

GOVERNMENT OF YUKON

**Consolidated Statement of Financial Position
as at March 31, 2021**

	2021	2020
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 3)	\$ 91,012	\$ 68,577
Temporary investments (Note 4)	1,619	1,261
Due from Government of Canada (Note 5)	139,919	81,504
Accounts receivable (Note 6)	21,221	32,583
Portfolio investments (Note 7)	39,404	37,006
Advances to government business enterprises (Note 11(b)(c))	36,200	38,200
Loans receivable (Note 9)	90,217	72,668
Inventories for resale (Note 10)	63,721	77,555
Retirement benefit assets (Note 16)	71,868	71,425
Investment in government business enterprises (Note 11(a))	194,517	186,696
	<u>749,698</u>	<u>667,475</u>
Liabilities		
Due to Government of Canada (Note 5)	41,970	29,493
Accounts payable and accrued liabilities (Note 12)	173,811	136,994
Environmental liabilities (Note 13)	43,103	43,989
Unearned revenues (Note 14)	27,176	15,628
Post-employment benefits and compensated absences (Note 15)	140,147	130,195
Retirement benefit liabilities (Note 16)	110,298	102,072
Borrowings (Note 17)	27,352	33,072
Liabilities for leased tangible capital assets (Note 18)	3,096	4,144
	<u>566,953</u>	<u>495,587</u>
Net financial assets	<u>182,745</u>	<u>171,888</u>
Non-financial assets		
Tangible capital assets (Note 20)	1,693,017	1,668,379
Inventories of supplies	9,960	9,473
Prepaid expenses	7,488	3,231
	<u>1,710,465</u>	<u>1,681,083</u>
Accumulated surplus	<u>\$ 1,893,210</u>	<u>\$ 1,852,971</u>


Contingencies, contractual rights and obligations, commitments and guarantees
(Notes 11(d)(e), 13, 16(d)(e), 23, 24, 26, 27, and 28)

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

Approved:



D. Scott Thompson
Deputy Minister of Finance



Sandy Silver
Minister of Finance

GOVERNMENT OF YUKON

**Consolidated Statement of Operations and Accumulated Surplus
for the year ended March 31, 2021**

	2021		2020
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada	\$ 1,307,946	\$ 1,396,610	\$ 1,225,191
Taxes and general revenues	194,449	206,109	196,001
Funding and service agreements with other parties	56,802	32,947	49,178
Income from investment in government business enterprises (Note 11(a))	13,871	18,183	5,565
	<u>1,573,068</u>	<u>1,653,849</u>	<u>1,475,935</u>
Expenses (Note 21)			
Health and social services	480,393	510,359	463,799
Community and transportation	403,803	409,696	384,108
Education	231,340	217,129	212,112
General government	202,015	221,910	182,776
Natural resources	106,771	103,494	106,340
Justice	81,826	81,107	78,652
Business, tourism and culture	74,943	67,264	50,648
Interest on loans	1,485	1,578	1,694
Adjustments	(29,102)	-	-
	<u>1,553,474</u>	<u>1,612,537</u>	<u>1,480,129</u>
Recovery of prior years' expenses	-	1,096	1,552
Surplus (deficit) for the year	<u>\$ 19,594</u>	<u>42,408</u>	<u>(2,642)</u>
Accumulated surplus at beginning of year		1,852,971	1,856,826
Other comprehensive gain (loss) of government business enterprises (Note 11(a))		<u>(2,169)</u>	<u>(1,213)</u>
Accumulated surplus at end of year		<u>\$ 1,893,210</u>	<u>\$ 1,852,971</u>

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

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**Consolidated Statement of Change in Net Financial Assets
for the year ended March 31, 2021**

	2021		2020
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus (deficit) for the year	\$ 19,594	\$ 42,408	\$ (2,642)
Effect of change in tangible capital assets			
Acquisitions	(115,844)	(107,341)	(117,961)
Amortization of tangible capital assets	76,952	80,061	75,211
Loss (gain) on disposal of tangible capital assets	(8)	479	535
Proceeds on disposal of tangible capital assets	163	-	224
Write-down of tangible capital assets	-	2,163	12
Adjustments	7,505	-	-
	(31,232)	(24,638)	(41,979)
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(18,328)	(26,047)
Consumption of inventories of supplies	-	17,841	25,198
(Increase) decrease in prepaid expenses	-	(4,257)	121
	-	(4,744)	(728)
Increase (decrease) in net financial assets	<u>\$ (11,638)</u>	<u>13,026</u>	<u>(45,349)</u>
Net financial assets at beginning of year		171,888	218,450
Other comprehensive gain (loss) of government business enterprises (Note 11(a))		(2,169)	(1,213)
Net financial assets at end of year		<u><u>\$ 182,745</u></u>	<u><u>\$ 171,888</u></u>

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

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**Consolidated Statement of Cash Flow
for the year ended March 31, 2021**

	2021	2020
	(thousands of dollars)	
Operating transactions		
Surplus (deficit) for the year	\$ 42,408	\$ (2,642)
Non-cash items included in surplus (deficit) for the year:		
Amortization of tangible capital assets	80,061	75,211
Loans receivable valuation adjustment	196	26
Bad debt expense	110	55
Write-down of tangible capital assets	2,163	12
Gain on sale of land inventory	(2,017)	(1,364)
Loss (gain) on disposal of tangible capital assets	479	535
Contributed tangible capital assets (Note 20)	-	(251)
Surplus of government business enterprises (Note 11(a))	(18,183)	(5,565)
Change in non-cash assets and liabilities	26,505	(41,260)
Amounts remitted from government business enterprises (Note 11(a))	8,193	9,624
Cash provided by (used for) operating transactions	139,915	34,381
Capital transactions		
Acquisition of tangible capital assets	(107,341)	(116,985)
Proceeds on disposal of tangible capital assets	-	224
Cash provided by (used for) capital transactions	(107,341)	(116,761)
Investing transactions		
Net proceeds from temporary investments	461	42,505
Proceeds from portfolio investments	33,021	2,845
Acquisition of portfolio investments	(38,492)	(4,019)
Repayment of advances to government business enterprises	2,000	-
Repayments of loans receivable	20,872	22,749
Issuance of loans receivable	(7,017)	(7,634)
Investment in land inventory	(15,665)	(18,087)
Cash provided by (used for) investing transactions	(4,820)	38,359
Financing transactions		
Repayment of borrowings	(4,272)	(4,169)
Repayment of liabilities for leased tangible capital assets	(1,047)	(1,057)
Cash provided by (used for) financing transactions	(5,319)	(5,226)
Cash and cash equivalents increase (decrease)	22,435	(49,247)
Cash and cash equivalents at beginning of year	68,577	117,824
Cash and cash equivalents at end of year (Note 3)	\$ 91,012	\$ 68,577
Interest received in the year	\$ 7,266	\$ 8,837
Interest paid in the year	\$ 1,754	\$ 1,850

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2021

1. **Authority and operations**

(a) Authority

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

(b) Budget

The Budget figures are based on the Consolidated Budget of the Government Reporting Entity as published in the Government's Operation & Maintenance and Capital Estimates 2020-21 as approved in the Legislative Assembly in March 2020. Adjustments include estimated lapses and unallocated budget estimates.

(c) Investments

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

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

2. **Significant accounting policies**

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Reporting entity and method of consolidation

The consolidated financial statements include the accounts of all government sector entities and government not-for-profit organizations.

Government sector entities include departments and government-controlled corporations. Government not-for-profit organizations comprise government-controlled education and health institutions.

The accounts of government sector entities and not-for-profit organizations, except for those that are classified as government business enterprises, are consolidated using the full consolidation method. With the full consolidation method, revenue and expense transactions, capital, investing and financing transactions, and related assets and liability accounts between consolidated entities have been eliminated.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2021

The accounts of government business enterprises are consolidated using the modified equity method. Under the modified equity method of consolidation, the accounting policies of consolidated entities are not adjusted to conform with those of the government organizations that are consolidated using the full consolidation method. Inter-entity revenue and expense transactions and related asset and liability balances are not eliminated.

On February 6, 2020, the *Yukon University Act* was proclaimed into force and the *Yukon College Act* was repealed, and Yukon College changed its name to Yukon University. Beginning with the fiscal period ending March 31, 2021 Yukon University has changed its year end date to March 31.

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

Trusts administered by the Government on behalf of other parties (Note 22) are excluded from the government reporting entity.

