

GOVERNMENT OF YUKON

**Consolidated Statement of Financial Position
as at March 31, 2019**

	2019	2018
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 3)	\$ 117,824	\$ 32,336
Temporary investments (Note 4)	43,766	163,158
Due from Government of Canada (Note 5)	57,505	76,298
Accounts receivable (Note 6)	23,077	17,060
Portfolio investments (Note 7)	35,832	33,277
Advances to Territorial corporations (Note 11(b)(c))	38,200	39,200
Loans receivable (Note 9)	68,836	66,574
Inventories for resale (Note 10)	77,066	66,782
Retirement benefit assets (Note 16)	65,926	61,602
Investment in government business enterprises (Note 11(a))	191,968	189,878
	<u>720,000</u>	<u>746,165</u>
Liabilities		
Due to Government of Canada (Note 5)	30,209	37,243
Accounts payable and accrued liabilities (Note 12)	131,147	135,383
Environmental liabilities (Note 13)	43,347	39,672
Unearned revenues (Note 14)	28,484	27,374
Post-employment benefits and compensated absences (Note 15)	131,381	127,131
Retirement benefit liabilities (Note 16)	94,805	84,708
Borrowings (Note 17)	36,976	40,803
Liabilities for leased tangible capital assets (Note 18)	5,201	6,220
	<u>501,550</u>	<u>498,534</u>
Net financial assets	<u>218,450</u>	<u>247,631</u>
Non-financial assets		
Tangible capital assets (Note 20)	1,626,401	1,592,400
Inventories of supplies	8,624	11,687
Prepaid expenses	3,351	2,144
	<u>1,638,376</u>	<u>1,606,231</u>
Accumulated surplus	<u>\$ 1,856,826</u>	<u>\$ 1,853,862</u>

Contingencies, contractual rights and obligations, commitments and guarantees
(Notes 11(d)(e), 13, 16(d)(e), 23, 24, 25, 26, and 27)

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

Approved:



Christine Mahar

A/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, 2019**

	2019		2018
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada	\$ 1,147,941	\$ 1,135,814	\$ 1,099,574
Taxes and general revenues	164,017	187,830	157,298
Funding and service agreements with other parties	64,387	64,722	56,124
Income from investment in government business enterprises (Note 11(a))	19,306	11,767	14,683
	<u>1,395,651</u>	<u>1,400,133</u>	<u>1,327,679</u>
Expenses (Note 21)			
Health and social services	429,652	420,574	388,433
Community and transportation	307,879	362,454	280,103
Education	222,153	201,883	209,365
General government	172,458	178,080	163,069
Natural resources	119,538	103,825	109,967
Justice	81,036	79,403	75,237
Business, tourism and culture	65,058	50,280	47,541
Interest on loans	1,861	2,088	2,072
Adjustments	(14,722)	-	-
	<u>1,384,913</u>	<u>1,398,587</u>	<u>1,275,787</u>
Recovery of prior years' expenses	-	766	963
Surplus for the year	<u>\$ 10,738</u>	<u>2,312</u>	<u>52,855</u>
Accumulated surplus at beginning of year		1,853,862	1,801,089
Other comprehensive gain (loss) of government business enterprises (Note 11(a))		652	(82)
Accumulated surplus at end of year		<u>\$ 1,856,826</u>	<u>\$ 1,853,862</u>

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

GOVERNMENT OF YUKON

**Consolidated Statement of Change in Net Financial Assets
for the year ended March 31, 2019**

	2019		2018
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus for the year	\$ 10,738	\$ 2,312	\$ 52,855
Effect of change in tangible capital assets			
Acquisitions	(140,846)	(108,252)	(145,620)
Amortization of tangible capital assets	76,895	73,504	65,832
(Gain) loss on disposal of tangible capital assets	4	(299)	(163)
Proceeds on disposal of tangible capital assets	111	456	469
Write-down of tangible capital assets	-	590	385
Other budgetary adjustments	4,882	-	-
	<u>(58,954)</u>	<u>(34,001)</u>	<u>(79,097)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(26,308)	(24,205)
Consumption of inventories of supplies	-	29,371	23,692
(Increase) decrease in prepaid expenses	-	(1,207)	416
	<u>-</u>	<u>1,856</u>	<u>(97)</u>
Decrease in net financial assets	<u>\$ (48,216)</u>	<u>(29,833)</u>	<u>(26,339)</u>
Net financial assets at beginning of year		247,631	274,052
Other comprehensive gain (loss) of government business enterprises (Note 11(a))		652	(82)
Net financial assets at end of year		<u>\$ 218,450</u>	<u>\$ 247,631</u>

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

GOVERNMENT OF YUKON

**Consolidated Statement of Cash Flow
for the year ended March 31, 2019**

	2019	2018
	(thousands of dollars)	
Operating transactions		
Surplus for the year	\$ 2,312	\$ 52,855
Non-cash items included in surplus for the year:		
Amortization of tangible capital assets	73,504	65,832
Loans receivable valuation adjustment	278	(320)
Bad debt expense	217	32
Write-down of tangible capital assets	590	385
Gain on sale of land inventory	(540)	(832)
Gain on disposal of tangible capital assets	(299)	(163)
Contributed tangible capital assets (Note 20)	(13,300)	-
Share of government business enterprises' income	(1,438)	(6,461)
Change in non-cash assets and liabilities	17,854	(784)
Cash provided by operating transactions	<u>79,178</u>	<u>110,544</u>
Capital transactions		
Acquisition of tangible capital assets	(94,295)	(145,699)
Proceeds on disposal of tangible capital assets	456	469
Cash used for capital transactions	<u>(93,839)</u>	<u>(145,230)</u>
Investing transactions		
Net proceeds from temporary investments	119,392	51,339
Proceeds from portfolio investments	1,654	26,463
Acquisition of portfolio investments	(4,210)	(32,654)
Repayment of advances from a Territorial corporation	1,000	-
Repayments of loans receivable	22,744	17,162
Issuance of loans receivable	(10,394)	(4,691)
Investment in land inventory	(24,925)	(17,691)
Cash provided by investing transactions	<u>105,261</u>	<u>39,928</u>
Financing transactions		
Proceeds from borrowings	-	996
Repayment of borrowings	(4,093)	(4,090)
Repayment of liabilities for leased tangible capital assets	(1,019)	(972)
Cash used for financing transactions	<u>(5,112)</u>	<u>(4,066)</u>
Cash and cash equivalents increase	85,488	1,176
Cash and cash equivalents at beginning of year	<u>32,336</u>	<u>31,160</u>
Cash and cash equivalents at end of year (Note 3)	\$ 117,824	\$ 32,336
Interest received in the year	\$ 10,383	\$ 11,216
Interest paid in the year	\$ 2,082	\$ 2,289

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

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2019**

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 2018/2019 Operation & Maintenance and Capital Estimates. Budget 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 commercial in nature and 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, 2019

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.

