

GOVERNMENT OF YUKON

Consolidated Statement of Financial Position
as at March 31, 2015

	2015	2014
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 3)	\$ 103,605	\$ 239,063
Temporary investments (Note 4)	183,851	11,984
Due from Government of Canada (Note 5)	62,317	56,150
Accounts receivable (Note 6)	14,392	15,194
Portfolio investments (Note 7)	59,516	57,859
Advances to Territorial corporations (Note 11(b)(c))	39,200	18,000
Loans receivable (Note 9)	62,720	63,299
Inventories for resale (Note 10)	73,607	76,922
Investment in government business enterprises (Note 11(a))	180,911	172,774
	<u>780,119</u>	<u>711,245</u>
Liabilities		
Due to Government of Canada (Note 5)	20,284	12,178
Accounts payable and accrued liabilities (Note 12)	113,314	105,372
Environmental liabilities (Note 13)	29,302	25,750
Unearned revenues (Note 14)	34,565	29,461
Post-employment benefits and compensated absences (Note 15)	107,670	101,469
Retirement benefits (Note 16)	27,034	28,282
Borrowings (Note 17)	52,280	57,868
Liabilities for leased tangible capital assets (Note 18)	6,582	5,176
	<u>391,031</u>	<u>365,556</u>
Net financial assets	<u>389,088</u>	<u>345,689</u>
Non-financial assets		
Tangible capital assets (Note 20)	1,321,895	1,271,670
Inventories of supplies	9,389	9,046
Prepaid expenses	2,749	2,217
	<u>1,334,033</u>	<u>1,282,933</u>
Accumulated surplus	<u>\$ 1,723,121</u>	<u>\$ 1,628,622</u>

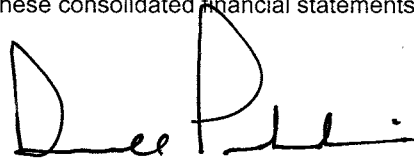
Contingencies, contractual obligations, commitments and guarantees
(Notes 11(d)(e), 13, 16(d)(e), 23, 25, 26 and 27)

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

Approved:



Katherine White
Deputy Minister of Finance



Darrell Pasloski
Minister of Finance

GOVERNMENT OF YUKON

Consolidated Statement of Operations and Accumulated Surplus
for the year ended March 31, 2015

	2015		2014
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada	\$ 1,023,835	\$ 1,033,268	\$ 988,065
Taxes and general revenues	162,362	155,005	182,833
Funding and service agreements with other parties	62,113	39,025	33,460
Income from investment in government business enterprises	16,772	17,307	12,099
	<u>1,265,082</u>	<u>1,244,605</u>	<u>1,216,457</u>
Expenses (Note 21)			
Health and social services	335,457	320,173	318,302
Community and transportation	266,714	258,235	265,929
Education	196,718	189,486	188,458
General government	145,596	143,130	137,239
Natural resources	118,874	126,895	113,652
Justice	68,122	69,864	66,060
Business, tourism and culture	44,566	42,494	38,680
Interest on loans	2,764	2,697	2,478
Adjustments	(13,218)	-	-
	<u>1,165,593</u>	<u>1,152,974</u>	<u>1,130,798</u>
Recovery of prior years' expenses	-	2,902	6,009
Surplus for the year	<u>\$ 99,489</u>	<u>94,533</u>	<u>91,668</u>
Accumulated surplus at beginning of year		1,628,622	1,536,701
Other comprehensive (loss) gain of government business enterprises (Note 11(a))		(34)	253
Accumulated surplus at end of year		<u>\$ 1,723,121</u>	<u>\$ 1,628,622</u>

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

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**Consolidated Statement of Change in Net Financial Assets
for the year ended March 31, 2015**

	2015		2014
	Budget	Actual	Actual
	(Note 1(b))		
	(thousands of dollars)		
Surplus for the year	\$ 99,489	\$ 94,533	\$ 91,668
Effect of change in tangible capital assets			
Acquisitions	(177,881)	(107,105)	(82,365)
Amortization of tangible capital assets	55,192	56,084	54,200
(Gain) loss on disposal of tangible capital assets	(20)	97	-
Proceeds on disposal of tangible capital assets	55	223	246
Write-down of tangible capital assets	-	476	3,321
Other budgetary adjustments	9,972	-	-
	<u>(112,682)</u>	<u>(50,225)</u>	<u>(24,598)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(19,489)	(24,461)
Consumption of inventories of supplies	-	19,146	23,821
(Increase) decrease in prepaid expenses	-	(532)	321
	<u>-</u>	<u>(875)</u>	<u>(319)</u>
(Decrease) increase in net financial assets	<u>\$ (13,193)</u>	<u>43,433</u>	<u>66,751</u>
Net financial assets at beginning of year		345,689	278,685
Other comprehensive (loss) gain of government business enterprises (Note 11(a))		(34)	253
Net financial assets at end of year		<u>\$ 389,088</u>	<u>\$ 345,689</u>

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

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**Consolidated Statement of Cash Flow
for the year ended March 31, 2015**

	2015	2014
	(thousands of dollars)	
Operating transactions		
Surplus for the year	\$ 94,533	\$ 91,668
Non-cash items included in surplus for the year:		
Amortization of tangible capital assets	56,084	54,200
Amortization of discount / premium on portfolio investments	(1,740)	(1,608)
Loans receivable valuation adjustment	189	(144)
Bad debt expense	4	150
Write-down of tangible capital assets	476	3,321
Gain on sale of land inventory	(1,532)	(870)
Loss on disposal of tangible capital assets	97	-
Share of government business enterprises' income	(8,171)	(3,056)
Change in non-cash assets and liabilities	20,252	6,730
Cash provided by operating transactions	<u>160,192</u>	<u>150,391</u>
Capital transactions		
Acquisition of tangible capital assets	(102,902)	(75,279)
Proceeds on disposal of tangible capital assets	223	246
Cash used for capital transactions	<u>(102,679)</u>	<u>(75,033)</u>
Investing transactions		
Net acquisition of temporary investments	(171,867)	(11,101)
Proceeds from portfolio investments	2,911	4,331
Acquisition of portfolio investments	(2,828)	(8,489)
Advances to Territorial corporations	(21,200)	(18,000)
Repayment of loans receivable	15,063	15,858
Issuance of loans receivable	(6,023)	(12,156)
Investment in land inventory	(2,818)	(10,721)
Cash used for investing transactions	<u>(186,762)</u>	<u>(40,278)</u>
Financing transactions		
Repayment of borrowings	(5,586)	(23,481)
Repayment of liabilities for leased tangible capital assets	(623)	(458)
Cash used for financing transactions	<u>(6,209)</u>	<u>(23,939)</u>
Cash and cash equivalents (decrease) increase	(135,458)	11,141
Cash and cash equivalents at beginning of year	239,063	227,922
Cash and cash equivalents at end of year (Note 3)	<u>\$ 103,605</u>	<u>\$ 239,063</u>
Interest received in the year	\$ 8,290	\$ 7,228
Interest paid in the year	\$ 2,920	\$ 2,726

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

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**Notes to Consolidated Financial Statements
March 31, 2015**

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 2014/2015 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.

