

SECTION I  
GOVERNMENT OF YUKON  
FINANCIAL STATEMENTS  
(unaudited)

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GOVERNMENT OF YUKON

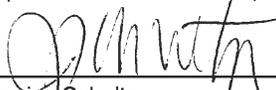
**Non-Consolidated Statement of Financial Position  
as at March 31, 2023**

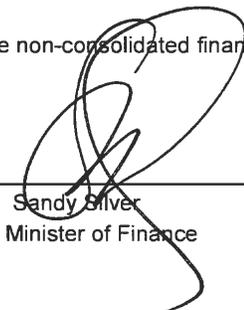
	2023	2022 Restated (Note 3)
	(thousands of dollars)	
<b>Financial assets</b>		
Cash and cash equivalents (Note 4)	\$65,431	\$ 72,771
Temporary investments (Note 5)	-	4,122
Due from Government of Canada (Note 6)	173,124	176,146
Accounts receivable (Note 7)	23,746	30,905
Portfolio investments (Note 8)	36,175	30,597
Advances to Territorial corporations (Note 10)	60,374	68,101
Loans receivable (Note 11)	41,511	48,452
Land inventory (Note 12)	77,545	67,711
	<u>477,906</u>	<u>498,805</u>
<b>Liabilities</b>		
Due to Government of Canada (Note 6)	41,262	38,687
Accounts payable and accrued liabilities (Note 13)	258,134	197,465
Unearned revenues (Note 14)	30,193	17,623
Environmental liabilities (Note 15)	91,873	84,128
Asset retirement obligation liabilities (Note 16)	58,193	63,468
Post-employment benefits and compensated absences (Note 17)	132,664	129,792
Retirement benefits (Note 18)	123,742	120,737
Liabilities for leased tangible capital assets (Note 19)	835	1,982
	<u>736,895</u>	<u>653,882</u>
<b>Net financial assets (debt)</b>	<u><b>(258,989)</b></u>	<u><b>(155,077)</b></u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 20)	1,708,618	1,502,933
Inventories of supplies	10,097	6,667
Prepaid expenses	3,257	2,868
	<u>1,721,972</u>	<u>1,512,468</u>
<b>Accumulated surplus</b>	<u><b>\$ 1,462,983</b></u>	<u><b>\$ 1,357,391</b></u>
Accumulated surplus (deficit) is comprised of:		
Accumulated operating surplus	1,462,384	1,357,391
Accumulated remeasurement gains and (losses)	599	-
	<u><b>\$ 1,462,983</b></u>	<u><b>\$ 1,357,391</b></u>

Contingencies, contractual rights and obligations, commitments and guarantees  
(Notes 15, 16, 23, 24, 27, 29, and 30)

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

Approved on November 20, 2023:

  
\_\_\_\_\_  
Jessica Schultz  
Deputy Minister of Finance

  
\_\_\_\_\_  
Sandy Silver  
Minister of Finance

GOVERNMENT OF YUKON

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

	2023		2022 Restated (Note 3)
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada			
Formula financing grant	\$ 1,174,144	\$ 1,174,144	\$ 1,117,650
Contributions and service agreements	298,282	305,132	205,541
Other grants	70,259	122,910	145,210
Taxes and general revenues	215,803	241,188	222,359
Funding and service agreements	22,603	18,240	21,222
	<u>1,781,091</u>	<u>1,861,614</u>	<u>1,711,982</u>
Expenses (Note 21 and Schedule B)	<u>1,741,570</u>	<u>1,760,470</u>	<u>1,708,830</u>
Recovery of prior years' expenses	<u>-</u>	<u>3,849</u>	<u>3,662</u>
Surplus (deficit) for the year	\$ 39,521	\$ 104,993	\$ 6,814
Accumulated operating surplus at beginning of year (Note 3)		1,357,391	1,350,577
Accumulated operating surplus at end of year		<u><u>\$ 1,462,384</u></u>	<u><u>\$ 1,357,391</u></u>

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

GOVERNMENT OF YUKON

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

	2023
	(thousands of dollars)
	<u>Actual</u>
<b>Accumulated remeasurement gains and (losses) at beginning of year (Note 3(b))</b>	<b>\$ -</b>
Adjustment on adoption of PS 3041 Portfolio investments (Note 3(b))	<u>898</u>
<b>Adjusted accumulated remeasurement gains and (losses) at beginning of year</b>	<b>\$ <u>898</u></b>
Unrealized gains (losses) attributable to:	
Portfolio investments	371
Amounts reclassified to the statement of operations and accumulated surplus (deficit):	
Portfolio investments	(670)
	<u>          </u>
<b>Net remeasurement gains and (losses) for the year</b>	<b><u>(299)</u></b>
	<u>          </u>
<b>Accumulated remeasurement gains and (losses) at end of year</b>	<b><u><u>\$ 599</u></u></b>

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

GOVERNMENT OF YUKON

**Non-Consolidated Statement of Change in Net Financial Assets (Debt)  
for the year ended March 31, 2023**

	2023		2022 Restated (Note 3)
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus (deficit) for the year	\$ 39,521	\$ 104,993	\$ 6,814
Effect of change in tangible capital assets			
Acquisitions	(216,647)	(272,535)	(140,303)
Amortization of tangible capital assets	66,025	58,203	65,625
Loss (gain) on disposal of tangible capital assets	(2)	512	155
Proceeds on disposal of tangible capital assets	192	-	-
Write-down of tangible capital assets	-	8,135	3
	<u>(150,432)</u>	<u>(205,685)</u>	<u>(74,520)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(12,522)	(8,117)
Consumption of inventories of supplies	-	9,093	7,937
Decrease (increase) in prepaid expenses	-	(390)	(15)
	<u>-</u>	<u>(3,819)</u>	<u>(195)</u>
Net remeasurement gains (losses)		599	-
Increase (decrease) in net financial assets (debt)	<b>\$ (110,911)</b>	<b>(103,912)</b>	<b>(67,901)</b>
Net financial assets (debt) at beginning of year		(155,077)	(87,176)
Net financial assets (debt) at end of year		<b><u>\$ (258,989)</u></b>	<b><u>\$ (155,077)</u></b>