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

Full consolidation:

Government of Yukon departments
Yukon University, formerly Yukon College
Yukon Hospital Corporation
Yukon Housing Corporation

Authority for operations:

Financial Administration Act
Yukon University Act, formerly Yukon College Act
Hospital Act
Housing Corporation Act

Modified equity:

Yukon Development Corporation
Yukon Liquor Corporation

Yukon Development Corporation Act
Liquor Act
Cannabis Control and Regulation Act

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

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

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

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Notes to Consolidated Financial Statements March 31, 2021

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.

Temporary investments include treasury bills, GICs, term deposits, and funds that include short-term debt securities of Canadian governments and corporate issuers with terms to maturity of 90 days or more but one year or less from the date of acquisition. When the market value of temporary investments has declined below the carrying value, they are carried at market value.

Portfolio investments are accounted for by the cost method and include funds that include bonds and equities. These investments are expected to be realized or have terms to maturity greater than one year from the date of acquisition. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

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

Inventories for resale include land that has been developed by the Government and supplies held for eventual sale. Land is comprised of the costs of acquiring, planning and developing lots. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to net recoverable value to recognize the loss. Supplies held for sale are recorded at the lower of cost and net realizable value.

Non-financial assets

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

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

Liabilities

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

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

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

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed.

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Notes to Consolidated Financial Statements
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(c) Tangible capital assets

Tangible capital assets are buildings, roads, equipment, and other items, whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated. For certain tangible capital assets that have previously been transferred from the Government of Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer. Interest costs on loans that are directly attributable to the acquisition of tangible capital assets are capitalized.

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

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

<u>Asset category</u>	<u>Estimated useful life</u>
Land	N/A
Buildings	
Buildings	40 - 50 years
Leasehold improvements	Shorter of the lease term or useful economic life
Equipment and vehicles	
Heavy equipment	7 - 30 years
Operating equipment	5 - 25 years
Vehicles	6 - 20 years
Computer hardware and software	
Computer hardware	5 years
Computer software	Expected usage of the system before overhaul
Transportation infrastructure	
Forestry access roads	10 years
Highways	up to 75 years
Pavement/surfaces	up to 75 years
Bridges	up to 75 years
Airport runways	up to 75 years
Other	
Portable classrooms/housing trailers	25 years
Land improvements and fixtures	up to 50 years
Sewage and water systems	up to 50 years
Mobile radio system infrastructure	15 years

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

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Notes to Consolidated Financial Statements March 31, 2021

(d) Post-employment benefits and compensated absences

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits, accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. Compensated absences are benefits such as sick leave and vacation leave that are paid to employees during their employment. The Government recognizes the obligation for these benefits as a liability and uses actuaries to estimate the amount of the obligation based on the projected benefit method prorated on service. Expenses related to post-employment benefits and compensated absences are recognized in the period in which the employee's service is rendered and the benefits are earned. The accrued benefit liability for these benefits is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

(e) Retirement benefits

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

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

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

(f) Environmental liabilities

Contaminated sites and other environmental liabilities, which include Type II sites, are accrued, net of recoveries, and an expense recorded based on management's best estimates when the contamination occurs, when the Government becomes aware of the contamination and when the Government is obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable, the contingency is disclosed in the notes to the financial statements.

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

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Notes to Consolidated Financial Statements
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(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these financial statements, the Government believes the estimates and assumptions to be reasonable. Certain estimates used in these financial statements may be subject to increased measurement uncertainty due to the COVID-19 pandemic (Note 29). The amount of variability cannot be reasonably determined at this time.

Some of the more significant management estimates relate to post-employment and retirement benefits, environmental liabilities, amortization of tangible capital assets, corporate and personal income tax revenue and contingencies.

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

3. **Cash and cash equivalents**

	2021	2020
	(thousands of dollars)	(thousands of dollars)
Bank balances	\$ 82,893	\$ 60,530
Short-term investments	8,049	7,977
Cash on hand	70	70
	<u>\$ 91,012</u>	<u>\$ 68,577</u>

4. **Temporary investments**

	2021		2020	
	Market Value	Carrying Value	Market Value	Carrying Value
	(thousands of dollars)			
Term Deposits and GICs	\$ 819	\$ 819	\$ -	\$ -
Floating rate notes	-	-	648	648
Treasury bills	-	-	419	417
Other	800	800	197	196
	<u>\$ 1,619</u>	<u>\$ 1,619</u>	<u>\$ 1,264</u>	<u>\$ 1,261</u>

The temporary investments had a weighted average effective yield of 1.54% (2020 – 1.54%) per annum.

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Notes to Consolidated Financial Statements
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5. **Due from/to Government of Canada**

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 135,070	\$ 78,946
Income tax	4,492	1,181
Other	<u>357</u>	<u>1,377</u>
	<u>\$ 139,919</u>	<u>\$ 81,504</u>
Due to Government of Canada		
Payroll taxes	\$ 11,599	\$ 9,680
Public Service Pension Plan contribution	8,232	7,675
Program funding liable for claw back	7,901	-
RCMP	7,599	7,685
Type II mine sites	1,848	1,618
CMHC mortgages and loans	1,713	-
Other	<u>3,078</u>	<u>2,655</u>
	<u>\$ 41,970</u>	<u>\$ 29,493</u>

Amounts due from and due to the Government of Canada are payable on demand and are non-interest bearing with the exception of mortgages and loans due to CMHC (Note 17). The carrying amounts, with the exception of mortgages and loans due to CMHC, approximate fair market values because of their short term to maturity.

6. **Accounts receivable**

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 20,656	\$ 31,079
Less valuation allowances	<u>(3,275)</u>	<u>(2,298)</u>
	17,381	28,781
Due from government business enterprises that are not fully consolidated	<u>3,840</u>	<u>3,802</u>
	<u>\$ 21,221</u>	<u>\$ 32,583</u>

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Notes to Consolidated Financial Statements
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7. **Portfolio investments**

	2021		2020	
	Market Value	Carrying Value	Market Value	Carrying Value
	(thousands of dollars)			
Marketable securities	\$ 39,360	\$ 39,404	\$ 33,816	\$ 37,006

Marketable securities include investments held by Yukon University/College as well as designated investments (Note 8) set aside within the Consolidated Revenue Fund for use in meeting certain post-employment and retirement benefit obligations for Members of the Legislative Assembly. The investments are managed by a third party. During the year, following a review of the third party management, the securities transitioned to a new third party manager.

8. **Designated assets**

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

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

	2021	2020
	(thousands of dollars)	
Cash and cash equivalents	\$ 4	\$ 50
Temporary investments (market value \$800,000; 2020 – \$1,264,000)	800	1,261
Portfolio investments – marketable securities (market value \$34,545,000; 2020 – \$29,758,000)	34,589	32,948
	<u>\$ 35,393</u>	<u>\$ 34,259</u>

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9. **Loans receivable**

	2021	2020
	(thousands of dollars)	
Yukon Housing Corporation mortgages receivable, secured by registered charges against real property, chattel mortgages or general security agreements, due in varying annual amounts to the year 2029 (2020 – 2029) bearing interest rates ranging from 0% to 4.95% (2020 – 0% to 4.95%), net of allowance for subsidies and valuation of \$452,000 (2020 – \$394,000) and a provision in the amount of \$619,000 (2020 – \$535,000) for loans with concessionary terms.	\$ 37,556	\$ 39,772
Agreements for sale of land, due in varying annual amounts over a three, or five, year term to the year 2026 (2020 – 2025) bearing interest at 5.00% (2020 – 5.00%).	36,035	16,895
Local improvement loans, due in varying annual amounts to the year 2040 (2020 – 2041), bearing interest rates ranging from 0.50% to 5.25% (2020 – 0.50% to 5.25%).	8,443	7,534
Debenture loans to municipalities, due in varying annual amounts to the year 2034 (2020 – 2034), bearing interest rates ranging from 2.72% to 6.38% (2020 – 2.72% to 6.38%).	2,627	3,014
Other, net of allowance for doubtful accounts of \$322,000 (2020 – \$345,000).	5,556	5,453
	<u>\$ 90,217</u>	<u>\$ 72,668</u>

10. **Inventories for resale**

	2021	2020
	(thousands of dollars)	
Land		
Undeveloped land	\$ 603	\$ 603
Land under development	40,447	57,999
Developed land	<u>22,495</u>	<u>18,843</u>
	63,545	77,445
Other	<u>176</u>	<u>110</u>
	<u>\$ 63,721</u>	<u>\$ 77,555</u>

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Notes to Consolidated Financial Statements
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11. **Investment in government business enterprises**