All accounts of the government reporting entity are consolidated using the financial information for the year ended March 31, 2019. As for the organizations that use a fiscal year-end other than March 31, the Government used their interim financial statements as at March 31, 2019.

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 College
Yukon Hospital Corporation
Yukon Housing Corporation

Authority for operations:

Financial Administration Act
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.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2019**

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.

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.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2019**

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. Each year a provision based on the present value of the loans at the average borrowing rate is recorded.

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 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.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2019**

(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	As determined by the Department of Highways and Public Works to a maximum of 75 years
Pavement/surfaces	
Bridges	
Airport runways	
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.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2019**

(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. 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 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. Liabilities for these benefits are valued on an actuarial basis.

Retirement benefits to Members of the Legislative Assembly, territorial court judges, and the employees of Yukon 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 members render 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

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. An environmental liability is 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 or, in the case of solid waste landfill closure and post-closure care, as the landfill site's capacity is used, 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.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2019**

(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 statements, the Government believes the estimates and assumptions to be reasonable.

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

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

3. **Cash and cash equivalents**

	2019	2018
	(thousands of dollars)	
Bank balances	\$ 109,821	\$ 30,836
Short-term investments	7,932	1,429
Cash on hand	71	71
	<u>\$ 117,824</u>	<u>\$ 32,336</u>

4. **Temporary investments**

	2019		2018	
	Market Value	Carrying Value	Market Value	Carrying Value
	(thousands of dollars)			
Term deposits and GICs	\$ 42,594	\$ 42,594	\$ 160,672	\$ 160,672
Floating rate notes	614	612	1,616	1,611
Treasury bills	372	370	635	632
Other	192	190	244	243
	<u>\$ 43,772</u>	<u>\$ 43,766</u>	<u>\$ 163,167</u>	<u>\$ 163,158</u>

The term deposits and GICs held during the year had a weighted average effective yield of 2.04% (2018 – 1.31%) per annum and the remaining temporary investments had a weighted average effective yield of 1.75% (2018 – 1.01%) per annum.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

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

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 57,204	\$ 75,976
Other	301	322
	<u>\$ 57,505</u>	<u>\$ 76,298</u>
Due to Government of Canada		
RCMP	\$ 8,633	\$ 7,843
Payroll taxes payable	8,453	7,490
Public Service Pension Plan contribution payable	6,613	6,308
Income tax payable	3,863	12,158
Type II mine sites	797	1,852
Other	1,850	1,592
	<u>\$ 30,209</u>	<u>\$ 37,243</u>

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

6. **Accounts receivable**

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 21,198	\$ 14,338
Less valuation allowances	(2,214)	(1,320)
	18,984	13,018
Due from Territorial corporations that are not fully consolidated	4,093	4,042
	<u>\$ 23,077</u>	<u>\$ 17,060</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

7. **Portfolio investments**

	2019		2018	
	Face Value	Carrying Value	Face Value	Carrying Value
	(thousands of dollars)			
Marketable securities	\$ 35,832	\$ 35,832	\$ 33,273	\$ 33,273
Other	-	-	265	4
	<u>\$ 35,832</u>	<u>\$ 35,832</u>	<u>\$ 33,538</u>	<u>\$ 33,277</u>

Marketable Securities

Marketable securities include investments held by Yukon College as well as designated investments (see 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 third parties.

Other

On March 31, 2019 the Government held portfolio investments in Master Asset Vehicle II Class C floating rate notes with a carrying value of \$0 (2018 - \$4,000) as a result of a restructuring process related to previous investments. During the year, \$4,000 (2018 - \$17,000) of the Class C floating rate notes were redeemed.

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:

	2019	2018
	(thousands of dollars)	
Cash and cash equivalents	\$ 20	\$ 58
Temporary investments (market value \$1,178,000; 2018 – \$2,495,000)	1,172	2,487
Portfolio investments – marketable securities (market value \$32,512,000; 2018 – \$30,589,000)	<u>32,102</u>	<u>29,700</u>
	<u>\$ 33,294</u>	<u>\$ 32,245</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

9. **Loans receivable**

	<u>2019</u>	<u>2018</u>
	(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 (2018 – 2029) bearing interest rates ranging from 0% to 4.70% (2018 – 0% to 4.50%), net of allowance for subsidies and valuation of \$326,000 (2018 – \$277,000) and a provision in the amount of \$576,000 (2018 – \$435,000) for loans with concessionary terms.	\$ 41,897	\$ 42,473
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2023 (2018 – 2023) bearing interest at 5.00% (2018 – 5.00%).	11,281	9,774
Local improvement loans, due in varying annual amounts to the year 2041 (2018 – 2041), bearing interest rates ranging from 0.50% to 5.25% (2018 – 0.50% to 5.25%).	6,914	5,597
Debenture loans to municipalities, due in varying annual amounts to the year 2034 (2018 – 2030), bearing interest rates ranging from 2.72% to 6.38% (2018 – 2.72% to 6.38%).	3,308	3,343
Other, net of allowance for doubtful accounts of \$322,000 (2018 – \$476,000).	5,436	5,387
	<u>\$ 68,836</u>	<u>\$ 66,574</u>

10. **Inventories for resale**

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Land		
Undeveloped land	\$ 603	\$ 603
Land under development	58,038	54,888
Developed land	<u>18,309</u>	<u>11,177</u>
	76,950	66,668
Other	<u>116</u>	<u>114</u>
	<u>\$ 77,066</u>	<u>\$ 66,782</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

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 Development Corporation has a fiscal year-end of December 31. The Yukon Liquor Corporation has a fiscal year-end of March 31.