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

GOVERNMENT OF YUKON

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

	2023	2022 Restated (Note 3)
	(thousands of dollars)	
<b>Operating transactions</b>		
Surplus (deficit) for the year	\$ 104,993	\$ 6,814
Non-cash items included in surplus (deficit) for the year:		
Amortization of tangible capital assets	58,203	79,453
Loans receivable valuation adjustment	108	35
Accretion expense	1,587	1,548
Write-down of tangible capital assets	8,135	3
Loss (gain) on sale of land inventory	(15)	68
Loss (gain) on disposal of tangible capital assets	512	155
Net change in accounts payable and accrued liabilities balances	48,392	33,328
Net change in other operating asset and liability balances	28,082	(3,487)
Cash provided by (used for) operating transactions	<u>249,997</u>	<u>117,917</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(260,258)</u>	<u>(128,185)</u>
Cash provided by (used for) capital transactions	<u>(260,258)</u>	<u>(128,185)</u>
<b>Investing transactions</b>		
Net proceeds from (acquisition of) temporary investments	-	(3,322)
Net proceeds from (acquisition of) portfolio investments	(672)	3,992
Repayment of advances from Territorial corporations	2,250	500
Advances to Territorial corporations	5,476	16,091
Repayment of loans receivable	17,088	21,032
Issuance of loans receivable	(2,155)	(5,833)
Investment in land inventory	<u>(17,918)</u>	<u>(12,193)</u>
Cash provided by (used for) investing transactions	<u>4,069</u>	<u>20,267</u>
<b>Financing transactions</b>		
Repayment of liabilities for leased tangible capital assets	<u>(1,148)</u>	<u>(1,114)</u>
Cash provided by (used for) financing transactions	<u>(1,148)</u>	<u>(1,114)</u>
<b>Cash and cash equivalents increase (decrease)</b>	<b>(7,340)</b>	<b>8,885</b>
Cash and cash equivalents at beginning of year	<u>72,771</u>	<u>63,886</u>
<b>Cash and cash equivalents at end of year (Note 4)</b>	<b><u>\$ 65,431</u></b>	<b><u>\$ 72,771</u></b>
Interest received in the year	\$ 7,588	\$ 3,793
Interest paid in the year	\$ 110	\$ 135

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

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements  
March 31, 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) Main Estimates

The Main Estimates comparative figures are from the Main Estimates 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. Certain schedules provide comparisons to Revised Estimates which incorporate these changes.

(c) Investments

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

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

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

(d) Basis of accounting

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

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

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

2. **Significant accounting policies**

**Revenues**

Revenues are recorded on an accrual basis.

Grants from the Government of Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant and the Canada health and the Canada social transfers from the Government of Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada) which expires on March 31, 2024. The Formula Financing grant is principle-based, and the Canada health transfer and the Canada social transfer are simple equal cash per capita grants. Adjustments for health and social transfers are made in the year they are known.

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

Income taxes, levied under the *Income Tax Act* (Yukon), are collected by the Government of Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on the Government of Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for the year are final. The Government recognizes income tax revenues based on the estimates made by the Government of Canada, adjusted for known factors. Any adjustments upon finalization are reflected in the accounts in the year they are identified. Tax concessions are accrued on the same basis as the associated tax revenues and reduce gross taxation revenue.

Fuel and tobacco taxes are levied under the authority of the *Fuel Oil Tax Act* (Yukon) and the *Tobacco Tax Act* (Yukon). Revenues are recognized based on the statements received from collectors and estimates. Adjustments from reassessments are recorded in revenue in the year they are identified.

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

**Expenses**

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when authorized and recipients have met eligibility criteria.

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for the current year.

**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.

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

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; bonds and equities. Portfolio investments are measured at their fair value.

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

Land inventory is comprised of the costs of acquiring, planning and developing lots. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to net recoverable value to recognize the loss.

Non-financial assets

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. As per PS3280, certain tangible capital assets that have legal obligations requiring specific retirement activities create a future asset retirement liability that is offset at inception by capitalizing the estimated future cost and amortizing it over the life of the tangible capital asset.

The value of works of art, historical treasures, all intangibles and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources are not recorded as tangible capital assets. Historical treasures and works of art are expensed when they are acquired.

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and are generally amortized on a straight-line basis over their estimated useful life of the asset as follows:

<u>Asset category</u>	<u>Threshold</u>	<u>Estimated useful life</u>
Land	Nil	Indefinite
Buildings		
Buildings	\$ 50,000	50-100 years
Leasehold Improvements	\$ 50,000	Lease term
Portable classroom/housing trailers	\$ 50,000	10-40 years
Equipment and vehicles		
Heavy equipment	\$ 10,000	7 - 30 years
Operating equipment	\$ 10,000	5 - 25 years

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

Vehicles	\$ 10,000	6 - 20 years
Computer hardware and software		
Computer hardware	\$ 10,000	3-7 years
Computer software	\$ 100,000	3-20 years
Infrastructure		
Transportation infrastructure <sup>1</sup>	\$ 50,000	5 - 75 years
Forestry access roads	\$ 50,000	5-10 years
Resource access roads	\$ 50,000	Life of Mine
Land improvements and fixtures	\$ 50,000	5 - 50 years
Waste and water systems		
Landfills	Nil	25 - 80 years
Sewage and water systems	\$ 50,000	5 - 50 years
Communications technology		
Mobile radio system infrastructure	\$ 100,000	5 - 20 years
Network transmission systems	\$ 100,000	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, and highway materials that are tracked through revolving funds. Inventories are valued at the lower of cost and replacement value. These assets are not held for sale and are intended to be used in providing government services. Other materials and supplies are expensed at the time of acquisition.

