

GOVERNMENT OF YUKON

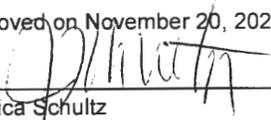
Consolidated Statement of Financial Position
as at March 31, 2023

	2023	2022 Restated (Note 3)
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 4)	\$ 94,444	\$ 93,513
Temporary investments (Note 5)	-	4,122
Due from Government of Canada (Note 6)	173,802	181,199
Accounts receivable (Note 7)	27,121	34,322
Portfolio investments (Note 8)	42,315	36,748
Advances to government business enterprises (Note 12(b)(c))	34,200	36,200
Loans receivable (Note 10)	67,767	77,167
Inventories for resale (Note 11)	77,715	67,793
Retirement benefit assets (Note 18)	92,744	80,416
Investment in government business enterprises (Note 12(a))	226,495	217,434
	<u>836,603</u>	<u>828,914</u>
Liabilities		
Due to Government of Canada (Note 6)	42,170	40,159
Accounts payable and accrued liabilities (Note 13)	279,533	209,002
Unearned revenues (Note 16)	44,160	29,226
Environmental liabilities (Note 14)	92,452	84,312
Asset retirement obligation liabilities (Note 15)	69,429	75,121
Post-employment benefits and compensated absences (Note 17)	148,877	145,803
Retirement benefit liabilities (Note 18)	123,742	120,737
Borrowings (Note 19)	24,663	23,691
Liabilities for leased tangible capital assets (Note 20)	834	1,982
	<u>825,860</u>	<u>730,033</u>
Net financial assets	<u>10,743</u>	<u>98,881</u>
Non-financial assets		
Tangible capital assets (Note 21)	1,995,882	1,787,431
Inventories of supplies	14,217	10,619
Prepaid expenses	8,550	7,735
	<u>2,018,649</u>	<u>1,805,785</u>
Accumulated surplus	<u>\$ 2,029,392</u>	<u>\$ 1,904,666</u>
Accumulated surplus (deficit) is comprised of:		
Accumulated operating surplus (deficit)	2,024,173	1,904,666
Accumulated remeasurement gains and (losses)	5,219	-
	<u>\$ 2,029,392</u>	<u>\$ 1,904,666</u>

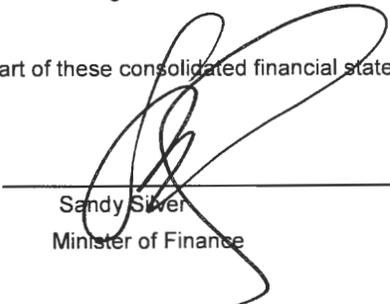
Contingencies, contractual rights and obligations, commitments and guarantees
(Notes 12(d)(e), 14, 18(d)(e), 24, 25, 27, 29, and 30)

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

Approved on November 20, 2023:



Jessica Schultz
Deputy Minister of Finance



Sandy Silver
Minister of Finance

GOVERNMENT OF YUKON

**Consolidated Statement of Operations and Accumulated Operating Surplus
for the year ended March 31, 2023**

	2023		2022 Restated (Note 3)
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada	\$ 1,555,893	\$ 1,610,820	\$ 1,480,702
Taxes and general revenues	229,435	249,005	231,461
Funding and service agreements with other parties	37,271	34,413	31,409
Income from investment in government business enterprises (Note 12(a))	19,397	15,839	24,255
	<u>1,841,996</u>	<u>1,910,077</u>	<u>1,767,827</u>
Expenses (Schedule B)			
Health and social services	563,772	579,736	540,047
Community and transportation	431,996	409,225	386,293
Education	223,695	221,659	224,174
General government	240,190	274,088	247,780
Natural resources	128,514	142,378	165,139
Justice	95,140	97,850	90,250
Business, tourism and culture	90,634	64,804	63,763
Interest on loans	1,056	1,323	1,425
	<u>1,774,997</u>	<u>1,791,063</u>	<u>1,718,871</u>
Recovery of prior years' expenses	-	3,849	3,662
Surplus (deficit) for the year	<u>\$ 66,999</u>	<u>122,863</u>	<u>52,618</u>
Accumulated operating surplus at beginning of year (Note 3(b))		1,904,666	1,844,565
Reclassify accumulated other comprehensive gains (losses) of government business enterprises (Note 3(b))		<u>(3,356)</u>	<u>-</u>
Adjusted accumulated operating surplus at beginning of year (Note 3(b))		1,901,310	1,844,565
Other comprehensive gain (loss) of government business enterprises (Note 12(a))		<u>-</u>	<u>7,483</u>
Accumulated operating surplus at end of year		<u>\$ 2,024,173</u>	<u>\$ 1,904,666</u>

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

GOVERNMENT OF YUKON

**Consolidated Statement of Remeasurement Gains and Losses
for the year ended March 31, 2023**

	2023
	(thousands of dollars)
	<u>Actual</u>
Accumulated remeasurement gains and (losses) at beginning of year (Note 3 (b))	\$ -
Reclassify accumulated other comprehensive gains (losses) of government business enterprises (Note 3(b))	3,356
Adjustment on adoption of PS 3041 Portfolio investments (Note 3(b))	<u>898</u>
Adjusted accumulated remeasurement gains and (losses) at beginning of year	<u>\$ 4,254</u>
Unrealized gains (losses) attributable to:	
Portfolio investments	371
Amounts reclassified to the statement of operations and accumulated operating surplus (deficit):	
Portfolio investments	(670)
Other comprehensive gain (loss) of government business enterprises (Note 12(a))	<u>1,264</u>
Net remeasurement gains and (losses) for the year	<u>965</u>
Accumulated remeasurement gains and (losses) at end of year	<u><u>\$ 5,219</u></u>

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

GOVERNMENT OF YUKON

**Consolidated Statement of Change in Net Financial Assets
for the year ended March 31, 2023**

	2023		2022 Restated (Note 3)
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus (deficit) for the year	\$ 66,999	\$ 122,863	\$ 52,618
Effect of change in tangible capital assets			
Acquisitions	(253,151)	(291,067)	(160,429)
Amortization of tangible capital assets	81,845	73,137	79,864
Loss (gain) on disposal of tangible capital assets	(2)	734	277
Proceeds on disposal of tangible capital assets	192	-	-
Write-down of tangible capital assets	-	8,746	19
	<u>(171,116)</u>	<u>(208,450)</u>	<u>(80,269)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(22,307)	(15,584)
Consumption of inventories of supplies	-	18,708	14,925
(Increase) decrease in prepaid expenses	-	(815)	(247)
	<u>-</u>	<u>(4,414)</u>	<u>(906)</u>
Other comprehensive gain (loss) of government business enterprises (Note 12(a))		-	7,483
Net remeasurement gains and (losses)		<u>1,863</u>	<u>-</u>
Increase (decrease) in net financial assets	\$ (104,117)	(88,138)	(21,074)
Net financial assets at beginning of year		<u>98,881</u>	<u>119,955</u>
Net financial assets at end of year		<u>\$ 10,743</u>	<u>\$ 98,881</u>

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

GOVERNMENT OF YUKON

**Consolidated Statement of Cash Flow
for the year ended March 31, 2023**

	2023	2022 Restated (Note 3)
	(thousands of dollars)	
Operating transactions		
Surplus (deficit) for the year	\$ 122,863	\$ 52,618
Non-cash items included in surplus (deficit) for the year:		
Amortization of tangible capital assets	73,137	79,864
Loans receivable valuation adjustment	46	(335)
Accretion expense	1,874	1,828
Bad debt expense	33	157
Write-down of tangible capital assets	8,746	19
Loss (gain) on sale of land inventory	(15)	68
Loss (gain) on disposal of tangible capital assets	734	277
Contributed tangible capital assets	-	(669)
Surplus of government business enterprises (Note 12(a))	(15,839)	(24,255)
Net change in accounts payable and accrued liabilities balances	57,143	28,671
Net change in other operating asset and liability balances	24,283	8,780
Amounts remitted from government business enterprises	8,237	8,343
Cash provided by (used for) operating transactions	<u>281,242</u>	<u>155,366</u>
Capital transactions		
Acquisition of tangible capital assets	(280,327)	(155,661)
Proceeds on disposal of tangible capital assets	-	-
Cash provided by (used for) capital transactions	<u>(280,327)</u>	<u>(155,661)</u>
Investing transactions		
Net proceeds from (acquisition of) temporary investments	-	(2,503)
Net proceeds from (acquisition of) portfolio investments	(661)	2,656
Repayment of advances to government business enterprises	2,000	-
Repayments of loans receivable	23,795	29,441
Issuance of loans receivable	(6,340)	(9,830)
Investment in land inventory	(17,918)	(12,193)
Cash provided by (used for) investing transactions	<u>876</u>	<u>7,571</u>
Financing transactions		
Proceeds from borrowings	4,867	-
Repayment of borrowings	(4,579)	(3,661)
Repayment of liabilities for leased tangible capital assets	(1,148)	(1,114)
Cash provided by (used for) financing transactions	<u>(860)</u>	<u>(4,775)</u>
Cash and cash equivalents increase (decrease)	931	2,501
Cash and cash equivalents at beginning of year	<u>93,513</u>	<u>91,012</u>
Cash and cash equivalents at end of year (Note 4)	\$ 94,444	\$ 93,513
Interest received in the year	\$ 9,800	\$ 5,451
Interest paid in the year	\$ 1,436	\$ 1,564

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

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

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 the Government Reporting Entity as published in the Government’s Operation & Maintenance and Capital Estimates 2022-23 as approved in the Legislative Assembly in April 2022. These figures do not reflect changes arising from Special Warrants issued or any Supplementary Estimates approved later in the year by the Yukon Legislative Assembly.

(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.

(d) Basis of accounting

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.

