

SECTION I
GOVERNMENT OF YUKON
FINANCIAL STATEMENTS
(unaudited)

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GOVERNMENT OF YUKON

**Non-Consolidated Statement of Financial Position
as at March 31, 2022**

	2022	2021
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 3)	\$ 72,771	\$ 63,886
Temporary investments (Note 4)	4,122	800
Due from Government of Canada (Note 5)	176,146	131,310
Accounts receivable (Note 6)	30,905	17,069
Portfolio investments (Note 7)	30,597	34,589
Advances to Territorial corporations (Note 9)	68,101	84,692
Loans receivable (Note 10)	48,452	55,727
Land inventory (Note 11)	67,711	63,545
	<u>498,805</u>	<u>451,618</u>
Liabilities		
Due to Government of Canada (Note 5)	38,687	39,966
Accounts payable and accrued liabilities (Note 12)	197,465	164,137
Environmental liabilities (Note 13)	94,368	42,887
Unearned revenues (Note 14)	17,623	13,849
Post-employment benefits and compensated absences (Note 15)	129,792	124,999
Retirement benefits (Note 16)	120,737	110,298
Liabilities for leased tangible capital assets (Note 17)	1,982	3,096
	<u>600,654</u>	<u>499,232</u>
Net financial assets (debt)	<u>(101,849)</u>	<u>(47,614)</u>
Non-financial assets		
Tangible capital assets (Note 19)	1,491,355	1,428,413
Inventories of supplies	6,667	6,487
Prepaid expenses	2,868	2,853
	<u>1,500,890</u>	<u>1,437,753</u>
Accumulated surplus	<u>\$ 1,399,041</u>	<u>\$ 1,390,139</u>

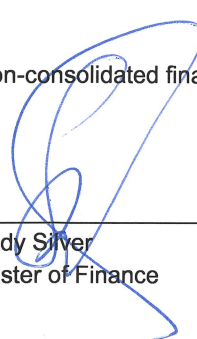
Contingencies, contractual rights and obligations, commitments and guarantees
(Notes 13, 22, 23, 24, 26, 27, and 28)

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

Approved on October 21, 2022:



D. Scott Thompson
Deputy Minister of Finance



Sandy Silver
Minister of Finance

GOVERNMENT OF YUKON

**Non-Consolidated Statement of Operations and Accumulated Surplus
for the year ended March 31, 2022**

	2022		2021
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada			
Formula Financing grant	\$ 1,117,650	\$ 1,117,650	\$ 1,054,979
Other grants	65,630	145,210	149,429
Contributions and service agreements	248,043	205,541	184,617
Taxes and general revenues	190,923	222,359	196,249
Funding and service agreements with other parties	23,746	21,222	24,299
	<u>1,645,992</u>	<u>1,711,982</u>	<u>1,609,573</u>
Expenses (Note 20 and Schedule B)	<u>1,652,589</u>	<u>1,706,742</u>	<u>1,591,382</u>
Recovery of prior years' expenses	<u>-</u>	<u>3,662</u>	<u>1,089</u>
Surplus (deficit) for the year	<u>\$ (6,597)</u>	8,902	19,280
Accumulated surplus at beginning of year		<u>1,390,139</u>	<u>1,370,859</u>
Accumulated surplus at end of year		<u>\$ 1,399,041</u>	<u>\$ 1,390,139</u>

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

GOVERNMENT OF YUKON

**Non-Consolidated Statement of Change in Net Financial Assets (Debt)
for the year ended March 31, 2022**

	2022		2021
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus (deficit) for the year	\$ (6,597)	\$ 8,902	\$ 19,280
Effect of change in tangible capital assets			
Acquisitions	(146,606)	(128,185)	(87,721)
Amortization of tangible capital assets	63,529	65,085	65,867
Loss (gain) on disposal of tangible capital assets	-	155	492
Write-down of tangible capital assets	-	3	1,940
Adjustments	8,552	-	-
	(74,525)	(62,942)	(19,422)
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(8,117)	(7,050)
Decrease (increase) in inventories of supplies	-	7,937	7,475
Decrease (increase) in prepaid expenses	-	(15)	(524)
	-	(195)	(99)
Increase (decrease) in net financial assets (debt)	<u>\$ (81,122)</u>	<u>(54,235)</u>	<u>(241)</u>
Net financial assets (debt) at beginning of year		(47,614)	(47,373)
Net financial assets (debt) at end of year		<u>\$ (101,849)</u>	<u>\$ (47,614)</u>

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

GOVERNMENT OF YUKON

**Non-Consolidated Statement of Cash Flow
for the year ended March 31, 2022**

	2022	2021
	(thousands of dollars)	
Operating transactions		
Surplus (deficit) for the year	\$ 8,902	\$ 19,280
Non-cash items included in surplus (deficit) for the year:		
Amortization of tangible capital assets	65,085	65,867
Loans receivable valuation adjustment	35	54
Write-down of tangible capital assets	3	1,940
Loss (gain) on sale of land inventory	68	(2,017)
Loss (gain) on disposal of tangible capital assets	155	492
Change in non-cash assets and liabilities	43,669	25,739
Cash provided by (used for) operating transactions	117,917	111,355
Capital transactions		
Acquisition of tangible capital assets	(128,185)	(87,721)
Cash provided by (used for) capital transactions	(128,185)	(87,721)
Investing transactions		
Net proceeds from temporary investments	(3,322)	461
Proceeds from portfolio investments	20,386	35,275
Acquisition of portfolio investments	(16,394)	(36,916)
Repayment of advances from Territorial corporations	500	2,000
Advances to Territorial corporations	16,091	(7,256)
Repayment of loans receivable	21,032	18,587
Issuance of loans receivable	(5,833)	(2,692)
Investment in land inventory	(12,193)	(19,280)
Cash provided by (used for) investing transactions	20,267	(9,821)
Financing transactions		
Repayment of liabilities for leased tangible capital assets	(1,114)	(1,047)
Cash provided by (used for) financing transactions	(1,114)	(1,047)
Cash and cash equivalents increase (decrease)	8,885	12,766
Cash and cash equivalents at beginning of year	63,886	51,120
Cash and cash equivalents at end of year (Note 3)	\$ 72,771	\$ 63,886
Interest received in the year	\$ 3,793	\$ 5,568
Interest paid in the year	\$ 135	\$ 174