(a) Summary financial statements

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

	Yukon Development Corporation	Yukon Liquor Corporation	2021 Total	2020 Total
		(thousands of dollars)		
Assets				
Current	\$ 34,339	\$ 5,575	\$ 39,914	\$ 29,751
Capital assets	478,503	2,148	480,651	465,861
Regulatory deferral (Note 11(f))	32,862	-	32,862	36,286
Right of use of assets	37	967	1,004	1,927
Other	17,761	-	17,761	13,105
	<u>\$ 563,502</u>	<u>\$ 8,690</u>	<u>\$ 572,192</u>	<u>\$ 546,930</u>
Liabilities				
Current	\$ 42,496	\$ 3,722	\$ 46,218	\$ 37,193
Long-term debt	203,438	-	203,438	203,048
Regulatory deferral (Note 11(f))	9,112	-	9,112	10,057
Contributions in aid of construction	87,979	-	87,979	76,952
Lease liabilities	-	675	675	1,427
Other	28,596	1,657	30,253	31,557
Equity	191,881	2,636	194,517	186,696
	<u>\$ 563,502</u>	<u>\$ 8,690</u>	<u>\$ 572,192</u>	<u>\$ 546,930</u>
Revenues	\$ 89,161	\$ 19,659 ¹	\$ 108,820	\$ 84,718
Expenses	75,888	11,424	87,312	90,167
Surplus (deficit) before the following:	13,273	8,235	21,508	(5,449)
Net movement in regulatory deferral (Note 11(f))	<u>(3,325)</u>	<u>-</u>	<u>(3,325)</u>	<u>11,014</u>
Surplus (deficit)	<u>\$ 9,948</u>	<u>\$ 8,235</u>	<u>\$ 18,183</u>	<u>\$ 5,565</u>

¹ Yukon Liquor Corporation revenue is shown as net of cost of goods sold of \$28.183 million (2020 - \$26.187 million).

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	Yukon Development Corporation	Yukon Liquor Corporation (thousands of dollars)	2021 Total	2020 Total
Equity, beginning of year	\$ 184,001	\$ 2,695	\$ 186,696	\$ 191,968
Surplus (deficit)	9,948	8,235	18,183	5,565
Other comprehensive gain (loss)	(2,067)	(102)	(2,169)	(1,213)
Remitted to the Government	-	(8,193)	(8,193)	(9,624)
Equity, end of year	<u>\$ 191,882</u>	<u>\$ 2,635</u>	<u>\$ 194,517</u>	<u>\$ 186,696</u>

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

(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Liquor Corporation (thousands of dollars)	2021 Total	2020 Total
Government of Yukon:				
Accounts receivable from	\$ 284	\$ 2,345	\$ 2,629	\$ 1,979
Advance receivable from	36,200	-	36,200	38,200
Accounts payable to	17,578	90	17,668	1,614
Long-term obligations to	85	-	85	85
Revenues from	-	8,193	8,193	9,748
Expenses to	40,565 ¹	-	40,565	22,375

¹ Includes cost of electricity of \$17.238 million (2020 – \$12.433 million) purchased by the Government from an unrelated third party. This unrelated party buys electricity from the Yukon Development Corporation's wholly owned subsidiary, Yukon Energy Corporation.

(c) Advance receivable

Yukon Development Corporation

The Government entered into loan agreements with the Yukon Development Corporation ("YDC") and advanced a total of \$39,200,000 in order to assist in the development of the Whitehorse diesel – natural gas conversion project, which was completed by the Yukon Energy Corporation, YDC's wholly owned subsidiary. The loan term that commenced on April 1, 2016 ended on March 31, 2018. The per annum interest rate was set based on the one-year CDOR plus 30 basis points in effect on April 1 each year. The rate of interest on the loans was 1.514%. The Government and YDC entered into a new loan agreement

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effective March 30, 2018. The initial term of the loan is to March 31, 2023 and pursuant to the agreement, the loan may be extended for two additional five year terms upon mutual consent of the parties. The per annum interest rate will be set based on one-year CDOR plus 40 basis points in effect on April 1 each year. The rate of interest effective March 30, 2021 is 0.81% (2020 – 1.61%). The new 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, 2020 from YDC was received in May 2020 and the payment due March 31, 2021 was received in March 2021.

(d) Commitments

Yukon Development Corporation

In June 2010, the Yukon Development Corporation (“YDC”) issued 30-year bonds in the amount of \$100 million at a fixed coupon rate of 5.0% per annum in part to finance the grant from the Yukon Development Corporation Fund and ratepayers’ future contributions towards the construction of the Mayo B hydro enhancement and the Carmacks-Stewart transmission phase II projects. In the Memorandum of Understanding (“the MOU”) between the Government and YDC dated March 10, 2011, the Government agreed to provide YDC with financial assistance to a maximum of \$2,625,000 annually from April 1, 2011, to March 31, 2042, based on a prescribed formula where, depending on the annual financial results of YDC, the Government funding will be reduced or eliminated. In 2020/2021, the Government paid \$2,625,000 (2020 – \$2,625,000) to YDC based on the MOU.

The Government authorized the continuation of the Interim Electrical Rebate program to March 31, 2022. This rebate program provides subsidies to non-government residential customers. It was initially implemented in 2009 as an interim replacement of the Rate Stabilization Fund. During the fiscal year 2020/2021, the Government provided \$3,429,000 (2020 – \$3,375,000) to YDC for this purpose. The Government is committed to fund up to \$3,500,000 in the fiscal year 2021/2022.

As at March 31, 2021, the Yukon Energy Corporation (“YEC”), the wholly-owned subsidiary of YDC, had contractual obligations for future purchases of products or services in the amount of \$31,850,000 (2020 – \$28,900,000).

The Yukon Water Board had issued a water use license for the Aishihik Lake facility that was valid until December 31, 2019. In addition to maintaining a minimum and maximum water level, the license commits YEC to meet a number of future requirements including annual fish monitoring programs.

Due to outstanding issues with affected stakeholders, YEC was unable to secure a long-term renewal of the license prior to expiry. During 2019, a two-month extension was granted, and then, in order to ensure continued generation of electricity from the Aishihik Lake facility, YEC applied for and received a three-year renewal of the existing license. The renewal is effective from March 1, 2020 to December 31, 2022. There are additional monitoring and potential operational adjustments, which will be charged to the fiscal year in which they occur. YEC continues to work with affected parties with the objective of securing a longer term license agreement prior to the expiry of the renewal.

Fish monitoring programs are also required under an authorization provided by the Federal Government, Department of Fisheries and Oceans. The costs of meeting these requirements will be accounted for as water license costs in the year they are paid.

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Yukon Liquor Corporation

In the normal course of operations, the Yukon Liquor Corporation enters into multi-year arrangements for the provision of freight and other goods and services. The total commitments as at March 31, 2021 for future years are \$2,569,000 (2020 – \$3,285,000).

(e) Contingencies

Yukon Development Corporation

At March 31, 2016, the Yukon Energy Corporation (“YEC”), Yukon Development Corporation’s wholly owned subsidiary, had a claim from a contractor in the amount of \$4,000,000 plus interest and legal costs. During 2017, the Yukon Supreme Court issued an award in favour of the contractor. YEC successfully appealed the award in 2018. A re-trial was held in April 2020 with the decision of the judge being received in February 2021. The trial resulted in a net award in favour of YEC in the amount of \$433,000. Legal costs and interest are still to be adjudicated. The outcome of the adjudication is not determinable at this time and no estimate of a settlement has been recognized in the financial statements.

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

(f) Regulatory Deferral Accounts

Yukon Development Corporation

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

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

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12. **Accounts payable and accrued liabilities**

	2021	2020
	(thousands of dollars)	
Accounts payable	\$ 76,407	\$ 67,955
Accrued liabilities	69,601	55,137
Contractors' holdbacks and security deposits	9,630	11,176
Due to government business enterprises (Note 11(b))	17,668	1,614
Other	505	1,112
	<u>\$ 173,811</u>	<u>\$ 136,994</u>

13. **Environmental liabilities**

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$26,447,000 (2020 – \$27,278,000). These liabilities consist of estimated costs related to the remediation of contaminated sites as well as estimated costs associated with other liabilities related to these sites. The liabilities are determined on a site-by-site basis and are based on preliminary environmental assessments or estimation for those sites where an assessment has not been conducted. The amount recorded is based on management's best estimates utilizing the information available at the financial statement date. The amount of liabilities becomes determinable over a continuum of events and activities as information becomes available. As a result, the actual amount of liabilities to remediate these sites could vary significantly.