2. **Significant accounting policies**

(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 classified as government business enterprises, are consolidated using the full consolidation method. With the full consolidation method, revenue and expense transactions, capital, investing and financing transactions, and related assets and liability accounts between consolidated entities have been eliminated.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

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. Under the modified equity method, inter-entity revenue and expense transactions and related asset and liability balances are properly not eliminated in these consolidated financial statements.

All accounts of the government reporting entity are consolidated using the financial information for the year ended March 31. As for the organization that uses a fiscal year-end other than March 31, namely the Yukon Development Corporation, the Government uses their unaudited interim financial statements as at March 31.

Trusts administered by the Government on behalf of other parties (Note 23) are excluded from the government reporting entity.

The organizations comprising the government reporting entity, categorized by the consolidation method, and their specific operating authority are as follows:

Full consolidation:

Government of Yukon departments
Yukon Hospital Corporation
Yukon Housing Corporation
Yukon University

Authority for operations:

Financial Administration Act
Hospital Act
Housing Corporation Act
Yukon University Act

Modified equity:

Yukon Development Corporation
Yukon Liquor Corporation

Yukon Development Corporation Act
Liquor Act
Cannabis Control and Regulation Act

(b) Specific 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.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

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.

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.

Portfolio investments include investments such as treasury bills, GICs, term deposits; 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; and mortgage funds, bonds, and equities. Portfolio investments are measured at their fair value.

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. Concessionary loans are recorded at the discounted value of the loan after the grant portion has been expensed.

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

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

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

Non-financial assets are assets that do not normally provide resources to discharge existing liabilities, but instead are normally used to deliver future government services or may be consumed in the normal course of operations. Non-financial assets include tangible capital assets, inventories of supplies and prepaid expenses.

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	Indefinite
Buildings	
Buildings	10-100 years
Leasehold Improvements	Lease term
Portable classroom/housing trailers	10-40 years
Equipment and vehicles	
Heavy equipment	7 - 30 years
Operating equipment	5 - 25 years
Vehicles	5 - 20 years
Computer hardware and software	
Computer hardware	3-7 years
Computer software	3-20 years
Infrastructure	
Transportation infrastructure ¹	5 - 75 years
Forestry access roads	5-10 years
Resource access roads	Life of Mine
Land improvements and fixtures	5 - 50 years
Waste and water systems	

¹ Includes Highways, Surfaces, Bridges and Airport runways.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

Landfills	25 - 80 years
Sewage and water systems	5 - 50 years
Communications technology	
Mobile radio system infrastructure	5 - 20 years
Network transmission systems	20 - 40 years

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

Other non-financial 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, prepaid lease payments 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.

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.

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 benefits is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2023

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 a 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, territorial court judges, and the employees of Yukon University 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 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 fair value.

Environmental liabilities

Contaminated sites and other environmental liabilities, which include Type II sites, are accrued 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.

Asset retirement obligation liabilities

An asset retirement obligation is recognized when, as at the financial reporting date, all the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities. The estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. The discount rate used reflects the reporting entity's cost of borrowing, associated with the estimated number of years to complete retirement or remediation.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

If the tangible capital asset is in productive use, the estimated obligation is recorded as a liability and increase to the related tangible capital asset. The capitalized asset retirement cost is amortized on the same basis as the related tangible capital asset and recorded in amortization expense in the consolidated statement of operations. If the tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

The liability is adjusted annually for accretion due to the passage of time over the expected term to settlement of the obligation based on the applicable discount rate. Accretion is recorded as an expense in the consolidated statement of operations and accumulated operating surplus.

The carrying value of the liability is reviewed at each financial reporting date. Any changes in the amount or timing of the underlying future cash flows or any other new information impacting the estimate are recognized as a change in estimate in the period the new information is identified and accounted for prospectively. The Government continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Borrowings

Borrowings include embedded interest rate swap derivatives. These embedded derivatives are not separated from the loan agreements and are not accounted for as standalone derivative instruments because the economic characteristics and risks associated with these embedded derivatives are closely related to those of the loan agreements. Therefore, they are included in the measurement of the borrowings.

Financial Instruments

Financial instruments are contracts that give rise to the financial assets of one entity and financial liabilities or equity instruments of another entity and include cash and cash equivalents, accounts receivable, portfolio investments, loans receivable, accounts payable and accrued liabilities, and borrowings. Financial instruments are measured at fair value or cost/amortized cost. Fair value measurement will apply to portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement will be reported in the consolidated statement of remeasurement gains and losses. The following is a list of the Government's financial instruments and their related measurement basis as at March 31, 2023:

Financial Assets:	Measurement Basis
Cash and cash equivalents	Cost
Accounts receivable	Cost
Due from Government of Canada	Cost
Portfolio investments	Fair value
Loans receivable	Amortized cost
Advances to government business enterprises	Amortized cost

Financial Liabilities:	Measurement Basis
Accounts payable and accrued liabilities	Cost
Due to Government of Canada	Cost
Borrowings	Amortized cost

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

Fair Value Measurement

The determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorized, based on the nature of the inputs used, into one of three levels within a fair value hierarchy as follows:

Level 1 - Fair value is based on quoted market prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

For financial instruments measured at cost or amortized cost, transaction costs are a component of the cost of the financial instruments and gains and losses are recognized in the statement of operations. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenues or expenses. Foreign currency transactions are translated at the exchange rate in effect at the transaction date.

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 financial 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, asset retirement obligations, 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 activities are complex and subjective. These estimates require a high degree of management judgment. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined.

The provision for asset retirement obligations is subject to a high degree of measurement uncertainty because determining the timing and cost of retirement activities are complex and subjective. These estimates require a high degree of management judgment. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

3. Adoption of accounting standards

The following Public Sector Accounting Standards came into effect for fiscal periods beginning on or after April 1, 2022:

PS 1201 replaced existing PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. These changes are required to incorporate the changes stemming from the new PS 3450, PS 3041, and PS 2601.

PS 3450 established new guidance on the recognition, measurement, presentation, and disclosure of financial instruments, including derivatives.

PS 3041 Portfolio Investments, which replaced PS 3040, was also implemented, and requires the Government to measure equity instruments that are quoted in an active market at fair value. In addition, since the Government implements an investment strategy to manage and evaluate the performance of its entire portfolio investments, all such investments are measured at fair value in accordance with PS 3450. Due to the volatility of market prices, there will be the likelihood that the Government will experience remeasurement gains or losses at the date of reporting each year.

PS 2601 replaced existing PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency and requires foreign exchange amounts to go through the consolidated statement of remeasurement gains and losses. The Government has nominal transactions denominated in US dollars and even fewer transactions in other currencies so there is no impact from the adoption of PS 2601, at this time.

PS 1201, PS 3450, PS3041, and PS 2601 are adopted on a prospective basis, and the effects of the adoption are as described in Note 3(b).

PS 3280 Asset Retirement Obligations (ARO) is a new accounting standard that addresses the reporting of legal obligations associated with the retirement activities of certain tangible capital assets, such as asbestos removal in retired buildings or the closure and post-closure activities for landfill sites by public sector entities. Landfill liabilities under PS 3270 were classified as environmental liabilities on a net present value basis of the total estimated expenditures for closure and post-closure activities and cumulatively recognized as the landfill site's capacity was used. PS 3270 has been repealed and now under PS 3280 landfills are classified as asset retirement obligations and have been restated to reflect their total estimated liability.

PS 3280 was adopted on the modified retroactive basis with restatement. The asset retirement obligation was calculated using assumptions and discount rates that were current at the beginning of this fiscal year. As a result, the total restatement in tangible capital assets and accumulated amortization together with an adjustment to the opening balance of accumulated surplus and to environmental liabilities, was equivalent to the increase in the asset retirement obligation.

- a) The financial impact on the comparative figures as a result of retroactive adoption of accounting standard PS 3280 is as follows:

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2023

	As previously reported	2022 Adjustments made	As restated
(thousands of dollars)			
Consolidated Statement of Financial Position			
Financial assets	\$ 828,914	\$ -	\$ 828,914
Liabilities	665,437	64,596 ¹	730,033
Net financial assets	<u>163,477</u>	<u>(64,596)</u>	<u>98,881</u>
Non-financial assets	1,792,313	13,472 ²	1,805,785
Accumulated surplus	<u>\$ 1,955,790</u>	<u>\$ (51,124)</u>	<u>\$ 1,904,666</u>
Consolidated Statement of Operations			
Revenues	\$ 1,767,827	\$ -	\$ 1,767,827
Expenses	1,716,392	2,479 ³	1,718,871
Recovery of prior years' expenses	3,662	-	3,662
Annual surplus (deficit)	<u>55,097</u>	<u>(2,479)</u>	<u>52,618</u>
Other comprehensive gain (loss) of government business enterprises	7,483	-	7,483
Accumulated surplus at beginning of year	1,893,210	(48,645) ⁴	1,844,565
Accumulated surplus at end of year	<u>\$ 1,955,790</u>	<u>\$ (51,124)</u>	<u>\$ 1,904,666</u>
Consolidated Statement of Change in Net Financial Assets			
Surplus (deficit) for the year	\$ 55,097	\$ (2,479) ³	\$ 52,618
Effect of change in tangible capital assets	(80,942)	673 ³	(80,269)
Effect of change in other non-financial assets	(906)	-	(906)
Increase (decrease) in net financial assets	<u>(26,751)</u>	<u>(1,806)</u>	<u>(28,557)</u>
Net financial assets at beginning of year	182,745	(62,790) ⁵	119,955
Other comprehensive gain (loss) of government business enterprises	7,483	-	7,483
Net financial assets at end of year	<u>\$ 163,477</u>	<u>\$ (64,596)</u>	<u>\$ 98,881</u>
Consolidated Statement of Cash Flow			
Surplus (deficit) for the year	\$ 55,097	\$ (2,479) ³	\$ 52,618
Amortization of tangible capital assets	79,191	673 ³	79,864
Loans receivable valuation adjustment	(335)	-	(335)
Accretion expense	-	1,828 ³	1,828
Bad debt expense	157	-	157
Write-down of tangible capital assets	19	-	19
Loss (gain) on sale of land inventory	68	-	68
Loss (gain) on disposal of tangible capital assets	277	-	277
Contributed tangible capital assets	(669)	-	(669)
Surplus of government business enterprises	(24,255)	-	(24,255)
Change in non-cash assets and liabilities	37,473	(22) ³	37,451
Amounts remitted from government business enterprises	8,343	-	8,343
Cash provided by (used for) operating transactions	155,366	-	155,366
Cash provided by (used for) capital transactions	(155,661)	-	(155,661)
Cash provided by (used for) investing transactions	7,571	-	7,571
Cash provided by (used for) financing transactions	(4,775)	-	(4,775)
Cash and cash equivalents increase (decrease)	<u>2,501</u>	<u>-</u>	<u>2,501</u>
Cash and cash equivalents at beginning of year	91,012	-	91,012
Cash and cash equivalents at end of year	<u>\$ 93,513</u>	<u>\$ -</u>	<u>\$ 93,513</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2023