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

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements March 31, 2022

1. **Authority and operations**

(a) Authority

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

(b) Main Estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in May 2021. Due to the April 2021 election, special warrants provided interim spending authority until the Main Estimates were approved. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Yukon Legislative Assembly. Adjustments include estimated lapses and unallocated budget estimates.

(c) Investments

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

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

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

(d) Basis of accounting

These financial statements are prepared on a non-consolidated basis for the purpose of determining the financial position and annual results of the Government of Yukon departments. The *Taxpayer Protection Act* (Yukon) requires that the accounting policies of the Government, which are used to prepare its non-consolidated financial statements, must conform to the recommendations of the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, except with respect to consolidation.

The Government also prepares a set of consolidated financial statements in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements March 31, 2022

2. Significant accounting policies

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 on March 31, 2024. 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.

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.

Proceeds from funding and service agreements with other parties are recognized as revenue as they are determined to be earned based on the terms and conditions of the agreements and in compliance with relevant accounting standards. These determinations occur on an agreement by agreement basis due to the diverse nature of each individual agreement.

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.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements March 31, 2022

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 dates of acquisition.

Temporary investments include treasury bills, GICs, term deposits and funds that include short-term debt securities of Canadian governments and corporate issuers with terms to maturity of 90 days or more but one year or less 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 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. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. The loan receivable is reduced by the amount of a loss when the amount is known with sufficient precision, and there is no realistic prospect of recovery. Interest revenue is recognized on an accrual basis until such time that the collectability of either principal or interest is not reasonably assured.

Land inventory 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.

Non-financial assets

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

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

Liabilities

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

Unearned revenues are cash received for which goods and services have not been provided by year-end, and are primarily comprised of motor vehicle licence fees for the following fiscal years 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 at the present value of the minimum lease payments, excluding the portion relating to executory costs. A corresponding asset is recorded 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, over a similar term length as the related lease terms, at the time the obligation is incurred.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements March 31, 2022

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.

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.

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 reported based on the following capitalization thresholds and are generally amortized on a straight-line basis over their estimated useful life of the asset as follows:

<u>Asset category</u>	<u>Threshold</u>	<u>Estimated useful life</u>
Land	Nil	N/A
Buildings		
Buildings	\$ 50,000	40 - 50 years
Leasehold Improvements	\$ 50,000	Shorter of the lease term or useful economic life
Equipment and vehicles		
Heavy equipment	\$ 10,000	7 - 30 years
Operating equipment	\$ 10,000	5 - 25 years
Vehicles	\$ 10,000	6 - 20 years
Computer hardware and software		
Computer hardware	\$ 10,000	5 years
Computer software	\$ 100,000	Expected usage of the system before overhaul
Transportation infrastructure		
Forestry access roads	\$ 50,000	10 years
Highways	\$ 250,000	up to 75 years
Pavement/surfaces	\$ 250,000	up to 75 years
Bridges	\$ 250,000	up to 75 years
Airport runways	\$ 50,000	up to 75 years
Other		
Portable classroom/housing trailers	\$ 50,000	25 years
Land improvements and fixtures	\$ 50,000	up to 50 years
Sewage and water systems	\$ 50,000	up to 50 years
Mobile radio system infrastructure	\$ 100,000	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.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements March 31, 2022

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 based on the projected benefit method prorated on service. 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 plans is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

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 for Government employees 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. They are both non-pension defined benefit plans. Liabilities for these benefits are triennially valued on an actuarial basis using the projected benefit method prorated on service, with an actuarial valuation for accounting purposes updated annually. Non-pension retirement benefit expenses for these plans are recognized as the member renders service. Actuarial gains and losses are amortized on straight-line basis over the estimated average remaining service lives of the participants. Both extended health care and life insurance retirement benefits are not funded and thus have no plan assets, resulting in a plan deficit equal to the accrued benefit obligation.

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

Environmental liabilities

Contaminated sites and other environmental liabilities, which include Type II sites, are accrued, net of recoveries, and an expense recorded based on management's best estimates when the contamination occurs, when the Government becomes aware of the contamination 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.

Landfill liabilities are recognized on a net present value basis for the total estimated expenditures for closure and post-closure care as the landfill site's capacity is used.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements
March 31, 2022

Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to 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, 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.

3. **Cash and cash equivalents**

	2022	2021
	(thousands of dollars)	(thousands of dollars)
Bank balances	\$ 72,712	\$ 63,822
Cash on hand	59	64
	<u>\$ 72,771</u>	<u>\$ 63,886</u>

4. **Temporary investments**

	2022	2022	2021	2021
	Fair Value	Carrying Value	Fair Value	Carrying Value
	(thousands of dollars)	(thousands of dollars)	(thousands of dollars)	(thousands of dollars)
Short-term funds	<u>\$ 4,122</u>	<u>\$ 4,122</u>	<u>\$ 800</u>	<u>\$ 800</u>

The temporary investments had a weighted average effective yield during 2022 of 0.19% (2021 - 1.54%) per annum.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements
March 31, 2022

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

	<u>2022</u>	<u>2021</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 171,885	\$ 126,815
Income tax	4,258	4,492
Other	<u>3</u>	<u>3</u>
	<u>\$ 176,146</u>	<u>\$ 131,310</u>
Due to Government of Canada		
Payroll taxes	\$ 12,352	\$ 11,599
RCMP	10,957	7,599
Public Service Pension Plan contribution	7,873	8,232
Program funding liable for claw back	3,798	6,812
Other	2,898	3,876
Type II mine sites	<u>809</u>	<u>1,848</u>
	<u>\$ 38,687</u>	<u>\$ 39,966</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.