As at March 31, 2021, the Government was aware of 99 sites (2020 – 99 sites) where the Government is obligated or is likely obligated to incur such costs. During the year remediation work was undertaken at 11 sites, including the Marwell Tar Pit.

One of the 99 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, 2021, \$106,000 (2020 – \$250,000) was recorded as the remaining liability for this site, and is part of the \$26,447,000 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 are known. Initial assessment confirmed that further remediation of the site is required and \$4,803,000 (2020 - \$5,000,000) has been recognized in Environmental Liabilities for Contaminated Sites to reflect the Government's expected responsibility. Negotiations with the previous owner and the Government of Canada will be required to establish final levels of responsibility and liability.

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(b) Landfill sites

There are 28 active, decommissioned or abandoned landfill sites that are outside incorporated communities and, therefore, are the responsibility of the Government. The Government is the sole operator of the active landfills. 23 of these sites are subject to the *Environment Act* (Yukon) – *Solid Waste Regulations* which includes requirements for closure and abandonment of a dump. The remaining 5 sites are old abandoned dumps which are not subject to the *Solid Waste Regulations*.

A liability is recognized as the landfill site's capacity is used with usage measured on a volumetric basis. As at March 31, 2021, the net present value of total expenditures for closure and post-closure care is estimated to be \$14,057,000 (2020 – \$14,057,000) and a liability in the amount of \$11,854,000 (2020 – \$11,854,000) has been recorded for these sites. The amount remaining to be recognized in the future is \$2,203,000 (2020 – \$2,203,000). No assets are designated for settling these liabilities.

In calculation of the above liability, the remaining landfill life was estimated to be from 0 to 50 years. Solid waste permits issued under the *Solid Waste Regulations* specify 25 years of post-closure monitoring; therefore, 25 years is used as an estimated length of time needed for post-closure care. A discount rate of 2.58% (2020 – 2.58%) was used for the net present value calculation for active and closed landfill sites.

(c) Type II sites

Pursuant to the Devolution Transfer Agreement ("DTA"), the Government of Canada retained responsibility for the clean-up of waste sites that were identified on lands transferred effective April 1, 2003. The Government of Canada also accepted financial responsibility for the remediation of impacts attributable to activities that took place prior to April 2003 on the mine sites identified as Type II sites, which have been abandoned by their owner/operator. Except for the Ketz River site discussed below, the Government is not aware of any financial obligations on its part in relation to these mine sites.

On April 10, 2015 Veris Gold Corporation abandoned the Ketz River mine site ("the site"). The site is identified as a Type II mine site in the DTA between the Government and the Government of Canada. The Government has provided notice to the Government of Canada pursuant to the DTA that the site has been abandoned by its owner/operator. Once a Type II site becomes abandoned the DTA requires that an Independent Assessor assess the condition of the site and develop a remediation plan. The Government is responsible for the cost of this assessment. Under the DTA, the Government of Canada accepted financial responsibility for the remediation of impacts attributable to activities that were permitted by the Government of Canada. The Government will be financially responsible for remediation of impacts of activities it permitted after devolution. The Government's costs, if any, may be offset by the security bond it holds. The financial obligations related to the assessment required under the DTA are estimated to be \$4,802,000 (2020 - \$4,857,000) 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, 2021.

	2021		2020	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for contaminated sites ¹				
Highway maintenance camps and airports	36	\$ 10,835	36	\$ 10,913
Other storage tanks and buildings	52	8,653	52	9,215
Marwell Tar Pit	1	106	1	250
Wellgreen	1	4,803	1	5,000
Other	9	2,050	9	1,900
	99	26,447	99	27,278
Landfill sites	28	11,854	28	11,854
Type II sites	1	4,802	1	4,857
	128	\$ 43,103	128	\$ 43,989

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

14. **Unearned revenues**

	2021	2020
	(thousands of dollars)	
Liability portion of government transfers	\$ 17,735	\$ 10,791
Motor vehicle fees for future years	2,554	2,091
Other	6,887	2,746
	<u>\$ 27,176</u>	<u>\$ 15,628</u>

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

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

(a) The Government of Yukon and Yukon Housing Corporation

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

The Government and the Yukon Housing Corporation have conducted actuarial valuations of post-employment benefits as at January 31, 2020. March 31, 2021 amounts are based on an extrapolation of the January 31, 2020 amounts. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Government and the Yukon Housing Corporation also account for compensated absences liabilities in accordance with Canadian public sector accounting standards. Compensated absences include special leave benefits and educational leave benefits.

Effective December 31, 2019 all current resignation and retirement severance accruals have been frozen for employees classified as Deputy Ministers and Managers. All employees in this group are eligible to receive severance payouts based on service accrued prior to December 31, 2019. The plan amendment resulted in a gain to the plan of \$5,435,000. As there were no offsetting net unamortized actuarial losses, the full gain was recognized in net benefit cost for the year ended March 31, 2020.

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

Members of the Yukon Legislative Assembly receive a severance benefit in accordance with the *Legislative Assembly Retirement Allowance Act, 2007* (Yukon). The accrued benefit obligation is calculated actuarially using the projected benefit method prorated on service. The accrued benefit liability at March 31, 2021 is based on an extrapolation of an actuarial valuation that was performed as at March 31, 2020. The Government has designated a portion of its assets for the purpose of meeting this obligation (Note 8).

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(b) Yukon University/College

Yukon University/College's cost of benefit plans, other than pensions, including severance benefits, sick leave and managers' accrued leave, payable upon termination of employment, death or retirement, is actuarially determined using the projected accrued benefit method prorated on employment services. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. The actuarial valuation of the accrued benefit liability was performed as at June 30, 2019. March 31, 2021 amounts are based on an extrapolation of the June 30, 2019 amounts.

Yukon University/College accrues vacation leave and other compensated absences for employees as earned.

(c) Yukon Hospital Corporation

Employees of the Yukon Hospital Corporation are entitled to specified severance, special leave and sick leave benefits as provided for under union contracts and conditions of employment. There are no segregated assets for these post-employment benefits.

The Yukon Hospital Corporation accrues vacation leave as earned. This liability is included in accounts payable and accrued liabilities.

The accrued liabilities for the above benefits as of March 31, 2021 were as follows:

	2021	2020
	(thousands of dollars)	
Post-employment benefits and compensated absences liability		
Government of Yukon employees	\$ 124,108	\$ 116,497
Yukon University/College	10,030	8,264
Yukon Hospital Corporation	2,945	2,502
Yukon Housing Corporation	2,173	2,242
Members of Yukon Legislative Assembly	891	690
	<u>\$ 140,147</u>	<u>\$ 130,195</u>
(Schedule D)		

16. **Retirement benefits**

(a) Public Service Pension Plan

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits up to a maximum period of 35 years at 2% per year of pensionable service based on the average of their five consecutive years of highest paid services. In December 2012, the Government of Canada passed legislation to create a new group of plan members for the employees who join the plan on or after January 1, 2013. This group of plan members is eligible to retire with an unreduced public service pension benefit at age 65 with at least two years of pensionable service (or at age 60 with at least 30 years of service) while the old group of members is eligible to retire with an unreduced public service pension benefit at age 60 with at least two years of pensionable service (or at age 55 with at least 30 years of service). Since January 1, 2013, there are two groups paying different rates of contributions to the plan.

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In the calendar year 2020, the Government contributed \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$173,000, the Government contributed \$3.80 for every dollar contributed by both groups of plan members.

In the calendar year 2021, the Government contributes \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$181,600 the Government contributes \$3.59 for every dollar contributed by both groups of plan members.

The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$41,002,000 (2020 – \$38,752,000).

(b) Legislative Assembly Retirement Allowances Plan

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

The funds are held by an investment manager in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act*. The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid (Note 8). It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

During the year, the investment management has transitioned to a new investment manager.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The last actuarial valuation for funding purposes was performed as of March 31, 2020. The accrued benefit obligation as at March 31, 2021 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2020.

(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).

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

Actuarial valuations for the Territorial Court Judiciary Pension Plan for accounting and funding purposes were conducted using the membership data as at March 31, 2020.

(d) Yukon University/College Employees' Pension Plan

The Yukon University/College ("the University") Employees' Pension Plan is a contributory defined benefit pension plan. The University's pension plan provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees after 24 months of continuous service. The University's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the *Pension Benefits Standards Act, 1985* (Canada). The University has contracted with external organizations to provide the services of trustee, administration, consulting and investment manager for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

An actuarial valuation for accounting purposes was performed as at March 31, 2021 following Canadian public sector accounting standards. An actuarial valuation for funding purposes was performed as at June 30, 2020, which established Yukon University/College's required contributions as 100.4% (June 30, 2019 – 94.3%) of employee contributions.