	Yukon Development Corporation	Yukon Liquor Corporation	2019 Total	2018 Total
	(thousands of dollars)			
Assets				
Current	\$ 11,989	\$ 7,744	\$ 19,733	\$ 22,842
Capital assets	444,153	2,361	446,514	440,362
Regulatory deferral (Note 11 (f))	36,496	-	36,496	33,442
Other	10,809	45	10,854	8,449
	<u>\$ 503,447</u>	<u>\$ 10,150</u>	<u>\$ 513,597</u>	<u>\$ 505,095</u>
Liabilities				
Current	\$ 7,881	\$ 6,283	\$ 14,164	\$ 20,006
Long-term debt	194,575	-	194,575	173,654
Regulatory deferral (Note 11 (f))	16,158	-	16,158	17,916
Contributions in aid of construction	77,791	-	77,791	93,495
Other	17,985	956	18,941	10,146
Equity	189,057	2,911	191,968	189,878
	<u>\$ 503,447</u>	<u>\$ 10,150</u>	<u>\$ 513,597</u>	<u>\$ 505,095</u>
Revenues	\$ 57,035	\$ 22,213 ¹	\$ 79,248	\$ 74,378
Expenses	62,730	11,152	73,882	67,133
(Deficit) Surplus	(5,695)	11,061	5,366	7,245
Net movement in regulatory deferral (Note 11(f))	6,401	-	6,401	7,438
Other comprehensive gain (loss)	550	102	652	(82)
Remitted to the Government	-	(10,329)	(10,329)	(8,222)
Equity, beginning of year	187,801	2,077	189,878	183,499
Equity, end of year	<u>\$ 189,057</u>	<u>\$ 2,911</u>	<u>\$ 191,968</u>	<u>\$ 189,878</u>

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

¹ Yukon Liquor Corporation revenue is shown as net of cost of goods sold of \$22,700,000 (2018 - \$21,357,000).

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Liquor Corporation	2019 Total	2018 Total
	(thousands of dollars)			
Government of Yukon:				
Accounts receivable from	\$ 124	\$ 3,026	\$ 3,150	\$ 2,409
Advance receivable	38,200	-	38,200	39,200
Accounts payable to	2,058	262	2,320	1,406
Long-term obligations to	85	-	85	85
Revenues from	71	10,325	10,396	8,573
Expenses to	21,954 ¹	2,991	24,945	19,809

¹ Includes cost of electricity of \$11,920,000 (2018 – \$11,510,000) 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 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, 2019 is 2.650% (2018 – 2.501%). 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.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2019**

(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 2018/2019, the Government paid \$2,625,000 (2018 – \$2,625,000) to YDC based on the MOU.

The Government authorized the continuation of the Interim Electrical Rebate program to March 31, 2020. 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 2018/2019, the Government provided \$3,500,000 (2018 – \$3,500,000) to YDC for this purpose. The Government is committed to fund up to \$3,500,000 in the fiscal year 2019/2020.

As at March 31, 2019, the Yukon Energy Corporation, the wholly-owned subsidiary of YDC, had contractual obligations or future purchases of products or services in the amount of \$4,100,000 (2018 – \$4,500,000).

In November 2017, the Yukon Energy Corporation ("YEC") entered into a Power Purchase Agreement (PPA) with Victoria Gold Corporation and Stratagold Corporation (collectively known as VGC Group). The PPA details the rights and obligations of each party in an agreement to permit VGC Group to connect its industrial mine site in the Mayo district to YEC's grid. Power sales to VGC are estimated to contribute \$100 million in additional revenues to YEC over the expected ten year mine life. The agreement commits VGC to covering the full costs of connecting to YEC's main line, YEC's negotiating expenses and required system improvements.

The mine connected to the grid in May 2019.

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 services. The total commitments as at March 31, 2019 for future years ending on March 31, 2020 are \$1,055,000 (March 31, 2018 for 2019 – \$1,012,000).

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

(e) Contingencies

Yukon Development Corporation

At March 31, 2016, the Yukon Energy Corporation ("YEC"), Yukon Development Corporations' 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 tentatively scheduled for September 2019 and has subsequently been rescheduled for November 2019. The matter is before the courts. Legal costs are being expensed as incurred. The outcome of the appeal is not determinable at this time and no estimate of appeal 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.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

12. **Accounts payable and accrued liabilities**

	2019	2018
	(thousands of dollars)	
Accounts payable	\$ 69,008	\$ 66,085
Accrued liabilities	47,501	49,127
Contractors' holdbacks and security deposits	11,420	17,898
Due to Territorial corporations that are not fully consolidated	3,218	2,273
	<u>\$ 131,147</u>	<u>\$ 135,383</u>

13. **Environmental liabilities**

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$29,117,000 (2018 – \$25,386,000). 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, 2019, the Government was aware of 99 sites (2018 – 98 sites) where the Government is obligated or is likely obligated to incur such costs. During the year remediation work was undertaken at 12 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, 2019, \$810,000 (2018 – \$1,489,000) was recorded as a liability for this site, which is part of the \$29,117,000 noted above.

(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 these landfills. Twenty-three 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 five sites are old abandoned dumps which are not subject to the *Solid Waste Regulations*.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

A liability is recognized as the landfill site's capacity is used with usage measured on a volumetric basis. As at March 31, 2019, the net present value of total expenditures for closure and post-closure care is estimated to be \$10,765,000 (2018 – \$10,765,000) and a liability in the amount of \$9,286,000 (2018 – \$9,286,000) has been recorded for these sites. The amount remaining to be recognized in the future is \$1,479,000 (2018 – \$1,479,000). No assets are designated for settling these liabilities.

In calculation of the above liability, the remaining landfill life was estimated to be from zero to 49 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 3.32% (2018 – 3.32%) 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, where they have been abandoned by their owner/operator. Except for the Ketz River mine site as 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 \$4,944,000 (2018 - \$5,000,000) and remediation costs, if any, which are the Government's responsibility, are currently undeterminable.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

The following table presents the total estimated amounts of these liabilities as at March 31, 2019.