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**Notes to Consolidated Financial Statements
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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, 2015. 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, 2015.

Trusts administered by the Government on behalf of other parties (Note 22) 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 and the Canada health and the Canada social transfers from the Government of Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada) which expires in 2018/19. The Formula Financing grant is principle-based and the Canada health transfer and the Canada social transfer are simple equal cash per capita grants. Adjustments for health and social transfers are made in the year they are known.

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

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Notes to Consolidated Financial Statements March 31, 2015

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, a provincial promissory note 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.

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Notes to Consolidated Financial Statements
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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.

Inventories for resale include land that has been developed by the Government and supplies held for eventual sale. Land 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.

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**Notes to Consolidated Financial Statements
March 31, 2015**

(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.

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.

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Notes to Consolidated Financial Statements
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(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 such as sick leave and vacation leave that are paid to employees during their employment. 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.

(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, net of expected recoveries, 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 when the Government is obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable, 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.

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Notes to Consolidated Financial Statements
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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.

The provision for environmental liabilities is subject to a high degree of measurement uncertainty because the existence and extent of contamination, the responsibility for clean-up, and the timing and cost of remediation cannot be reliably estimated in all circumstances. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined.

(h) Accounting changes

The Public Sector Accounting Board has issued the liabilities for contaminated sites accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into the air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceed an environmental standard. Due to previously existing liability recognition policies, adoption of this new standard did not result in a change to the Government's results in prior years. Specific disclosures are provided in Note 13.

(i) Future accounting changes

The Public Sector Accounting Board has issued the following standards:

- PS 2200 Related Party Disclosures, PS 3210 Assets, PS 3320 Contingent Assets, PS 3380 Contractual Rights and PS 3420 Inter-entity Transactions which apply to fiscal years beginning on or after April 1, 2017;
- PS 3430 Restructuring Transactions which applies to fiscal years beginning on or after April 1, 2018; and
- 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, 2019.

The Government is analyzing any possible future impact of these standards on its financial statements.

3. **Cash and cash equivalents**

	2015	2014
	(thousands of dollars)	
Bank balances	\$ 63,051	\$ 234,889
Short-term investments	40,478	4,098
Cash on hand	76	76
	<u>\$ 103,605</u>	<u>\$ 239,063</u>

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Notes to Consolidated Financial Statements
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4. **Temporary investments**

	2015		2014	
	Market Value	Carrying Value	Market Value	Carrying Value
	(thousands of dollars)			
Term deposit	\$ 180,145	\$ 180,145	\$ 10,016	\$ 10,016
Provincial promissory note	498	498	-	-
Other	3,215	3,208	1,973	1,968
	<u>\$ 183,858</u>	<u>\$ 183,851</u>	<u>\$ 11,989</u>	<u>\$ 11,984</u>

The term deposits held during the year had a weighted average effective yield of 1.16% (2014 – 1.53%) per annum and the remaining temporary investments had a weighted average effective yield of 0.6% (2014 – 1.00%) per annum.

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

	2015	2014
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 61,710	\$ 50,627
Income tax receivable	-	4,912
Other	607	611
	<u>\$ 62,317</u>	<u>\$ 56,150</u>
Due to Government of Canada		
RCMP	\$ 6,751	\$ 5,175
Public Service Pension Plan contribution payable	4,651	4,673
Income tax payable	4,362	-
Other	4,520	2,330
	<u>\$ 20,284</u>	<u>\$ 12,178</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.

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Notes to Consolidated Financial Statements
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6. Accounts receivable

	<u>2015</u>	<u>2014</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 12,561	\$ 12,866
Less valuation allowances	<u>(1,531)</u>	<u>(1,699)</u>
	11,030	11,167
Due from Territorial corporations that are not fully consolidated	<u>3,362</u>	<u>4,027</u>
	<u>\$ 14,392</u>	<u>\$ 15,194</u>

7. Portfolio investments

	<u>2015</u>		<u>2014</u>	
	<u>Face Value</u>	<u>Carrying Value</u>	<u>Face Value</u>	<u>Carrying Value</u>
	(thousands of dollars)			
Master Asset Vehicle II	\$ 36,256	\$ 32,637	\$ 36,256	\$ 30,890
Marketable securities	<u>26,871</u>	<u>26,879</u>	<u>26,953</u>	<u>26,969</u>
	<u>\$ 63,127</u>	<u>\$ 59,516</u>	<u>\$ 63,209</u>	<u>\$ 57,859</u>

Master Asset Vehicle II

On March 31, 2015 the Government held portfolio investments in floating rate notes with a carrying value of \$32.6 million (2014 – \$30.9 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, 2015 carrying value reflects \$1,747,000 (2014 – \$1,608,000) amortization of the discount recognized as part of the current year revenue from portfolio investments.

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The Government held the following investments in MAV II notes:

	2015		2014	
	Face Value	Carrying Value	Face Value	Carrying Value
	(thousands of dollars)			
Master Asset Vehicle II				
Class A-1 Notes	\$ 15,726	\$ 14,532	\$ 15,726	\$ 13,914
Class A-2 Notes	16,455	15,146	16,455	14,470
Class B Notes	2,986	2,367	2,986	2,083
Class C Notes	1,089	592	1,089	423
	<u>\$ 36,256</u>	<u>\$ 32,637</u>	<u>\$ 36,256</u>	<u>\$ 30,890</u>

All notes are scheduled to be repaid by early 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 April 17, 2015, DBRS Limited maintained the rating of the Class A-1 notes at AA(low)(sf) and upgraded the rating of the Class A-2 notes to A(sf) from A(low)(sf). Class B and C notes are not rated.