The actuarial valuation for funding purposes as at June 30, 2020 indicates the University had an actuarial surplus of \$16,006,000 (June 30, 2019 – \$19,587,000) at the measurement date on a going-concern basis and a deficit of \$21,014,000 (June 30, 2019 – \$11,296,000) if valued on the basis that the pension plan was to be terminated/wound up as at June 30, 2020. The solvency ratio of the plan was 86.3% at June 30, 2020 (92.0% at June 30, 2019).

For any unfunded pension liability, the University has obtained a letter of credit in lieu of making solvency payments. The amount of the letter of credit is equal to the amount of solvency payments required as determined by the actuary. The Government has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letters of credit required by Yukon University/College to address its solvency deficit in its pension plan, the Government will provide the necessary financial support to address any resulting debt, interest and costs that may be required under the federal pension legislation. This guarantee remains in effect until December 31, 2021. The maximum amount of letters of credit to which this guarantee applies will be \$21,357,000 (2020 – \$20,739,000).

(e) Yukon Hospital Corporation Employees' Pension Plan

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

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An actuarial valuation for funding purposes was performed at December 31, 2020, which established the Corporation's required contribution as 113% (2019 – 112%) of employee contributions. This valuation reported that, as at December 31, 2020, the pension plan had a surplus of \$45,866,000 (2019 – \$36,997,000) on a going concern basis, and a deficit of \$43,308,000 (2019 – \$31,970,000) if valued on the basis that the pension plan was to be terminated/wound up. The solvency ratio of the plan at December 31, 2020 is 82% (84% at December 31, 2019).

In accordance with the *Pension Benefits Standards Act, 1985* (Canada), the Corporation is required to make special payments to eliminate the solvency shortfall. The payments have been actuarially determined as \$6,904,000 over the 2021 calendar year (2020 - \$4,940,000). The Corporation is permitted to cover up to a specified maximum of 15% of the solvency liability with a conforming letter of credit. During the fiscal year, the Corporation entered into letters of credit totaling \$26,907,000 (2020 – \$26,508,000) related to solvency deficiency payments. The Government has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letters of credit required by the Corporation to address its solvency deficit in its pension plan, the Government will provide the necessary financial support to address any resulting debt, interest and costs that may be required under the federal pension legislation. This guarantee was in effect from June 30, 2020 to June 30, 2021 and the maximum amount of letters of credit to which this guarantee applied was \$26,508,000 (2020 - \$26,508,000). In June 2021, this guarantee was renewed to a maximum of \$35,464,000 for the June 30, 2021 to June 30, 2022 period. There is an overlap between the letters of credit time periods and the fiscal years.

An actuarial valuation for accounting purposes was performed as at March 31, 2021 following Canadian public sector accounting standards.

(f) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both non-pension defined benefit plans. The extended health care plan is self-insured. The accrued benefit obligation as at March 31, 2021 is based on an extrapolation of an actuarial valuation conducted as at January 31, 2020. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

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

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

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The accrued benefit liability/asset for the above retirement benefits as of March 31, 2021 was as follows:

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Accrued benefit liability		
Extended health care retirement benefit	\$ 69,608	\$ 64,307
Legislative Assembly Retirement Allowances Plan	28,726	27,030
Territorial Court Judiciary Pension Plan	8,499	7,531
Life insurance retirement benefit	3,465	3,204
	<u>110,298</u>	<u>102,072</u>
Accrued benefit asset		
Yukon University/College Employees' Pension Plan	\$ 20,529	\$ 18,276
Yukon Hospital Corporation Employees' Pension Plan	51,339	53,149
	<u>71,868</u>	<u>71,425</u>
Total net benefit liability (Schedule E)	<u>\$ 38,430</u>	<u>\$ 30,647</u>

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17. **Borrowings**

	2021	2020
	(thousands of dollars)	
Yukon Hospital Corporation – loans with a chartered bank. (see below)	\$ 26,271	\$ 29,810
Yukon Housing Corporation – mortgages payable to chartered banks and Canada Mortgage and Housing Corporation (CMHC), secured by fixed charges against housing projects, with net book value of \$2,259,000 (2020 – \$2,317,000), repayable in blended monthly payments with maturities up to the year 2028, bearing fixed interest rates ranging from 1.99% to 2.81%.	1,089	1,462
Yukon University/College – non-interest bearing loan repayable on demand within 90 days.	996	996
Yukon Housing Corporation – loans payable to chartered banks and CMHC, repayable in blended periodic instalments with maturities up to the year 2028, bearing fixed interest rates ranging from 7.50% to 9.50%.	624	719
Yukon Hospital Corporation – flexible term note payable to the Yukon Development Corporation, bearing interest rate at 7.50% repayable in annual instalments, based on the annual energy savings realized, secured by a general security agreement on building improvements with a net book value of \$60,000 (2020 – \$89,000).	85	85
	\$ 29,065	\$ 33,072
Less: Amounts included in Due to Canada (Note 5)	(1,713)	-
	<u>\$ 27,352</u>	<u>\$ 33,072</u>

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

(thousands of dollars)

2022	\$ 5,201
2023	4,258
2024	4,180
2025	4,258
2026	4,423
Thereafter	6,745
	<u>\$ 29,065</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
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Yukon Hospital Corporation – loans with a chartered bank

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.15% per annum for the Watson Lake Hospital construction project. Blended payments of \$160,000 due monthly with the final payment due on December 31, 2026.	\$ 9,521	\$ 10,909
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 4.525% per annum for the Dawson City Hospital construction project. Principal payments of \$100,000 due monthly with the final payment due on April 1, 2028.	8,500	9,700
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.23% per annum for the Crocus Ridge construction project. Blended payments of \$117,000 due monthly with the final payment due on March 15, 2028.	8,250	9,201
	<u>\$ 26,271</u>	<u>\$ 29,810</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
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Borrowing Limit

The *Yukon Borrowing Limits Regulations* prescribe what constitutes borrowing, the entities whose borrowing must be taken into account, and the manner in which the value of a borrowing is determined.

An Order in Council (P.C. 2012-280) came into force on March 8, 2013. These regulations pursuant to subsection 23(2) of the *Yukon Act* (Canada) provided authority to the Government and its entities to borrow in aggregate to a maximum of \$400 million.

On September 20, 2020, the Government of Canada repealed, pursuant to subsection 23(4) of the *Yukon Act* (Canada), Order in Council (P.C. 2012-280) and issued Order in Council (P.C. 2020-0663), setting the maximum amount of the aggregate of all borrowing at \$800 million.

	2021	2020
	(thousands of dollars)	
Authorized borrowing limit	\$ 800,000	\$ 400,000
Loans of money by government reporting entity:		
Government business enterprises		
Yukon Development Corporation, bonds	100,000	100,000
Yukon Development Corporation, other long-term debt	<u>68,577</u>	<u>66,231</u>
	<u>168,577</u>	<u>166,231</u>
Fully consolidated entities		
Yukon Hospital Corporation, bank loans	26,271	29,810
Yukon Housing Corporation, mortgages payable	1,089	1,462
Yukon University/College, loan payable	996	996
Yukon Housing Corporation, loans payable	<u>624</u>	<u>719</u>
	<u>28,980</u>	<u>32,987</u>
Accrued interest payable	1,263	1,266
Credit facilities used	33,314	23,807
Capital lease obligation	<u>3,096</u>	<u>4,144</u>
Total debt	<u>235,230</u>	<u>228,435</u>
Available borrowing capacity	<u>\$ 564,770</u>	<u>\$ 171,565</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2021

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

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	\$ 1,348	\$ 1,970
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.7%.	1,062	1,285
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.3%.	686	889
	<u>\$ 3,096</u>	<u>\$ 4,144</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$174,000 (2020 – \$196,000) at an imputed average interest rate of 3.6% (2020 – 3.1%).

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

	(thousands of dollars)
2022	\$ 1,863
2023	1,873
2024	725
2025	<u>536</u>
Total minimum lease payments	4,997
Less: amount representing executory costs	(1,262)
amount representing rental of land	(509)
amount representing interest	<u>(130)</u>
	<u>\$ 3,096</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2021

19. **Financial instruments**

The balances in cash and cash equivalents, due to/from Government of Canada with the exception of amounts due to CMHC (Note 17), accounts receivable, advances to government business enterprises, and accounts payable and accrued liabilities have fair values that approximate their carrying amount due to their short term to maturity.