	2019		2018	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for contaminated sites ¹				
Highway maintenance camps and airports	36	\$ 11,749	36	\$ 11,519
Other storage tanks and buildings	53	9,658	53	10,478
Marwell Tar Pit	1	810	1	1,489
Other	9	6,900	8	1,900
	99	29,117	98	25,386
Landfill sites	28	9,286	28	9,286
Type II sites	1	4,944	1	5,000
	128	\$ 43,347	127	\$ 39,672

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

14. **Unearned revenues**

	2019	2018
	(thousands of dollars)	
Liability portion of government transfers	\$ 21,367	\$ 20,605
Motor vehicle fees for future years	3,242	3,134
Other	3,875	3,635
	\$ 28,484	\$ 27,374

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.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2019**

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 actuarial obligation for sick and vacation leave payouts and severance benefits is calculated using the projected benefit method prorated on service. The Government and the Yukon Housing Corporation have conducted actuarial valuations of post-employment benefits at March 31, 2016. March 31, 2019 amounts are based on an extrapolation of March 31, 2016 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 June 30, 2018 all current and retirement severance accruals have been 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. Based on an actuarial evaluation, the plan amendment resulted in a gain to the plan of \$6,881,000. Existing unamortized losses in the amount of \$6,881,000 were immediately recognized so the plan amendment did not impact current year net benefit cost.

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, 2019 is based on an extrapolation of an actuarial valuation that was performed as at March 31, 2017. The Government has designated a portion of its assets for the purpose of meeting this obligation (Note 8).

(b) Yukon College

Yukon 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, 2016.

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

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2019**

(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, 2019 were as follows:

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Post-employment benefits and compensated absences liability		
Government of Yukon employees	\$ 118,533	\$ 114,642
Yukon College	7,689	7,353
Yukon Hospital Corporation	2,490	2,711
Yukon Housing Corporation	2,137	2,067
Members of Yukon Legislative Assembly	<u>532</u>	<u>358</u>
(Schedule D)	<u>\$ 131,381</u>	<u>\$ 127,131</u>

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).

The above changes also resulted in the two groups paying different rates of contributions to the plan. In the calendar year 2018, 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 \$164,700, the Government contributed \$3.20 for every dollar contributed by both groups of plan members. In the calendar year 2019, 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 \$169,300, the Government contributes \$3.79 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 \$37,293,000 (2018 – \$36,054,000).

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

(b) Legislative Assembly Retirement Allowances Plan

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

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

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism and are accepted by the Members' Services Board of the Legislative Assembly. The last actuarial valuation for funding purposes was performed as of March 31, 2017. The accrued benefit obligation as at March 31, 2019 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2017.

(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is a defined benefit pension plan, which is comprised of a judiciary registered pension plan, a judiciary retirement compensation arrangement and a supplementary judiciary pension plan. In addition to pension payments, these plans also contain a provision for payment of lump sum death and severance allowances. The Plan is administered by the Public Service Commissioner in the meaning assigned by the *Public Service Act* (Yukon).

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

Actuarial valuations for the Territorial Court Judiciary Pension Plan for accounting and funding purposes were conducted using the membership data as at March 31, 2017.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2019**

(d) Yukon College Employees' Pension Plan

The Yukon College ("the College") Employees' Pension Plan is a contributory defined benefit pension plan. The College'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 College'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 College 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 of June 30, 2017 following Canadian public sector accounting standards. An actuarial valuation for funding purposes was performed as of June 30, 2018, which established Yukon College's required contributions as 101.8% (2018 – 132.3%) of employee contributions.

The actuarial valuation for funding purposes as at June 30, 2018 indicates the College had an actuarial surplus of \$16,395,000 (2017 – \$11,237,000) at the measurement date on a going-concern basis and a deficit of \$6,314,000 (2017 – \$9,347,000) if valued on the basis that the pension plan were terminated/wound up as at June 30, 2018. The solvency ratio of the plan was 95.2% at June 30, 2018 (92.5% at June 30, 2017).

For any unfunded pension liability, the College 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 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 from December 30, 2018 to July 31, 2020. The maximum amount of letters of credit to which this guarantee applies will be \$19,416,000 (2018 – \$18,318,000).

(e) Yukon Hospital Corporation Employees' Pension Plan

The Yukon Hospital 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 Yukon Hospital Corporation has contracted with external organizations to provide trustee and investment management services for the fund.

An actuarial valuation for funding purposes was performed at December 31, 2018, which established Yukon Hospital Corporation's required contribution as 112% (2017 – 112%) of employee contributions. This valuation reported that, as at December 31, 2018, the pension plan had a surplus of \$32,664,000 (2017 – \$29,821,000) on a going concern basis, and a deficit of \$25,991,000 (2017 – \$24,006,000) if valued on the basis that the pension plan were terminated/wound up. The solvency ratio of the plan is 85% (86% at December 31, 2017).

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 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 \$4,524,000 over the 2019 calendar year (2018 - \$5,177,000). 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 \$24,081,000 (2018 – \$18,905,000) 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 Yukon Hospital 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 remains in effect from June 30, 2018 to June 30, 2019 and the maximum amount of letters of credit to which this guarantee applies will be \$26,057,000 (2018 – \$21,506,000). This guarantee has been renewed in the amount of \$26,508,000 for June 30, 2019 to June 30, 2020.

An actuarial valuation for accounting purposes was performed as of March 31, 2018 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, 2019 is based on an extrapolation of an actuarial valuation conducted as at March 31, 2016. 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. Based on an actuarial valuation, the plan amendment resulted in a gain to the plan of \$16,295,000. Existing unamortized losses in the amount of \$16,295,000 were immediately recognized so the plan amendment did not impact current year net benefit cost.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

In prior years the Government presented its multiple retirement benefit plans as one net liability amount. In the current year, the Government has reclassified the retirement benefit plans into retirement benefit assets and retirement benefit liabilities in order to provide better information on the different types of benefit and pension plans of the Government. As a result, the prior year figures have been reclassified to conform with the current year presentation. The following items were reclassified on the Consolidated Statement of Financial Position:

- retirement benefit assets were increased by \$61,602 from \$0 to \$61,602, and
- retirement benefit liabilities were increased by \$61,602 from \$23,106 to \$84,708.

In order to provide all relevant information of the retirement benefit and pension plans, this note has been updated accordingly.

