



YUKON WORKERS'
COMPENSATION
HEALTH AND
SAFETY BOARD

SUBJECT: ACCOUNTING POLICIES POLICY NO.: FN-11

BOARD APPROVAL: Feb. 11, 1997

APPROVAL DATE: William McPherson

BOARD ORDER NO.: _____

EFFECTIVE DATE: Feb. 11, 1997

REVOKED

MAR 08 2005

POLICY STATEMENT

SECTION
REFERENCE:

48, 93

1992 Workers' Compensation Act

POLICY:

ACCOUNTING POLICIES

GENERAL INFORMATION

The Yukon Workers' Compensation Health and Safety Board follows accounting procedures in accordance with the *Financial Administration Act* of the Yukon Territory and generally accepted accounting principles as contained in the Canadian Institute of Chartered Accountants' Handbook. This policy outlines the general and significant accounting policies of the Yukon Workers' Compensation Health and Safety Board.

POLICY

A. DEFINITIONS

(a) AMORTIZATION CALCULATED ON THE STRAIGHT LINE METHOD

Amortization Calculated on the Straight Line Method means the allocation of the cost of an asset, in equal increments, over its estimated useful life.

(b) ASSETS

Assets are as defined in the current Canadian Institute of Chartered Accountants' Handbook.

(c) FULL ACCRUAL

Full Accrual means the keeping of accounts in such a manner as to show expenses incurred and revenues earned for the fiscal year, although such expenses and revenues may not have been actually paid or received.

(d) MOVING AVERAGE MARKET METHOD

The Moving Average Market Method means the average of a prior number of daily market value prices plotted to form a smoothed curve which more clearly demonstrates how a stock is trending.

(e) RESERVE

Reserve means the "Potential Liability and Asset Replacement Reserve."

(f) CAPITAL ASSETS

Capital Assets is as defined in the current Canadian Institute of Chartered Accountants' Handbook.

B. GENERAL ACCOUNTING PROCEDURES

The Board shall maintain accounting records on a "full accrual" basis.

The Board shall maintain:

- (a) statements of assets and liabilities showing the board's financial position at the end of the fiscal year,
- (b) statements of the revenues and expenditures of the board showing the results of operations for the fiscal year,
- (c) statements of changes in the financial position of the board for the fiscal year,
- (d) statements of all payments made from the Compensation Fund,
- (e) accounting records showing:
 - (i) expenditures made against the approved budget,
 - (ii) recoveries of expenditures,
 - (iii) revenues,
 - (iv) assets,
 - (v) all other direct and contingent liabilities, and
 - (vi) any reserves established by the Board.

- (f) The Branch Directors shall ensure that:
 - (i) expenditures are charged in accordance with the Policy Statement, FN-05, Budget and Organizational Control,
 - (ii) recoveries of expenditure are recorded separately and are not netted against the expenditures, and
 - (iii) only revenue received or receivable for current or prior fiscal years is included in the revenue.

C. SIGNIFICANT ACCOUNTING POLICIES

(a) ALLOCATION OF REVENUES AND EXPENSES TO CURRENT AND PRIOR YEARS

Revenues shall be allocated to the current year with the exception of revenue items clearly related to prior years.

Assessment revenues shall be allocated to the appropriate industry and class.

Interest shall be allocated in proportion to the Claims Benefit Liability and Reserve opening balances.

Claims costs shall be allocated based on the year of accident and allocated to the appropriate industry and class.

Prior years administration expenses shall be based on the actuarial assumption in the benefit liabilities which is a percentage, as determined by the Board's actuary, of claims costs paid.

(b) ALLOWANCE FOR DOUBTFUL ACCOUNTS

An allowance for doubtful assessments accounts shall be provided for by charges against assessment income.

Doubtful accounts may be written off if deemed uncollectible.

(c) PORTFOLIO INVESTMENTS

Fixed-term investments, having terms greater than one year, consisting primarily of bonds, shall be stated at amortized cost and market value. Gains and losses realized on disposal of fixed-term investments during the year shall be deferred and amortized over the remaining period to maturity.

Fixed-term investments, having terms less than or equal to one year, consisting primarily of treasury bills, shall be carried at amortized cost. Gains and losses realized on disposal of these investments shall be recognized in the year of disposition.

Investments, other than fixed term, are carried at market value, using the moving average market method to amortize unrealized gains and losses straight line over five years.

A portion of the investment portfolio shall be designated to match the Claims Benefit Liability.

(d) CLAIMS BENEFIT LIABILITY

Claims Benefit Liability means the actuarial present value of all expected benefit payments relating to existing claims, including short term disability, long term disability (pensions, annuities or loss of earnings benefits), survivor benefits, health care, rehabilitation, cost of living increases, enhanced disability and second injury payments and any other legislated or constructed liabilities related to existing claims. Claims Benefit Liability also includes the present value of expected future administration expenses related to existing claims.

A separate provision shall be made for future claims related to occupational diseases in the Reserve, to allow for uncertainty in estimating the actual amount.

An actuarial valuation of the benefit liabilities shall be carried out every three years in compliance with the *Workers' Compensation Act*.

(e) POTENTIAL LIABILITIES AND ASSET REPLACEMENT RESERVE

The Reserve shall cover the costs of claims disasters, unknown disability claims such as occupational diseases or enhanced disabilities, asset replacement and rate stabilization.

(f) ASSESSMENTS AND MERIT REBATES

Revenues from assessment premiums shall be calculated on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the Board. Separate rates of assessment shall be established for each industry classification.

A merit rebate program, if in effect by Board Order, shall be based on an employer's health and safety program and their accident record.

(g) SUPPLEMENTARY COMPENSATION BENEFITS

Supplementary compensation benefits shall be granted, pursuant to the Workers Compensation Supplementary Benefits Act, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation shall be increased to the amount that would have been granted had the accident occurred after the coming into force of the Workman's Compensation Ordinance, Ordinances of the Yukon Territory, (3rd) 1973. The cost of the supplementary benefits shall be recovered from the Yukon Consolidated Revenue Fund.

(h) CAPITAL ASSETS

Capital assets shall be carried at cost less accumulated amortization. Amortization shall be calculated on the straight-line method using rates based on the estimated useful life of the assets as follows:

(i)	buildings	40 years,
(ii)	furnishings and office equipment	5 to 10 years,
(iii)	computer equipment & software development	3 years, and
(iv)	vehicles	5 years.

(i) FUNDING POLICY

The Claims Benefit Liability shall be fully funded.

The Board shall maintain a "Potential Liability and Asset Replacement Reserve." The Reserve provides funding to cover any claims disasters, unknown disabilities, asset replacement and rate stabilization.

REFERENCES

Yukon Workers' Compensation Health and Safety Board:

Funding Policy Statement

Budget and Organizational Control Policy Statement

Annuities Policy Statement

Write-off Policy Statement

Financial Administration Act

HISTORY

1. *Worker's Compensation Act*, Chapter 16, in force January 1, 1993.
2. Policy, Accounting Policy Statement, effective February 11, 1997.