Prepaid expenses consist primarily of licences, permits or operating leases with a life longer than the fiscal year and are expensed over the life of the underlying agreements.

**Liabilities**

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

Unearned revenues are cash received for which goods and services have not been provided by year-end and are primarily comprised of motor vehicle licence fees for the following fiscal years and transfer payments from the Government of Canada, which have associated stipulations that gave rise to a liability as of year-end.

Liabilities for leased tangible capital assets are recorded at the present value of the minimum lease payments, excluding the portion relating to executory costs. A corresponding asset is recorded at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate, over a similar term length as the related lease terms, at the time the obligation is incurred.

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

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<sup>1</sup> Includes Highways, Surfaces, Bridges and Airport runways

## GOVERNMENT OF YUKON

### Notes to Non-Consolidated Financial Statements March 31, 2023

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

#### Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Government is not currently required to make contributions with respect to any actuarial deficiencies of the pension plan.

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

Retirement benefits to Members of the Legislative Assembly and territorial court judges are defined benefit plans and are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on service, with an actuarial valuation for accounting purposes updated annually. Pension expenses for these two plans are recognized as the member renders services. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses. Plan assets are valued at fair market value.

#### Environmental liabilities

Contaminated sites and other environmental liabilities, which include abandoned mines and 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.

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

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 Government of Yukon's cost of borrowing, associated with the estimated number of years to complete the retirement or remediation.

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 non-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 non-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.

**Other**

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. 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 non-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:

<b>Financial Assets:</b>	<b>Measurement Basis</b>
Cash and cash equivalents	Cost
Accounts receivable	Cost
Due from Government of Canada	Cost
Portfolio investments	Fair value

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

Loans receivable	Amortized cost
Advances to territorial corporations	Amortized cost

<b>Financial Liabilities:</b>	<b>Measurement Basis</b>
Accounts payable and accrued liabilities	Cost
Due to Government of Canada	Cost

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 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. The estimates require a high degree of management judgement. 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. The estimates require a high degree of management judgement. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined.

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

3. **Adoption of new / amended Public Sector 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 non-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:

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	As previously reported	2022 Adjustments made	As restated
	(thousands of dollars)		
<b>Non-Consolidated Statement of Financial Position</b>			
Financial assets	\$ 498,805	\$ -	\$ 498,805
Liabilities	600,654	53,228 <sup>1</sup>	653,882
Net financial assets	<u>(101,849)</u>	<u>(53,228)</u>	<u>(155,077)</u>
Non-financial assets	1,500,890	11,578 <sup>2</sup>	1,512,468
Accumulated surplus	<u>\$ 1,399,041</u>	<u>\$ (41,650)</u>	<u>\$ 1,357,391</u>
<b>Non-Consolidated Statement of Operations</b>			
Revenues	\$ 1,711,982	\$ -	\$ 1,711,982
Expenses	1,706,742	2,088 <sup>3</sup>	1,708,830
Recovery of prior years' expenses	3,662	-	3,662
Surplus (deficit) for the year	<u>8,902</u>	<u>(2,088)</u>	<u>6,814</u>
Accumulated surplus at beginning of year	1,390,139	(39,562) <sup>4</sup>	1,350,577
Accumulated surplus at end of year	<u>\$ 1,399,041</u>	<u>\$ (41,650)</u>	<u>\$ 1,357,391</u>
<b>Non-Consolidated Statement of Change in Net Financial Assets (Debt)</b>			
Surplus (deficit) for the year	\$ 8,902	\$ (2,088) <sup>3</sup>	\$ 6,814
Effect of change in tangible capital assets	(62,942)	540 <sup>3</sup>	(62,402)
Effect of change in other non-financial assets	(195)	-	(195)
Increase (decrease) in net financial assets	<u>(54,235)</u>	<u>(1,548)</u>	<u>(55,783)</u>
Net financial assets (debt) at beginning of year	(47,614)	(51,680) <sup>5</sup>	(99,294)
Net financial assets (debt) at end of year	<u>\$ (101,849)</u>	<u>\$ (53,228)</u>	<u>\$ (155,077)</u>
<b>Non-Consolidated Statement of Cash Flow</b>			
Surplus (deficit) for the year	\$ 8,902	\$ (2,088) <sup>3</sup>	\$ 6,814
Amortization of tangible capital assets	65,085	540 <sup>3</sup>	65,625
Loans receivable valuation adjustment	35	-	35
Accretion expense	-	1,548 <sup>3</sup>	1,548
Write-down of tangible capital assets	3	-	3
Loss (gain) on sale of land inventory	68	-	68
Loss (gain) on disposal of tangible capital assets	155	-	155
Change in non-cash assets and liabilities	<u>43,669</u>	<u>-</u>	<u>43,669</u>
Cash provided by (used for) operating transactions	117,917	-	117,917
Cash provided by (used for) capital transactions	(128,185)	-	(128,185)
Cash provided by (used for) investing transactions	20,267	-	20,267
Cash provided by (used for) financing transactions	<u>(1,114)</u>	<u>-</u>	<u>(1,114)</u>
<b>Cash and cash equivalents increase (decrease)</b>	<b>8,885</b>	<b>-</b>	<b>8,885</b>
Cash and cash equivalents at beginning of year	63,886	-	63,886
<b>Cash and cash equivalents at end of year</b>	<u><b>\$ 72,771</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 72,771</b></u>

<sup>1</sup> Combined result of \$63,468,000 addition of new ARO liabilities (Note 16) and \$10,240,000 reduction of environmental liabilities to reflect transitioning of landfill sites with legal obligations from PS 3270 to PS 3280 (Note 15)

<sup>2</sup> Addition of ARO assets, with cost of tangible capital assets and accumulated amortization opening balances restated (Note 20, Schedule C)