6. **Accounts receivable**

	<u>2022</u>	<u>2021</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 26,986	\$ 12,878
Less valuation allowances	<u>(2,099)</u>	<u>(1,691)</u>
	24,887	11,187
Due from Territorial corporations	<u>6,018</u>	<u>5,882</u>
	<u>\$ 30,905</u>	<u>\$ 17,069</u>

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements
March 31, 2022

7. **Portfolio investments**

	2022		2021	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	(thousands of dollars)			
Marketable securities	<u>\$ 31,495</u>	<u>\$ 30,597</u>	<u>\$ 34,545</u>	<u>\$ 34,589</u>

Marketable securities are designated investments (Note 8) set aside within the Consolidated Revenue Fund for use in meeting certain post-employment and retirement benefit obligations for Members of the Legislative Assembly. The investments are managed by a third party manager.

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:

	2022	2021
	(thousands of dollars)	
Cash and cash equivalents	\$ -	\$ 4
Temporary investments (Fair value \$4,122,000; 2021 – \$800,000)	4,122	800
Portfolio investments – marketable securities (Fair value \$31,495,000; 2021 - \$34,545,000)	<u>30,597</u>	<u>34,589</u>
	<u>\$ 34,719</u>	<u>\$ 35,393</u>

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements
March 31, 2022

9. **Advances to Territorial corporations**

	<u>2022</u>	<u>2021</u>
	(thousands of dollars)	
Yukon Development Corporation		
Infrastructure loan	\$ 36,200	\$ 36,200
Yukon Housing Corporation		
Working capital advances	<u>31,901</u>	<u>48,491</u>
	<u>\$ 68,101</u>	<u>\$ 84,691</u>

The Government advanced \$39,200,000 to the Yukon Development Corporation ("YDC") in order to assist in the development of the Whitehorse diesel – natural gas conversion project, which was completed by the Yukon Energy Corporation, YDC's wholly owned subsidiary. The term of the loan is to March 31, 2023 and pursuant to the agreement, the loan may be extended for two additional five year terms upon mutual consent of the parties. The per annum interest rate was based off the one-year indicative swap rate plus a 0.4% premium increase. In prior years, the per annum interest rate was set based on one-year CDOR plus 40 basis points in effect on April 1 each year. The change was due to the CDOR ceasing to exist. The rate of interest effective on March 31, 2022 is 2.82% (2021 - 0.81%). The loan agreement requires principal repayments of \$1 million on March 31 each year and full repayment of any principal outstanding at the end of each loan term if the loan is not extended. The payment due March 31, 2021 from YDC was received in March 2021 and the payment due March 31, 2022 from YDC was received in April 2022.

The working capital advances to the Yukon Housing Corporation are interest free and have various repayment terms.

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Notes to Non-Consolidated Financial Statements
March 31, 2022

10. **Loans receivable**

	<u>2022</u>	<u>2021</u>
	(thousands of dollars)	
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2026 (2021 – 2026), bearing interest at 5% (2021 – 5.00%).	\$ 24,610	\$ 34,439
Local improvement loans, due in varying annual amounts to the year 2040 (2021 – 2040), bearing interest rates ranging from 0.50% to 5.25% (2021 – 0.50% to 5.25%).	9,073	8,443
Domestic well loans, due in varying annual amounts to the year 2036 (2021 – 2036), bearing interest rates ranging from 0.50% to 4.50% (2021 – 0.50% to 2.00%).	5,615	5,607
Regional Relief and Recovery Fund loans providing assistance to businesses to recover from COVID-19 pandemic, due with forgivable terms, bearing interest rate ranging from 0.00% to 5.00%	3,160	-
Due from Yukon Hospital Corporation for pension plan solvency loan, due as one payment in the year 2035, bearing interest at 3.95%	3,063	3,063
Debenture loans to municipalities, due in varying annual amounts to the year 2034 (2021 – 2034), bearing interest rates ranging from 2.72% to 6.38% (2021 – 2.72% to 6.38%).	2,344	2,627
Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2025 (2021 – 2025), bearing interest at 0.00% (2021 – 0.00%).	639	1,596
Energy infrastructure development loan due in periodic instalments bearing interest at 6.40% (2021 – 6.40%).	205	205
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.00% to 5.20% (2021 – 0.00% to 5.20%).	65	65
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2022 (2021 – 2021), bearing interest at 0.00% (2021 – 0.00%).	-	3
Less valuation allowances	<u>(322)</u>	<u>(322)</u>
	<u>\$ 48,452</u>	<u>\$ 55,727</u>

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements
March 31, 2022

11. **Land inventory**

	2022	2021
	(thousands of dollars)	(thousands of dollars)
Undeveloped land	\$ 603	\$ 603
Land under development	41,750	40,447
Developed land	25,358	22,495
	<u>\$ 67,711</u>	<u>\$ 63,545</u>

12. **Accounts payable and accrued liabilities**

	2022	2021
	(thousands of dollars)	(thousands of dollars)
Accounts payable	\$ 60,466	\$ 59,630
Accrued liabilities	90,877	61,731
Contractors' holdbacks and security deposits	15,680	8,934
Due to Territorial corporations	30,442	33,842
	<u>\$ 197,465</u>	<u>\$ 164,137</u>

The accrued liabilities include the Yukon Government Carbon Price Rebate liability which represents the net of the dollar amounts received from the Government of Canada less the dollar amounts disbursed to the eligible groups as of March 31. The balance of the liability at March 31, 2022 is \$18,884,605 (2021 - \$6,919,720).