The fair value and the methods of calculation and assumptions used for the Government's other financial instruments are detailed below:

	2021		2020	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	(thousands of dollars)			
Temporary investments	\$ 1,619	\$ 1,619	\$ 1,264	\$ 1,261
Portfolio investments				
Marketable securities	\$ 39,360	\$ 39,404	\$ 33,816	\$ 37,006
Loans receivable				
Mortgages receivable, net of valuation allowance	\$ 38,931	\$ 37,556	\$ 39,606	\$ 39,772
Other loans receivable, net of valuation allowance	52,664	52,661	33,089	32,896
	\$ 91,595	\$ 90,217	\$ 72,695	\$ 72,668
Borrowings				
Demand term installment loan	\$ 29,411	\$ 26,271	\$ 34,178	\$ 29,810
Mortgages payable	825	1,089	1,184	1,462
Loans payable	1,651	1,620	1,751	1,715
Other	85	85	102	85
	\$ 31,972	\$ 29,065	\$ 37,215	\$ 33,072

An active and established market exists for the temporary and portfolio investments. Consequently, the estimated fair value is calculated using observed market data.

Since the above valuation is based on market information available at March 31, 2021, the fair value of the investments may change materially in future periods as a result of fluctuations in the market. However, these changes are not expected to result in a significant impact on the Government's future operations.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
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The estimated fair values of loans receivable were determined using the present value of future cash flows discounted at the March 31, 2021 average market rate for mortgages and loans with similar maturities. Until settled, the fair value of loans receivable will fluctuate based on changes in interest rates. The Government believes the carrying amount of loans receivable will be fully recovered.

The estimated fair value for borrowings is calculated by discounting the expected future cash flows at year-end market interest rates for equivalent terms to maturity.

20. **Tangible capital assets**

	2021 Net Book Value (thousands of dollars)	2020 Net Book Value (thousands of dollars)
Land	\$ 19,575	\$ 19,575
Buildings	755,184	764,043
Equipment and vehicles	102,565	96,582
Computer hardware and software	46,450	39,556
Transportation infrastructure	659,758	642,427
Land improvements and fixtures	46,504	42,405
Sewage and water systems	48,800	50,278
Other	14,181	13,513
(Schedule C)	<u>\$ 1,693,017</u>	<u>\$ 1,668,379</u>

Leased tangible capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was \$991,000 (2020 – \$1,038,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2021 (thousands of dollars)	2020 (thousands of dollars)
Buildings (cost)	\$ 9,907	\$ 9,907
Operating equipment (cost)	141	141
	10,048	10,048
Less accumulated amortization	<u>(7,415)</u>	<u>(6,424)</u>
	<u>\$ 2,633</u>	<u>\$ 3,624</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
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21. **Expenses by object**

	2021	2020
	(thousands of dollars)	
Personnel	\$ 692,196	\$ 645,876
Government transfers	350,247	274,018
Contract and special services	249,657	249,480
Materials, supplies and utilities	144,055	133,404
Amortization expenses	80,061	75,211
Communication and transportation	35,605	46,976
Rent	47,590	46,072
Interest on long-term debt and capital lease obligations	1,752	1,890
Other	11,374	7,202
	<u>\$ 1,612,537</u>	<u>\$ 1,480,129</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, 2021, 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, 2021, except for the Compensation Fund (Yukon) which is at December 31, 2020.

	2021	2020
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 250,799	\$ 237,564
Federal Gas Tax Funds under the New Deal	107,999	97,775
Lottery Commission	8,984	8,144
Crime Prevention and Victim Services	7,373	6,955
Forest Sector trust	6,044	5,991
Extended health and dental plan trust funds	5,599	2,906
Supreme Court trust	1,379	1,379
Public Guardian trust	1,516	1,316
Other	3,994	3,482
	<u>\$ 393,687</u>	<u>\$ 365,512</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
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23. **Contractual rights**

The Government has entered into agreements to receive, or has contractual rights for, the following receipts subsequent to March 31, 2021:

	Expiry Date	2022	2023 – 2031	Total
		(thousands of dollars)		
Contribution and Service Agreements				
Infrastructure Canada	2031	\$ 92,004	\$ 675,829	\$ 767,833
Transport Canada	2029	15,462	97,921	113,383
Canada Mortgage and Housing Corporation	2030	8,066	50,602	58,668
Crown-Indigenous Relations and Northern Affairs	2022	26,235	436	26,671
Environment and Natural Resources	2024	9,887	15,387	25,274
Innovation, Science and Economic Development	2023	6,684	21,684	28,368
French Language Service Agreement	2025	5,500	17,250	22,750
Employment and Social Development	2025	2,766	9,264	12,030
RCMP: Mobile Radio Network	2026	2,168	6,504	8,672
Health Canada	2022	1,660	-	1,660
Canadian Heritage	2023	2,583	2,583	5,166
Justice Canada	2023	1,181	1,181	2,362
Other	2025	5,408	10,117	15,525
		<u>\$ 179,604</u>	<u>\$ 908,758</u>	<u>\$1,088,362</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2021

24. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2021:

	Expiry Date	2022	2023 – 2046	Total
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 25,686	\$ 282,546	\$ 308,232
Capital projects				
- in progress at March 31, 2021	2027	162,192	64,633	226,825
Building/office space leases	2029	10,658	19,078	29,736
Northwestel Inc. mobile radio network system	2025	3,861	6,887	10,748
Yukon Hospital Corporation – medical equipment maintenance	2025	6,626	4,270	10,896
Alkan Air Ltd. medical evacuation contract	2023	3,578	-	3,578
Conair Group Inc. air tanker services (turbine engines)	2023	2,155	2,060	4,215
Air Spray (1967) Ltd. Air tanker services	2023	1,932	1,976	3,908
Information Services Corporation	2040	426	3,610	4,036
Miscellaneous operational commitments	2045	37,812	9,528	47,340
		<u>\$254,926</u>	<u>\$394,588</u>	<u>\$649,514</u>

25. **Overexpenditure**

Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that “a vote does not authorize any payment to be made in excess of the amount specified in the vote”. During the year, no (2020 – two) departments exceeded their votes with a total of \$0 (2020 - \$7,612,000).

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, two (2020 – one) departments exceeded the authorized amounts as follows:

	(thousands of dollars)
Health and Social Services	
- COVID CERB Exemption	\$ 1,103
- Yukon seniors' income supplement	39
- Social Assistance - Whitehorse	9
Finance	
- Workers' compensation supplementary benefits	\$ 34

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2021

26. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$nil (2020 – \$23,807,000).

At March 31, 2021, the Yukon Development Corporation had long-term debt of \$203,000,000 (2020 – \$203,000,000) (Note 11(a)) and a credit facility of up to \$43,500,000. While the Government has not issued guarantees for these instruments, as the Yukon Development Corporation is an agent of the Government, lenders may have recourse to the Government. Except for the amounts committed as described in note 11(d), it is expected that no significant costs will be incurred by the Government with respect to any guarantees and debts.

27. **Land claims**

Between February 1995 and March 31, 2021, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The bilateral funding agreement with the Government of Canada that had been in place since June 24, 1993 and which provided funding towards the Government's additional implementation costs expired on March 31, 2009. However, there are no additional costs for the Government as all of the existing funding commitments are captured elsewhere, either through a specific funding agreement with the Government of Canada or as a component of the base funding received by the Government. The specific implementation costs include Board and Council funding arising from the various Final Agreement Implementation Plans and other negotiated funding amounts.

28. **Contingencies**

In the normal course of operations, the Government is subject to legal claims. These claims include items with pleading amounts and items where an amount is not specified. At March 31, 2021, the amounts claimed, excluding the claims from Northern Cross (Yukon) Ltd., which are described below, is \$5,793,000 (2020 – \$6,538,000). No provision for these claims has been made as it is unlikely or undeterminable that a liability has been incurred at the date of the financial statements.

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

GOVERNMENT OF YUKON

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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 2020/2021, the Government paid \$253,000 (2020 – \$299,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$1,660,000 as at March 31, 2021 (2020 – \$1,521,000). This amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2021 was \$5,000,000 (2020 – \$5,000,000).

In addition to the environmental liabilities discussed in Note 13, there may be other instances of contamination that have not yet been identified 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.