8. **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:

	2015	2014
	(thousands of dollars)	
Cash and cash equivalents	\$ 73	\$ 126
Temporary investments (market value \$3,215,000; 2014 – \$1,973,000)	3,208	1,968
Portfolio investments – marketable securities (market value \$26,792,000; 2014 – \$26,366,000)	<u>22,571</u>	<u>22,653</u>
	<u>\$ 25,852</u>	<u>\$ 24,747</u>

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9. Loans receivable

	<u>2015</u>	<u>2014</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 2040 (2014 – 2039) bearing interest rates ranging from 0% to 5.25% (2014 – 0% to 5.99%), net of allowance for subsidies and valuation of \$174,000 (2014 – \$177,000) and a provision in the amount of \$606,000 (2014 – \$397,000) for loans with concessionary terms.	\$ 42,157	\$ 42,366
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2020 (2014 – 2019) bearing interest rates ranging from 3.00% to 5.00% (2014 – 3.00% to 5.00%).	8,079	8,150
Debenture loans to municipalities, due in varying annual amounts to the year 2030 (2014 – 2030), bearing interest rates ranging from 2.72% to 7.50% (2014 – 3.26% to 7.50%).	4,313	4,268
Local improvement loans, due in varying annual amounts to the year 2041 (2014 – 2041), bearing interest rates ranging from 0.50% to 6.00% (2014 – 0.50% to 6.00%).	4,216	4,500
Other, net of allowance for doubtful accounts of \$606,000 (2014 – \$686,000).	3,955	4,015
	<u>\$ 62,720</u>	<u>\$ 63,299</u>

10. Inventories for resale

	<u>2015</u>	<u>2014</u>
	(thousands of dollars)	
Land		
Undeveloped land	\$ 612	\$ 580
Land under development	43,653	38,137
Developed land	<u>29,089</u>	<u>38,101</u>
	73,354	76,818
Other	<u>253</u>	<u>104</u>
	<u>\$ 73,607</u>	<u>\$ 76,922</u>

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11. 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	2015 Total	2014 Total
	(thousands of dollars)			
Assets				
Current	\$ 21,651	\$ 4,567	\$ 26,218	\$ 31,534
Capital assets	428,794	1,105	429,899	400,146
Other	26,718	-	26,718	25,078
	<u>\$ 477,163</u>	<u>\$ 5,672</u>	<u>\$ 482,835</u>	<u>\$ 456,758</u>
Liabilities				
Current	\$ 48,273	\$ 3,486	\$ 51,759	\$ 29,240
Long-term debt	125,929	-	125,929	130,340
Other	123,155	1,081	124,236	124,404
Equity	179,806	1,105	180,911	172,774
	<u>\$ 477,163</u>	<u>\$ 5,672</u>	<u>\$ 482,835</u>	<u>\$ 456,758</u>
Revenues	\$ 49,194	\$ 17,409 ¹	\$ 66,603	\$ 62,202
Expenses	<u>41,098</u>	<u>8,198</u>	<u>49,296</u>	<u>50,103</u>
Surplus	8,096	9,211	17,307	12,099
Other comprehensive gain (loss)	-	(34)	(34)	253
Remitted to the Government	-	(9,136)	(9,136)	(9,043)
Equity, beginning of year	<u>171,710</u>	<u>1,064</u>	<u>172,774</u>	<u>169,465</u>
Equity, end of year	<u>\$ 179,806</u>	<u>\$ 1,105</u>	<u>\$ 180,911</u>	<u>\$ 172,774</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.

¹ Yukon Liquor Corporation revenue is shown as net of cost of goods sold.

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(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Liquor Corporation	2015 Total	2014 Total
	(thousands of dollars)			
Government of Yukon:				
Accounts receivable from	\$ 226	\$ 1,271	\$ 1,497	\$ 2,356
Advance receivable	39,200	-	39,200	18,000
Accounts payable to	1,374	1	1,375	1,015
Long-term obligations to	162	-	162	162
Revenues from	44	10,411	10,455	10,637
Expenses to	19,168 ¹	2	19,170	17,583

¹ Includes cost of electricity of \$10,154,000 (2014 – \$10,207,000) 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 and September 2014, the Government entered into loan agreements with the Yukon Development Corporation ("YDC") and advanced \$18 million and \$21.2 million, respectively, 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 advances is March 31, 2015. Pursuant to the agreements, the loans 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 of the December 2013 loan is the one-year Canadian Dealer Offered Rate plus 20 basis points on December 20, 2013 (1.689%) and the rate during the first term of the September 2014 loan is the one-year Canadian Dealer Offered Rate plus 20 basis points on September 10, 2014 (1.676%). The per annum interest rate during the second and third terms of both loans will be set based on the six-month Canadian Dealer Offered Rate plus 30 basis points in effect at the beginning of each term. On March 16, 2015 the loans were extended for a second term to September 30, 2015 and on September 17, 2015 the loans were extended for a third term to March 31, 2016. The interest rate for the second term is 1.314% per annum and the rate for the third term is 1.131% per annum.

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(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 2014/2015, the Government paid \$1,628,000 (2014 – \$2,625,000) to YDC based on the MOU.

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 2014/2015, the Government provided \$3,351,000 (2014 – \$3,333,000) to YDC for this purpose. The Government is committed to fund up to \$3,500,000 in the fiscal year 2015/2016.

As at March 31, 2015, the Yukon Energy Corporation, the wholly-owned subsidiary of YDC, had contractual obligations for future purchases of products or services in the amount of \$10.3 million (2014 – \$13.4 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, 2015 for future years ending on March 31, 2016 are \$0.4 million (2014 for 2015 – \$2.6 million).

(e) Contingencies

Yukon Development Corporation

At March 31, 2015, the Yukon Energy Corporation had a claim from a contractor in the amount of \$4.0 million plus interest and legal costs. The outcome of the claim was not determinable at the financial statements date and no amount was recognized in its financial statements.

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(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. IFRS 14, 'Regulatory deferral accounts', has been issued and this standard permits first-time adopters of IFRS to elect to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. The standard requires that the effect of rate regulation must be presented separately from other items. Yukon Development Corporation may be required to prepare its financial statements in accordance with IFRS for its fiscal year ending December 31, 2015, and will be adopting IFRS 14. The IFRS statements, if prepared, will have comparative financial information and an opening statement of financial position beginning as of January 1, 2014.