<sup>3</sup> Additional amortization expenses of \$540,000 (Note 21) and accretion expenses of \$1,548,000 (Note 21) with the total impact of \$2,088,000 on expenses and surplus (deficit) of the year

<sup>4</sup> Impact of the retroactive adoption of PS 3280 on the accumulated surplus

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<sup>5</sup> Impact of the retroactive adoption of PS 3280 on the net financial assets (debt) 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. Non-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. Non-Consolidated Statement of Operations and Accumulated Surplus:
    - Renamed to "Non-Consolidated Statement of Operations and Accumulated Operating Surplus".
    - "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. Non-Consolidated Statement of Remeasurement Gains and Losses:
    - "Accumulated remeasurement gains and (losses) at the beginning of year" has been adjusted for \$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.
    - 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.
  - iv. Non-Consolidated Statement of Change in Net Financial Assets:
    - New line item "Net remeasurement gains (losses)" has been added to reflect 2023 actual results.
  - v. Notes for Non-Consolidated Financial Statements:
    - Notes with new information include Notes 2, 5, 8, 9, and 28.

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Notes to Non-Consolidated Financial Statements  
March 31, 2023

4. **Cash and cash equivalents**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Bank balances	\$ 65,379	\$ 72,712
Cash on hand	<u>52</u>	<u>59</u>
	<u>\$ 65,431</u>	<u>\$ 72,771</u>

5. **Temporary investments**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Short-term investments	<u>-</u>	<u>4,122</u>
	<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	\$ 145,162	\$ 171,885
GST Receivable	17,054	-
Income tax	3,905	4,258
Other	<u>7,003</u>	<u>3</u>
	<u>\$ 173,124</u>	<u>\$ 176,146</u>
Due to Government of Canada		
Payroll taxes	\$ 13,309	\$ 12,352
RCMP	11,304	10,957
Public Service Pension Plan contribution	8,610	7,873
Program funding liable for claw back	3,534	3,798
Other	3,509	2,898
Type II mine sites	<u>996</u>	<u>809</u>
	<u>\$ 41,262</u>	<u>\$ 38,687</u>

Amounts due from and due to the Government of Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements  
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7. **Accounts receivable**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 21,021	\$ 26,986
Less valuation allowances	<u>(2,518)</u>	<u>(2,099)</u>
	18,503	24,887
Due from Territorial corporations	<u>5,242</u>	<u>6,018</u>
	<u>\$ 23,745</u>	<u>\$ 30,905</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	\$ -	\$ 4,309	\$ -	\$ 4,309
Bonds	-	6,252	-	6,252
Mortgages	-	3,810	-	3,810
Equities	<u>-</u>	<u>21,804</u>	<u>-</u>	<u>21,804</u>
Investments at fair value	<u>\$ -</u>	<u>\$ 36,175</u>	<u>\$ -</u>	<u>\$ 36,175</u>

For 2023, the carrying value of portfolio investments equals fair value. For 2022, the carrying value of the portfolio investments was \$30,597,000 and the fair value was \$31,495,000 (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.

GOVERNMENT OF YUKON

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

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. **Advances to Territorial corporations**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Yukon Development Corporation		
Infrastructure loan	\$ 34,200	\$ 36,200
Yukon Housing Corporation		
Working capital advances	<u>26,174</u>	<u>31,901</u>
	<u>\$ 60,374</u>	<u>\$ 68,101</u>

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 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.

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

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Notes to Non-Consolidated Financial Statements  
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11. Loans receivable

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Agreements for sale of land, due in varying annual amounts over a three- or five-year term to the year 2028 (2023 – 2026), bearing interest at 5.00-7.00% (2022 – 5.00%).	\$ 19,073	\$ 24,610
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
Domestic well loans, due in varying annual amounts to the year 2037 (2022 – 2037), bearing interest rates ranging from 0.50% to 4.50% (2022 – 0.50% to 4.50%).	5,764	5,615
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
Due from Yukon Hospital Corporation for pension plan solvency loan, due as one payment in the year 2035, bearing interest at 3.95%	3,063	3,063
Debenture loans to municipalities, due in varying annual amounts to the year 2034 (2022 – 2034), bearing interest rates ranging from 2.72% to 6.38% (2022 – 2.72% to 6.38%).	2,051	2,344
Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2025 (2022 – 2025), bearing interest at 0.00% (2022 – 0.00%).	197	639
Energy infrastructure development loan due in periodic instalments bearing interest at 6.40% (2022 – 6.40%).	205	205
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.00% to 5.20% (2022 – 0.00% to 5.20%).	65	65
Less valuation allowances	<u>(322)</u>	<u>(322)</u>
	<u>\$ 41,511</u>	<u>\$ 48,452</u>

12. Land inventory

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Undeveloped land	\$ 603	\$ 603
Land under development	44,638	41,750
Developed land	<u>32,304</u>	<u>25,358</u>
	<u>\$ 77,545</u>	<u>\$ 67,711</u>

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements  
March 31, 2023

13. **Accounts payable and accrued liabilities**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Accounts payable	\$ 76,076	\$ 60,466
Accrued liabilities	122,967	90,877
Contractors' holdbacks and security deposits	32,072	15,680
Due to Territorial corporations	<u>27,019</u>	<u>30,442</u>
	<u>\$ 258,134</u>	<u>\$ 197,465</u>

The accrued liabilities include the Yukon Government Carbon Price Rebate liability which represents the net of the dollar amounts received from the Government of Canada less the dollar amounts disbursed to the eligible groups as of March 31. The balance of the liability as of March 31, 2023 is \$6,081,221 (2022 - \$18,884,605).

14. **Unearned revenues**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Liability portion of government transfers	\$ 17,500	\$ 9,947
Motor vehicle fees for future years	2,976	3,008
Prepaid lease payments	9,200	4,000
Other	<u>517</u>	<u>668</u>
	<u>\$ 30,193</u>	<u>\$ 17,623</u>

The liability portion of government transfers represents transfer payments from the Government of Canada, which have funding stipulations that gave rise to a liability as of year-end.