13. **Environmental liabilities**

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$77,328,000 (2021 - \$26,231,000). These liabilities consist of estimated costs related to the remediation of contaminated sites as well as estimated costs associated with other liabilities related to these sites. The liabilities are determined on a site-by-site basis and are based on preliminary environmental assessments or estimation for those sites where an assessment has not been conducted. The amount recorded is based on management's best estimates utilizing the information available at the financial statement date. 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. No assets are designated for settling these liabilities.

As at March 31, 2022, the Government was aware of 96 sites (2021 – 95 sites) where the Government is obligated or is likely obligated to incur such costs. Phase I Environmental Site Assessments (ESA) have been undertaken on 91 of the 96 sites. During the year, remediation work was undertaken at 9 sites.

One of the 96 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

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Government and the Government of Canada entered into an agreement to remediate the site over 11 years with a total estimated cost of \$6,800,000, of which the Government is to fund 30% or \$2,040,000 and the Government of Canada \$4,760,000. As at March 31, 2022, \$ 106,000 (2021 - \$106,000) was recorded as a liability for this site, which is part of the \$77,328,000 noted above.

A site known as Wellgreen ceased operations in the 1970's. The Government of Canada approved the tailings dam and resulting pond built at that time as meeting required specifications; however, concerns regarding the level of water in the pond were raised. Initial assessment confirmed that further remediation of the site is required. Negotiations with the previous owner and the Government of Canada are underway to establish final levels of responsibility and liability. Remediation has been estimated at \$15,501,000, which reflects the Government's potential exposure before any potential recoveries from the other parties, and has been included in Environmental Liabilities for Contaminated Sites (2021 - \$4,803,000).

The Wolverine mine site was owned and operated by Yukon Zinc Corporation under a license pursuant to the *Quartz Mining Act* (Yukon). After operating for a short period of time, during which the required financial security for potential closure and remediation costs of \$35,548,000 was not provided in full, the company was placed in receivership on September 16, 2019. After several legal rulings and appeals, the court appointed receiver was unsuccessful in finding a viable purchaser of the mine and recommended it be turned over to the government for closure. Government staff have estimated that the development of an actionable closure and remediation plan will cost \$3,500,000. Hence the government has included \$39,048,000 as an initial estimated liability as disclosed in the chart below.

(b) Landfill sites

There are 28 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 the active landfills. 23 of these sites are subject to the *Environment Act* (Yukon) – *Solid Waste Regulations* which includes requirements for closure and abandonment of a dump. The remaining 5 sites are old abandoned dumps which are not subject to the *Solid Waste Regulations*.

A liability is recognized as the landfill site's capacity is used with usage measured on a volumetric basis. As at March 31, 2022, the net present value of total expenditures for closure and post-closure care is estimated to be \$14,462,000 (2021 – \$14,057,000) and a liability in the amount of \$12,283,000 (2021 - \$11,854,000) has been recorded for these sites. The amount remaining to be recognized in the future is \$2,179,000 (2021 – \$2,203,000). No assets are designated for settling these liabilities.

In calculation of the above liability, the remaining landfill life was estimated to be from 0 to 50 years. Solid waste permits issued under the *Solid Waste Regulations* specify 25 years of post-closure monitoring; therefore, 25 years is used as an estimated length of time needed for post-closure care. A discount rate of 2.58% (2021 – 2.58%) 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, which have been abandoned by their owner/operator. Except for the Ketza River site discussed below, the Government is not aware of any financial obligations on its part in relation to these mine sites.

On April 10, 2015 Veris Gold Corporation abandoned the Ketza 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

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pursuant to the DTA that the site has been abandoned by its owner/operator. Once a Type II site becomes abandoned the DTA requires that an Independent Assessor assess the condition of the site and develop 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 after devolution. 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 are estimated to be \$4,757,000 (2021 - \$4,802,000) and remediation costs, if any, which are the Government's responsibility, are currently undeterminable. No assets are designated for settling these liabilities.

The following table presents the total estimated amounts of these liabilities as at March 31, 2022.

	2022		2021	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for contaminated sites ¹				
Highway maintenance camps and airports	35	\$11,329	36	\$10,835
Other storage tanks and buildings	48	8,894	48	8,437
Marwell Tar Pit	1	106	1	106
Wellgreen	1	15,501	1	4,803
Wolverine	1	39,048	-	-
Other	10	2,450	9	2,050
	96	77,328	95	26,231
Landfill sites	28	12,283	28	11,854
Type II sites	1	4,757	1	4,802
	125	\$ 94,368	124	\$ 42,887

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

14. **Unearned revenues**

	2022	2021
	(thousands of dollars)	
Liability portion of government transfers	\$ 9,947	\$ 10,447
Motor vehicle fees for future years	3,008	2,554
Prepaid lease payments	4,000	-
Other	668	847
	<u>\$ 17,623</u>	<u>\$ 13,848</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.

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

	2022	2021
	(thousands of dollars)	
Severance benefits	\$ 66,854	\$ 69,394
Sick leave obligation	28,906	29,289
Vacation leave obligation	27,679	27,426
Accrued benefit obligation	123,439	126,109
Unamortized net actuarial gain /(loss)	4,021	(3,260)
Post-employment benefits accrued liability	127,459	122,849
Compensated absences	2,332	2,150
	<u>\$ 129,792</u>	<u>\$ 124,999</u>

Severance benefits are paid on termination of service or upon retirement. The above amounts are comprised of severance benefits for Government employees and for the Members of the Legislative Assembly.

