)
	(thousands of dollars)	
Post-employment benefits and compensated absences liability		
Government of Yukon employees	\$ 90,628	\$ 87,602
Yukon College	6,095	5,123
Yukon Hospital Corporation	2,612	2,536
Yukon Housing Corporation	1,723	2,020
Members of Yukon Legislative Assembly	411	273
	<u>\$ 101,469</u>	<u>\$ 97,554</u>
(Schedule D)		

17. **Retirement benefits**

(a) Public Service Pension Plan

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits up to a maximum period of 35 years at 2% per year of pensionable service based on the average of their five consecutive years of highest paid services. 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).

The above changes also resulted in the two groups' paying different rates of contributions to the plan. In the calendar year 2013, the Government contributed \$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 contributed \$8.00 for every dollar contributed by both groups of plan members. In the calendar year 2014, the Government contributes \$1.45 for every dollar contributed by the old group of plan members and \$1.43 for the new group of plan members. For the portion of the employee's salary above \$155,000, the Government contributes \$7.59 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 \$38,491,000 (2013 - \$36,542,000).

(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.

## GOVERNMENT OF YUKON

### Notes to Consolidated Financial Statements March 31, 2014

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 (Note 9). 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, 2014 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2014.

#### (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, 2014.

#### (d) Yukon College Employees' Pension Plan

The Yukon College Employees' 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, in accordance with the *Federal Pension Benefits Standards Act*. The College has contracted with external organizations to provide the services of trustee, administration, consulting 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.

An actuarial valuation for accounting purposes was performed as of June 30, 2013 following Canadian public sector accounting standards. An actuarial valuation for funding purposes was performed as of June 30, 2013, which established Yukon College's required contributions as 193.9% (2013 – 183.7%) of employee contributions.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements  
March 31, 2014**

The actuarial valuation for funding purposes as at June 30, 2013 indicates the College had an actuarial surplus of \$52,000 (2012 - \$2,403,000) at the measurement date on a going-concern basis and a deficit of \$19,835,000 (2012 - \$19,974,000) if valued on the basis that the pension plan were terminated/wound up as at June 30, 2013. The solvency ratio of the plan was 78.5% at June 30, 2013 (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, 2015. The maximum amount of letters of credit to which this guarantee applies will be \$10,853,000 (2013 - \$6,921,000).

(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, 2013, which established Yukon Hospital Corporation's required contribution as 180% (2012 - 152%) of employee contributions. This valuation reported that, as at December 31, 2013, the pension plan had a surplus of \$7.9 million (2012 - \$7.8 million) on a going concern basis, and a deficit of \$14.8 million (2012 - \$27.9 million) if valued on the basis that the pension plan were terminated/wound up. The solvency ratio of the plan is 86% (72% at December 31, 2012).

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 \$352,000 over the 2014 year. The Corporation will obtain a conforming letter of credit for a portion of the solvency shortfall for the calendar year and will contribute \$2,036,000 in cash payments. During the fiscal year, the Corporation entered into letters of credit totaling \$9,769,000 (2013 - \$5,711,000) related to solvency deficiency payments.

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

(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, 2014 is based on an extrapolation of an actuarial valuation conducted as at March 31, 2013. 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.



GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

The accrued benefit liability for the above retirement benefits as of March 31, 2014 was as follows:

	<u>2014</u>	<u>2013</u> (Restated – Note 3)
	(thousands of dollars)	
Accrued benefit liability (asset)		
Extended health care retirement benefit	\$ 35,036	\$ 31,655
Legislative Assembly Retirement Allowances Plan	23,336	23,043
Territorial Court Judiciary Pension Plan	4,822	4,419
Life insurance retirement benefit	1,432	1,342
Yukon College Employees' Pension Plan	(14,017)	(13,861)
Yukon Hospital Corporation Employees' Pension Plan	<u>(22,327)</u>	<u>(18,627)</u>
 (Schedule E)	 <u>\$ 28,282</u>	 <u>\$ 27,971</u>