12. Accounts payable and accrued liabilities

	<u>2015</u>	<u>2014</u>
	(thousands of dollars)	
Accrued liabilities	\$ 53,323	\$ 51,533
Accounts payable	47,737	46,049
Contractors' holdbacks and security deposits	10,414	5,760
Due to Territorial corporations that are not fully consolidated	<u>1,840</u>	<u>2,030</u>
	<u>\$ 113,314</u>	<u>\$ 105,372</u>

13. Environmental liabilities

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$21.4 million (2014 – \$18.3 million). This amount is 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. As a result, the actual amount of liabilities to remediate these sites could vary significantly.

As at March 31, 2015, the Government was aware of 86 sites (2014 – 74 sites) where the Government is obligated or is likely obligated to incur such costs. Phase I Environmental Site Assessments (ESA) have been undertaken on all but four of the 86 sites. Significant remediation work is in progress for one highway maintenance camp and at the Marwell Tar Pit.

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One of the 86 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, 2015, \$1.7 million (2014 – \$1.8 million) was recorded as a liability for this site, which is part of the \$21.4 million noted above.

(b) Landfill sites

There are 27 active, decommissioned or abandoned landfill sites that are outside incorporated communities and, therefore, are the responsibility of the Government. The Government is the sole operator of these landfills. Twenty-three of these sites are subject to the *Environment Act* (Yukon) – *Solid Waste Regulations* which includes requirements for closure and abandonment of a dump.

A liability is recognized as the landfill site’s capacity is used with usage measured on a volumetric basis. As at March 31, 2015, the net present value of total expenditures for closure and post-closure care is estimated to be \$9,537,000 (2014 – \$8,937,000) and a liability in the amount of \$7,894,000 (2014 – \$7,459,000) has been recorded for these sites. The amount remaining to be recognized in the future is \$1,643,000 (2014 – \$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 49 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. A discount rate of 4% was used for the net present value calculation for active and closed landfill sites.

(c) Type II sites

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. Excluding the Ketz River mine site as discussed in Note 29, the Government is not aware of any financial obligations on its part in relation to these mine sites.

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The following table presents the total estimated amounts of these liabilities, net of expected recoveries, as at March 31, 2015.

	2015		2014	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for contaminated sites ¹				
Highway maintenance camps and airports	36	\$ 11,857	35	\$ 11,205
Other storage tanks and buildings	40	6,269	31	3,578
Marwell Tar Pit, net of recoveries	1	1,734	1	1,808
Other	9	1,548	7	1,700
	<u>86</u>	<u>21,408</u>	<u>74</u>	<u>18,291</u>
Landfill sites	<u>27</u>	<u>7,894</u>	<u>27</u>	<u>7,459</u>
	<u>113</u>	<u>\$ 29,302</u>	<u>101</u>	<u>\$ 25,750</u>

¹ Contamination primarily includes petroleum hydrocarbons, salts and/or occasionally metals.

14. **Unearned revenues**

	2015	2014
	(thousands of dollars)	
Liability portion of government transfers	\$ 30,596	\$ 25,759
Motor vehicle fees for future years	2,907	2,415
Other	<u>1,062</u>	<u>1,287</u>
	<u>\$ 34,565</u>	<u>\$ 29,461</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. The amount of \$30,596,000 (2014 – \$25,759,000) includes \$25,034,000 (2014 – \$25,106,000) of 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.

15. **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.

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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, 2015 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 8).

(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, 2014.

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.

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, 2015 were as follows:

	<u>2015</u>	<u>2014</u>
	(thousands of dollars)	
Post-employment benefits and compensated absences liability		
Government of Yukon employees	\$ 96,379	\$ 90,628
Yukon College	6,076	6,095
Yukon Hospital Corporation	2,818	2,612
Yukon Housing Corporation	1,852	1,723
Members of Yukon Legislative Assembly	<u>545</u>	<u>411</u>
 (Schedule D)	 <u>\$ 107,670</u>	 <u>\$ 101,469</u>

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16. **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 2014, the Government contributed \$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 contributed \$7.59 for every dollar contributed by both groups of plan members. In the calendar year 2015, the Government contributes \$1.28 for every dollar contributed by the old group of plan members and \$1.28 for the new group of plan members. For the portion of the employee's salary above \$157,700, the Government contributes \$7.13 for every dollar contributed by both groups of plan members.

The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$36,902,000 (2014 – \$38,491,000).

(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. These benefits are based on service and earnings. The Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

The funds are held by an investment manager in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act*. The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid (Note 8). 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, 2015 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2014.

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(c) Territorial Court Judiciary Pension Plan

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

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

Actuarial valuations for the Territorial Court Judiciary Pension Plan for accounting and funding purposes were conducted using the membership data as at March 31, 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, 2014 following Canadian public sector accounting standards. An actuarial valuation for funding purposes was performed as of June 30, 2014, which established Yukon College's required contributions as 171.5% (2014 – 193.9%) of employee contributions.

The actuarial valuation for funding purposes as at June 30, 2014 indicates the College had an actuarial surplus of \$7,596,000 (2013 – \$52,000) at the measurement date on a going-concern basis and a deficit of \$8,315,000 (2013 – \$19,835,000) if valued on the basis that the pension plan were terminated/wound up as at June 30, 2014. The solvency ratio of the plan was 91.5% at June 30, 2014 (78.5% at June 30, 2013).

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, 2016. The maximum amount of letters of credit to which this guarantee applies will be \$12,922,000 (2014 – \$10,853,000).

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(e) Yukon Hospital Corporation Employees' Pension Plan

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

An actuarial valuation for funding purposes was performed at December 31, 2014, which established Yukon Hospital Corporation's required contribution as 139% (2013 – 180%) of employee contributions. This valuation reported that, as at December 31, 2014, the pension plan had a surplus of \$13.2 million (2013 – \$7.9 million) on a going concern basis, and a deficit of \$30.2 million (2013 – \$14.8 million) if valued on the basis that the pension plan were terminated/wound up. The solvency ratio of the plan is 77% (86% at December 31, 2013).