Yukon Zinc Corporation ("Yukon Zinc"), as the owner of the Wolverine Mine, is responsible for the future reclamation and closure of the mine site. Pursuant to the Quartz Mining Act (Yukon), Yukon Zinc was required to provide a total of \$35,549,000 as financial security. That amount was determined when the Government commissioned a costing review exercise for the Yukon Zinc Wolverine Mine Reclamation and Closure Plan, the report was received December 12, 2017. The objective of this costing review was to confirm the activities and associated costs required during temporary and permanent closure, in accordance with Wolverine Mine's operating licenses and other regulatory requirements. Yukon Zinc has only provided \$10,589,000 as security to date. The Government has unsuccessfully attempted to collect the outstanding financial security from Yukon Zinc.

On September 16, 2019, the Yukon Supreme Court ordered Yukon Zinc be put into receivership. Beginning in the 2019-20 fiscal year, the Government has carried out necessary care and maintenance work, including contaminated water treatment, on behalf of Yukon Zinc, expending all of the \$10,589,000 accessible to it from the financial security. On May 26, 2020, the Yukon Supreme Court ruled that the Government's claim to additional monies from the assets of Yukon Zinc ranks in priority above any other claim, right, charge or security against the Wolverine Mine. This ruling was appealed by Yukon Zinc and another creditor hence the liquidation of Yukon Zinc's assets including the mine site is currently on hold subject to ongoing litigation. The court appointed receiver is attempting to find a buyer for the mine. In the event that the Wolverine Mine ultimately becomes abandoned, the Government will likely be required to assume the remediation responsibility of the site as the mining activities at the Wolverine Mine occurred post-devolution. While there is a reliable estimate of future remediation costs in relation to the Wolverine Mine, the outcome of the receivership process is not determinable at the date of the financial statement preparation; hence, no liability has been recognized.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
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29. **Subsequent events**

The outbreak of COVID-19 in early 2020 caused global disruption and economic slowdown. In response to the pandemic, the Government, with support from the Government of Canada, implemented various initiatives and programs to assist individuals, businesses, and industries. Significant government supports include public health measures, aviation supports, tourism relief recovery and other economic relief and financial support programs. In summer 2021, the Territory experienced a serious outbreak that demonstrated that the impacts of COVID-19 are ongoing. At this time, it is not possible to reliably estimate the length and severity of the pandemic and its economic impacts. The Government is continuing to monitor and assess the impacts; a number of supports noted above have already been extended into 2022.

30. **Comparative figures**

Certain comparative figures for 2020 have been reclassified to conform with the 2021 presentation.

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GOVERNMENT OF YUKON

Schedule A

**Consolidated Schedule of Revenues by Source
for the year ended March 31, 2021**

	2021		2020
	Budget	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing Grant	\$ 1,055,000	\$ 1,054,979	\$ 997,412
Other grants	61,663	149,429	62,346
Contributions and service agreements	191,283	192,202	165,433
	<u>1,307,946</u>	<u>1,396,610</u>	<u>1,225,191</u>
Taxes and general revenues			
Income taxes	94,021	95,130	100,889
Other taxes			
Tobacco tax	12,912	13,584	13,216
Fuel oil tax	9,639	7,004	9,780
Liquor tax	4,955	4,979	4,965
General property tax	5,797	4,877	4,854
Insurance premium tax	3,959	3,765	3,296
Grant in lieu of property tax	233	225	226
Licences, permits and fees	22,087	26,379	19,937
Sale of land	22,536	35,648	18,957
Investment and interest revenue	8,406	4,381	8,296
Hospital revenues	5,461	2,035	2,688
Resource revenue - mineral, oil and gas and forestry	2,155	903	1,660
Aviation operations	1,448	17	1,295
Income from portfolio investments	-	1,495	1,326
Fines	568	392	435
Other revenues	272	5,295	4,181
	<u>194,449</u>	<u>206,109</u>	<u>196,001</u>
Funding and service agreements with other parties	<u>56,802</u>	<u>32,947</u>	<u>49,178</u>
Income (loss) from investment in government business enterprises			
Yukon Liquor Corporation	8,871	8,236	9,615
Yukon Development Corporation	5,000	9,947	(4,050)
	<u>13,871</u>	<u>18,183</u>	<u>5,565</u>
	<u><u>\$ 1,573,068</u></u>	<u><u>\$ 1,653,849</u></u>	<u><u>\$ 1,475,935</u></u>

GOVERNMENT OF YUKON

Schedule B

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2021**

	Health and Social Services		Community and Transportation		Education		General Government ¹		Natural Resources	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(thousands of dollars)									
Revenues										
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,054,979	\$ 997,412	\$ -	\$ -
Other transfers from										
Government of Canada	89,113	41,308	117,830	68,923	14,657	19,301	92,837	75,570	15,800	17,160
Taxes and general revenues	11,965	13,905	62,030	39,587	6,241	5,596	127,896	139,667	2,949	4,125
Funding and service agreements	7,204	10,687	7,055	23,074	7,899	17,013	4,529	1,538	5,783	5,082
Income (loss) from investments in government business enterprises	-	-	9,947	(4,050)	-	-	8,236	9,615	-	-
	<u>108,282</u>	<u>65,900</u>	<u>196,862</u>	<u>127,534</u>	<u>28,797</u>	<u>41,910</u>	<u>1,288,477</u>	<u>1,223,802</u>	<u>24,532</u>	<u>26,367</u>
Expenses (Note 21)										
Personnel	227,346	202,826	80,649	81,705	152,474	144,412	124,622	113,275	54,594	53,527
Contracts, materials and other	161,343	154,955	141,218	120,361	30,408	36,252	77,836	84,796	33,631	41,155
Government transfers	105,063	97,781	143,531	113,462	19,427	29,664	29,505	8,451	12,039	10,857
Amortization expenses	16,931	15,554	42,440	40,845	8,757	8,280	6,812	5,636	1,099	979
Interest on long-term debt and capital lease obligations	1,496	1,595	82	99	-	-	174	196	-	-
	<u>512,179</u>	<u>472,711</u>	<u>407,920</u>	<u>356,472</u>	<u>211,066</u>	<u>218,608</u>	<u>238,949</u>	<u>212,354</u>	<u>101,363</u>	<u>106,518</u>
Recovery of prior years' expenses	<u>257</u>	<u>196</u>	<u>252</u>	<u>988</u>	<u>(2)</u>	<u>74</u>	<u>164</u>	<u>76</u>	<u>48</u>	<u>113</u>
Surplus (deficit) for the year	<u>\$ (403,640)</u>	<u>\$ (406,615)</u>	<u>\$ (210,806)</u>	<u>\$ (227,950)</u>	<u>\$ (182,271)</u>	<u>\$ (176,624)</u>	<u>\$ 1,049,692</u>	<u>\$ 1,011,524</u>	<u>\$ (76,783)</u>	<u>\$ (80,038)</u>

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

GOVERNMENT OF YUKON

Schedule B
Continued**Consolidated Schedule of Operations by Function
for the year ended March 31, 2021**

	Justice		Business, Tourism and Culture		Adjustments ²		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
(thousands of dollars)								
Revenues								
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,054,979	\$ 997,412
Other transfers from								
Government of Canada	5,999	5,237	5,395	280			341,631	227,779
Taxes and general revenues	997	1,042	9	157	(5,978)	(8,078)	206,109	196,001
Funding and service agreements	637	466	372	388	(532)	(9,070)	32,947	49,178
Income (loss) from investments in government business enterprises	-	-	-	-	-	-	18,183	5,565
	7,633	6,745	5,776	825	(6,510)	(17,148)	1,653,849	1,475,935
Expenses (Note 21)								
Personnel	35,531	32,871	16,980	17,275	-	(15)	692,196	645,876
Contracts, materials and other	35,383	37,081	10,727	14,205	(2,266)	(5,671)	488,280	483,134
Government transfers	6,300	5,930	38,627	19,335	(4,244)	(11,462)	350,248	274,018
Amortization expenses	2,857	2,792	1,165	1,125	-	-	80,061	75,211
Interest on long-term debt and capital lease obligations	-	-	-	-	-	-	1,752	1,890
	80,071	78,674	67,499	51,940	(6,510)	(17,148)	1,612,537	1,480,129
Recovery of prior years' expenses	233	57	144	48	-	-	1,096	1,552
Surplus (deficit) for the year	\$ (72,205)	\$ (71,872)	\$ (61,579)	\$ (51,067)	\$ -	\$ -	\$ 42,408	\$ (2,642)