18. **Borrowings**

	<u>2014</u>	<u>2013</u>
	(thousands of dollars)	
Yukon Hospital Corporation – loans with a chartered bank. (see below)	\$ 48,764	\$ 65,632
Yukon Housing Corporation – mortgages payable to chartered banks and Canada Mortgage and Housing Corporation (CMHC), secured by fixed charges against housing projects, with net book value of \$4,032,000 (2013 – \$4,304,000), repayable in blended monthly payments with maturities up to the year 2029, bearing fixed interest rates ranging from 1.88% to 12.50%.	6,012	6,914
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%.	2,930	4,482
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 \$267,000 (2013 – \$297,000).	162	162
Yukon Hospital Corporation – line of credit payable to a chartered bank, bearing interest at the bank's prime rate.	-	4,160
	<u>\$ 57,868</u>	<u>\$ 81,350</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

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

(thousands of dollars)

2015	\$	5,015
2016		4,604
2017		3,909
2018		3,863
2019		3,903
Thereafter		36,574
	\$	<u>57,868</u>

Yukon Hospital Corporation – loans with a chartered bank

	<u>2014</u>	<u>2013</u>
	(thousands of dollars)	
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.15% per annum for the Watson Lake Hospital construction project. Blended payments of \$160,000 due monthly with the final payment due on December 31, 2026.	\$ 17,889	\$ 18,857
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 4.525% per annum for the Dawson City Hospital construction project. Principal payments of \$100,000 due monthly beginning on May 1, 2013 with the final payment due on April 1, 2028.	16,900	-
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.23% per annum for the Crocus Ridge construction project. Blended payments of \$117,000 due monthly with the final payment due on March 15, 2028.	13,975	14,635
Unsecured demand loan facility and demand term installment loans with CIBC related to construction projects bearing interest rates ranging from 4.22% to 5.23%.	-	32,140
	<u>\$ 48,764</u>	<u>\$ 65,632</u>

Interest rate swap agreement

Yukon Hospital Corporation has entered into interest rate swap agreements with the CIBC 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 specific 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 and 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 – Banker's Acceptance – Canadian Dealer Offer rate (CAD-BA-CDOR). The spread is 0.85%.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

The terms and conditions of the interest rate swap agreements are very highly correlated with the host debt instrument to which they relate. The fair value of the interest rate swap at March 31, 2014 is in a net unfavourable position of \$4,901,000 (2013 - \$7,458,000).

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>2014</u>	<u>2013</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>31,803</u>	<u>33,010</u>
	<u>131,803</u>	<u>133,010</u>
Fully consolidated entities		
Yukon Hospital Corporation, bank loans	48,764	65,632
Yukon Housing Corporation, mortgages payable	6,012	6,914
Yukon Housing Corporation, loans payable	<u>2,930</u>	<u>4,482</u>
	<u>57,706</u>	<u>77,028</u>
	189,509	210,038
Accrued interest payable	1,293	1,358
Credit facilities used	3,593	4,525
Capital lease obligation	5,176	-
Authorized borrowing limit	<u>400,000</u>	<u>400,000</u>
Available borrowing capacity	<u>\$ 200,429</u>	<u>\$ 184,079</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

19. **Liabilities for leased tangible capital assets**

	<u>2014</u>	<u>2013</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	<u>\$ 5,176</u>	<u>\$ -</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$195,000 (2013 - \$21,000) at an imputed average interest rate of 3.7% (2013 – 13.5%).