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 \$391,000 over the 2015 year. The Corporation will obtain a conforming letter of credit for a portion of the solvency shortfall for the calendar year and will contribute \$2,847,000 (2013 - \$2,036,000) in cash payments. During the fiscal year, the Corporation entered into letters of credit totaling \$11,957,000 (2014 – \$9,769,000) related to solvency deficiency payments.

An actuarial valuation for accounting purposes was performed as of March 31, 2015 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, 2015 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.

The accrued benefit liability for the above retirement benefits as of March 31, 2015 was as follows:

	2015	2014
	(thousands of dollars)	
Accrued benefit liability (asset)		
Extended health care retirement benefit	\$ 38,011	\$ 35,036
Legislative Assembly Retirement Allowances Plan	23,516	23,336
Territorial Court Judiciary Pension Plan	5,434	4,822
Life insurance retirement benefit	1,678	1,432
Yukon College Employees' Pension Plan	(13,814)	(14,017)
Yukon Hospital Corporation Employees' Pension Plan	<u>(27,791)</u>	<u>(22,327)</u>
(Schedule E)	<u>\$ 27,034</u>	<u>\$ 28,282</u>

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17. **Borrowings**

	<u>2015</u>	<u>2014</u>
	(thousands of dollars)	
Yukon Hospital Corporation – loans with a chartered bank. (see below)	\$ 45,849	\$ 48,764
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 \$2,899,000 (2014 – \$4,032,000), repayable in blended monthly payments with maturities up to the year 2028, bearing fixed interest rates ranging from 1.88% to 12.50%.	4,217	6,012
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%.	2,052	2,930
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 \$237,000 (2014 – \$267,000).	162	162
	<u>\$ 52,280</u>	<u>\$ 57,868</u>

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

(thousands of dollars)

2016	\$ 4,724
2017	3,865
2018	3,818
2019	3,857
2020	3,935
Thereafter	<u>32,081</u>
	<u>\$ 52,280</u>

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Yukon Hospital Corporation – loans with a chartered bank

	2015	2014
	(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.	\$ 16,870	\$ 17,889
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 with the final payment due on April 1, 2028.	15,700	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.	13,279	13,975
	\$ 45,849	\$ 48,764

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Borrowing Limit

An Order in Council (P.C. 2012-280) issued pursuant to subsection 23(2) of the *Yukon Act* (Canada) provides authority to the Government and its entities to borrow in aggregate to a maximum of \$400 million. The current *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>2015</u>	<u>2014</u>
	(thousands of dollars)	
Authorized borrowing limit	\$ 400,000	\$ 400,000
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>27,390</u>	<u>31,803</u>
	<u>127,390</u>	<u>131,803</u>
Fully consolidated entities		
Yukon Hospital Corporation, bank loans	45,849	48,764
Yukon Housing Corporation, mortgages payable	4,217	6,012
Yukon Housing Corporation, loans payable	<u>2,052</u>	<u>2,930</u>
	<u>52,118</u>	<u>57,706</u>
	179,508	189,509
Accrued interest payable	1,285	1,293
Credit facilities used	1,580	3,593
Capital lease obligation	<u>6,582</u>	<u>5,176</u>
	<u>188,955</u>	<u>199,571</u>
Available borrowing capacity	<u>\$ 211,045</u>	<u>\$ 200,429</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2015

18. Liabilities for leased tangible capital assets

	<u>2015</u>	<u>2014</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	\$ 4,701	\$ 5,176
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.3%.	<u>1,881</u>	<u>-</u>
	<u>\$ 6,582</u>	<u>\$ 5,176</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$227,000 (2014 – \$195,000) at an imputed average interest rate of 3.5% (2014 – 3.7%).

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

	(thousands of dollars)
2016	\$ 1,247
2017	1,292
2018	1,301
2019	1,309
2020 and thereafter	<u>5,909</u>
Total minimum lease payments	11,058
Less: amount representing executory costs	(2,656)
amount representing rental of land	(974)
amount representing interest	<u>(846)</u>
	<u>\$ 6,582</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2015

19. **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:

	2015		2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(thousands of dollars)			
Temporary investments	\$ 183,851	\$ 183,858	\$ 11,984	\$ 11,989
Portfolio investments				
Master Asset Vehicle II	\$ 32,637	\$ 34,163	\$ 30,890	\$ 33,753
Marketable securities	26,879	31,103	26,969	30,681
	<u>\$ 59,516</u>	<u>\$ 65,266</u>	<u>\$ 57,859</u>	<u>\$ 64,434</u>
Loans receivable				
Mortgages receivable, net of valuation allowance	\$ 42,157	\$ 40,131	\$ 42,366	\$ 40,550
Other loans receivable, net of valuation allowance	20,563	21,103	20,933	21,547
	<u>\$ 62,720</u>	<u>\$ 61,234</u>	<u>\$ 63,299</u>	<u>\$ 62,097</u>
Borrowings				
Short-term debt with bank	\$ 45,849	\$ 54,539	\$ 48,764	\$ 55,564
Mortgages payable	4,217	3,626	6,012	5,145
Loans payable	2,052	2,177	2,930	3,053
Other	162	149	162	71
	<u>\$ 52,280</u>	<u>\$ 60,491</u>	<u>\$ 57,868</u>	<u>\$ 63,833</u>

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, 2015, 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, 2015

The estimated fair values of loans receivable were determined using the present value of future cash flows discounted at the March 31, 2015 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.

20. **Tangible capital assets**

	2015 Net Book Value	2014 Net Book Value
	(thousands of dollars)	
Land	\$ 13,293	\$ 12,355
Buildings	517,432	482,605
Equipment and vehicles	52,338	52,052
Computer hardware and software	19,708	17,991
Transportation infrastructure	654,094	647,485
Land improvements and fixtures	33,438	30,222
Sewage and water systems	23,281	20,619
Other	8,311	8,341
(Schedule C)	<u>\$ 1,321,895</u>	<u>\$ 1,271,670</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 \$766,000 (2014 – \$563,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2015 (thousands of dollars)	2014 (thousands of dollars)
Buildings (cost)	\$ 7,663	\$ 5,634
Less accumulated amortization	<u>(1,329)</u>	<u>(563)</u>
	<u>\$ 6,334</u>	<u>\$ 5,071</u>

During the year, the Yukon Hospital Corporation capitalized loan interest costs in the amount of \$0 (2014 – \$856,000). This amount is included in the cost of buildings.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2015