(a) Yukon Government employees

Severance benefits are paid to Government employees based on the type of termination, e.g. resignation versus retirement, the rate of the pay, and the number of years of continuous employment.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by the daily pay rate at termination or retirement.

The accrued benefit obligation at March 31, 2022 is based on an actuarial valuation conducted as at June 17, 2022. In projecting the accrued obligation for these benefits as at March 31, 2022, the Government assumed a discount rate of 4.00% and general salary increases of 2.0% per annum. The net actuarial gain or loss is amortized over the expected average remaining service life of the active employees of 12.5 years.

Expenses related to post-employment benefits for the year ended March 31, 2022 were \$18,014,000 (2021 - \$16,950,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to \$13,429,000 (2021 - \$9,494,000). Post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Government also accounts for compensated absences liabilities in accordance with Canadian public sector accounting standards. Compensated absences include special leave benefits and educational leave benefits.

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Effective December 31, 2019 all current resignation and retirement severance accruals have been frozen for employees classified as Deputy Ministers and Managers. All employees are eligible to receive severance payouts based on service accrued prior to December 31, 2019. The plan amendments do not materially affect the results. The accounting standards prescribe that the cost of plan amendments related to prior employee service is accounted for as an expense in the period of the amendment. The exception is where unamortized gains or losses exist, whereby the unamortized gains or losses are immediately recognized to the maximum of the prior period service cost.

Effective June 30, 2018 all current and retirement severance accruals were frozen for certain employees of the government. All employees in this group are entitled to receive severance payouts based on service accrued prior to June 30, 2018.

(b) Members of the Legislative Assembly

The *Legislative Assembly Act* (Yukon) provides a severance allowance to members of the Legislative Assembly based on the aggregate of the indemnity and salary received by the member during the preceding year and the number of years served by the member. At March 31, 2022, the severance benefit obligation for this benefit was \$917,000 (2021 - \$891,000). The book value of the assets designated by the Government to meet this obligation was \$768,000 at March 31, 2022 (2021 - \$797,000), which included in the value disclosed in Note 8. The accrued benefit liability at March 31, 2022 is based on an extrapolation of an actuarial valuation that was performed as at January 31, 2020.

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).

Since the above changes, there are two groups paying different rates of contributions to the plan. The Government contributes \$1.02 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members.

In the calendar year 2022, for the portion of the employee's salary above \$191,300, the Government contributes \$5.91 for every dollar contributed by both groups of plan members. In the calendar year 2021, for the portion of the employee's salary above \$181,600 the Government contributed \$3.59 for every dollar contributed by both groups of plan members.

The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$41,478,000 (2021 - \$40,423,000).

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(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. The last actuarial valuation for funding purposes as of March 31, 2021, was performed December 31, 2021. The accrued benefit obligation as at March 31, 2022 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2021.

(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, 2020.

(d) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both non-pension defined benefit plans. The extended health care plan is self-insured. The accrued benefit obligation at March 31, 2022 is based on an extrapolation of an actuarial valuation conducted as at January 31, 2020. 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.

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Effective for all employees retiring after January 1, 2019 the cost sharing arrangement for extended health benefits was revised. Existing retirees and those retiring prior to January 1, 2019 were not impacted by the change.

Effective April 1, 2020, the eligibility for post-retirement life insurance was amended through changes to Section M, the terms and conditions of employment for managers. Managers appointed to MG3 or higher positions prior to April 1, 2020 retain their eligibility for post-retirement life insurance on retirement. Management employees newly appointed at the MG3 level or higher as of April 1, 2020 are not eligible for post-retirement life insurance.

The accrued benefit liability for the above retirement benefits as of March 31, 2022 was as follows:

	<u>2022</u>	<u>2021</u>
	(thousands of dollars)	
Accrued benefit liability		
Extended health care retirement benefit	\$ 75,793	\$ 69,608
Legislative Assembly Retirement Allowances Plan	31,217	28,726
Life insurance retirement benefit	3,811	3,465
Territorial Court Judiciary Pension Plan	<u>9,916</u>	<u>8,499</u>
 (Schedule D)	 <u>\$ 120,737</u>	 <u>\$ 110,298</u>

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

	<u>2022</u>	<u>2021</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	\$ 686	\$ 1,348
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.7%.	814	1,062
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.3%.	<u>482</u>	<u>686</u>
	<u>\$ 1,982</u>	<u>\$ 3,096</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$135,000 (2021 - \$174,000) at an imputed average interest rate of 3.6% (2021 – 3.6%).

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

	(thousands of dollars)
2023	\$ 1,873
2024	725
2025	536
	<hr/>
Total minimum lease payments	3,134
Less: amount representing executory costs	(766)
amount representing rental of land	(333)
amount representing interest	(53)
	<hr/>
	\$ 1,982
	<hr/>

18. 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:

	2022		2021	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	(thousands of dollars)			
Temporary investments	\$ 4,122	\$ 4,122	\$ 800	\$ 800
Portfolio investments				
Marketable securities	31,495	30,597	34,545	34,589
Loans receivable	48,452	48,452	55,727	55,727

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, 2022, 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.

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

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19. **Tangible capital assets**

	2022	2021
	Net Book Value	Net Book Value
	(thousands of dollars)	
Land	\$ 13,010	\$ 13,010
Buildings	528,423	524,995
Equipment and vehicles	88,741	85,874
Computer hardware and software	53,952	36,212
Transportation infrastructure	684,714	659,758
Land improvements and fixtures	52,986	45,583
Sewage and water systems	49,853	48,800
Other	19,676	14,181
(Schedule C)	<u>\$ 1,491,355</u>	<u>\$1,428,413</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 \$991,000 (2021 - \$991,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2022	2021
	(thousands of dollars)	
Buildings (cost)	\$ 9,907	\$ 9,907
Operating equipment (cost)	-	141
	9,907	10,048
Less accumulated amortization	<u>(8,265)</u>	<u>(7,415)</u>
	<u>\$ 1,642</u>	<u>\$ 2,633</u>

No interest was capitalized during the year.