15. **Environmental liabilities**

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$87,146,000 (2022 - \$79,371,000). These liabilities consist of estimated costs related to the remediation of contaminated sites as well as estimated costs associated with other liabilities related to these sites. The liabilities are determined on a site-by-site basis and are based on preliminary environmental assessments or estimation for those sites where an assessment has not been conducted. The amount recorded is based on management's best estimates utilizing the information available at the financial statement date. The amount of liabilities becomes determinable over a continuum of events and activities as information becomes available. As a result, the actual amount of liabilities to remediate these sites could vary significantly. No assets are designated for settling these liabilities.

## GOVERNMENT OF YUKON

### Notes to Non-Consolidated Financial Statements March 31, 2023

As at March 31, 2023, the Government was aware of 102 sites (2022 – 101 sites) where the Government is obligated or is likely obligated to incur such costs. Phase I Environmental Site Assessments (ESA) have been undertaken on 91 of the 102 sites. During the year, remediation work was undertaken at 8 sites.

One of the 102 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 a liability for this site, which is part of the \$87,146,000 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, the Government of Canada retained responsibility for the clean-up of waste sites that were identified on lands transferred effective April 1, 2003. The Government of Canada also accepted financial responsibility for the remediation of impacts attributable to activities that took place prior to April 2003 on the mine sites identified as Type II sites, which have been abandoned by their owner/operator. Except for the 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 Devolution Transfer Agreement (“DTA”) between the Government and the Government of Canada. The Government has provided notice to the Government of Canada pursuant to the DTA that the site has been abandoned by its owner/operator. Once a Type II site becomes abandoned the DTA requires 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.

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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	49	10,334	48	8,894
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
	102	87,146	101	79,371
Type II sites	1	4,728	1	4,757
	103	\$ 91,874	102	\$ 84,128

16. **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 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 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 of 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,



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The accrued benefit obligation at March 31, 2023 is based on an actuarial valuation conducted as at December 31, 2022. In projecting the accrued obligation for these benefits as at March 31, 2023, the Government assumed a discount rate of 4.80% and general salary increases of 2.0% per annum. The net actuarial gain or loss is amortized over the expected average remaining service life of the active employees of 13 years.

Expenses related to post-employment benefits for the year ended March 31, 2023 were \$17,506,000 (2022 - \$18,014,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to \$15,004,000 (2022 - \$13,429,000). Post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

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

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

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

(b) Members of the Legislative Assembly

The *Legislative Assembly Act* (Yukon) provides a severance allowance to members of the Legislative Assembly based on the aggregate of the indemnity and salary received by the member during the preceding year and the number of years served by the member. At March 31, 2023, the severance benefit obligation for this benefit was \$1,104,000 (2022 - \$917,000). The book value of the assets designated by the Government to meet this obligation was \$979,000 at March 31, 2023 (2022 - \$768,000), which included in the value disclosed in Note 9. The accrued benefit liability at March 31, 2023 is based on an extrapolation of an actuarial valuation that was performed as at December 31, 2022.

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).

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### Notes to Non-Consolidated Financial Statements March 31, 2023

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

In the calendar year 2023, 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. In the calendar year 2022, 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.

The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$41,104,000 (2022 - \$41,478,000).

#### (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 as of March 31, 2021, was performed December 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 Non-Consolidated Financial Statements  
March 31, 2023**

(d) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both non-pension defined benefit plans. The extended health care plan is self-insured. The accrued benefit obligation at March 31, 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, were not impacted by the change.

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

The accrued benefit liability for the above retirement benefits as of March 31, 2023, was as follows:

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Accrued benefit liability		
Extended health care retirement benefit	\$ 79,017	\$ 75,793
Legislative Assembly Retirement Allowances Plan	30,560	31,217
Life insurance retirement benefit	4,028	3,811
Territorial Court Judiciary Pension Plan	<u>10,137</u>	<u>9,916</u>
 (Schedule D)	 <u>\$ 123,742</u>	 <u>\$ 120,737</u>

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

	<u>2023</u>	<u>2022</u>
	(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%.	<u>276</u>	<u>482</u>
	<u>\$ 834</u>	<u>\$ 1,982</u>

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%).

GOVERNMENT OF YUKON

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

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

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

20. **Tangible capital assets**

	2023	2022 Restated (Note 3)
	<u>Net Book Value</u>	<u>Net Book Value</u>
	(thousands of dollars)	
Land	\$ 13,010	\$ 13,010
Buildings	584,235	550,858
Equipment and vehicles	87,684	89,447
Computer hardware and software	36,410	33,998
Transportation infrastructure	818,503	685,209
Land improvements and fixtures	52,433	52,986
Sewage and water systems	58,123	52,262
Communications technology	<u>58,220</u>	<u>25,163</u>
(Schedule C)	<u>\$ 1,708,618</u>	<u>\$ 1,502,933</u>

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)	<u>9,907</u>	<u>-</u>
	9,907	9,907
Less accumulated amortization	<u>(9,255)</u>	<u>(8,265)</u>
	<u>\$ 652</u>	<u>\$ 1,642</u>

GOVERNMENT OF YUKON

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

No interest was capitalized during the year.