Footnotes to the restated financial statements:

¹ Combined result of \$75,121,000 addition of new ARO liabilities (Note 15), \$ 285,000 adjustment related to ARO previously recognized in accounts payable and accrued liabilities in prior years (Note 13), and \$10,240,000 reduction of environmental liabilities to reflect transitioning of landfill sites with legal obligations from PS 3270 to PS 3280 (Note 14)

² Addition of ARO assets, with cost of tangible capital assets and accumulated amortization opening balances restated (Note 21, Schedule C)

³ Additional amortization expenses of \$673,000 (Note 22), accretion expenses of \$1,828,000 (Note 22), and \$22,000 settlement of ARO liabilities (Note 15) with the total impact of \$2,479,000 on expenses and surplus (deficit) of the year

⁴ Impact of the retroactive adoption of PS 3280 on the accumulated surplus

⁵ Impact of the retroactive adoption of PS 3280 on net financial assets at beginning of year

- b) The impact on the current year financial statements presentation as a result of prospective adoption of accounting standards PS 3450, PS 3041, and PS 1201 is as follows:
- i. Consolidated Statement of Financial Position:
- Temporary investments are now classified with portfolio investments and reported at fair value.
 - Portfolio investments are now reported at fair value. 2022 comparative amount is at cost.
 - A section has been added to disaggregate "Accumulated surplus" into "Accumulated operating surplus" and "Accumulated remeasurement gains and (losses)"
- ii. Consolidated Statement of Operations and Accumulated Surplus:
- Renamed to "Consolidated Statement of Operations and Accumulated Operating Surplus".
 - "Other comprehensive gain (loss) of government business enterprises" has been removed, and now reflected on the new "Statement of Remeasurement Gains and Losses".
 - "Accumulated surplus at beginning of year" has been replaced by "Accumulated operating surplus at beginning of year".
 - "Accumulated surplus at end of year" has been replaced by "Accumulated operating surplus at end of year".
- iii. Consolidated Statement of Remeasurement Gains and Losses:
- "Accumulated remeasurement gains and (losses) at the beginning of year" has been adjusted for \$3,356,000, which represents the accumulated other comprehensive income reported previously in the accumulated surplus, and \$898,000, which represents the adjustment on adoption of PS 3041 Portfolio investments.
 - Unrealized gains (losses) attributable to the changes in fair value of portfolio investments are reported separately from the amounts reclassified to the statement of operations and accumulated operating surplus.
 - Other comprehensive gains (losses) of government business enterprises are presented.
 - Net remeasurement gains (losses) for the year are calculated and carried over to the statement of change in net financial assets to explain the extent of the change in the Government's net financial assets resulting from net remeasurement gains and losses in the accounting period.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

- iv. Consolidated Statement of Change in Net Financial Assets:
- New line item “Net remeasurement gains (losses)” has been added to reflect 2023 actual results.
 - The “Other comprehensive gain (loss) of government business enterprises” represents 2022. Effective April 1, 2022, other comprehensive gain (loss) of government business enterprises is reported in the consolidated statement of remeasurement gains and losses.
- v. Notes for Consolidated Financial Statements:
- Notes with new information include Notes 2, 5, 8, 9, and 28.

4. **Cash and cash equivalents**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Bank balances	\$ 94,378	\$ 89,593
Short-term investments, less than 90 days	-	3,847
Cash on hand	<u>66</u>	<u>73</u>
	<u>\$ 94,444</u>	<u>\$ 93,513</u>

5. **Temporary investments**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Short-term investments, less than one year	<u>\$ -</u>	<u>\$ 4,122</u>

The temporary investments had a weighted average effective yield during 2022 of 0.19% per annum. Amounts previously reported as temporary investments are included in portfolio investments (Notes 3(b)(i) and 8).

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

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 145,393	\$ 176,593
GST receivable	17,054	-
Income tax	3,905	4,258
Other	<u>7,450</u>	<u>348</u>
	<u>\$ 173,802</u>	<u>\$ 181,199</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

Due to Government of Canada		
Payroll taxes	\$ 13,309	\$ 12,352
Public Service Pension Plan contribution	8,610	7,873
Program funding liable for claw back	3,534	3,798
RCMP	11,304	10,957
Type II mine sites	996	809
CMHC mortgages and loans	791	1,255
Other	3,626	3,115
	<u>\$ 42,170</u>	<u>\$ 40,159</u>

Amounts due from and due to the Government of Canada are payable on demand and are non-interest bearing with the exception of mortgages and loans due to CMHC (Note 19). The carrying amounts, with the exception of mortgages and loans due to CMHC, approximate fair values because of their short term to maturity.

7. **Accounts receivable**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Taxes, interest, other revenue, and recovery receivables	\$ 28,317	\$ 34,917
Less valuation allowances	<u>(3,775)</u>	<u>(3,465)</u>
	24,542	31,452
Due from government business enterprises that are not fully consolidated	<u>2,579</u>	<u>2,870</u>
	<u>\$ 27,121</u>	<u>\$ 34,322</u>

8. **Portfolio investments**

The classification of investments by level within the valuation hierarchy as of March 31, 2023, is as follows:

	Quoted prices (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	(thousands of dollars)			
Short-term investments	\$ 81	\$ 4,309	\$ -	\$ 4,390
Bonds	-	6,252	-	6,252
Mortgages	-	3,810	-	3,810
Equities	3,759	21,804	-	25,563
Debt securities	<u>2,300</u>	<u>-</u>	<u>-</u>	<u>2,300</u>
Investments at fair value	<u>\$ 6,140</u>	<u>\$ 36,175</u>	<u>\$ -</u>	<u>\$ 42,315</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

For 2023, the carrying value of portfolio investments equals fair value. For 2022, the carrying value of the portfolio investments was \$36,748,000 and the fair value was \$37,646,000 (Note 3(b)(i)).

Portfolio investments include designated investments set aside within the Consolidated Revenue Fund (Note 9). The investments are managed by a third party.

9. **Designated assets**

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

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

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Cash and cash equivalents	\$ -	\$ -
Temporary investments (Note 5)	-	4,122
Portfolio investments (Note 8)	<u>36,175</u>	<u>30,597</u>
	<u>\$ 36,175</u>	<u>\$ 34,719</u>

10. **Loans receivable**

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 2029 (2022 – 2029) bearing interest rates ranging from 0% to 7.70% (2022 – 0% to 4.95%), net of allowance for subsidies and valuation of \$181,000 (2022 – \$210,000) and discount in the amount of \$458,000 (2022 – \$491,000) for loans with concessionary terms.

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
	\$ 29,319	\$ 31,778

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2023

Agreements for sale of land, due in varying annual amounts over a three, or five, year term to the year 2028 (2022 – 2026) bearing interest at 5.00-7.00% (2022 – 5.00%).	19,270	25,249
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%	2,193	3,160
Local improvement loans, due in varying annual amounts to the year 2040 (2022 – 2040), bearing interest rates ranging from 0.50% to 5.25% (2022 – 0.50% to 5.25%).	9,222	9,073
Debenture loans to municipalities, due in varying annual amounts to the year 2034 (2022 – 2034), bearing interest rates ranging from 2.72% to 6.38% (2022 – 2.72% to 6.38%).	2,051	2,344
Other, net of allowance for doubtful accounts of \$322,000 (2022 – \$322,000).	5,712	5,563
	\$67,767	\$77,167

The Government received non-cash consideration for sale of land of \$8,351,000 (2022 - \$7,959,000) in the form of loans receivable.

11. **Inventories for resale**

	2023	2022
	(thousands of dollars)	
Land		
Undeveloped land	\$ 603	\$ 603
Land under development	44,638	41,750
Developed land	32,304	25,358
	77,545	67,711
Other	170	82
	\$ 77,715	\$ 67,793

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

12. **Investment in government business enterprises**

(a) Summary financial statements

Summary financial statements of the government entities accounted for by the modified equity method are provided below. The Yukon Liquor Corporation has a fiscal year-end of March 31. The Yukon Development Corporation has a fiscal year-end of December 31, but the Government uses their unaudited interim financial statements for the consolidation. The summary financial statements are prepared in accordance with International Financial Reporting Standards.