The following is a schedule of future minimum lease payments under the liabilities for leased tangible capital assets:

	(thousands of dollars)
2015	\$ 1,045
2016	1,045
2017	1,082
2018	1,082
2019 and thereafter	<u>5,639</u>
Total minimum lease payments	9,893
Less: amount representing executory costs	(3,252)
amount representing rental of land	(961)
amount representing interest	<u>(504)</u>
	<u>\$ 5,176</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

20. **Financial instruments**

The balances in cash and cash equivalents, due to/from Government of Canada, accounts receivable, advances to Territorial corporations and accounts payable and accrued liabilities 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 other financial instruments are detailed below:

	2014		2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
				(Restated – Note 3)
				(thousands of dollars)
Temporary investments	\$ 11,984	\$ 11,989	\$ 883	\$ 886
Portfolio investments				
Master Asset Vehicle II	\$ 30,890	\$ 33,753	\$ 29,282	\$ 31,187
Marketable securities	26,969	30,681	22,811	24,787
	\$ 57,859	\$ 64,434	\$ 52,093	\$ 55,974
Loans receivable				
Mortgages receivable, net of valuation allowance	\$ 42,366	\$ 40,550	\$ 37,781	\$ 35,582
Other loans receivable, net of valuation allowance	20,933	21,547	20,468	20,920
	\$ 63,299	\$ 62,097	\$ 58,249	\$ 56,502
Borrowings				
Short-term debt with bank	\$ 48,764	\$ 55,564	\$ 69,792	\$ 73,896
Mortgages payable	6,012	5,145	6,914	7,227
Loans payable	2,930	3,053	4,482	4,764
Other	162	71	162	112
	\$ 57,868	\$ 63,833	\$ 81,350	\$ 85,999

An active and established market exists for the temporary and portfolio investments. Consequently the estimated fair value is calculated using observed market data.

Since the above valuation is based on market information available at March 31, 2014, the fair value of the 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.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

The estimated fair values of loans receivable were determined using the present value of future cash flows discounted at the March 31, 2014 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.

21. **Tangible capital assets**

	<u>2014</u> Net Book Value	<u>2013</u> Net Book Value
	(thousands of dollars)	
Land	\$ 12,355	\$ 12,355
Buildings	482,605	473,636
Equipment and vehicles	52,052	46,365
Computer hardware and software	17,991	17,592
Transportation infrastructure	647,485	647,187
Other	<u>59,182</u>	<u>49,937</u>
(Schedule C)	<u>\$ 1,271,670</u>	<u>\$ 1,247,072</u>

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 \$563,000 (2013 - \$347, 000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	<u>2014</u>	<u>2013</u>
	(thousands of dollars)	
Buildings (cost)	\$ 5,634	\$ -
Less accumulated amortization	<u>(563)</u>	<u>-</u>
	<u>\$ 5,071</u>	<u>\$ -</u>

During the year, the Yukon Hospital Corporation capitalized loan interest costs in the amount of \$856,000 (2013 – \$1,584,000). This amount is included in the cost of buildings.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

22. **Expenses by object**

	<u>2014</u>	<u>2013</u> (Restated - Note 3)
	(thousands of dollars)	
Personnel	\$ 510,061	\$ 477,489
Government transfers	179,401	184,630
Contract and special services	195,176	177,426
Materials, supplies and utilities	104,986	97,825
Amortization expenses	54,200	50,719
Communication and transportation	40,104	38,328
Rent	35,986	27,871
Interest on long-term debt and capital lease obligations	2,673	1,678
Other	8,211	8,730
	<u>\$ 1,130,798</u>	<u>\$ 1,064,696</u>

23. **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, 2014, the remaining trust assets were held in bank accounts or invested in term deposits.

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>2014</u>	<u>2013</u> (Restated - Note 3)
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 217,109	\$ 191,779
Federal Gas Tax Funds under the New Deal	42,300	9,531
Forest Sector Trust	5,483	5,409
Crime Prevention and Victim Services	5,320	5,066
Lottery Commission	4,614	3,874
Extended health and dental plan trust funds	2,686	-
Supreme Court trust	1,554	2,591
Public Guardian trust	1,266	1,264
Other	3,114	10,922
	<u>\$ 283,446</u>	<u>\$ 230,436</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

24. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2014:

	Expiry Date	2015	2016 – 2032	Total
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 22,526	\$ 382,942	\$ 405,468
Capital projects				
- in progress at March 31, 2014	2018	73,212	8,546	81,758
(recoverable amount)		(48,013)	(5,139)	(53,152)
Faro and Mount Nanson mine sites	2016	42,134	14,000	56,134
(recoverable amount)		(42,134)	(14,000)	(56,134)
Building/office space leases	2029	11,381	38,072	49,453
NorthwesTel Inc. mobile radio network system	2025	3,609	33,279	36,888
Yukon Hospital Corporation – medical equipment maintenance	2018	2,122	7,948	10,070
Conair Group Inc. air tanker services	2018	1,866	5,842	7,708
Alkan Air Ltd. medical evacuation Contract	2015	5,393	-	5,393
Miscellaneous operational commitments	2030	19,274	22,510	41,784
		<u>\$ 91,370</u>	<u>\$ 494,000</u>	<u>\$ 585,370</u>

25. **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 (2013 – one) department exceeded the authorized amounts as follows:

	(thousands of dollars)
Operations and maintenance grants	
Health and Social Services	
- Yukon seniors' income supplement	\$ 12

26. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$2.7 million (2013 – \$3.7 million). At March 31, 2014, on a consolidated basis, the Yukon Development Corporation had borrowings of \$130.3 million (2013 – \$131.5 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 12(d), it is expected that no significant costs will be incurred by the Government with respect to these guarantees and debts.



## GOVERNMENT OF YUKON

### Notes to Consolidated Financial Statements March 31, 2014

#### 27. Land claims

Between February 1995 and March 31, 2014, 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 \$5.5 million during the year (2013 – \$5.0 million) with cumulative expenditures of approximately \$78.2 million (2013 – \$72.7 million), of which \$77.0 million (2013 – \$71.5 million) was funded by the Government of Canada.

#### 28. 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, 2014, the amounts claimed, excluding the claim from the Commission scolaire francophone du Yukon which is described below, is \$1.6 million (2013 - \$0.8 million). No provision for these claims has been made 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. In addition to 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 Yukon Supreme 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 appealed this ruling to the Yukon Court of Appeal. The appeal was heard in March 2012. On February 11, 2014, the Yukon Court of Appeal granted the appeal, ruled on three specific legal issues and sent the matter back for a re-trial. On April 11, 2014, CSFY sought leave to appeal to the Supreme Court of Canada on all major determinations of the Court of Appeal. The Government filed its response to that application on May 12, 2014. On June 26, 2014, the Supreme Court of Canada granted the CSFY's leave to appeal. It is anticipated that the appeal will not be heard until spring 2015; consequently, no liability has been recorded in relation to these court orders.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2014

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 2013/2014, the Government paid \$306,000 (2013 – \$109,000) 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 \$1,169,000 as at March 31, 2014 (2013 – \$1,365,000). This amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2014 was \$5.0 million (2013 – \$4.7 million).

In February 2013, the Yukon Hospital Corporation gave notice to the general contractor, Dowland Contracting Ltd. that it was in default of its contracts on both the Watson Lake and Dawson City hospital projects for not paying sub-trades for work performed. The Corporation notified the bonding company (Intact Insurance Company) "the surety" for both projects. The bonding company fulfilled its obligation under the respective bonds and completed the projects in the fiscal year. To date, neither Dowlands receiver, Intact nor the Corporation have pursued a claim.

29. **Related parties**

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

	<u>2014</u>	<u>2013</u>
	(thousands of dollars)	
Revenues from:		
Compensation Fund (Yukon)	\$ 950	\$ 1,009
Yukon Lotteries Commission	<u>782</u>	<u>746</u>
	<u>\$ 1,732</u>	<u>\$ 1,755</u>
Expenses to:		
Compensation Fund (Yukon)	\$ 5,851	\$ 5,765
Yukon Legal Services Society	2,088	1,833
Yukon Arts Centre Corporation	1,253	1,092
Yukon Human Rights Commission	567	552
Yukon Lotteries Commission	<u>12</u>	<u>-</u>
	<u>\$ 9,771</u>	<u>\$ 9,242</u>

30. **Comparative figures**

Certain comparative figures for 2013 have been reclassified to conform with the 2014 presentation.