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

Government of Yukon

Schedule C

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2021**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Transportation Infrastructure	Land Improvements & Fixtures	Sewage & Water Systems	Other	2021 Total	2020 Total
	(thousands of dollars)									
Cost of tangible assets, opening	\$ 19,575	\$ 1,204,665	\$ 203,717	\$ 99,652	\$ 1,078,024	\$ 54,534	\$ 63,799	\$ 20,498	\$ 2,744,464	\$ 2,633,171
Acquisitions	-	25,650	18,515	12,457	41,769	4,485	1,490	2,975	107,341	117,961
Write-downs	-	(2,163)	-	-	-	-	-	-	(2,163)	(12)
Disposals	-	(685)	(1,032)	(17)	(553)	-	-	-	(2,287)	(6,656)
Cost of tangible assets, closing	19,575	1,227,467	221,200	112,092	1,119,240	59,019	65,289	23,473	2,847,355	2,744,464
Accumulated amortization, opening	-	440,623	107,147	60,098	435,595	11,036	13,519	8,067	1,076,085	1,006,770
Amortization expense	-	31,870	12,516	5,561	24,440	1,479	2,970	1,225	80,061	75,211
Disposals	-	(210)	(1,028)	(17)	(553)	-	-	-	(1,808)	(5,896)
Accumulated amortization, closing	-	472,283	118,635	65,642	459,482	12,515	16,489	9,292	1,154,338	1,076,085
Net book value (Note 20)	\$ 19,575	\$ 755,184	\$ 102,565	\$ 46,450	\$ 659,758	\$ 46,504	\$ 48,800	\$ 14,181	\$ 1,693,017	\$ 1,668,379
Work in progress ¹		\$ 13,702	\$ 2,924	\$ 23,858	\$ 44,410	\$ 5,307	\$ 6,971	\$ 602	\$ 97,774	\$ 107,792

¹ Included in net book value.

GOVERNMENT OF YUKON

Schedule D

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2021**

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon University / College	Yukon Hospital Corporation	2021 Total	2020 Total
(thousands of dollars)							
Accrued benefit obligation							
Obligation at beginning of year	\$ 116,443	\$ 777	\$ 1,762	\$ 6,457	\$ -	\$ 125,439	\$ 130,882
Current service costs	12,605	142	199	941	-	13,887	13,224
Plan amendment	-	-	-	-	-	-	(5,587)
Interest cost on benefit obligation	4,669	37	71	187	-	4,964	4,529
Actuarial (gain) loss	3,763	23	420	-	-	4,206	(3,625)
Past service cost	-	-	196	-	-	196	-
Benefits paid	(9,777)	-	(519)	(397)	-	(10,693)	(13,984)
Accrued benefit obligation at end of year	127,703	979	2,129	7,188	-	137,999	125,439
Unrecognized net actuarial (loss) gain	(4,120)	(88)	44	(214)	-	(4,378)	255
Accrued benefit liability	123,583	891	2,173	6,974	-	133,621	125,694
Liabilities that are not included in actuarial valuation	525	-	-	3,056	2,945	6,526	4,501
Post-employment benefits and compensated absences (Note 15)	124,108	891	2,173	10,030	2,945	140,147	130,195
Net benefit cost							
Current service cost	12,605	142	199	941	-	13,887	13,224
Interest cost on benefit obligation	4,669	37	71	187	-	4,964	4,529
Past service costs	-	-	196	-	-	196	-
Amortization of net actuarial (gain) loss	64	22	(16)	-	-	70	403
Plan amendment	-	-	-	-	-	-	(5,435)
Net cost for the year	\$ 17,338	\$ 201	\$ 450	\$ 1,128	\$ -	\$ 19,117	\$ 12,721

GOVERNMENT OF YUKON

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2021**

Schedule D
Continued

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon University	Yukon Hospital Corporation
Key Assumptions					
Discount rate on benefit costs	3.80%	4.40%	3.80%	2.75%	N/A
Discount rate on accrued benefit obligation at end of year	3.20%	3.70%	3.20%	2.75%	N/A
Rate of compensation increase	see below ²	2.50%	see below ²	See below ¹	N/A
Amortization period (expected average remaining service life)	12.5 years	3.0 years	11.6 years	11.0 years	N/A

¹ For 10 years 2.75%, thereafter 3.25%

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

GOVERNMENT OF YUKON

Schedule E

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2021**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon University Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2021 Total	2020 Total
(thousands of dollars)								
Pension and retirement plan assets are valued at fair market value.								
Accrued benefit obligation								
Obligation at beginning of year	\$ 37,454	\$ 12,906	\$ 73,689	\$ 4,111	\$ 87,144	\$ 104,494	\$ 319,798	\$ 308,529
Current service costs	1,614	541	3,010	67	4,717	5,778	15,727	15,031
Transfers in/service buyback						267	267	-
Plan amendment	-	-	-	-	-	-	-	-
Interest cost on benefit obligation	1,651	606	2,884	158	4,858	6,327	16,484	15,489
Actuarial (gain) loss	3,268	1,408	5,189	770	3,522	(2,642)	11,515	(6,885)
Benefits paid	(1,486)	(485)	(1,575)	(130)	(4,663)	(4,133)	(12,472)	(12,156)
Administration expenses	-	-	-	-	(516)	-	(516)	(210)
Accrued benefit obligation at end of year	42,501	14,976	83,197	4,976	95,062	110,091	350,803	319,798
Plan assets - valued at fair market value								
Value at beginning of year	8,348	3,980	-	-	112,402	127,640	252,370	257,777
Actual return on plan assets	1,323	576	-	-	21,174	39,456	62,529	(9,390)
Employer contributions	368	366	1,575	130	1,812	3,549	7,800	10,552
Member contributions	172	61	-	-	2,295	2,876	5,404	4,949
Transfers in/service buyback						267	267	-
Benefits paid	(309)	(485)	(1,575)	(130)	(4,663)	(4,133)	(11,295)	(11,002)
Actual plan expenses	-	-	-	-	(516)	(289)	(805)	(516)
Value at end of year	9,902	4,498	-	-	132,504	169,366	316,270	252,370
Funded status - plan deficit (surplus)	32,599	10,478	83,197	4,976	(37,442)	(59,275)	34,533	67,427
Unrecognized net actuarial (loss) gain	(3,873)	(1,979)	(13,589)	(1,511)	16,913	7,936	3,897	(36,780)
Accrued benefit liability (asset) (Note 16)	\$ 28,726	\$ 8,499	\$ 69,608	\$ 3,465	\$ (20,529)	\$ (51,339)	\$ 38,430	\$ 30,647

GOVERNMENT OF YUKON

Schedule E
Continued**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2021**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon University Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2021 Total	2020 Total
(thousands of dollars)								
Net benefit cost								
Current service cost	\$ 1,614	\$ 541	\$ 3,010	\$ 67	\$ 4,717	\$ 6,135 ¹	\$ 16,084	\$ 15,355
Less: Member contributions	(172)	(61)	-	-	(2,295)	(2,876)	(5,404)	(4,949)
Interest cost on benefit obligation	1,651	606	2,884	158	4,858	6,327	16,484	15,489
Expected return on plan assets	(372)	(182)	-	-	(4,470)	(7,727)	(12,751)	(14,789)
Amortization of net actuarial (gain) loss	520	430	981	166	85	3,500	5,682	2,363
Net cost for the year	<u>\$ 3,241</u>	<u>\$ 1,334</u>	<u>\$ 6,875</u>	<u>\$ 391</u>	<u>\$ 2,895</u>	<u>\$ 5,359</u>	<u>\$ 20,095</u>	<u>\$ 13,469</u>

Key Assumptions

Expected long term rate of return on assets at beginning of year	4.40%	4.60%	N/A	N/A	5.30%	6.00%
Discount rate on benefit costs	4.40%	4.60%	3.80%	3.80%	5.30%	6.00%
Discount rate on accrued benefit obligation at end of year	3.70%	3.80%	3.20%	3.20%	5.30%	6.00%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Rate of compensation increase	2.50%	3.00%	see below ²	see below ²	3.40%	2.50%
Health care cost trend rate	N/A	N/A	see below ³	N/A	N/A	N/A
Amortization period (expected average remaining service life)	4.0 years	2.7 years	12.5 years	9.3 years	10.0 years	8.9 years

¹ Includes \$357,000 for provision of administrative expenses.² Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2017 valuation report.³ 5.9% per annum for 2020-2024, decreasing linearly to 4.9% in 2029, and following the McMaster Model to an ultimate trend rate of 4.0% in 2040.