	Yukon Development Corporation	Yukon Liquor Corporation	2023 Total	2022 Total
	(thousands of dollars)			
Assets				
Current	\$ 44,639	\$ 7,013	\$ 51,652	\$ 42,388
Capital assets	517,564	1,569	519,133	487,541
Regulatory deferral (Note 12(f))	31,137	-	31,137	25,465
Right of use of assets	-	612	612	657
Other	25,825	77	25,902	20,764
	<u>\$ 619,165</u>	<u>\$9,271</u>	<u>\$ 628,436</u>	<u>\$ 576,815</u>
Liabilities				
Current	\$ 27,651	\$ 5,221	\$ 32,872	\$ 27,204
Long-term debt	221,338	-	221,338	206,330
Regulatory deferral (Note 12(f))	22,449	-	22,449	9,025
Contributions in aid of construction	100,851	-	100,851	95,865
Lease liabilities	127	299	426	360
Other	22,395	1,610	24,005	20,597
Equity	<u>224,355</u>	<u>2,140</u>	<u>226,495</u>	<u>217,434</u>
	<u>\$ 619,166</u>	<u>\$ 9,270</u>	<u>\$ 628,436</u>	<u>\$ 576,815</u>
Revenues	\$ 108,948	\$ 19,819 ¹	\$ 128,767	\$ 120,998
Expenses	<u>96,207</u>	<u>12,099</u>	<u>108,306</u>	<u>87,071</u>
Surplus (deficit) before the following:	12,741	7,720	20,461	33,927
Net movement in regulatory deferral (Note 12(f))	<u>(4,622)</u>	<u>-</u>	<u>(4,622)</u>	<u>(9,672)</u>
Surplus (deficit)	<u>\$ 8,119</u>	<u>\$ 7,720</u>	<u>\$ 15,839</u>	<u>\$ 24,255</u>

¹ Yukon Liquor Corporation revenue is shown as net of cost of goods sold of \$30.747 million (2022 - \$29.497 million).

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

	Yukon Development Corporation	Yukon Liquor Corporation	2023 Total	2022 Total
	(thousands of dollars)			
Equity, beginning of year	\$ 215,239	\$ 2,195	\$ 217,434	\$ 194,517
Surplus (deficit)	8,119	7,720	15,839	24,255
Other comprehensive gain (loss)	997	267	1,264	7,483
Profit to be remitted to the Government	-	(8,042)	(8,042)	(8,821)
Equity, end of year	<u>\$ 224,355</u>	<u>\$ 2,140</u>	<u>\$ 226,495</u>	<u>\$ 217,434</u>

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

(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Liquor Corporation	2023 Total	2022 Total
	(thousands of dollars)			
Government of Yukon:				
Accounts receivable from	\$ 726	\$ 1,853	\$ 2,579	\$ 2,870
Advance receivable from	34,200	-	34,200	36,200
Accounts payable to	19,223	13	19,236	12,610
Long-term obligations to	85	-	85	85
Revenues from	-	8,042	8,042	8,821
Expenses to	49,889 ¹	-	49,889	36,855

¹ Includes cost of electricity of \$17.406 million (2022 – \$15.343 million) 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 2018 the Government advanced \$39,200,000 to the Yukon Development Corporation ("YDC") for 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, 2028, and pursuant to the agreement, the loan may be extended for additional five-year terms upon mutual

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

consent of the parties. The per annum interest rate was based off the one-year indicative swap rate plus a 0.4% premium increase. The rate of interest effective on March 31, 2023, is 2.82% (2022 – 2.82%). 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, 2022 from YDC was received in April 2022 and the payment due March 31, 2023 from YDC was received in March 2023.

(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 2022/2023, the Government paid \$2,625,000 (2022 – \$2,625,000) to YDC based on the MOU.

The Government authorized the continuation of the Interim Electrical Rebate program to March 31, 2023. 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 2022/2023, the Government provided \$3,500,000 (2022 – \$3,354,000) to YDC for this purpose. The Government is committed to funding up to \$3,500,000 in the fiscal year 2023/2024.

As at March 31, 2023, the Yukon Energy Corporation (“YEC”), the wholly-owned subsidiary of YDC, had contractual obligations for future purchases of products or services in the amount of \$75,452,000 (2022 – \$24,564,000).

The Yukon Water Board has issued licenses to YEC for the purposes of operating Hydro generation stations in the Yukon. The licenses also indicated the terms and conditions for the operation of these facilities. The current water licenses have the following terms:

Aishihik Generating Station	December 31, 2027
Mayo Generating Station	December 31, 2025
Whitehorse Generating Station	December 31, 2025

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 goods and services. The total commitments as at March 31, 2023 for future years are \$3,052,000 (2022 – \$1,677,000).

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

(e) Contingencies

Yukon Development Corporation

YEC has not recognized a provision for asset retirement obligations for the closure and restoration obligations for certain generation, transmission and distribution assets. YEC anticipates maintaining and operating these assets for an indefinite period, making the dates of retirement of the assets indeterminate. The significant uncertainties around the timing of any potential future cash outflows are such that a reasonable estimate of the liability is not possible at this time. A provision will be recognized when the timing of the retirement of these assets can be reasonably estimated.

(f) Regulatory Deferral Accounts

Yukon Development Corporation

Regulatory deferral accounts in YDC's financial statements are accounted for differently than they would be in the absence of rate regulation. Where regulatory decisions dictate, YDC defers certain expenses or revenues as regulatory deferral account debit balances or regulatory deferral account credit balances and recognizes them in the net movement in regulatory deferral account balances as it collects or refunds amounts through future customer rates. Any adjustments to these regulatory deferral accounts are recognized in the net movement in regulatory deferral account balances in the period that the Yukon Utilities Board ("YUB") renders a subsequent decision. All amounts maintained as regulatory deferral account debit balances and regulatory deferral account credit balances are expected to be recovered or settled and are assessed on an annual basis by comparing the rates approved by the YUB to the current balances.

The net movement in regulatory deferral account balances is included in income from investment in government business enterprises in the Government's consolidated statement of operations and accumulated operating surplus.

13. **Accounts payable and accrued liabilities**

	2023	2022 Restated (Note 3)
	(thousands of dollars)	
Accounts payable	\$ 96,938	\$ 78,745
Accrued liabilities	129,615	99,238
Contractors' holdbacks and security deposits	33,228	17,711
Due to government business enterprises (Note 12(b))	19,236	12,610
Other	516	698
	<u>\$ 279,533</u>	<u>\$ 209,002</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

14. **Environmental liabilities**

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities for contaminated sites of \$87,724,000 (2022 – \$79,555,000). 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.

As at March 31, 2023, the Government was aware of 103 sites (2022 – 105 sites) where the Government is obligated or is likely obligated to incur such costs. During the year remediation work was undertaken at 8 sites.

One of the 103 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 \$6,800,000, of which the Government is to fund 30% or \$2,040,000 and the Government of Canada \$4,760,000. As at March 31, 2023, \$67,000 (2022 – \$106,000) was recorded as the remaining liability for this site, and is part of the \$87,724,000 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 \$14,407,000, 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 (2022 - \$15,501,000).

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 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. The Government has included \$43,314,000 as an estimated liability for the remediation of this mine.

(b) Type II sites

Pursuant to the Devolution Transfer Agreement ("DTA"), 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

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

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 Ketz 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 Ketz River mine site ("the site"). The site is identified as a Type II mine site in the 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 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 \$4,728,000 (2022 - \$4,757,000) 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, 2023.

	2023		2022 Restated (Note 3)	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for:				
Highway maintenance camps and airports	35	\$ 13,713	35	\$ 11,329
Other storage tanks and buildings	50	10,912	52	9,078
Marwell Tar Pit	1	67	1	106
Wellgreen	1	14,407	1	15,501
Wolverine	1	43,314	1	39,048
Other	15	5,311	15	4,493
	103	87,724	105	79,555
Type II sites	1	4,728	1	4,757
	104	\$ 92,452	106	\$ 84,312

15. **Asset retirement obligation liabilities**

(a) *Asbestos & other hazardous building materials liability*

The Government owns and leases several buildings that are known to have asbestos and other hazardous building materials, which represents a health hazard upon demolition of the building. Per Occupational Health and Safety Legislation, there is a legal obligation to remove the asbestos and other hazardous building materials in a prescribed manner when the building is demolished. The buildings have a remaining estimated useful life ranging from 1 to 72 years. Estimated costs have been

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

discounted to their present value using a discount rate range of 2.50% to 3.00% per annum (2022 – 2.50%) applied over the remaining estimated useful lives of the buildings.

(b) *Forestry access roads liability*

The Government recognized asset retirement obligations for its forestry access roads. Asset retirement activities include decommissioning of the roads to restrict future access. The forestry access roads have an estimated remaining useful life ranging from 1-9 years. Estimated costs have been discounted to their present value using a discount rate of 3.00% per annum (2022 – 2.50%) applied over the remaining estimated useful lives of the forestry access roads.

(c) *Fuel tanks liability*

The Government recognized asset retirement obligations for its fuel tanks. Asset retirement activities for the fuel tanks include decommissioning or dismantling the tanks, remediation of contamination from their normal use, and post-retirement monitoring. The fuel tanks have an estimated remaining useful life ranging from 10-21 years. Estimated costs have been discounted to their present value using a discount rate range of 2.50% to 3.00% per annum (2022 – 2.50%) applied over the remaining estimated useful lives of the fuel tanks.

(d) *Landfill liability*

There are 23 active or closed landfill sites that are outside incorporated communities and, therefore, are the responsibility of the Government. These landfill sites are subject to the Environment Act (Yukon) – Solid Waste Regulations which includes requirements for closure and post-closure care of a landfill. In calculation of the liability for these sites, 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 2.50% per annum (2022 – 2.50%) was used for the net present value calculation for active and closed landfill sites.