21. **Expenses by object**

	2023	2022 Restated (Note 3)
	(thousands of dollars)	
Personnel	\$ 642,121	\$ 620,246
Government transfers	551,171	519,590
Contract and special services	258,877	281,595
Materials, supplies and utilities	128,867	123,136
Amortization expenses	58,203	65,625
Rent	59,327	58,028
Communication and transportation	43,409	35,252
Accretion expense	1,587	1,548
Other	16,908	3,810
	<u>\$ 1,760,470</u>	<u>\$ 1,708,830</u>

22. **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 Funds	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
	<u>\$ 408,405</u>	<u>\$ 429,411</u>

GOVERNMENT OF YUKON

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

23. **Contractual rights**

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

	Expiry Date	2024	2025 – 2032	Total
(thousands of dollars)				
Contribution and Service Agreements				
Infrastructure Canada	2032	\$ 107,079	\$ 447,625	\$ 554,704
Transport Canada	2029	16,977	136,542	153,519
Early Learning and Childcare Agreement	2026	13,262	23,069	36,331
Environment and Natural Resources Canada	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
Canadian Heritage	2025	6,232	5,750	11,982
Justice Canada	2027	1,643	6,571	8,214
Indigenous Services Canada	2032	25,700	205,600	231,300
Other	2025	5,800	-	5,800
		<u>\$ 204,540</u>	<u>\$ 836,269</u>	<u>\$ 1,040,809</u>

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements  
March 31, 2023

24. **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 – 2040	Total
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 36,525	\$ 292,201	\$ 328,726
Capital projects				
- in progress at March 31, 2022	2031	318,202	94,086	412,288
Yukon Hospital Corporation	2023	93,637	-	93,637
Building/office space leases	2033	16,248	26,844	43,092
Northwestel Inc. mobile radio network system	2025	3,291	687	3,978
Alkan Air Ltd. medical evacuation contract	2026	1,500	23,425	24,925
Yukon Housing Corp, Yukon low carbon	2024	4,659	-	4,659
Conair Group Inc. air tanker services (turbine engines)	2024	2,462	-	2,462
Air Spray (1967) Ltd. air tanker services	2023	2,396	-	2,396
Information Services Corporation	2040	185	3,240	3,425
Student Transportation	2024	3,707	660	4,367
Wolverine Mine	2027	4,998	7,703	12,701
Sustainable Resource Energy	2024	11,684	-	11,684
Yukon Liquor Corporation	2024	2,141	-	2,141
Yukon Development Corporation	2024	5,556	-	5,556
Miscellaneous operational commitments	2028	27,827	19,514	47,341
		<u>\$ 535,018</u>	<u>\$ 468,360</u>	<u>\$ 1,003,380</u>

GOVERNMENT OF YUKON

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

25. **Commitments**

In June 2010, the Yukon Development Corporation (“YDC”) issued 30-year bonds in the amount of \$100 million at a fixed coupon rate of 5.0% per annum in part to finance the grant from the Yukon Development Corporation Fund and ratepayers’ future contributions towards the construction of the Mayo B hydro enhancement and the Carmacks-Stewart transmission phase II projects. In the Memorandum of Understanding (“the MOU”) between the Government and YDC dated March 10, 2011, the Government agreed to provide YDC with financial assistance to a maximum of \$2,625,000 annually from April 1, 2011, to March 31, 2042, based on a prescribed formula where, depending on the annual financial results of YDC, the Government funding will be reduced or eliminated. In 2022/2023, the Government paid \$2,625,000 (2022 - \$2,625,000) to YDC based on the MOU.

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

27. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of \$791,000 (2022 - \$1,255,000). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Housing Corporation of up to \$11,000,000.

At March 31, 2023, the Yukon Development Corporation had long-term debt of \$221,000,000 (2022 - \$206,000,000) and a credit facility of up to \$72,500,000. While the Government has not issued guarantees for these instruments, as the Yukon Development Corporation is an agent of the Government, lenders may have recourse to the Government.

In March 2023, the Government issued a letter of credit providing guarantee to the bank in relation to the Yukon University Employee’s Pension Plan’s solvency deficit. This guarantee was in effect until December 31, 2023. The maximum amount of letters of credit to which the guarantee applies will be \$22,250,000 (2022 - \$21,357,000).

In July 2022, the Government issued a letter of credit providing guarantee to the bank in relation to the Yukon Hospital Employee’s Pension Plan’s solvency deficit. This guarantee was to remain in effect from June 30, 2022 to June 30, 2023. The maximum amount of letters of credit to which the guarantee applied was \$35,128,000 (2022 - \$35,464,000).

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

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements  
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In November 2019, the Government and Yukon Hospital Corporation entered into a Pension Solvency Loan Agreement. The Government has loaned the Yukon Hospital Corporation \$3,063,000 for a payment to be made to their Pension Plan. The loan bears interest at the prime rate charged by the Government of Yukon's banker with interest calculated semi-annually. The annual interest rate for 2023 is 3.95%. The initial term of the loan is 15 years, due on December 11, 2034, with either party having the ability to terminate the loan with notice.

**28. Risk Management of Financial Instruments**

The Government, through its public sector entities, 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	\$ 23,746	\$ 30,905
Allowance for doubtful accounts	\$ 2,518	\$ 2,099
Accounts receivable % less than 30 days	83 %	81 %
Accounts receivable % over 90 days	15 %	17 %

To manage the credit risk on 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 loans receivable to credit risk is \$41,510,000 (2022 - \$48,452,000). As at March 31, 2023, approximately 98% (2022 – 99%) of loans receivable were current, whereas 2% (2022 – 1%) were past due.

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, and due to Government of Canada.

## GOVERNMENT OF YUKON

### Notes to Non-Consolidated Financial Statements March 31, 2023

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 carrying amounts of accounts payable and accrued liabilities, as well as due to Government of Canada, as reported on the non-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 unfavorably 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).

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavorably 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.

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. 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 of the existing funding commitments are captured elsewhere, either through a specific funding agreement with the Government of

## GOVERNMENT OF YUKON

### Notes to Non-Consolidated Financial Statements March 31, 2023

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

The Government established a Risk Management Revolving Fund in December 2004, with a limit of \$5,000,000, which is to be used for providing limited insurance and risk management services to Government departments. Expenses relating to some of the property and liability losses incurred by the Government are to be paid out of this fund. The Government has legal liability and property insurance with a \$2,000,000 deductible. In 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 – \$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 15, 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.

GOVERNMENT OF YUKON

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

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 21).