GOVERNMENT OF YUKON

Schedule A

**Consolidated Schedule of Revenues by Source  
for the year ended March 31, 2014**

	2014		2013
	Budget	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
From Government of Canada			
Formula Financing grant	\$ 816,647	\$ 816,647	\$ 767,159
Other grants	44,728	42,591	41,977
Contributions and service agreements	117,611	128,827	138,964
	<u>978,986</u>	<u>988,065</u>	<u>948,100</u>
Taxes and general revenues			
Income taxes	92,525	104,935	98,890
Other taxes			
Tobacco tax	10,817	10,649	11,011
Fuel tax	8,797	7,914	8,126
General property tax	3,377	4,553	3,441
Liquor tax	4,383	4,161	4,121
Insurance premium tax	2,646	2,539	2,914
Grant in lieu of property tax	150	206	183
Licences, permits and fees	10,320	15,746	11,854
Investment and interest revenue	4,244	7,985	5,069
Resource revenue - mineral, oil and gas and forestry	3,030	4,086	4,000
Income from portfolio investments	1,870	3,328	2,535
Hospital revenues	5,527	2,078	2,563
Continuing care	-	1,731	1,083
Aviation operations	1,061	1,210	954
Sale of undeveloped land	200	870	655
Fines	408	500	858
Other revenues	1,823	3,162	2,819
	<u>151,178</u>	<u>175,653</u>	<u>161,076</u>
Funding and service agreements with other parties	54,690	40,640	55,175
Income from investment in government business enterprises			
Yukon Liquor Corporation	10,522	8,671	8,629
Yukon Development Corporation	9,140	3,428	6,725
	<u>19,662</u>	<u>12,099</u>	<u>15,354</u>
	<u>\$ 1,204,516</u>	<u>\$ 1,216,457</u>	<u>\$ 1,179,705</u>

GOVERNMENT OF YUKON

Schedule B

**Consolidated Schedule of Operations by Function  
for the year ended March 31, 2014**

Note: 2013 amounts are restated (Note 3)

	Health and Social Services		Community and Transportation		Education		General Government <sup>1</sup>		Natural Resources	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
(thousands of dollars)										
<b>Revenues</b>										
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 816,647	\$ 767,159	\$ -	\$ -
Other transfers from										
Government of Canada	29,381	24,034	31,245	54,520	11,844	12,091	50,128	49,414	42,818	36,072
Taxes and general revenues	8,319	8,203	17,792	15,587	4,075	3,703	142,474	131,607	6,373	5,315
Funding and service agreements	5,513	5,390	27,641	42,537	12,748	13,037	1,548	1,384	1,178	368
Income from investment in government business enterprises	-	-	3,428	6,725	-	-	8,671	8,629	-	-
	<u>43,213</u>	<u>37,627</u>	<u>80,106</u>	<u>119,369</u>	<u>28,667</u>	<u>28,831</u>	<u>1,019,468</u>	<u>958,193</u>	<u>50,369</u>	<u>41,755</u>
<b>Expenses (Note 22)</b>										
Personnel	132,919	125,593	67,540	65,041	122,388	111,920	97,349	91,179	46,853	44,235
Contracts, materials and other	105,755	98,679	105,044	86,217	46,140	41,794	28,053	23,383	61,215	62,322
Government transfers	76,272	69,206	61,785	75,839	20,015	18,720	8,112	8,056	4,999	4,330
Amortization expenses	7,308	5,209	31,906	31,123	6,337	6,344	5,054	4,240	695	984
Interest on long-term debt and capital lease obligations	1,975	993	503	685	-	-	195	-	-	-
	<u>324,229</u>	<u>299,680</u>	<u>266,778</u>	<u>258,905</u>	<u>194,880</u>	<u>178,778</u>	<u>138,763</u>	<u>126,858</u>	<u>113,762</u>	<u>111,871</u>
Recovery of prior years' expenses	234	1,982	74	116	79	210	3,421	457	73	95
<b>(Deficit) surplus for the year</b>	<b>\$ (280,782)</b>	<b>\$ (260,071)</b>	<b>\$ (186,598)</b>	<b>\$ (139,420)</b>	<b>\$ (166,134)</b>	<b>\$ (149,737)</b>	<b>\$ 884,126</b>	<b>\$ 831,792</b>	<b>\$ (63,320)</b>	<b>\$ (70,021)</b>