Changes to the asset retirement obligation liabilities in the year are as follows:

	Asbestos & other hazardous building materials	Forestry access Roads	Fuel Tanks	Landfills	2023	2022 Restated (Note3)
	(thousands of dollars)					
Opening balance, Restated	\$ 54,999	\$ 607	\$ 3,236	\$ 16,279	\$ 75,121	\$ 73,315
Liability incurred	-	12	-	-	12	-
Liability settled	(701)	-	-	-	(701)	(22)
Accretion expense	1,370	15	81	407	1,873	1,828
Changes in estimates	(4,997)	(22)	(690)	(1,167)	(6,876)	-
Closing balance	\$ 50,671	\$ 612	\$ 2,627	\$ 15,519	\$ 69,429	\$ 75,121

The undiscounted amount of estimated future cash flows is \$141,190,000 (2022 - \$136,214,000)

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

16. **Unearned revenues**

	2023	2022
	(thousands of dollars)	
Liability portion of government transfers	\$ 23,964	\$ 13,001
Motor vehicle fees for future years	2,976	3,008
Prepaid lease payments	9,200	4,000
Other	8,020	9,217
	\$ 44,160	\$ 29,226

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.

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

(a) The Government of Yukon and Yukon Housing Corporation

Employees of the Government of Yukon and the Yukon Housing Corporation receive severance benefits that are paid on termination of service or upon retirement based on the number of years worked, the level of the pay at the time of termination or retirement and the category of employment. In addition, if an employee has at least five years of continuous service, a cash-in of sick leave will be paid. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by the daily pay rate at termination or retirement.

The Government and the Yukon Housing Corporation have conducted actuarial valuations of post-employment benefits as at December 31, 2022. March 31, 2023 amounts are based on an extrapolation of the December 31, 2022 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.

Effective December 31, 2019 all current resignation and retirement severance accruals have been frozen for employees classified as Deputy Ministers and Managers. All employees in this group are eligible to receive severance payouts based on service accrued prior to December 31, 2019.

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.

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 accrued benefit liability at March 31, 2023 is based on an extrapolation of an actuarial valuation that was performed as at March 31, 2021. The Government has designated a portion of its assets for the purpose of meeting this obligation (Note 9).

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

(b) Yukon University

Yukon University'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 March 31, 2023.

Yukon University 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, 2023 were as follows:

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Post-employment benefits and compensated absences liability		
Government of Yukon employees	\$ 131,560	\$ 128,875
Members of Yukon Legislative Assembly	1,104	917
Yukon Hospital Corporation	2,905	2,868
Yukon Housing Corporation	2,497	2,509
Yukon University	<u>10,811</u>	<u>10,634</u>
(Schedule D)	<u>\$ 148,877</u>	<u>\$ 145,803</u>

18. **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 January 1, 2013, there are two groups paying different rates of contributions to the plan.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

In the calendar year 2022, the Government contributed \$1.02 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$191,300 the Government contributed \$5.91 for every dollar contributed by both groups of plan members.

In the calendar year 2023, 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. For the portion of the employee's salary above \$196,200 the Government contributes \$5.29 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 \$41,687,000 (2022 – \$42,118,000).

(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 9). It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The last actuarial valuation for funding purposes was performed as of March 31, 2021. The accrued benefit obligation as at March 31, 2023 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.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

(d) Yukon University Employees' Pension Plan

The Yukon University ("the University") Employees' Pension Plan is a contributory defined benefit pension plan. The University'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 University's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the *Pension Benefits Standards Act, 1985* (Canada). The University 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 at March 31, 2023 following Canadian public sector accounting standards. An actuarial valuation for funding purposes was performed as at June 30, 2022, which established Yukon University's required contributions as 69.7% up to December 31, 2022 and 100% from January 1, 2023 (June 30, 2021 – 101.7 %) of employee contributions.

The actuarial valuation for funding purposes as at June 30, 2022 indicates the University had an actuarial surplus of \$29,889,000 (June 30, 2021 – \$20,340,000) at the measurement date on a going-concern basis and a surplus of \$12,830,000 (June 30, 2021 – \$2,207,000) if valued on the basis that the pension plan was to be terminated/wound up as at June 30, 2022. The solvency ratio of the plan was 100% at June 30, 2022 (100% at June 30, 2021).

For any unfunded pension liability, the University 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 University 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 until December 31, 2023. The maximum amount of letters of credit to which this guarantee applies will be \$22,061,000 (2022 – \$23,007,000).

(e) Yukon Hospital Corporation Employees' Pension Plan

The Yukon Hospital Corporation ("the 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 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, 2022, which established the Corporation's required contribution as 115% (2021 – 112%) of employee contributions. This valuation reported that, as at December 31, 2022, the pension plan had a surplus of \$63,245,000 (2021 – \$50,432,000) on a going concern basis, and a surplus of \$8,785,000 (2021 – deficit of 16,294,000) if valued on the basis that the pension plan was to be terminated/wound up. The solvency ratio of the plan at December 31, 2022 is 105% (93% at December 31, 2021).

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 \$2,463,000 over the 2023 calendar year (2022 - \$3,767,000). The Corporation is permitted to cover up to a specified maximum of 15% of the solvency liability with a conforming letter

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

of credit. During the fiscal year, the Corporation entered into letters of credit totaling \$35,128,000 (2022 – \$33,810,000) related to solvency deficiency payments. The Government has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letters of credit required by the Corporation 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 was in effect from June 30, 2022 to June 30, 2023 and the maximum amount of letters of credit to which this guarantee applied was \$35,128,000 (2022 - \$35,464,000). In August 2023, this guarantee was renewed to a maximum of \$27,992,000 for the June 30, 2023 to June 30, 2024 period. There is an overlap between the letters of credit time periods and the fiscal years.

An actuarial valuation for accounting purposes was performed as at March 31, 2023 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, 2023 is based on an extrapolation of an actuarial valuation conducted as at December 31, 2022. 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.

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 are 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 (asset) for the above retirement benefits as of March 31, 2023 was as follows:

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Accrued benefit asset		
Yukon Hospital Corporation Employees' Pension Plan	\$ (63,126)	\$ (56,073)
Yukon University Employees' Pension Plan	<u>(29,618)</u>	<u>(24,343)</u>
	<u>\$ (92,744)</u>	<u>\$ (80,416)</u>
Accrued benefit liability		
Extended health care retirement benefit	\$ 79,017	\$ 75,792
Legislative Assembly Retirement Allowances Plan	30,560	31,220
Life insurance retirement benefit	4,028	3,809
Territorial Court Judiciary Pension Plan	<u>10,137</u>	<u>9,916</u>
	<u>\$ 123,742</u>	<u>\$ 120,737</u>
Total net benefit liability (Schedule E)	<u>\$ 30,998</u>	<u>\$ 40,321</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

19. **Borrowings**

	2023	2022
	(thousands of dollars)	
Yukon Hospital Corporation – loans with a chartered bank. (see below)	\$ 23,612	\$ 22,610
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 \$1,819,000 (2022 – \$2,042,000), repayable in blended monthly payments with maturities up to the year 2028, bearing fixed interest rates ranging from 1.99% to 2.81%.	379	733
Yukon University – non-interest bearing loan repayable on demand within 90 days.	966	996
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 7.50% to 9.50%.	412	522
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 \$0 (2022 – \$30,000).	85	85
	\$ 25,454	\$ 24,946
Less: Amounts included in Due to Canada (Note 6)	(791)	(1,255)
	\$ 24,663	\$ 23,691

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

(thousands of dollars)	
2024	\$ 6,107
2025	5,183
2026	5,398
2027	5,004
2028	3,633
Thereafter	129
	\$ 25,454

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

Yukon Hospital Corporation – loans with a chartered bank

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.15% per annum for the Watson Lake Hospital construction project. Blended payments of \$160,000 due monthly with the final payment due on December 31, 2026.	\$ 6,524	\$ 8,062
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.	6,100	7,300
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.	6,192	7,248
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.30% per annum for the Pension solvency and Letter of Credit interest. Blended payments of \$93,000 due monthly with the final payment due on February 28, 2028.	4,796	-
	<u>\$ 23,612</u>	<u>22,610</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2023

Borrowing Limit

The *Yukon Borrowing Limits 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.

An Order in Council (P.C. 2020-0663) came into force on September 20, 2020. These regulations pursuant to subsection 23(2) of the *Yukon Act* (Canada) provided authority to the Government and its entities to borrow in aggregate to a maximum of \$800 million.

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Authorized borrowing limit	\$ 800,000	\$ 800,000
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>88,383</u>	<u>73,423</u>
	<u>188,383</u>	<u>173,423</u>
Fully consolidated entities		
Yukon Hospital Corporation, bank loans	23,612	22,610
Yukon Housing Corporation, mortgages payable	379	733
Yukon University, loan payable	966	996
Yukon Housing Corporation, loans payable	<u>412</u>	<u>522</u>
	<u>25,369</u>	<u>24,861</u>
Accrued interest payable	2,165	1,886
Credit facilities used	16,729	14,222
Liabilities for leased tangible capital assets	<u>834</u>	<u>1,982</u>
Total debt	<u>233,480</u>	<u>216,374</u>
Available borrowing capacity	<u>\$ 566,520</u>	<u>\$ 583,626</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

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

	2023	2022
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	\$ -	\$ 686
Building lease obligation payable monthly until the year 2024, with imputed interest rate of 3.7%.	558	814
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.3%.	276	482
	\$ 834	\$ 1,982

Interest expense related to liabilities for leased tangible capital assets for the year was \$110,000 (2022 – \$135,000) at an imputed average interest rate of 3.6% (2022 – 3.6%).

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

	(thousands of dollars)	
2024	\$ 725	
2025	536	
Total minimum lease payments	1,261	
Less: amount representing executory costs	(270)	
amount representing rental of land	(126)	
amount representing interest	(31)	
	\$ 834	

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

21. **Tangible capital assets**

	2023	2022 Restated (Note 3)
	Net Book Value	Net Book Value
	(thousands of dollars)	
Land	\$ 19,950	\$ 19,950
Buildings	826,854	797,903
Equipment and vehicles	107,187	104,685
Computer hardware and software	53,963	48,488
Infrastructure	818,503	685,209
Land improvements and fixtures	53,082	53,771
Waste and water systems	58,123	52,262
Communications technology	58,220	25,163
 (Schedule C)	 \$ 1,995,882	 \$ 1,787,431

During 2022-23 the Government revised the estimated useful lives of tangible capital assets. The changes in estimate are applied on a prospective basis and resulted in a reduction in annual amortization. The most significant impact was for buildings of \$6,213,000.