The accrued benefit liability/asset for the above retirement benefits as of March 31, 2019 was as follows:

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Accrued benefit liability		
Extended health care retirement benefit	\$ 58,631	\$ 50,089
Legislative Assembly Retirement Allowances Plan	26,258	25,572
Territorial Court Judiciary Pension Plan	7,004	6,448
Life insurance retirement benefit	2,912	2,599
	<u>94,805</u>	<u>84,708</u>
Accrued benefit asset		
Yukon College Employees' Pension Plan	\$ 17,743	\$ 16,653
Yukon Hospital Corporation Employees' Pension Plan	48,183	44,949
	<u>65,926</u>	<u>61,602</u>
Total net benefit liability (Schedule E)	<u>\$ 28,879</u>	<u>\$ 23,106</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

17. **Borrowings**

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Yukon Hospital Corporation – loans with a chartered bank. (see below)	\$ 33,231	\$ 36,539
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 \$2,374,000 (2018 – \$2,279,000), repayable in blended monthly payments with maturities up to the year 2023, bearing fixed interest rates ranging from 1.01% to 8.50%.	1,858	2,278
Yukon 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%.	806	905
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 \$119,000 (2018 – \$149,000).	85	85
	<u>\$ 36,976</u>	<u>\$ 40,803</u>

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

	(thousands of dollars)	
2020	\$	4,986
2021		4,007
2022		4,120
2023		4,257
2024		4,153
Thereafter		<u>15,453</u>
	<u>\$</u>	<u>36,976</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2019**

Yukon Hospital Corporation – loans with a chartered bank

	<u>2019</u>	<u>2018</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.	\$ 12,227	\$ 13,478
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.	10,900	12,100
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.	10,104	10,961
	<u>\$ 33,231</u>	<u>\$ 36,539</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2019**

Borrowing Limit

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

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Authorized borrowing limit	\$ 400,000	\$ 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>57,789</u>	<u>35,897</u>
	<u>157,789</u>	<u>135,897</u>
Fully consolidated entities		
Yukon Hospital Corporation, bank loans	33,231	36,539
Yukon Housing Corporation, mortgages payable	1,858	2,278
Yukon College, loan payable	996	996
Yukon Housing Corporation, loans payable	<u>806</u>	<u>905</u>
	<u>36,891</u>	<u>40,718</u>
Accrued interest payable	1,268	1,272
Credit facilities used	8,330	10,473
Capital lease obligation	<u>5,201</u>	<u>6,220</u>
Total debt	<u>209,479</u>	<u>194,580</u>
Available borrowing capacity	<u>\$ 190,521</u>	<u>\$ 205,420</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

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

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	\$ 2,570	\$ 3,136
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.7%.	1,500	1,707
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.3%.	1,090	1,290
Equipment lease obligation payable quarterly until the year 2020, with imputed interest rate of 1.9%.	<u>41</u>	<u>87</u>
	<u>\$ 5,201</u>	<u>\$ 6,220</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$217,000 (2018 – \$237,000) at an imputed average interest rate of 3.1% (2018 – 3.1%).

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

	(thousands of dollars)
2020	\$ 1,828
2021	1,797
2022	1,863
2023	1,873
2024 and thereafter	<u>1,261</u>
Total minimum lease payments	8,622
Less: amount representing executory costs	(2,214)
amount representing rental of land	(814)
amount representing interest	<u>(393)</u>
	<u>\$ 5,201</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

19. **Financial instruments**

The balances in cash and cash equivalents, due to/from Government of Canada, accounts receivable, advances to Territorial corporations, and accounts payable and accrued liabilities have fair values that approximate their carrying amount due to their short term to maturity.

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

	2019		2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(thousands of dollars)			
Temporary investments	\$ 43,766	\$ 43,772	\$ 163,158	\$ 163,167
Portfolio investments				
Marketable securities	\$ 35,832	\$ 36,242	\$ 33,273	\$ 34,162
Other	-	-	4	1
	\$ 35,832	\$ 36,242	\$ 33,277	\$ 34,163
Loans receivable				
Mortgages receivable, net of valuation allowance	\$ 41,897	\$ 40,174	\$ 42,473	\$ 41,926
Other loans receivable, net of valuation allowance	26,939	27,358	24,101	24,584
	\$ 68,836	\$ 67,532	\$ 66,574	\$ 66,510
Borrowings				
Demand term installment loan	\$ 33,231	\$ 37,360	\$ 36,539	\$ 40,763
Mortgages payable	1,858	1,568	2,278	1,921
Loans payable	1,802	1,850	1,901	1,981
Other	85	76	85	67
	\$ 36,976	\$ 40,854	\$ 40,803	\$ 44,732

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, 2019, 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
March 31, 2019

The estimated fair values of loans receivable were determined using the present value of future cash flows discounted at the March 31, 2019 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**

	<u>2019</u>	<u>2018</u>
	Net Book Value	Net Book Value
	(thousands of dollars)	
Land	\$ 19,689	\$ 18,836
Buildings	752,170	729,478
Equipment and vehicles	90,455	78,453
Computer hardware and software	32,671	31,699
Transportation infrastructure	634,011	638,473
Land improvements and fixtures	37,178	35,266
Sewage and water systems	47,222	48,094
Other	<u>13,005</u>	<u>12,101</u>
(Schedule C)	<u>\$ 1,626,401</u>	<u>\$ 1,592,400</u>

During the year, the Government received a contribution of land and buildings from a third party. The government determined that these assets had a fair value at the date of contribution of \$14,500,000 of which \$853,000 was allocated to land and \$13,647,000 to buildings. The government recorded revenue of \$13,300,000 which reflects the difference between the fair value of the assets received and the consideration of \$1,200,000 paid by the government for the assets. This revenue is included as part of funding and service agreements with other parties.

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 \$1,038,000 (2018 – \$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:

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Buildings (cost)	\$ 9,907	\$ 9,907
Operating equipment (cost)	<u>141</u>	<u>141</u>
	10,048	10,048
Less accumulated amortization	<u>(5,387)</u>	<u>(4,349)</u>
	<u>\$ 4,661</u>	<u>\$ 5,699</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

21. **Expenses by object**

	2019	2018
	(thousands of dollars)	
Personnel	\$ 605,725	\$ 576,853
Government transfers	261,418	219,698
Contract and special services	238,674	211,113
Materials, supplies and utilities	122,359	115,809
Amortization expenses	73,504	65,832
Communication and transportation	44,212	43,292
Rent	42,691	33,835
Interest on long-term debt and capital lease obligations	2,088	2,308
Other	7,916	7,047
	<u>\$ 1,398,587</u>	<u>\$ 1,275,787</u>

22. **Trust assets**

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, 2019, the remaining trust assets 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.