<sup>1</sup> 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, 2014**

Note: 2013 amounts are restated (Notes 3)

	Justice		Business, Tourism and Culture		Adjustments <sup>2</sup>		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
(thousands of dollars)								
<b>Revenues</b>								
Formula financing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 816,647	\$ 767,159
Other transfers from								
Government of Canada	4,867	3,789	1,135	1,021	-	-	171,418	180,941
Taxes and general revenues	1,007	1,256	192	177	(4,579)	(4,772)	175,653	161,076
Funding and service agreements	796	657	225	232	(9,009)	(8,430)	40,640	55,175
Income from investment in government business enterprises	-	-	-	-	-	-	12,099	15,354
	<u>6,670</u>	<u>5,702</u>	<u>1,552</u>	<u>1,430</u>	<u>(13,588)</u>	<u>(13,202)</u>	<u>1,216,457</u>	<u>1,179,705</u>
<b>Expenses (Note 22)</b>								
Personnel	27,378	25,172	15,702	14,349	(68)	-	510,061	477,489
Contracts, materials and other	32,119	30,950	9,787	10,375	(3,650)	(3,540)	384,463	350,180
Government transfers	4,478	4,153	13,610	13,988	(9,870)	(9,662)	179,401	184,630
Amortization expenses	2,134	2,116	766	703	-	-	54,200	50,719
Interest on long-term debt and capital lease obligations	-	-	-	-	-	-	2,673	1,678
	<u>66,109</u>	<u>62,391</u>	<u>39,865</u>	<u>39,415</u>	<u>(13,588)</u>	<u>(13,202)</u>	<u>1,130,798</u>	<u>1,064,696</u>
Recovery of prior years' expenses	<u>2,067</u>	<u>22</u>	<u>61</u>	<u>681</u>	<u>-</u>	<u>-</u>	<u>6,009</u>	<u>3,563</u>
<b>(Deficit) surplus for the year</b>	<u>\$ (57,372)</u>	<u>\$ (56,667)</u>	<u>\$ (38,252)</u>	<u>\$ (37,304)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,668</u>	<u>\$ 118,572</u>

<sup>2</sup> 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, 2014**

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Transportation Infrastructure	Other <sup>1</sup>	2014 Total	2013 Total
(thousands of dollars)								
Cost of tangible capital assets, opening	\$ 12,355	\$ 765,586	\$ 116,508	\$ 51,490	\$ 921,378	\$ 59,052	\$ 1,926,369	\$ 1,847,478
Acquisitions	-	31,591	13,702	4,022	22,139	10,911	82,365	88,533
Write-downs	-	(3,285)	(36)	-	-	-	(3,321)	(146)
Disposals	-	(4,035)	(1,780)	(831)	(165)	-	(6,811)	(9,496)
⊗ Cost of tangible capital assets, closing	<u>12,355</u>	<u>789,857</u>	<u>128,394</u>	<u>54,681</u>	<u>943,352</u>	<u>69,963</u>	<u>1,998,602</u>	<u>1,926,369</u>
Accumulated amortization, opening	-	291,950	70,143	33,898	274,191	9,115	679,297	633,624
Amortization expense	-	19,337	7,733	3,623	21,841	1,666	54,200	50,719
Disposals	-	(4,035)	(1,534)	(831)	(165)	-	(6,565)	(5,046)
Accumulated amortization, closing	<u>-</u>	<u>307,252</u>	<u>76,342</u>	<u>36,690</u>	<u>295,867</u>	<u>10,781</u>	<u>726,932</u>	<u>679,297</u>
Net book value (Note 21)	<u>\$ 12,355</u>	<u>\$ 482,605</u>	<u>\$ 52,052</u>	<u>\$ 17,991</u>	<u>\$ 647,485</u>	<u>\$ 59,182</u>	<u>\$ 1,271,670</u>	<u>\$ 1,247,072</u>
Work-in-progress <sup>2</sup>		\$ 15,337	\$ 322	\$ 6,441	\$ 19,401	\$ 9,189	\$ 50,690	\$ 108,588