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 \$990,000 (2022 – \$991,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2023	2022
	(thousands of dollars)	
Buildings (cost)	\$ 9,907	\$ 9,907
Operating equipment (cost)	-	-
	9,907	9,907
 Less accumulated amortization	 (9,255)	 (8,265)
	\$ 652	\$ 1,642

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

22. **Expenses by object**

	2023	2022 Restated (Note 3)
	(thousands of dollars)	
Personnel	\$ 743,185	\$ 716,623
Government transfers	401,245	360,808
Contract and special services	277,739	297,957
Materials, supplies and utilities	158,513	149,915
Amortization expenses	73,137	79,863
Accretion expenses	1,874	1,806
Communication and transportation	50,438	40,803
Rent	56,846	56,965
Interest on long-term debt and capital lease obligations	1,323	1,560
Other	26,763	12,571
	\$ 1,791,063	\$ 1,718,871

23. **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, 2023, 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, 2023, except for the Compensation Fund (Yukon) which is at December 31, 2022.

	2023	2022
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 246,720	\$ 268,362
Canada Community Building Fund	124,155	125,730
Lottery Commission	10,852	9,359
Crime Prevention and Victim Services	7,430	7,225
Forest Sector trust	6,309	6,084
Extended health and dental plan trust funds	3,844	5,957
Supreme Court trust	630	1,251
Public Guardian trust	1,754	1,458
Other	6,711	3,985
	\$ 408,405	\$ 429,411

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

24. **Contractual rights**

The Government has entered into agreements to receive, or has contractual rights for, the following receipts subsequent to March 31, 2023:

	<u>Expiry Date</u>	<u>2024</u>	<u>2025 – 2032</u>	<u>Total</u>
		(thousands of dollars)		
Contribution and Service Agreements				
Infrastructure Canada	2031	\$ 107,079	\$ 447,625	\$ 554,704
Transport Canada	2029	16,977	136,542	153,519
Canada Mortgage and Housing Corporation	2030	8,331	33,976	42,307
Early Learning and Childcare Agreement	2026	13,262	23,069	36,331
Environment and Natural Resources	2024	13,552	-	13,552
Innovation, Science and Economic Development	2024	9,044	-	9,044
Employment and Social Development	2028	2,767	8,664	11,431
Student Financial Assistance	2026	509	2,036	2,545
RCMP: Mobile Radio Network	2025	1,975	412	2,387
Justice Canada	2027	1,643	6,571	8,214
Canadian Heritage	2025	6,232	5,750	11,982
Indigenous Services Canada	2032	25,700	205,600	231,300
Other	2027	14,296	11,311	25,607
		<u>\$ 221,367</u>	<u>\$ 881,556</u>	<u>\$ 1,102,923</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

25. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2023:

	Expiry Date	2024	2025 – 2045	Total
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 36,525	\$ 292,201	\$ 328,726
Capital projects				
- in progress at March 31, 2023	2031	312,991	94,086	407,077
Building/office space leases	2033	14,894	22,289	37,183
NorthwestTel Inc. mobile radio network system	2025	3,291	687	3,978
Yukon Hospital Corporation – medical equipment maintenance	2029	5,216	10,766	15,982
Alkan Air Ltd. medical evacuation -contract	2026	1,500	23,425	24,925
Conair Group Inc. air tanker -services (turbine engines)	2024	2,462	-	2,462
Air Spray (1967) Ltd. Air tanker services	2024	2,396	-	2,396
Information Services Corporation	2040	185	3,240	3,425
Miscellaneous operational commitments	2045	67,433	31,298	98,731
		<u>\$ 446,893</u>	<u>\$ 477,992</u>	<u>\$ 924,885</u>

26. **Overexpenditure**

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”. During the year, no (2022 – 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 (2022 – one) department exceeded the authorized amounts as follows:

	(thousands of dollars)
Health and Social Services	
- Social assistance - region	\$ 129
- Yukon senior’s income supplements	\$ 219

Section 3 of the *Hospital Standards (Yukon Hospital Corporation) Regulation* states that property or money that is supplied to the Yukon Hospital Corporation by the Government must be used for the purpose for which it was supplied and in accordance with the conditions on which it was supplied. During the year, Yukon Hospital Corporation used \$7,300,000 for operational purposes even though it was supplied by the Government solely for the purpose of a capital project.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

27. Guarantees

At March 31, 2023, the Yukon Development Corporation had long-term debt of \$221,000,000 (2022 – \$206,000,000) (Note 12(a)) and a credit facility of up to \$72,500,000 (2022 - \$50,500,000). 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. Except for the amounts committed as described in Note 12(d), it is expected that no significant costs will be incurred by the Government with respect to any guarantees and debts.

28. Risk management of financial instruments

The Government, collectively through its public sector entities and government business enterprises, has exposure to the following risks related to its financial instruments: credit risk, liquidity risk, interest rate risk, foreign exchange rate risk, and other price risk. The Government employs various risk management strategies and operates within fixed risk exposure limits to ensure exposure to risk is managed in a prudent and cost-effective manner.

The concentration of risk arises from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Government is primarily exposed to credit risk on its cash and cash equivalents, accounts receivable, loans receivable, and investments. The Government's carrying amounts for these financial assets best represent its maximum exposure to credit risk.

For cash and cash equivalents, and portfolio investments, the Government manages this risk by dealing solely with reputable financial institutions, and through an investment policy that limits investments to high credit quality as well as maintains asset allocation and portfolio diversification.

For accounts receivable, the Government reviews balances and aging information to determine if a valuation allowance is necessary, and initiates collection actions.

Information regarding the Government's accounts receivable is as follows:

	2023	2022
	(thousands of dollars)	
Carrying value	\$ 27,121	\$ 34,322
Allowance for doubtful accounts	\$ 3,775	\$ 3,465
Accounts receivable % less than 30 days	78 %	81 %
Accounts receivable % over 90 days	19 %	16 %

To manage the credit risk on mortgages and loans receivable, the Government actively monitors loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. The maximum exposure of the mortgages and loans receivable to credit risk is \$67,767,000 (2022 - \$77,167,000). As at March 31, 2023, approximately 97% (2022 – 97%) of loans receivable were current or less than 30 days past due, whereas 3% (2022 – 3%) were over 30 days past due.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

Liquidity risk is the risk that the Government will encounter difficulty in meeting obligations associated with financial liabilities. The Government is exposed to liquidity risk on its accounts payable and accrued liabilities, due to Government of Canada, and borrowings.

The Government manages its overall liquidity risk by managing cash resources which is achieved by monitoring actual and forecasted cash flows from operating, investing, and financing activities. The Government manages this risk on its borrowings by distributing debt maturities over many years (Note 19).

The carrying amounts of accounts payable and accrued liabilities, as well as due to Government of Canada, as reported on the consolidated statement of financial position will be settled in the next fiscal year.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavourably with changes in market interest rates.

The Government is exposed to interest rate risk through its investment holdings in interest-bearing, or fixed-income assets. The Government manages this risk on its investments by setting asset mix guidelines that limit the extent to which interest rates impact the market value of the Government's portfolio investments, which may include 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. Based on year-end short-term investment balances, a one per cent increase (decrease) in the bank's prime lending rate could increase (decrease) interest income by approximately \$43,000 (2022 - \$41,000).

The Government manages this risk on its debt by issuing securities at predominantly fixed rates of interest rather than at floating rates of interest. To reduce its exposure to interest rate risk, the Government, through its government reporting entities, uses interest rate contracts, including interest rate swap agreements, to manage the fixed and floating interest rate mix on its debt portfolio. The Government has interest rate swaps on a value of debt of \$23,612,000 (2022 - \$22,610,000). At March 31, 2023, 100 per cent (2022 – 100 per cent) of the Government's gross debt effectively carried a rate of interest that was fixed for greater than a one-year period. As such, fluctuations in market interest rates would not impact future cash flows and the operations of the Government.

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavourably with a change in the value of the Canadian dollar relative to other currencies. The Government is not exposed to any significant foreign exchange risk because instruments held in foreign currency are not considered significant.

Other Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Government is exposed to other price risk through its portfolio investments; and manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments in any one issuer, as outlined in the investment policies and procedures.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2023

The Government is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes. Overall, the other price risk is not considered significant.

29. Land claims

Between February 1995 and March 31, 2023, 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 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.

30. 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, 2023, the amounts claimed, excluding the claim from Northern Cross (Yukon) Ltd., which is described below, is \$32,288,000 (2022 - \$22,820,000). No provision for these claims has been made as it is unlikely or indeterminable that a liability has been incurred as at the date of the financial statements. Furthermore, an estimate of extent cannot be made as 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 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 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 any liability exists 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 2023, the Government paid \$841,000 (2022 - \$317,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$3,747,000 as at March 31, 2023 (2022 -

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

\$3,215,000). This amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2023 was \$2,613,000 (2022 – \$3,420,000).

In addition to the environmental liabilities discussed in Note 14, 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.

31. **Subsequent Events**

Minto Mine

On May 13, 2023, Minto Metals Corporation (Minto) ceased operations at its mine located on Selkirk First Nation settlement land. The Government has subsequently monitored and maintained the integrity of the water treatment facilities at the mine. A receiver in bankruptcy has been appointed. Given the complex legal issues associated, the Government is unable to determine the impacts on the Government.

Ratification of YEU Collective Agreement

In June 2023, the Government of Yukon and Yukon Employee Union ratified a new collective agreement retroactive to January 1, 2022. Management has determined that the portion of anticipated retro-payments that are relevant to the fiscal periods ending prior to March 31, 2023, is \$26,100,000. Management has included an accrual for this amount in accrued liabilities (Note 13) and in personnel expenses (Note 22).