21. Expenses by object

	<u>2015</u>	<u>2014</u>
	(thousands of dollars)	
Personnel	\$ 516,295	\$ 510,061
Government transfers	175,854	179,401
Contract and special services	226,671	195,176
Materials, supplies and utilities	98,231	104,986
Amortization expenses	56,084	54,200
Communication and transportation	39,155	40,104
Rent	29,353	35,986
Interest on long-term debt and capital lease obligations	2,925	2,673
Other	8,406	8,211
	<u>\$ 1,152,974</u>	<u>\$ 1,130,798</u>

22. 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, 2015, 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>2015</u>	<u>2014</u>
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 233,654	\$ 217,109
Federal Gas Tax Funds under the New Deal	57,622	42,300
Forest Sector Trust	5,553	5,483
Crime Prevention and Victim Services	5,510	5,320
Lottery Commission	5,100	4,614
Extended health and dental plan trust funds	3,077	2,686
Supreme Court trust	1,484	1,554
Public Guardian trust	1,245	1,266
Other	3,284	3,114
	<u>\$ 316,529</u>	<u>\$ 283,446</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2015

23. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2015:

	Expiry Date	2016	2017 – 2032	Total
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 23,710	\$ 379,360	\$ 403,070
Capital projects				
- in progress at March 31, 2015	2018	56,093	3,028	59,121
(recoverable amount)		(36,160)	-	(36,160)
Faro and Mount Nanson mine sites	2016	35,069	-	35,069
(recoverable amount)		(35,069)	-	(35,069)
Building/office space leases	2029	11,180	35,922	47,102
Northwestel Inc. mobile radio network system	2025	3,609	29,710	33,319
Yukon Hospital Corporation – medical equipment maintenance	2021	1,948	7,112	9,060
Conair Group Inc. air tanker services	2018	2,182	3,935	6,117
Alkan Air Ltd. medical evacuation	2016	5,463	-	5,463
Miscellaneous operational commitments	2030	21,847	19,592	41,439
		<u>\$ 89,872</u>	<u>\$ 478,659</u>	<u>\$ 568,531</u>

24. **Overexpenditure**

During the year, one (2014 – none) department exceeded their vote with a total of \$3,000 (2014 – \$0). Over expenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that “a vote does not authorize any payment to be made in excess of the amount specified in the vote”.

(thousands of dollars)

The vote that was over expended is as follows:

Capital

Ombudsman

\$ 3

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, two (2014 – one) departments exceeded the authorized amounts as follows:

(thousands of dollars)

Operations and maintenance grants

Community Services

- In-lieu of property taxes

\$ 50

Health and Social Services

- Yukon seniors' income supplement

55

- Adoption subsidies

34

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2015

25. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$1.6 million (2014 – \$2.7 million). At March 31, 2015, on a consolidated basis, the Yukon Development Corporation had borrowings of \$125.9 million (2014 – \$130.3 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 11(d), it is expected that no significant costs will be incurred by the Government with respect to these guarantees and debts.

26. **Land claims**

Between February 1995 and March 31, 2015, 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 \$6.3 million during the year (2014 – \$5.5 million) with cumulative expenditures of approximately \$84.4 million (2014 – \$78.2 million), of which \$83.3 million (2014 – \$77.0 million) was funded by the Government of Canada.

27. **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, 2015, the amounts claimed, excluding the claim from Commission scolaire francophone du Yukon, which is described below, is \$1.8 million (2014 – \$1.6 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 other claims, CSFY sought payment in the amount of \$1,954,000. As part of the Yukon Supreme Court's ruling in 2011, the court ordered the Government to hold \$1,954,000 in trust for CSFY. The case in its entirety was appealed, eventually to the Supreme Court of Canada. In May 2015, the Supreme Court of Canada determined that the trial judge had been biased, with the effect that the trial court's order for the Government to repay the \$1,954,000 is null and void. Consequently although there are on-going discussions between the parties, no liability has been recorded in relation to this matter.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2015

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 2014/2015, the Government paid \$489,000 (2014 – \$306,000) 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 \$979,000 as at March 31, 2015 (2014 – \$1,169,000). This amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2015 was \$5.0 million (2014 – \$5.0 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.

In addition to the environmental liabilities discussed in Note 13, the Government has identified other sites where it may be obligated to incur remediation costs. No liability has been recognized for these sites.

28. **Related parties**

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

	2015	2014
	(thousands of dollars)	
Revenues from:		
Compensation Fund (Yukon)	\$ 956	\$ 950
Yukon Lotteries Commission	820	782
	<u>\$ 1,776</u>	<u>\$ 1,732</u>
Expenses to:		
Compensation Fund (Yukon)	\$ 5,768	\$ 5,851
Yukon Legal Services Society	1,684	2,088
Yukon Arts Centre Corporation	1,154	1,253
Yukon Human Rights Commission	582	567
Yukon Lotteries Commission	-	12
	<u>\$ 9,188</u>	<u>\$ 9,771</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2015

29. **Subsequent events**

(a) Type II mine site

On April 10, 2015 Veris Gold Corporation stopped funding the care and maintenance of the Ketzá River mine site (the site).

The site is identified as a Type II mine site in the Devolution Transfer Agreement (DTA) between the Government and the Government of Canada. The Government has provided notice to the Government of Canada pursuant to the DTA that the site has been abandoned by its owner/operator. Once a Type II site becomes abandoned the DTA requires an independent assessment of the condition of the site and the development of a remediation plan. The Government is responsible for the cost of this assessment.

Under the DTA, the Government of Canada accepted financial responsibility for the remediation of impacts attributable to activities that were permitted by the Government of Canada. The Government will be financially responsible for remediation of impacts of activities it permitted. The Government's costs, if any, may be offset by the security bond it holds.

The financial obligations related to the assessment required under the DTA and remediation costs, if any, that are the Government's responsibility are currently undeterminable.

(b) Whitehorse diesel – natural gas conversion project

On May 1, 2015, Yukon Development Corporation (YDC) entered into an agreement with the Kwanlin Dun First Nation (KDFN) which allows KDFN to invest in YDC's Whitehorse diesel – natural gas conversion project (the project), in the form of a loan. KDFN may invest up to 50% of the projected cost of the project, or \$21.5 million, based on the total projected cost of \$42.9 million for the project. Annual principal repayments are four percent of the loan plus interest for the next twenty five years. The interest rate is a blended rate based on the cost of debt and the actual rate of return earned by YDC.