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20. **Expenses by object**

	2022	2021
	(thousands of dollars)	
Personnel	\$ 620,246	\$ 593,497
Government transfers	519,590	497,673
Contract and special services	281,595	235,526
Materials, supplies and utilities	123,136	114,247
Amortization expenses	65,085	65,867
Rent	58,028	48,787
Communication and transportation	35,252	32,386
Other	3,810	3,399
	<u>\$ 1,706,742</u>	<u>\$ 1,591,382</u>

21. **Trusts under administration**

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, 2022, the remaining trust account balances were held in bank accounts or invested in term deposits and GICs.

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. The following is a summary of the trusts under administration as at March 31, 2022, except for the Compensation Fund (Yukon) which is at December 31, 2021.

	2022	2021
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 268,362	\$ 250,799
Canada Community Building Funds	125,730	107,999
Lottery Commission	9,359	8,984
Crime Prevention and Victim Services	7,225	7,373
Forest Sector Trust	6,084	6,044
Extended health and dental plan trust funds	5,957	5,599
Supreme Court trust	1,251	1,379
Public Guardian trust	1,458	1,516
Other	3,985	3,994
	<u>\$ 429,411</u>	<u>\$ 393,687</u>

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22. **Contractual rights**

The Government has entered into agreements to receive, or has contractual rights for, the following receipts subsequent to March 31, 2022:

	Expiry Date	2023	2024 – 2031	Total
		(thousands of dollars)		
Contribution and Service Agreements				
Infrastructure Canada	2031	\$ 126,807	\$ 558,391	\$ 685,198
Transport Canada	2029	63,992	170,058	234,050
Early Learning and Childcare Agreement	2026	9,794	34,119	43,913
Environment and Natural Resources Canada	2024	8,885	11,832	20,717
Innovation, Science and Economic Development	2023	10,314	11,565	21,879
Employment and Social Development	2027	2,766	8,664	11,430
Student Financial Assistance	2026	509	2,036	2,545
RCMP: Mobile Radio Network	2025	1,829	2,402	4,231
Health Canada	2023	12,686	-	12,686
Canadian Heritage	2023	8,334	11,500	19,834
Other	2023	5,200	5,800	11,000
		<u>\$ 251,116</u>	<u>\$ 816,367</u>	<u>\$ 1,067,483</u>

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23. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2022:

	Expiry Date	2023	2024 – 2040	Total
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 30,244	\$302,440	\$ 332,684
Capital projects				
- in progress at March 31, 2022	2031	402,287	84,319	486,606
Yukon Hospital Corporation	2022	84,045	-	84,045
Building/office space leases	2029	16,278	32,699	48,977
Northwestel Inc. mobile radio network system	2025	3,047	4,004	7,051
Alkan Air Ltd. medical evacuation contract	2023	7,000	-	7,000
Yukon Housing Corp, Yukon low carbon	2024	3,716	2,977	6,693
Conair Group Inc. air tanker services (turbine engines)	2023	2,377	-	2,377
Air Spray (1967) Ltd. air tanker services	2023	2,067	-	2,067
Information Services Corporation	2040	170	3,558	3,728
Student Transportation	2024	3,921	4,042	7,963
Wolverine Mine	2022	7,343	-	7,343
Cenovus Energy Inc	2022	4,569	-	4,569
Miscellaneous operational commitments	2028	15,192	15,209	30,401
		<u>\$ 582,256</u>	<u>\$ 449,248</u>	<u>\$1,031,504</u>

24. **Commitments**

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 2021/2022, the Government paid \$2,625,000 (2021 - \$2,625,000) to YDC based on the MOU.

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25. **Overexpenditure**

Overexpenditure 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”. During the year, no (2021 – no) departments exceeded their votes.

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, one (2021 – two) department exceeded the authorized amounts as follows:

	(thousands of dollars)
Health and Social Services	
- Child care subsidies	\$ 5

26. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of \$1,255,000 (2021 - \$1,700,000). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Housing Corporation of up to \$11,000,000.

At March 31, 2022, the Yukon Development Corporation had long-term debt of \$206,000,000(2021 - \$203,000,000) and a credit facility of up to \$43,500,000. While the Government has not issued guarantees for these instruments, as the Yukon Development Corporation is an agent of the Government, lenders may have recourse to the Government.

In January 2021, the Government issued a letter of credit providing guarantee to the bank in relation to the Yukon University Employee's Pension Plan's solvency deficit. This guarantee was in effect until December 31, 2021. The maximum amount of letters of credit to which the guarantee applies will be \$21,357,000 (2021 - \$20,739,000).

In May 2021, the Government issued a letter of credit providing guarantee to the bank in relation to the Yukon Hospital Employee's Pension Plan's solvency deficit. This guarantee was to remain in effect from June 30, 2021 to June 30, 2022. The maximum amount of letters of credit to which the guarantee applied was \$35,464,000 (2021 - \$26,508,000).

It is expected that no significant costs will be incurred by the Government with respect to these guarantees and debts.

In November 2019, the Government and Yukon Hospital Corporation entered into a Pension Solvency Loan Agreement. The Government has loaned the Yukon Hospital Corporation \$3,063,000 for a payment to be made to their Pension Plan. The loan bears interest at the prime rate charged by the Government of Yukon's banker with interest calculated semi-annually. The annual interest rate for 2022 is 3.95%. The initial term of the loan is 15 years, due on December 11, 2034, with either party having the ability to terminate the loan with notice.