The Government of Yukon issued a Special Warrant on September 21, 2023, to increase the appropriations for several departments prior to the retro-payments being issued. The Special Warrant became part of the 2022-23 Supplementary Estimates #3 debated during the 2023 Fall Session and assented on October 10, 2023.

32. **Comparative figures**

Certain comparative figures for 2022 have been reclassified to conform with the 2023 presentation.

GOVERNMENT OF YUKON

Schedule A

**Consolidated Schedule of Revenues by Source
for the year ended March 31, 2023**

	2023		2022
	Budget	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing Grant	\$ 1,174,144	\$ 1,174,144	\$ 1,117,650
Other grants	70,259	122,910	145,210
Contributions and service agreements	311,490	313,766	217,842
	<u>1,555,893</u>	<u>1,610,820</u>	<u>1,480,702</u>
Taxes and general revenues			
Income taxes	114,374	150,298	129,788
Other taxes			
Tobacco tax	13,262	11,612	12,894
Fuel oil tax	9,660	8,863	8,729
Liquor tax	5,313	5,106	5,018
General property tax	6,795	5,806	5,670
Insurance premium tax	8,073	8,902	7,438
Grant in lieu of property tax	246	240	241
Licences, permits and fees	30,578	30,498	29,892
Sale of land	19,150	8,351	7,959
Investment and interest revenue	5,726	9,047	5,122
Hospital revenues	6,500	2,130	2,666
Resource revenue - mineral, oil and gas and forestry	6,255	2,362	10,093
Aviation operations	1,345	1,573	290
Income from portfolio investments	1,500	980	576
Fines	508	531	480
Other revenues	150	2,706	4,605
	<u>229,435</u>	<u>249,005</u>	<u>231,461</u>
Funding and service agreements with other parties	<u>37,271</u>	<u>34,413</u>	<u>31,409</u>
Income (loss) from investment in government business enterprises			
Yukon Liquor Corporation	9,397	7,720	8,265
Yukon Development Corporation	10,000	8,119	15,990
	<u>19,397</u>	<u>15,839</u>	<u>24,255</u>
	<u>\$ 1,841,996</u>	<u>\$ 1,910,077</u>	<u>\$ 1,767,827</u>

GOVERNMENT OF YUKON

Schedule B

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2023**

	Health and Social Services		Community and Transportation		Education		General Government ¹		Natural Resources	
	2023	2022 Restated (Note 3)	2023	2022 Restated (Note 3)	2023	2022 Restated (Note 3)	2023	2022 Restated (Note 3)	2023	2022 Restated (Note 3)
(thousands of dollars)										
Revenues										
From Government of Canada	\$ 45,317	\$ 62,106	\$ 183,541	\$ 121,637	\$ 18,748	\$ 22,272	\$ 1,326,306	\$ 1,228,195	\$ 19,954	\$ 40,158
Taxes and general revenues	16,554	14,332	39,941	38,233	5,359	5,970	191,848	167,264	6,042	13,057
Funding and service agreements	8,954	11,553	7,113	7,455	15,937	10,210	1,784	1,670	343	263
Income (loss) from investments in government business enterprises		-	8,119	15,990	-	-	7,720	8,265	-	-
	<u>70,825</u>	<u>87,991</u>	<u>238,714</u>	<u>183,315</u>	<u>40,044</u>	<u>38,452</u>	<u>1,527,658</u>	<u>1,405,394</u>	<u>26,339</u>	<u>53,478</u>
Expenses (Note 22)										
Personnel	244,146	227,266	87,654	86,366	156,400	155,955	134,974	133,314	60,846	57,315
Contracts, materials and other	176,063	169,117	133,345	128,535	39,729	33,060	114,725	86,320	57,126	92,502
Government transfers	111,763	98,835	147,885	126,791	49,878	51,128	36,728	41,354	21,013	12,017
Amortization expenses	15,473	16,827	38,610	42,909	7,373	8,908	7,427	5,952	1,446	1,245
Interest on long-term debt and capital lease obligations	1,273	1,358	50	67	-	-	-	135	-	-
	<u>548,718</u>	<u>513,403</u>	<u>407,544</u>	<u>384,668</u>	<u>253,380</u>	<u>249,051</u>	<u>293,854</u>	<u>267,075</u>	<u>140,431</u>	<u>163,079</u>
Recovery of prior years' expenses	839	3,040	614	19	390	136	1,243	114	168	192
Surplus (deficit) for the year	\$ (477,054)	\$ (422,372)	\$ (168,216)	\$ (201,334)	\$ (212,946)	\$ (210,463)	\$ 1,235,047	\$ 1,138,433	\$ (113,924)	\$ (109,409)

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, 2023**

	Justice		Business, Tourism and Culture		Adjustments ²		Total	
	2023	2022 Restated (Note 3)	2023	2022 Restated (Note 3)	2023	2022 Restated	2023	2022 Restated (Note 3)
(thousands of dollars)								
Revenues								
From Government of Canada	\$ 7,372	\$ 6,127	\$ 9,582	\$ 207	\$ -	\$ -	\$ 1,610,820	\$ 1,480,702
Taxes and general revenues	1,228	1,387	73	34	(12,040)	(8,816)	249,005	231,461
Funding and service agreements	746	819	469	452	(933)	(1,013)	34,413	31,409
Income (loss) from investments in government business enterprises	-	-	-	-	-	-	15,839	24,255
	<u>9,346</u>	<u>8,333</u>	<u>10,124</u>	<u>693</u>	<u>(12,973)</u>	<u>(9,829)</u>	<u>1,910,077</u>	<u>1,767,827</u>
Expenses (Note 22)								
Personnel	39,422	37,938	19,743	18,469	-	-	743,185	716,623
Contracts, materials and other	47,127	41,387	12,728	11,226	(8,670)	(2,130)	572,173	560,017
Government transfers	7,737	6,406	30,544	31,976	(4,303)	(7,699)	401,245	360,808
Amortization expenses	1,986	2,900	822	1,122	-	-	73,137	79,863
Interest on long-term debt and capital lease obligations			-	-	-	-	1,323	1,560
	<u>96,272</u>	<u>88,631</u>	<u>63,837</u>	<u>62,793</u>	<u>(12,973)</u>	<u>(9,829)</u>	<u>1,791,063</u>	<u>1,718,871</u>
Recovery of prior years' expenses	146	34	449	127	-	-	3,849	3,662
Surplus (deficit) for the year	\$ (86,780)	\$ (80,264)	\$ (53,264)	\$ (61,973)	\$ -	\$ -	\$ 122,863	\$ 52,618

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

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2023**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Infrastructure	Land Improvements & Fixtures	Waste & Water Systems	Communications Technology ^(b)	2023 Total	2022 Restated (Note 3)
(thousands of dollars)										
Cost of tangible capital assets, opening as restated and reclassified (see reconciliation below)	\$ 19,950	\$ 1,321,522	\$ 229,618	\$ 119,305	\$ 1,169,331	\$ 67,821	\$ 74,112	\$ 29,974	\$ 3,031,633	\$ 2,878,795
Acquisitions	-	63,325	16,580	12,922	153,007	3,091	8,553	33,589	291,067	160,429
Write-downs	-	(6,654)	(390)	-	(113)	-	(1,588)	-	(8,745)	(19)
Disposals	-	(3,791)	(3,114)	(930)	-	-	-	-	(7,835)	(7,572)
Cost of tangible assets, closing	19,950	1,374,402	242,694	131,297	1,322,225	70,912	81,077	63,563	3,306,120	3,031,633
Accumulated amortization, opening as restated and reclassified (see reconciliation below)	-	523,654	124,957	70,758	484,122	14,050	21,850	4,811	1,244,202	1,171,634
Amortization expense	-	26,241	14,433	7,447	19,600	3,780	1,104	532	73,137	79,863
Disposals	-	(3,573)	(2,598)	(930)	-	-	-	-	(7,101)	(7,295)
Accumulated amortization, closing	-	546,322	136,792	77,275	503,722	17,830	22,954	5,343	1,310,238	1,244,202
Net book value (Note 21)	\$ 19,950	\$ 828,080	\$ 105,902	\$ 54,022	\$ 818,503	\$ 53,082	\$ 58,123	\$ 58,220	\$ 1,995,882	\$ 1,787,431
Work-in-progress ^(a)	\$ -	\$ 84,778	\$ 4,928	\$ 27,116	\$ 230,899	\$ 13,208	\$ 13,443	\$ 54,630	\$ 429,002	\$ 207,889
Asset Retirement Obligations ^(a)	\$ -	\$ 4,571	\$ 200	\$ -	\$ 428	\$ -	\$ 1,725	\$ -	\$ 6,924	\$ 13,472

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2023**

The reconciliation of 2022 restatement and reclassification impacts is as follows:

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Infrastructure	Land Improvements & Fixtures	Waste & Water Systems	Communications Technology ^(b)	Total
	(thousands of dollars)								
Cost, as at March 31, 2022, as previously reported	\$ 19,950	\$ 1,275,094	\$ 229,833	\$ 139,385	\$ 1,168,747	\$ 67,821	\$ 69,312	\$ 30,051	\$ 3,000,193
Reclassifications ^(c)									
Dempster Fibre Line	-	-	-	(19,896)	-	-	-	19,896	-
Housing Trailers	-	11,516	(2,150)	-	-	-	-	(9,366)	-
Portable Classrooms	-	10,607	-	-	-	-	-	(10,607)	-
Fleet Vehicle Assets	-	-	184	(184)	-	-	-	-	-
Adoption of PS 3280 Asset retirement obligations (Note 3(a))	-	24,305	1,751	-	584	-	4,800	-	31,440
Cost, as at March 31, 2022, as restated and reclassified	19,950	1,321,522	229,618	119,305	1,169,331	67,821	74,112	29,974	3,031,633
Accumulated amortization, as at March 31, 2022, as previously reported	-	502,816	124,617	70,884	484,033	14,050	19,459	10,375	1,226,234
Reclassifications ^(c)									
Dempster Fibre Line	-	-	-	-	-	-	-	-	-
Housing Trailers	-	3,349	(889)	-	-	-	-	(2,460)	-
Portable Classrooms	-	3,104	-	-	-	-	-	(3,104)	-
Fleet Vehicle Assets	-	-	126	(126)	-	-	-	-	-
Adoption of PS 3280 Asset retirement obligations (Note 3(a))	-	14,385	1,103	-	89	-	2,391	-	17,968
Accumulated amortization, at March 31, 2022, as restated and reclassified	-	523,654	124,957	70,758	484,122	14,050	21,850	4,811	1,244,202
Net book value, March 31, 2022, as previously reported	19,950	772,278	105,216	68,501	684,714	53,771	49,853	19,676	1,773,959
Change in net book value, for restatement and reclassification	-	25,590	(555)	(19,954)	495	-	2,409	5,487	13,472
Net book value, April 1, 2022	\$ 19,950	\$ 797,868	\$ 104,661	\$ 48,547	\$ 685,209	\$ 53,771	\$ 52,262	\$ 25,163	\$ 1,787,431

^(a)Included in net book value.