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

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

	2023		2022
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing grant	\$ 1,174,144	\$ 1,174,144	\$ 1,117,650
Contributions and service agreements	298,282	305,132	205,541
Other grants	70,259	122,910	145,210
	<u>1,542,685</u>	<u>1,602,186</u>	<u>1,468,401</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
General property tax	6,795	6,545	6,399
Liquor tax	5,313	5,106	5,018
Insurance premium tax	8,073	8,902	7,438
Grant in lieu of property tax	246	240	241
Sale of land	19,150	8,351	7,959
Licences, permits and fees	17,578	20,483	19,173
Yukon Liquor Corporation			
Liquor profit	9,397	7,670	8,317
Cannabis profit		372	504
Investment and interest revenue	3,726	6,835	3,582
Resource revenue - mineral, oil and gas and forestry	6,255	2,362	10,093
Income from portfolio investments	-	980	576
Aviation operations	1,345	1,573	290
Fines	508	531	480
Restricted funds	-	260	720
Other revenues	121	205	158
	<u>215,803</u>	<u>241,188</u>	<u>222,359</u>
Funding and service agreements with other parties	22,603	18,240	21,222
	<u>\$ 1,781,091</u>	<u>\$ 1,861,614</u>	<u>\$ 1,711,982</u>

GOVERNMENT OF YUKON

Schedule B

**Schedule of Expenses  
for year ended March 31, 2023**

	2023	Actual 2023					2022	
	Main Estimates (Note 1(b))	Personnel	Government Transfers	Other	Amortization Expenses	Accretion Expenses	Total (Note 21)	Actual (Restated Note 3)
		(thousands of dollars)						
Health and Social Services	\$ 516,013	\$ 179,894	\$ 210,257	\$ 134,182	\$ 6,291	\$ 88	\$ 530,712	\$ 508,298
Highways and Public Works	286,780	85,472	3,665	168,115	30,455	417	288,123	272,163
Community Services	210,754	41,485	107,884	49,951	5,076	433	204,829	193,555
Education	248,689	126,146	82,743	25,872	6,184	534	241,478	237,480
Justice	92,910	39,422	7,737	46,965	1,986	49	96,160	88,511
Energy, Mines and Resources	82,448	32,319	17,173	34,046	693	22	84,254	66,619
Environment	46,845	28,528	3,840	23,044	753	14	56,178	96,461
Public Service Commission	59,011	51,666	0	4,056	296	-	56,018	56,900
Tourism and Culture	35,880	12,091	11,430	10,777	822	30	35,150	38,937
Executive Council Office	25,534	15,046	7,598	5,931	2	-	28,577	24,481
Economic Development	27,829	7,652	19,115	1,935	-	-	28,701	23,854
Finance	13,977	9,325	2,455	1,624	166	-	13,570	14,090
Yukon Housing Corporation (Transfer Payment)	43,413	-	18,883	-	-	-	18,883	23,840
Yukon Legislative Assembly	8,791	5,546	-	2,194	-	-	7,740	10,216
Yukon Development Corporation (Transfer Payment)	30,173	-	29,993	-	-	-	29,993	19,302
French Language Services Directorate	6,855	4,382	893	1,414	-	-	6,689	6,493
Women and Gender Equity Directorate	3,680	998	1,932	257	-	-	3,187	3,112
Office of the Ombudsman	1,581	1,023	-	461	11	-	1,494	1,537
Child and Youth Advocate Office	827	654	-	165	-	-	819	764
Elections Office	817	438	-	291	-	-	729	1,249
Restricted Funds	1,023	35	25,573	-3,892	5,470	-	27,185	20,968
Adjustments	-2,260	-	-	-	-	-	-	-
	<u>\$ 1,741,570</u>	<u>\$ 642,121</u>	<u>\$ 551,171</u>	<u>\$ 507,388</u>	<u>\$ 58,203</u>	<u>\$ 1,587</u>	<u>\$ 1,760,470</u>	<u>\$ 1,708,830</u>

GOVERNMENT OF YUKON

Schedule C

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

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Infrastructure	Land Improvements & Fixtures	Waste & Water Systems	Communications Technology	2023 Total	2022 Total Restated (Note 3)
(thousands of dollars)										
Cost of tangible capital assets, opening	\$ 13,010	\$ 933,438	\$ 191,575	\$ 95,469	\$ 1,169,331	\$ 66,341	\$ 74,112	\$ 29,974	\$ 2,573,250	\$ 2,451,283
Acquisitions	-	55,389	10,531	8,375	153,007	3,091	8,553	33,589	272,535	128,185
Write-downs	-	(6,044)	(390)	-	(113)	-	(1,588)	-	(8,135)	(3)
Disposals	-	(3,347)	(2,893)	(243)	-	-	-	-	(6,483)	(6,215)
Cost of tangible capital assets, closing	13,010	979,436	198,823	103,601	1,322,225	69,432	81,077	63,563	2,831,167	2,573,250
Accumulated amortization, opening	-	382,580	102,128	61,471	484,122	13,355	21,850	4,811	1,070,317	1,010,752
Amortization expense	-	15,968	11,392	5,963	19,600	3,644	1,104	532	58,203	65,625
Disposals	-	(3,347)	(2,381)	(243)	-	-	-	-	(5,971)	(6,060)
Accumulated amortization, closing	-	395,201	111,139	67,191	503,722	16,999	22,954	5,343	1,122,549	1,070,317
Net book value as at March 31, 2023 (Note 20)	<b>\$ 13,010</b>	<b>\$ 584,235</b>	<b>\$ 87,684</b>	<b>\$ 36,410</b>	<b>\$ 818,503</b>	<b>\$ 52,433</b>	<b>\$ 58,123</b>	<b>\$ 58,220</b>	<b>\$ 1,708,618</b>	<b>\$ 1,502,933</b>
Work-in-progress <sup>(a)</sup>	\$ -	\$ 75,572	\$ 2,881	\$ 14,674	\$ 230,899	\$ 13,208	\$ 13,443	\$ 54,630	\$ 405,307	\$ 176,340
Asset Retirement Obligations <sup>(a)</sup>	\$ -	\$ 3,365	\$ 200	\$ -	\$ 428	\$ -	\$ 1,725	\$ -	\$ 5,718	\$ 11,578

<sup>(a)</sup> Included in net book value.