	2019	2018
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 217,975	\$ 226,034
Federal Gas Tax Funds under the New Deal	85,245	83,711
Lottery Commission	9,048	7,275
Crime Prevention and Victim Services	6,807	6,475
Forest Sector trust	5,884	5,759
Extended health and dental plan trust funds	2,347	1,055
Public Guardian trust	1,747	1,805
Supreme Court trust	1,151	981
Other	3,427	3,255
	<u>\$ 333,631</u>	<u>\$ 336,350</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

23. **Contractual rights**

The Government has entered into agreements to receive, or has contractual rights for, the following receipts subsequent to March 31, 2019:

	<u>Expiry Date</u>	<u>2020</u>	<u>2021 – 2030</u>	<u>Total</u>
		(thousands of dollars)		
Contribution and Service Agreements				
Infrastructure Canada	2028	\$ 72,245	\$ 585,810	\$ 658,055
Canada Mortgage and Housing Corporation	2030	7,853	57,285	65,138
Indigenous and Northern Affairs	2022	18,732	34,930	53,662
Innovation, Science and Economic Development	2021	17,500	12,450	29,950
Health Canada	2022	8,191	9,789	17,980
Employment and Social Development	2024	5,383	11,064	16,447
RCMP: Mobile Radio Network	2025	2,168	10,840	13,008
Canadian Heritage	2022	11,588	356	11,944
Transport Canada	2022	1,250	6,168	7,418
Justice Canada	2023	1,181	3,544	4,725
Other	2022	2,363	956	3,319
		<u>\$ 148,454</u>	<u>\$ 733,192</u>	<u>\$ 881,646</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

24. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2019:

	<u>Expiry Date</u>	<u>2020</u>	<u>2021 – 2046</u>	<u>Total</u>
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 25,819	\$ 353,209	\$ 379,028
Capital projects				
- in progress at March 31, 2019	2028	150,326	33,416	183,742
Building/office space leases	2046	12,150	26,597	38,747
Alkan Air Ltd. medical evacuation contract	2023	5,250	15,750	21,000
NorthwesTel Inc. mobile radio network system	2025	3,784	14,375	18,159
Conair Group Inc. air tanker services (turbine engines)	2023	1,902	6,059	7,961
Air Spray (1967) Ltd. Air tanker services	2023	1,540	6,183	7,723
Information Services Corporation	2040	645	3,742	4,387
Yukon Hospital Corporation – medical equipment maintenance	2025	1,326	2,585	3,911
Miscellaneous operational commitments	2045	27,102	17,013	44,115
		<u>\$ 229,844</u>	<u>\$ 478,929</u>	<u>\$ 708,773</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2019**

25. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$8,330,000 (2018 – \$10,473,000). At March 31, 2019, on a consolidated basis, the Yukon Development Corporation had borrowings of \$194,600,000 (2018 – \$134,500,000) and a credit facility of up to \$26,000,000. While the Government has not issued guarantees for all of 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 these guarantees and debts.

26. **Land claims**

Between February 1995 and March 31, 2019, 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.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2019**

27. **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, 2019, the amounts claimed, excluding the claims from Commission scolaire francophone du Yukon and Northern Cross (Yukon) Ltd., which are described below, is \$6,459,000 (2018 – \$6,487,000). 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.

In the Statement of Claim filed by the Commission scolaire francophone du Yukon (“CSFY”) in 2009, the Government was named as defendant. In addition to other claims, CSFY sought payment in the amount of \$1,954,000. As part of the Yukon Supreme Court’s ruling in 2011, the court ordered the Government to hold \$1,954,000 in trust for CSFY. The case in its entirety was appealed, eventually to the Supreme Court of Canada. In May 2015, the Supreme Court of Canada determined that the trial judge had been biased, with the effect that the trial court’s order for the Government to repay the \$1,954,000 is null and void. Consequently although there are on-going discussions between the parties, no liability has been recorded in relation to this matter.

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

On April 12, 2017, Northern Cross changed its name to Chance Oil and Gas Limited.

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 purchases legal liability and property insurance with a \$2,000,000 deductible. In 2018/2019, the Government paid \$67,000 (2018 – \$1,057,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$1,593,000 as at March 31, 2019 (2018 – \$2,133,000). This amount is reported as part of the Government’s accrued liabilities. The fund balance at March 31, 2019 was \$4,800,000 (2018 – \$4,400,000).

In addition to the environmental liabilities discussed in Note 13, there may be other sites that have not yet been identified for which the Government may be obligated to incur remediation costs. No liability has been recognized for these sites as the future costs of remediation and the Government’s obligation to incur these costs are undeterminable at the date of the financial statements.

28. **Comparative figures**

Certain comparative figures for 2018 have been reclassified to conform with the 2019 presentation.

GOVERNMENT OF YUKON

Schedule A

**Consolidated Schedule of Revenues by Source
for the year ended March 31, 2019**

	2019		2018
	Budget	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing Grant	\$ 950,220	\$ 950,220	\$ 919,443
Other grants	54,855	59,365	54,172
Contributions and service agreements	142,866	126,229	125,959
	<u>1,147,941</u>	<u>1,135,814</u>	<u>1,099,574</u>
Taxes and general revenues			
Income taxes	85,990	97,586	80,820
Other taxes			
Tobacco tax	12,311	13,725	11,460
Fuel oil tax	7,908	9,364	8,568
Liquor tax	4,819	4,685	4,791
General property tax	4,125	4,511	4,563
Insurance premium tax	2,441	3,116	2,890
Grant in lieu of property tax	212	219	215
Licences, permits and fees	17,897	18,355	17,010
Sale of land	7,407	15,181	4,705
Investment and interest revenue	6,938	8,635	7,046
Hospital revenues	6,635	2,651	3,031
Resource revenue - mineral, oil and gas and forestry	1,830	1,999	2,291
Aviation operations	1,374	1,511	1,468
Income from portfolio investments	1,540	1,407	3,804
Fines	483	588	354
Other revenues	2,107	4,297	4,282
	<u>164,017</u>	<u>187,830</u>	<u>157,298</u>
Funding and service agreements with other parties	<u>64,387</u>	<u>64,722</u>	<u>56,124</u>
Income from investment in government business enterprises			
Yukon Liquor Corporation	12,306	11,061	8,696
Yukon Development Corporation	7,000	706	5,987
	<u>19,306</u>	<u>11,767</u>	<u>14,683</u>
	<u>\$ 1,395,651</u>	<u>\$ 1,400,133</u>	<u>\$ 1,327,679</u>