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27. Land claims

Between February 1995 and March 31, 2022, 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.

28. Contingencies

In the normal course of operations, the Government is subject to legal claims. These claims include items with pleading amounts and items where an amount is not specified. At March 31, 2022 the amounts claimed, excluding the claims from Northern Cross (Yukon) Ltd., which are described below, is \$22,820,000 (2021 - \$5,793,000). 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.

On April 4, 2017, Northern Cross (Yukon) Ltd. ("Northern Cross") filed a Statement of Claim in the Supreme Court of Yukon against the Government of Yukon and the Minister of Energy, Mines and Resources. Northern Cross identified a number of causes of action although all of these are based upon its allegation that due to the moratorium on hydraulic fracturing Northern Cross' exploration rights in the Eagle Plains area have been adversely affected. The claim seeks up to \$2.26 billion which is comprised of \$395 million for refund of work deposits, application fees, rental amounts, sunk costs and interest and \$1.86 billion in damages for loss of opportunity of 8.6 billion barrels of oil, at fair market value, identified as being in the area through a resource evaluation. On April 12, 2017, Northern Cross changed its name to Chance Oil and Gas Limited. No provision for this claim has been made as it is undeterminable that a liability has been incurred at the date of the financial statements.

The Government established a Risk Management Revolving Fund in December 2004, with a limit of \$5,000,000, 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 has legal liability and property insurance with a \$2,000,000 deductible. In 2022, the Government paid \$317,000 (2021 - \$253,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$3,215,000 as at March 31, 2022 (2021 - \$1,660,000). This amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2022 was \$3,420,000 (2021 - \$5,000,000).

In addition to the environmental liabilities discussed in Note 13, there may be other instances of contamination for which the Government may be obligated to incur remediation costs. No liability has been recognized for these instances of contamination as the future costs of remediation and the Government's obligation to incur these costs are undeterminable at the date of the financial statements.

GOVERNMENT OF YUKON

Schedule A

**Schedule of Revenues
for the year ended March 31, 2022**

	2022	2021
	Main Estimates (Note 1(b))	Actual
	(Note 1(b))	Actual
	(thousands of dollars)	(thousands of dollars)
From Government of Canada		
Formula Financing grant	\$ 1,117,650	\$ 1,117,650
Contributions and service agreements	248,043	205,541
Other grants	65,630	149,429
	<u>1,431,323</u>	<u>1,468,401</u>
Taxes and general revenues		
Income taxes	94,026	129,788
Other taxes		
Tobacco tax	13,222	12,894
Fuel oil tax	8,610	8,729
General property tax	6,669	6,399
Liquor tax	5,029	5,018
Insurance premium tax	6,411	7,438
Grant in lieu of property tax	239	241
Sale of land	21,841	7,959
Licences, permits and fees	17,348	19,173
Yukon Liquor Corporation		
Liquor profit	9,200	8,317
Cannabis profit	-	504
Investment and interest revenue	2,781	3,582
Resource revenue - mineral, oil and gas and forestry	2,155	10,093
Income from portfolio investments	1,396	576
Aviation operations	1,345	290
Fines	508	480
Restricted funds	-	720
Other revenues	206	158
	<u>190,986</u>	<u>222,359</u>
Funding and service agreements with other parties	23,683	21,222
	<u>\$ 1,645,992</u>	<u>\$ 1,711,982</u>
	<u>\$ 1,645,992</u>	<u>\$ 1,609,573</u>

GOVERNMENT OF YUKON

Schedule B

**Schedule of Expenses
for year ended March 31, 2022**

	2022	Actual 2022					2021
	Main Estimates (Note 1(b))	Personnel	Government Transfers	Other	Amortization Expenses	Total (Note 20)	Actual
	(thousands of dollars)						
Health and Social Services	\$ 495,848	\$ 168,237	\$ 200,489	\$ 131,733	\$ 7,718	\$ 508,177	\$ 503,444
Highways and Public Works	268,815	80,212	11,509	147,492	32,406	271,619	253,636
Community Services	213,624	40,284	98,590	47,515	6,651	193,040	219,976
Education	235,866	125,603	81,129	22,297	7,745	236,774	199,425
Justice	83,241	37,938	6,406	41,219	2,887	88,450	79,986
Energy, Mines and Resources	71,570	30,432	8,996	26,528	579	66,535	59,246
Environment	47,042	26,883	3,022	65,939	598	96,442	42,118
Public Service Commission	55,923	53,185	-	3,450	265	56,900	52,901
Tourism and Culture	39,231	11,805	16,431	9,550	1,113	38,899	34,641
Executive Council Office	23,784	14,240	6,417	3,816	8	24,481	22,872
Economic Development	23,382	6,664	15,544	1,646	-	23,854	32,872
Finance	14,258	8,979	2,787	2,224	100	14,090	13,521
Yukon Housing Corporation (Transfer Payment)	30,998	-	23,840	-	-	23,840	23,520
Yukon Legislative Assembly	8,708	8,575	-	1,641	-	10,216	8,775
Yukon Development Corporation (Transfer Payment)	38,913	-	19,302	-	-	19,302	22,806
French Language Services Directorate	6,955	4,149	560	1,784	-	6,493	6,445
Women and Gender Equity Directorate	3,017	947	2,043	122	-	3,112	2,769
Office of the Ombudsman	1,553	1,121	-	404	12	1,537	1,399
Child and Youth Advocate Office	798	596	-	168	-	764	747
Elections Office	1,647	397	-	852	-	1,249	851
Restricted Funds	(3,763)	-	22,525	(6,560)	5,003	20,968	9,432
Yukon Liquor Corporation (Transfer Payment)	-	-	-	-	-	-	-
Adjustments	(8,821)	-	-	-	-	-	-
	<u>\$ 1,652,589</u>	<u>\$ 620,247</u>	<u>\$ 519,590</u>	<u>\$ 501,820</u>	<u>\$ 65,085</u>	<u>\$ 1,706,742</u>	<u>\$ 1,591,382</u>