<sup>1</sup> Includes land improvements with a net book value at March 31, 2014 of \$23,215,000 (2013 - \$23,775,000) and sewage/water systems with a net book value at March 31, 2014 of \$19,509,000 (2013 - \$8,224,000).

<sup>2</sup> 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, 2014**

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon College	Yukon Hospital Corporation	2014 Total	2013 Total
	(thousands of dollars)						(Restated - Note 3)
Accrued benefit obligation							
Obligation at beginning of year	\$ 101,207	\$ 378	\$ 2,142	\$ 4,057	\$ 2,529	\$ 110,313	\$ 101,981
Current service costs	8,224	100	144	603	180	9,251	11,032
Plan amendment	(3,023)	-	(24)	-	-	(3,047)	-
Interest cost on benefit obligation	4,624	24	79	174	113	5,014	5,356
Actuarial loss (gain)	(5,184)	(104)	270	(37)	85	(4,970)	3,842
Benefits paid	(8,222)	-	(510)	(561)	(216)	(9,509)	(11,898)
Accrued benefit obligation at end of year	97,626	398	2,101	4,236	2,691	107,052	110,313
Unrecognized net actuarial gain (loss)	(7,228)	13	(378)	200	(79)	(7,472)	(14,423)
Accrued benefit liability	90,398	411	1,723	4,436	2,612	99,580	95,890
Liabilities that are not included in actuarial valuation	230	-	-	1,659	-	1,889	1,664
Post-employment benefits and compensated absences (Note 16)	90,628	411	1,723	6,095	2,612	101,469	97,554
Net benefit cost							
Current service costs	8,224	100	144	603	180	9,251	11,032
Interest cost on benefit obligation	4,624	24	79	174	113	5,014	5,356
Plan amendment	(3,023)	-	(24)	-	-	(3,047)	-
Amortization of net actuarial (gain) loss	1,422	14	14	14	(1)	1,463	1,131
Net cost for the year	\$ 11,247	\$ 138	\$ 213	\$ 791	\$ 292	\$ 12,681	\$ 17,519

GOVERNMENT OF YUKON

Schedule D  
Continued

**Consolidated Schedule of Post-employment Benefits and Compensated Absences  
for the year ended March 31, 2014**

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon College	Yukon Hospital Corporation
<b>Key assumptions</b>					
Discount rate on benefit costs	4.50%	5.50%	4.50%	3.75%	4.50%
Discount rate on accrued benefit obligation at end of year	4.50%	5.50%	4.50%	4.25%	4.50%
Rate of compensation increase	2.25%	2.50%	2.25%	See below <sup>1</sup>	2.50%
Amortization period (expected average remaining service life)	11.6 years	7.5 years	11.8 years	8.8 years	9.2 years