GOVERNMENT OF YUKON

Schedule B

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2019**

	Health and Social Services		Community and Transportation		Education		General Government ¹		Natural Resources	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
(thousands of dollars)										
Revenues										
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 950,220	\$ 919,443	\$ -	\$ -
Other transfers from										
Government of Canada	32,102	31,643	48,919	40,018	14,707	11,089	70,028	63,874	14,982	28,337
Taxes and general revenues	13,287	12,754	35,542	21,201	4,379	5,263	136,879	117,336	4,179	6,782
Funding and service agreements	23,391	9,875	29,359	27,208	14,295	23,041	2,589	3,781	3,737	2,123
Income from investments in government business enterprises	-	-	706	5,987	-	-	11,061	8,696	-	-
	<u>68,780</u>	<u>54,272</u>	<u>114,526</u>	<u>94,414</u>	<u>33,381</u>	<u>39,393</u>	<u>1,170,777</u>	<u>1,113,130</u>	<u>22,898</u>	<u>37,242</u>
Expenses (Note 21)										
Personnel	174,903	160,088	77,183	73,390	138,093	138,740	114,459	106,823	51,718	50,550
Contracts, materials and other	145,310	136,128	138,561	101,829	33,896	40,685	50,963	40,915	41,897	48,820
Government transfers	91,535	88,118	108,336	70,938	28,703	29,501	8,757	9,172	9,417	9,853
Amortization expenses	15,908	10,475	38,569	36,638	8,535	8,376	5,594	5,858	978	960
Interest on long-term debt and capital lease obligations	1,749	1,929	122	143	-	-	217	236	-	-
	<u>429,405</u>	<u>396,738</u>	<u>362,771</u>	<u>282,938</u>	<u>209,227</u>	<u>217,302</u>	<u>179,990</u>	<u>163,004</u>	<u>104,010</u>	<u>110,183</u>
Recovery of prior years' expenses	143	42	92	252	109	70	327	425	39	16
(Deficit) surplus for the year	<u>\$ (360,482)</u>	<u>\$ (342,424)</u>	<u>\$ (248,153)</u>	<u>\$ (188,272)</u>	<u>\$ (175,737)</u>	<u>\$ (177,839)</u>	<u>\$ 991,114</u>	<u>\$ 950,551</u>	<u>\$ (81,073)</u>	<u>\$ (72,925)</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, 2019**

	Justice		Business, Tourism and Culture		Adjustments ²		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
(thousands of dollars)								
Revenues								
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 950,220	\$ 919,443
Other transfers from								
Government of Canada	4,662	4,208	194	962	-	-	185,594	180,131
Taxes and general revenues	1,263	912	161	177	(7,860)	(7,127)	187,830	157,298
Funding and service agreements	753	729	438	300	(9,840)	(10,933)	64,722	56,124
Income from investments in government business enterprises	-	-	-	-	-	-	11,767	14,683
	<u>6,678</u>	<u>5,849</u>	<u>793</u>	<u>1,439</u>	<u>(17,700)</u>	<u>(18,060)</u>	<u>1,400,133</u>	<u>1,327,679</u>
Expenses (Note 21)								
Personnel	32,194	31,155	17,190	16,107	(15)	-	605,725	576,853
Contracts, materials and other	38,106	36,066	13,319	12,087	(6,200)	(5,434)	455,852	411,096
Government transfers	6,325	5,356	19,830	19,386	(11,485)	(12,626)	261,418	219,698
Amortization expenses	2,783	2,684	1,137	841	-	-	73,504	65,832
Interest on long-term debt and capital lease obligations	-	-	-	-	-	-	2,088	2,308
	<u>79,408</u>	<u>75,261</u>	<u>51,476</u>	<u>48,421</u>	<u>(17,700)</u>	<u>(18,060)</u>	<u>1,398,587</u>	<u>1,275,787</u>
Recovery of prior years' expenses	<u>36</u>	<u>7</u>	<u>20</u>	<u>151</u>	<u>-</u>	<u>-</u>	<u>766</u>	<u>963</u>
(Deficit) surplus for the year	<u>\$ (72,694)</u>	<u>\$ (69,405)</u>	<u>\$ (50,663)</u>	<u>\$ (46,831)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,312</u>	<u>\$ 52,855</u>

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, 2019**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Transportation Infrastructure	Land Improvements & Fixtures	Sewage & Water Systems	Other	2019 Total	2018 Total
(thousands of dollars)										
Cost of tangible assets, opening	\$ 18,836	\$ 1,113,279	\$ 173,049	\$ 81,163	\$ 1,026,715	\$ 43,420	\$ 55,867	\$ 19,986	\$ 2,532,315	\$ 2,392,695
Acquisitions	853	51,493	22,674	6,860	19,074	3,628	1,995	1,675	108,252	145,620
Write-downs	-	-	-	-	-	(590)	-	-	(590)	(385)
Disposals	-	(78)	(6,551)	(24)	(5)	(148)	-	-	(6,806)	(5,615)
Cost of tangible assets, closing	19,689	1,164,694	189,172	87,999	1,045,784	46,310	57,862	21,661	2,633,171	2,532,315
Accumulated amortization, opening	-	383,801	94,596	49,464	388,242	8,154	7,773	7,885	939,915	879,392
Amortization expense	-	28,801	10,516	5,888	23,536	1,125	2,867	771	73,504	65,832
Disposals	-	(78)	(6,395)	(24)	(5)	(147)	-	-	(6,649)	(5,309)
Accumulated amortization, closing	-	412,524	98,717	55,328	411,773	9,132	10,640	8,656	1,006,770	939,915
Net book value (Note 20)	\$ 19,689	\$ 752,170	\$ 90,455	\$ 32,671	\$ 634,011	\$ 37,178	\$ 47,222	\$ 13,005	\$ 1,626,401	\$ 1,592,400
Work in progress ¹		\$ 26,737	\$ 1,057	\$ 8,107	\$ 33,097	\$ 4,623	\$ 4,225	\$ 5,632	\$ 83,478	\$ 177,208