**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 <sup>(b)</sup>	Total
(thousands of dollars)									
Cost, as at March 31, 2022, as previously reported	\$ 13,010	\$ 894,486	\$ 189,640	\$ 115,549	\$ 1,168,747	\$ 66,341	\$ 69,312	\$ 30,051	\$ 2,547,136
Reclassifications <sup>(c)</sup>									
Dempster Fibre Line	-	-	-	(19,896)	-	-	-	19,896	-
Housing Trailers	-	9,366	-	-	-	-	-	(9,366)	-
Portable Classrooms	-	10,607	-	-	-	-	-	(10,607)	-
Fleet Vehicle Assets	-	-	184	(184)	-	-	-	-	-
Adoption of PS 3280 Asset retirement obligations (Note 3(a))	-	18,979	1,751	-	584	-	4,800	-	26,114
Cost, as at March 31, 2022, as restated and reclassified	13,010	933,438	191,575	95,469	1,169,331	66,341	74,112	29,974	2,573,250
Accumulated amortization, as at March 31, 2022, as previously reported	-	366,063	100,899	61,597	484,033	13,355	19,459	10,375	1,055,781
Reclassifications <sup>(c)</sup>									
Dempster Fibre Line	-	-	-	-	-	-	-	-	-
Housing Trailers	-	2,460	-	-	-	-	-	(2,460)	-
Portable Classrooms	-	3,104	-	-	-	-	-	(3,104)	-
Fleet Vehicle Assets	-	-	126	(126)	-	-	-	-	-
Adoption of PS 3280 Asset retirement obligations (Note 3(a))	-	10,953	1,103	-	89	-	2,391	-	14,536
Accumulated amortization, at March 31, 2022, as restated and reclassified	-	382,580	102,128	61,471	484,122	13,355	21,850	4,811	1,070,317
Net book value, March 31, 2022, as previously reported	13,010	528,423	88,741	53,952	684,714	52,986	49,853	19,676	1,491,355
Change in net book value, for restatement and reclassification	-	22,435	706	(19,954)	495	-	2,409	5,487	11,578
Net book value, April 1, 2022	<b>\$ 13,010</b>	<b>\$ 550,858</b>	<b>\$ 89,447</b>	<b>\$ 33,998</b>	<b>\$ 685,209</b>	<b>\$ 52,986</b>	<b>\$ 52,262</b>	<b>\$ 25,163</b>	<b>\$ 1,502,933</b>

<sup>(a)</sup>Included in net book value.

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

<sup>(c)</sup>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

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

	Extended Health Care Retirement Benefit	Legislative Assembly Retirement Allowances Plan	Life Insurance Retirement Benefit	Territorial Court Judiciary Pension Plan	2023 Total	2022 Total
(thousands of dollars)						
Pension and retirement plan assets are valued at fair market value.						
<b>Accrued benefit obligation</b>						
Obligation at beginning of year	\$ 65,048	\$ 35,201	\$ 4,265	\$ 13,582	\$ 118,096	\$ 145,650
Current service costs	2,502	1,675	65	560	4,802	6,293
Plan amendment	-	-	-	-	-	-
Interest cost on benefit obligation	2,671	1,867	172	691	5,401	5,072
Actuarial (gain) loss	(13,636)	(2,941)	(795)	(1,046)	(18,418)	(34,979)
Benefits paid	(1,510)	(1,593)	(119)	(543)	(3,765)	(3,940)
Accrued benefit obligation at end of year	55,075	34,209	3,588	13,244	106,116	118,096
<b>Plan assets</b>						
Value at beginning of year	-	10,544	-	4,733	15,277	14,400
Actual return on plan assets	-	320	-	32	352	702
Government contributions	1,510	560	119	418	2,607	2,662
Member contributions	-	177	-	85	262	234
Benefits paid	(1,510)	(339)	(119)	(543)	(2,511)	(2,721)
Value at end of year	-	11,262	-	4,725	15,987	15,277
Funded status - plan deficit	55,075	22,946	3,588	8,519	90,128	102,820
Unrecognized net actuarial gain (loss)	23,942	7,614	440	1,618	33,614	17,917
Accrued benefit liability (Note 16)	79,017	30,560	4,028	10,137	123,742	120,737
<b>Net benefit cost</b>						
Current service costs	2,502	1,675	65	560	4,802	6,293
Less: Member contributions	-	(177)	-	(85)	(262)	(234)
Interest cost on benefit obligation	2,671	1,867	172	691	5,401	5,072
Expected return on plan assets	-	(569)	-	(236)	(805)	(541)
Amortization of net actuarial (gain) loss	(439)	(1,639)	100	(291)	(2,269)	3,729
Net cost for the year	\$ 4,734	\$ 1,157	\$ 337	\$ 639	\$ 6,867	\$ 14,319

GOVERNMENT OF YUKON

Schedule D  
Continued

**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
<b>Key Assumptions</b>				
Expected long-term rate of return on assets at beginning of year	N/A	5.30%	N/A	5.00%
Discount rate on benefit costs	4.80%	6.00%	4.80%	5.70%
Discount rate on accrued benefit obligation at end of year	4.80%	6.00%	4.80%	5.70%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%
Rate of compensation increase	see below 1	2.50%	see below 1	3.00%
Health care cost trend rate	see below 2	N/A	N/A	N/A
Amortization period (expected average remaining service life)	13 years	4 years	9.5 Years	1.4 years

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

<sup>2</sup> 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.