^(b)Due to reclassification of assets between categories, the category "other" is now named "communications technology".

^(c)The Government reclassified assets within the tangible capital asset categories to best reflect changes in the composition of the Government's tangible capital assets.

GOVERNMENT OF YUKON

Schedule D

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2023**

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Hospital Corporation	Yukon Housing Corporation	Yukon University	2023 Total	2022 Total
(thousands of dollars)							
Accrued benefit obligation							
Obligation at beginning of year	\$ 124,919	\$ 881		\$ 2,181	\$ 7,543	\$ 135,524	\$ 137,785
Current service costs	12,840	145		208	769	13,962	15,081
Plan amendment	-	-				-	-
Interest cost on benefit obligation	5,271	51		92	235	5,649	4,642
Actuarial loss (gain)	(14,333)	(13)		(320)	(157)	(14,823)	(7,453)
Past service cost	-	-		-	-	-	-
Benefits paid	(15,271)	-		(277)	(669)	(16,217)	(14,531)
Accrued benefit obligation at end of year	113,426	1,064		1,884	7,721	124,095	135,524
Unrecognized net actuarial gain (loss)	17,508	40		613	(1,105)	17,056	2,633
Accrued benefit liability	130,934	1,104		2,497	6,616	141,151	138,157
Liabilities that are not included in actuarial valuation	626	-	2,905	-	4,195	7,726	7,646
Post-employment benefits and compensated absences (Note 17)	131,560	1,104	2,905	2,497	10,811	148,877	145,803
Net benefit cost							
Current service cost	12,840	145		208	769	13,962	15,081
Interest cost on benefit obligation	5,271	51		92	235	5,649	4,642
Past service costs	-	-		(18)	-	(18)	73
Amortization of net actuarial loss (gain)	(206)	(9)		(17)	(157)	(389)	383
Plan amendment	-	-				-	-
Net cost for the year	\$ 17,905	\$ 187		\$ 265	\$ 847	\$ 19,204	\$ 20,179

GOVERNMENT OF YUKON

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2023**

Schedule D
Continued

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Hospital Corporation	Yukon Housing Corporation	Yukon University
2022-23 Key Assumptions					
Discount rate on benefit costs	4.00%	5.30%	N/A	4.00%	3.80%
Discount rate on accrued benefit obligation at end of year	4.80%	6.00%	N/A	4.80%	4.80%
Rate of compensation increase	see below ¹	2.50%	N/A	see below ¹	see below ²
Amortization period (expected average remaining service life)	13.0 years	3.0 years	N/A	11.8 years	10.0 years

¹Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2020 valuation report.

²Group 1: 3.00% and Group 2: 3.40%

2021-22 Key Assumptions					
Discount rate on benefit costs	3.20%	3.70%	N/A	3.20%	2.75%
Discount rate on accrued benefit obligation at end of year	4.00%	5.30%	N/A	4.00%	3.80%
Rate of compensation increase	see below ¹	2.50%	N/A	see below ¹	3.40%
Amortization period (expected average remaining service life)	12.5 years	3.0 years	N/A	11.6 years	10.0 years

¹Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2017 valuation report.

GOVERNMENT OF YUKON

Schedule E

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2023**

	Extended Health Care Retirement Benefit	Legislative Assembly Retirement Allowances Plan	Life Insurance Retirement Benefit	Territorial Court Judiciary Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	Yukon University Employees' Pension Plan	2023 Total	2022 Total
(thousands of dollars)								
Pension and retirement plan assets are valued at fair value.								
Accrued benefit obligation								
Obligation at beginning of year	\$ 65,048	\$ 35,201	\$ 4,265	\$ 13,582	\$ 114,689	\$ 95,140	\$ 327,925	\$ 350,804
Current service costs	2,502	1,675	65	560	5,623	4,558	14,983	16,462
Transfers in/service buyback	-	-	-	-	-	-	-	-
Plan amendment	-	-	-	-	-	-	-	-
Interest cost on benefit obligation	2,671	1,867	172	691	6,807	5,411	17,619	16,616
Actuarial loss (gain)	(13,636)	(2,941)	(795)	(1,046)	(7,179)	(5,797)	(31,394)	(38,540)
Benefits paid	(1,510)	(1,593)	(119)	(543)	(8,093)	(5,993)	(17,851)	(16,943)
Administration expenses	-	-	-	-	-	(637)	(637)	(474)
Accrued benefit obligation at end of year	55,075	34,209	3,588	13,244	111,847	92,682	310,645	327,925
Plan assets - valued at fair value								
Value at beginning of year	-	10,544	-	4,733	172,523	141,261	329,061	316,271
Actual return on plan assets	-	320	-	32	(813)	(946)	(1,407)	14,976
Employer contributions	1,510	560	119	418	7,564	2,247	12,418	9,107
Member contributions	-	177	-	85	2,773	2,094	5,129	5,243
Transfers in/service buyback	-	-	-	-	-	-	-	-
Benefits paid	(1,510)	(339)	(119)	(543)	(8,093)	(5,993)	(16,597)	(15,724)
Actual plan expenses	-	-	-	-	(348)	(637)	(985)	(812)
Value at end of year	-	11,262	-	4,725	173,606	138,026	327,619	329,061
Funded status - plan deficit (surplus)	55,075	22,946	3,588	8,519	(61,759)	(45,344)	(16,975)	(1,137)
Unrecognized net actuarial gain (loss)	23,942	7,614	440	1,618	(1,367)	15,726	47,973	41,458
Accrued benefit liability (asset) (Note 18)	\$ 79,017	\$ 30,560	\$ 4,028	\$ 10,137	\$ (63,126)	\$ (29,618)	\$ 30,998	\$ 40,321
Net benefit cost								
Current service cost	\$ 2,502	\$ 1,675	\$ 65	\$ 560	\$ 5,978	\$ 4,558	\$ 15,338	\$ 16,836
Less: Member contributions	-	(177)	-	(85)	(2,773)	(2,094)	(5,129)	(5,243)
Interest cost on benefit obligation	2,671	1,867	172	691	(3,601)	5,411	7,211	16,616
Expected return on plan assets	-	(569)	-	(236)	-	(8,057)	(8,862)	(17,654)
Amortization of net actuarial loss (gain)	(439)	(1,639)	100	(291)	907	(2,847)	(4,209)	1,663
Net cost for the year	\$ 4,734	\$ 1,157	\$ 337	\$ 639	\$ 511	\$ (3,029)	\$ 4,349	\$ 12,218

GOVERNMENT OF YUKON

Schedule E
Continued

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2023**

	Extended Health Care Retirement Benefit	Legislative Assembly Retirement Allowances Plan	Life Insurance Retirement Benefit	Territorial Court Judiciary Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	Yukon University Employees' Pension Plan
2022-23 Key Assumptions						
Expected long term rate of return on assets at beginning of year	N/A	5.30%	N/A	5.00%	6.00%	6.15%
Discount rate on benefit costs	4.80%	6.00%	4.80%	5.70%	6.00%	6.15%
Discount rate on accrued benefit obligation at end of year	4.80%	6.00%	4.80%	5.70%	6.00%	6.15%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Rate of compensation increase	see below ²	2.50%	see below ²	3.00%	2.50%	see below ⁴
Health care cost trend rate	see below ³	N/A	N/A	N/A	N/A	N/A
Amortization period (expected average remaining service life)	13 years	4.0 years	9.5 years	1.4 years	9.2 years	10.0 years

¹ Includes \$357,000 for provision of administrative expenses.

² Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2020 valuation report.

³ 5.9% per annum for 2023-2024, decreasing linearly to 4.9% in 2029, and following the McMaster Model to an ultimate trend rate of 4.0% in 2040.

⁴ Group 1: 3.00% and Group 2: 3.40%

2021-22 Key Assumptions						
Expected long term rate of return on assets at beginning of year	N/A	3.70%	N/A	3.80%	6.00%	5.75%
Discount rate on benefit costs	3.20%	3.70%	3.20%	3.80%	6.00%	5.75%
Discount rate on accrued benefit obligation at end of year	4.00%	5.30%	4.00%	5.00%	6.00%	5.75%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Rate of compensation increase	see below ²	2.50%	see below ²	3.00%	2.50%	3.40%
Health care cost trend rate	see below ³	N/A	N/A	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	9.0 years	10.0 years

¹ Includes \$357,000 for provision of administrative expenses.

² Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2017 valuation report.

³ 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.