<sup>1</sup>For 10 years 4.25%, thereafter 4.75%



GOVERNMENT OF YUKON

Schedule E

**Consolidated Schedule of Retirement Benefits  
for the year ended March 31, 2014**

	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	2014 Total	2013 Total
(thousands of dollars)								
(Restated - Note 3)								
Pension and retirement plan assets are valued at fair market value.								
Accrued benefit obligation								
Obligation at beginning of year	\$ 28,078	\$ 8,230	\$ 39,404	\$ 1,802	\$ 53,574	\$ 50,187	\$ 181,275	\$ 166,718
Transition adjustment	-	-	-	-	-	-	-	(8,771)
Current service costs	1,232	409	1,488	30	2,512	3,222	8,893	8,138
Transfers in/service buybacks	-	-	-	-	-	477	477	-
Interest cost on benefit obligation	1,527	484	1,829	81	3,224	3,299	10,444	9,704
Actuarial (gain) loss	(2,043)	1,121	(5,634)	336	2,632	4,029	441	11,849
Benefits paid	(1,872)	(414)	(563)	(89)	(2,180)	(2,568)	(7,686)	(6,363)
Accrued benefit obligation at end of year	26,922	9,830	36,524	2,160	59,762	58,646	193,844	181,275
Plan assets - valued at fair market value								
Value at beginning of year	5,963	4,050	-	-	61,914	69,214	141,141	128,543
Actual return on plan assets	767	538	-	-	5,644	12,446	19,395	9,793
Employer contributions	408	109	563	89	1,778	4,117	7,064	5,662
Member contributions	152	48	-	-	995	1,680	2,875	2,617
Transfers in/service buybacks	-	-	-	-	-	477	477	-
Benefits paid	(437)	(414)	(563)	(89)	(2,180)	(2,568)	(6,251)	(5,209)
Actual plan expenses	-	-	-	-	-	(178)	(178)	(265)
Value at end of year	6,853	4,331	-	-	68,151	85,188	164,523	141,141
Funded status - plan deficit (surplus)	20,069	5,499	36,524	2,160	(8,389)	(26,542)	29,321	40,134
Unrecognized net actuarial gain (loss)	3,267	(677)	(1,488)	(728)	(5,628)	4,215	(1,039)	(12,163)
Accrued benefit liability (asset) (Note 17)	\$ 23,336	\$ 4,822	\$ 35,036	\$ 1,432	\$ (14,017)	\$ (22,327)	\$ 28,282	\$ 27,971

GOVERNMENT OF YUKON

Schedule E  
Continued

**Consolidated Schedule of Retirement Benefits  
for the year ended March 31, 2014**

	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	2014 Total	2013 Total
(thousands of dollars)								(Restated - Note 3)
Net benefit cost								
Current service costs	\$ 1,232	\$ 409	\$ 1,488	\$ 30	\$ 2,512	\$ 3,472 <sup>1</sup>	\$ 9,143	\$ 8,366
Less: Member contributions	(152)	(48)	-	-	(995)	(1,680)	(2,875)	(2,617)
Interest cost on benefit obligation	1,527	484	1,829	81	3,224	(1,315)	5,830	9,704
Expected return on plan assets	(331)	(225)	-	-	(3,119)	-	(3,675)	(8,351)
Amortization of net actuarial (gain) loss	(140)	(108)	627	68	-	(60)	387	51
Net cost for the year	\$ 2,136	\$ 512	\$ 3,944	\$ 179	\$ 1,622	\$ 417	\$ 8,810	\$ 7,153

64

Key assumptions

Expected long-term rate of return on assets at beginning of year	5.50%	5.75%	N/A	N/A	6.00%	6.50%
Discount rate on benefit costs	5.50%	5.75%	4.50%	4.50%	6.00%	6.50%
Discount rate on accrued benefit obligation at end of year	5.50%	5.75%	4.50%	4.50%	5.90%	6.50%
Inflation rate at end of year	2.00%	2.50%	2.25%	2.25%	2.30%	2.00%
Rate of compensation increase	2.50%	3.00%	see below <sup>2</sup>	see below <sup>2</sup>	4.25%	2.50%
Health care cost trend rate	N/A	N/A	see below <sup>3</sup>	N/A	N/A	N/A
Amortization period (expected average remaining service life)	7.5 years	5.5 years	11.5 years	7.6 years	9 years	7.5 years

<sup>1</sup> Includes \$250,000 for provision of administrative expenses.

<sup>2</sup> Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2011 valuation report.

<sup>3</sup> 8.0% per annum for 2014 grading down by level steps to an ultimate rate of 4.0% per annum in year 15.