(c) Whitehorse General Hospital expansion

On May 7, 2015, Yukon Hospital Corporation selected a preferred proponent to lead the construction of a Whitehorse General Hospital expansion. The Corporation has entered into a \$54.2 million design build contract with PCL Constructors Westcoast Inc. with a scheduled completion date of September 2017.

30. **Comparative figures**

Certain comparative figures for 2014 have been reclassified to conform with the 2015 presentation.

During the year, the Government changed the presentation of its Consolidated Statement of Cash Flow from the direct method to the indirect method.

GOVERNMENT OF YUKON

Schedule A

**Consolidated Schedule of Revenues by Source
for the year ended March 31, 2015**

	2015		2014
	Budget	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing grant	\$ 851,268	\$ 851,268	\$ 816,647
Other grants	46,444	44,630	42,591
Contributions and service agreements	126,123	137,370	128,827
	<u>1,023,835</u>	<u>1,033,268</u>	<u>988,065</u>
Taxes and general revenues			
Income taxes	96,089	80,875	104,935
Other taxes			
Tobacco tax	10,484	10,446	10,649
Fuel tax	8,464	7,670	7,914
General property tax	4,575	4,656	4,553
Liquor tax	4,267	4,288	4,161
Insurance premium tax	3,068	2,551	2,539
Grant in lieu of property tax	205	203	206
Licences, permits and fees	13,555	14,642	17,477
Sale of land	-	9,210	8,050
Investment and interest revenue	4,801	6,378	7,985
Resource revenue - mineral, oil and gas and forestry	3,030	2,583	4,086
Income from portfolio investments	2,010	3,653	3,328
Hospital revenues	8,158	1,798	2,078
Aviation operations	1,054	1,165	1,210
Fines	458	646	500
Other revenues	2,144	4,241	3,162
	<u>162,362</u>	<u>155,005</u>	<u>182,833</u>
Funding and service agreements with other parties	<u>62,113</u>	<u>39,025</u>	<u>33,460</u>
Income from investment in government business enterprises			
Yukon Liquor Corporation	8,772	9,211	8,671
Yukon Development Corporation	8,000	8,096	3,428
	<u>16,772</u>	<u>17,307</u>	<u>12,099</u>
	<u>\$ 1,265,082</u>	<u>\$ 1,244,605</u>	<u>\$ 1,216,457</u>

GOVERNMENT OF YUKON

Schedule B

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2015**

	Health and Social Services		Community and Transportation		Education		General Government ¹		Natural Resources	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenues										
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 851,268	\$ 816,647	\$ -	\$ -
Other transfers from										
Government of Canada	21,589	29,381	38,514	31,245	11,268	11,844	53,400	50,128	52,562	42,818
Taxes and general revenues	8,870	8,319	24,529	24,912	4,554	4,075	114,703	142,474	5,958	6,433
Funding and service agreements	5,097	5,513	23,621	20,521	16,847	12,748	1,529	1,548	2,222	1,118
Income from investment in government business enterprises	-	-	8,096	3,428	-	-	9,211	8,671	-	-
	35,556	43,213	94,760	80,106	32,669	28,667	1,030,111	1,019,468	60,742	50,369
Expenses (Note 21)										
Personnel	134,334	132,919	69,052	67,540	123,897	122,388	96,943	97,349	46,788	46,853
Contracts, materials and other	110,704	105,755	99,644	105,044	44,241	46,140	30,518	28,053	74,244	61,215
Government transfers	71,881	76,272	56,726	61,785	23,070	20,015	12,363	8,112	5,335	4,999
Amortization expenses	7,498	7,308	33,056	31,906	6,939	6,337	4,912	5,054	719	695
Interest on long-term debt and capital lease obligations	2,350	1,975	347	503	-	-	228	195	-	-
	326,767	324,229	258,825	266,778	198,147	194,880	144,964	138,763	127,086	113,762
Recovery of prior years' expenses	268	234	1,498	74	979	79	105	3,421	22	73
(Deficit) surplus for the year	\$ (290,943)	\$ (280,782)	\$ (162,567)	\$ (186,598)	\$ (164,499)	\$ (166,134)	\$ 885,252	\$ 884,126	\$ (66,322)	\$ (63,320)

(thousands of dollars)

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

GOVERNMENT OF YUKON

Schedule B
Continued

Consolidated Schedule of Operations by Function
for the year ended March 31, 2015

	Justice		Business, Tourism and Culture		Adjustments ²		Total
	2015	2014	2015	2014	2015	2014	
Revenues							
Formula financing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 816,647
Other transfers from							
Government of Canada	3,793	4,867	874	1,135	-	-	171,418
Taxes and general revenues	1,062	1,007	171	192	(4,842)	(4,579)	182,833
Funding and service agreements	712	796	270	225	(11,273)	(9,009)	33,460
Income from investment in government business enterprises	-	-	-	-	-	-	17,307
	5,567	6,670	1,315	1,552	(16,115)	(13,588)	1,244,605
Expenses (Note 21)							
Personnel	29,431	27,378	15,850	15,702	-	(68)	516,295
Contracts, materials and other	34,258	32,119	12,044	9,787	(3,837)	(3,650)	401,816
Government transfers	4,038	4,478	14,719	13,610	(12,278)	(9,870)	175,854
Amortization expenses	2,199	2,134	761	766	-	-	56,084
Interest on long-term debt and capital lease obligations	-	-	-	-	-	-	2,925
	69,926	66,109	43,374	39,865	(16,115)	(13,588)	1,152,974
Recovery of prior years' expenses	7	2,067	23	61	-	-	2,902
(Deficit) surplus for the year	\$ (64,352)	\$ (57,372)	\$ (42,036)	\$ (38,252)	\$ -	\$ -	\$ 94,533
							\$ 91,668