GOVERNMENT OF YUKON

Schedule C

**Schedule of Tangible Capital Assets
for year ended March 31, 2022**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Transportation Infrastructure	Land Improvements & Fixtures	Sewage & Water Systems	Other	2022 Total	2021 Total
(thousands of dollars)										
Cost of tangible capital assets, opening	\$13,010	\$ 870,088	\$ 182,896	\$ 93,634	\$ 1,119,240	\$ 57,539	\$ 65,289	\$23,473	\$ 2,425,169	\$ 2,340,459
Acquisitions	-	24,398	12,502	22,375	49,507	8,802	4,023	6,578	\$ 128,185	87,721
Write-downs	-	-	(3)	-	-	-	-	-	\$ (3)	(1,940)
Disposals	-	-	(5,755)	(460)	-	-	-	-	\$ (6,215)	(1,071)
Cost of tangible capital assets, closing	13,010	894,486	189,640	115,549	1,168,747	66,341	69,312	30,051	2,547,136	2,425,169
Accumulated amortization, opening	-	345,093	97,022	57,422	459,482	11,956	16,489	9,292	996,756	931,468
Amortization expense		20,970	9,491	4,621	24,551	1,399	2,970	1,083	65,085	65,867
Disposals			(5,614)	(446)	-	-	-	-	(6,060)	(579)
Accumulated amortization, closing	-	366,063	100,899	61,597	484,033	13,355	19,459	10,375	1,055,781	996,756
Net book value (Note 19)	\$13,010	\$ 528,423	\$ 88,741	\$ 53,952	\$ 684,714	\$ 52,986	\$ 49,853	\$19,676	\$ 1,491,355	\$ 1,428,413
Work-in-progress ¹		\$ 26,251	\$ 2,160	\$ 31,681	\$ 93,796	\$ 10,660	\$ 6,425	\$ 5,367	\$ 176,340	\$ 79,005

¹ Included in net book value.

GOVERNMENT OF YUKON

Schedule D

**Schedule of Retirement Benefits
for year ended March 31,2022**

	Extended Health Care Retirement Benefit	Legislative Assembly Retirement Allowances Plan	Life Insurance Retirement Benefit	Territorial Court Judiciary Pension Plan	2022 Total	2021 Total
(thousands of dollars)						
Pension and retirement plan assets are valued at fair market value.						
Accrued benefit obligation						
Obligation at beginning of year	\$ 83,197	\$ 42,501	\$ 4,976	\$ 14,976	\$ 145,650	\$ 128,160
Current service costs	3,628	1,946	87	632	6,293	5,232
Plan amendment	-	-	-	-	-	-
Interest cost on benefit obligation	2,752	1,576	161	583	5,072	5,299
Actuarial (gain) loss	(22,938)	(9,101)	(823)	(2,117)	(34,979)	10,635
Benefits paid	(1,591)	(1,721)	(136)	(492)	(3,940)	(3,676)
Accrued benefit obligation at end of year	65,048	35,201	4,265	13,582	118,096	145,650
Plan assets						
Value at beginning of year	-	9,902		4,498	14,400	12,328
Actual return on plan assets	-	411		291	702	1,899
Government contributions	1,591	560	136	375	2,662	2,439
Member contributions	-	173	-	61	234	233
Benefits paid	(1,591)	(502)	(136)	(492)	(2,721)	(2,499)
Value at end of year	-	10,544	-	4,733	15,277	14,400
Funded status - plan deficit	65,049	24,655	4,267	8,849	102,820	131,249
Unrecognized net actuarial gain (loss)	10,744	6,562	(456)	1,067	17,917	(20,951)
Accrued benefit liability (Note 16)	75,793	31,217	3,811	9,916	120,737	110,298
Net benefit cost						
Current service costs	3,628	1,946	87	632	6,293	5,232
Less: Member contributions	-	(173)	-	(61)	(234)	(233)
Interest cost on benefit obligation	2,752	1,576	161	583	5,072	5,299
Expected return on plan assets	-	(371)	-	(170)	(541)	(554)
Amortization of net actuarial (gain) loss	1,396	1,292	233	808	3,729	2,097
Net cost for the year	\$ 7,776	\$ 4,270	\$ 481	\$ 1,792	\$ 14,319	\$ 11,841

GOVERNMENT OF YUKON

Schedule D
Continued**Schedule of Retirement Benefits
for the year ended March 31, 2022**

	Extended Health Care Retirement Benefit	Legislative Assembly Retirement Allowances Plan	Life Insurance Retirement Benefit	Territorial Court Judiciary Pension Plan
Key Assumptions				
Expected long-term rate of return on assets at beginning of year	N/A	3.70%	N/A	3.80%
Discount rate on benefit costs	3.20%	3.70%	3.20%	3.80%
Discount rate on accrued benefit obligation at end of year	4.00%	5.30%	4.00%	5.00%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%
Rate of compensation increase	see below 1	2.50%	see below 1	3.00%
Health care cost trend rate	see below 2	N/A	N/A	N/A
Amortization period (expected average remaining service life)	12.5 years	3.0 years	9.3 years	2.7 years

¹ Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2017 valuation report.² 5.9% per annum for 2020-2024, decreasing linearly to 4.9% in 2029, and following the McMaster Model to an ultimate trend rate of 4.0% in 2040.