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

GOVERNMENT OF YUKON

Schedule C

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2015**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Transportation Infrastructure	Land Improvements & Fixtures	Sewage & Water Systems	Other	2015 Total	2014 Total
(thousands of dollars)										
Cost of tangible capital assets, opening	\$ 12,355	\$ 789,857	\$ 128,394	\$ 54,681	\$ 943,352	\$ 34,353	\$ 21,899	\$ 13,711	\$ 1,998,602	\$ 1,926,369
Acquisitions	938	55,558	8,381	4,892	29,283	4,374	3,098	581	107,105	82,365
Write-downs	-	(269)	-	-	-	(207)	-	-	(476)	(3,321)
Disposals	-	(4,114)	(3,527)	(199)	(76)	(138)	-	-	(8,054)	(6,811)
Cost of tangible capital assets, closing	13,293	841,032	133,248	59,374	972,559	38,382	24,997	14,292	2,097,177	1,998,602
Accumulated amortization, opening	-	307,252	76,342	36,690	295,867	4,131	1,280	5,370	726,932	679,297
Amortization expense	-	20,319	7,918	3,175	22,674	951	436	611	56,084	54,200
Disposals	-	(3,971)	(3,350)	(199)	(76)	(138)	-	-	(7,734)	(6,565)
Accumulated amortization, closing	-	323,600	80,910	39,666	318,465	4,944	1,716	5,981	775,282	726,932
Net book value (Note 20)	\$ 13,293	\$ 517,432	\$ 52,338	\$ 19,708	\$ 654,094	\$ 33,438	\$ 23,281	\$ 8,311	\$ 1,321,895	\$ 1,271,670
Work-in-progress ¹		\$ 42,230	\$ 398	\$ 8,461	\$ 28,296	\$ 1,376	\$ 4,209	\$ 1,379	\$ 86,349	\$ 50,690

¹ Included in net book value.

GOVERNMENT OF YUKON

Schedule D
Continued

Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2015

	Members of			
	Government of Yukon Employees	Yukon Legislative Assembly	Yukon Housing Corporation	Yukon Hospital Corporation
Key assumptions				
Discount rate on benefit costs	3.70%	5.50%	3.70%	N/A
Discount rate on accrued benefit obligation at end of year	3.70%	5.00%	3.70%	N/A
Rate of compensation increase	2.25%	2.50%	2.25%	N/A
Amortization period (expected average remaining service life)	11.6 years	6.5 years	11.8 years	9.0 years

¹ For 10 years 4.25%, thereafter 4.75%

GOVERNMENT OF YUKON

Schedule E

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2015**

	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	2015 Total	2014 Total
Accrued benefit obligation									
Obligation at beginning of year	\$ 26,922	\$ 9,830	\$ 36,524	\$ 2,160	\$ 59,762	\$ 58,646	\$ 193,844	\$ 181,275	\$ 181,275
Current service costs	1,031	439	1,743	133	3,539	3,840	10,725	8,893	8,893
Transfers in/service buybacks	-	-	-	-	-	-	-	477	477
Interest cost on benefit obligation	1,474	576	1,707	100	3,543	3,864	11,264	10,444	10,444
Actuarial (gain) loss	1,927	(1,124)	6,789	201	2,346	239	10,378	441	441
Benefits paid	(1,270)	(440)	(612)	(99)	(2,957)	(2,230)	(7,608)	(7,686)	(7,686)
Accrued benefit obligation at end of year	30,084	9,281	46,151	2,495	66,233	64,359	218,603	193,844	193,844
Plan assets - valued at fair market value									
Value at beginning of year	6,853	4,331	-	-	68,151	85,188	164,523	141,141	141,141
Actual return on plan assets	513	310	-	-	13,674	8,219	22,716	19,395	19,395
Employer contributions	269	143	612	99	2,329	5,366	8,818	7,064	7,064
Member contributions	154	57	-	-	1,205	1,817	3,233	2,875	2,875
Transfers in/service buybacks	-	-	-	-	-	-	-	477	477
Benefits paid	(252)	(440)	(612)	(99)	(2,957)	(2,230)	(6,590)	(6,251)	(6,251)
Actual plan expenses	-	-	-	-	-	(280)	(280)	(178)	(178)
Value at end of year	7,537	4,401	-	-	82,402	98,080	192,420	164,523	164,523
Funded status - plan deficit (surplus)	22,547	4,880	46,151	2,495	(16,169)	(33,721)	26,183	29,321	29,321
Unrecognized net actuarial gain (loss)	969	554	(8,140)	(817)	2,355	5,930	851	(1,039)	(1,039)
Accrued benefit liability (asset) (Note 16)	\$ 23,516	\$ 5,434	\$ 38,011	\$ 1,678	\$ (13,814)	\$ (27,791)	\$ 27,034	\$ 28,282	\$ 28,282

(thousands of dollars)

Pension and retirement plan assets are valued at fair market value.

GOVERNMENT OF YUKON

Schedule E
Continued

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2015**

	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	2015 Total	2014 Total
Net benefit cost								
Current service costs	\$ 1,031	\$ 439	\$ 1,743	\$ 133	\$ 3,539	\$ 4,121 ¹	\$ 11,006	\$ 9,143
Less: Member contributions	(154)	(57)	-	-	(1,205)	(1,817)	(3,233)	(2,875)
Interest cost on benefit obligation	1,474	576	1,707	100	3,543	(1,825)	5,575	5,830
Expected return on plan assets	(382)	(242)	-	-	(4,038)	-	(4,662)	(3,675)
Amortization of net actuarial (gain) loss	(503)	39	137	112	692	(577)	(100)	387
Net cost for the year	\$ 1,466	\$ 755	\$ 3,587	\$ 345	\$ 2,531	\$ (98)	\$ 8,586	\$ 8,810

(thousands of dollars)

Key assumptions

Expected long-term rate of return on assets at beginning of year	5.50%	5.75%	N/A	N/A	5.90%	6.50%		
Discount rate on benefit costs	5.50%	5.75%	3.70%	3.70%	5.90%	6.50%		
Discount rate on accrued benefit obligation at end of year	5.00%	5.50%	3.70%	3.70%	5.80%	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%	2.00% ²	see below ³	see below ³	4.25%	2.50%		
Health care cost trend rate	N/A	N/A	see below ⁴	N/A	N/A	N/A		
Amortization period (expected average remaining service life)	6.5 years	7.6 years	11.5 years	7.6 years	9 years	7.7 years		

¹ Includes \$281,000 for provision of administrative expenses.

² Based on a rate of compensation increase of 2% at April 1, 2014 and April 1, 2015, 3% thereafter

³ Based on the annual rates from the Public Service Pension Plan ("PSP") March 31, 2011 valuation report.

⁴ 8.0% per annum for 2014 grading down by level steps to an ultimate rate of 4.0% per annum in year 15.

PART THREE
NON-CONSOLIDATED FINANCIAL STATEMENTS