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, 2019**

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon College	Yukon Hospital Corporation	2019 Total	2018 Total
(thousands of dollars)							
Accrued benefit obligation							
Obligation at beginning of year	\$ 121,917	\$ 481	\$ 1,927	\$ 5,786	\$ -	\$ 130,111	\$ 122,004
Current service costs	11,748	127	204	816	-	12,895	12,946
Plan amendment	(6,881)	-	-	-	-	(6,881)	-
Interest cost on benefit obligation	4,485	26	71	172	-	4,754	4,719
Actuarial (gain) loss	3,557	-	217	-	-	3,774	1,728
Past service cost	-	(21)	-	-	-	(21)	-
Benefits paid	(12,782)	-	(298)	(670)	-	(13,750)	(11,286)
Accrued benefit obligation at end of year	122,044	613	2,121	6,104	-	130,882	130,111
Unrecognized net actuarial (loss) gain	(3,939)	(81)	16	(262)	-	(4,266)	(7,941)
Accrued benefit liability	118,105	532	2,137	5,842	-	126,616	122,170
Liabilities that are not included in actuarial valuation	428	-	-	1,847	2,490	4,765	4,961
Post-employment benefits and compensated absences (Note 15)	118,533	532	2,137	7,689	2,490	131,381	127,131
Net benefit cost							
Current service cost	11,748	127	204	816	-	12,895	12,946
Interest cost on benefit obligation	4,485	26	71	172	-	4,754	4,719
Past service costs	-	(21)	-	-	-	(21)	-
Amortization of net actuarial (gain) loss	393	21	10	40	-	464	1,401
Net cost for the year	\$ 16,626	\$ 153	\$ 285	\$ 1,028	\$ -	\$ 18,092	\$ 19,066

GOVERNMENT OF YUKON

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2019**

Schedule D
Continued

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon College	Yukon Hospital Corporation
Key Assumptions					
Discount rate on benefit costs	3.50%	4.70%	3.50%	2.75%	N/A
Discount rate on accrued benefit obligation at end of year	3.30%	4.70%	3.30%	2.75%	N/A
Rate of compensation increase	2.60%	2.50%	2.00%	See below ¹	N/A
Amortization period (expected average remaining service life)	12.4 years	5.0 years	11.1 years	9.0 years	N/A

¹ For 10 years 4.25%, thereafter 4.75%

GOVERNMENT OF YUKON

Schedule E

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2019**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2019 Total	2018 Total
(thousands of dollars)								
Pension and retirement plan assets are valued at fair market value.								
Accrued benefit obligation								
Obligation at beginning of year	\$ 32,594	\$ 10,759	\$ 85,004	\$ 2,966	\$ 83,740	\$ 89,064	\$ 304,127	\$ 259,459
Current service costs	1,406	441	4,132	185	4,394	4,735	15,293	13,634
Plan amendment	-	-	(16,295)	-	-	-	(16,295)	-
Interest cost on benefit obligation	1,532	574	3,096	108	4,555	5,314	15,179	13,811
Actuarial (gain) loss	-	37	(794)	(76)	-	3,256	2,423	27,267
Benefits paid	(1,427)	(467)	(1,293)	(118)	(3,160)	(5,733)	(12,198)	(10,044)
Accrued benefit obligation at end of year	34,105	11,344	73,850	3,065	89,529	96,636	308,529	304,127
Plan assets - valued at fair market value								
Value at beginning of year	8,288	4,382	-	-	101,081	130,341	244,092	223,795
Actual return on plan assets	237	137	-	-	5,499	6,203	12,076	15,662
Employer contributions	350	298	1,293	118	2,845	3,491	8,395	9,624
Member contributions	163	58	-	-	1,834	2,605	4,660	4,174
Benefits paid	(299)	(467)	(1,293)	(118)	(3,160)	(5,733)	(11,070)	(8,937)
Actual plan expenses	-	-	-	-	-	(376)	(376)	(226)
Value at end of year	8,739	4,408	-	-	108,099	136,531	257,777	244,092
Funded status - plan deficit (surplus)	25,366	6,936	73,850	3,065	(18,570)	(39,895)	50,752	60,035
Unrecognized net actuarial (loss) gain	892	68	(15,219)	(153)	827	(8,288)	(21,873)	(36,929)
Accrued benefit liability (asset) (Note 16)	\$ 26,258	\$ 7,004	\$ 58,631	\$ 2,912	\$ (17,743)	\$ (48,183)	\$ 28,879	\$ 23,106

GOVERNMENT OF YUKON

Schedule E
Continued

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2019**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2019 Total	2018 Total
(thousands of dollars)								
Net benefit cost								
Current service cost	\$ 1,406	\$ 441	\$ 4,132	\$ 185	\$ 4,394	\$ 5,048 ¹	\$ 15,606	\$ 13,934
Less: Member contributions	(163)	(58)	-	-	(1,834)	(2,605)	(4,660)	(4,174)
Interest cost on benefit obligation	1,532	574	3,096	108	4,555	5,314	15,179	13,811
Expected return on plan assets	(395)	(227)	-	-	(5,360)	(7,820)	(13,802)	(12,681)
Amortization of net actuarial (gain) loss	(211)	124	2,607	138	-	320	2,978	1,119
Net cost for the year	\$ 2,169	\$ 854	\$ 9,835	\$ 431	\$ 1,755	\$ 257	\$ 15,301	\$ 12,009

Key Assumptions

Expected long term rate of return on assets at beginning of year	4.70%	5.25%	N/A	N/A	5.80%	6.00%
Discount rate on benefit costs	4.70%	5.25%	3.50%	3.50%	5.40%	6.00%
Discount rate on accrued benefit obligation at end of year	4.70%	5.25%	3.30%	3.30%	5.40%	6.00%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%	2.20%	2.00%
Rate of compensation increase	2.50%	3.00% ²	see below ³	see below ³	4.00%	2.50%
Health care cost trend rate	N/A	N/A	see below ⁴	N/A	N/A	N/A
Amortization period (expected average remaining service life)	5.0 years	4.0 years	12.4 years	8.9 years	9.0 years	8.8 years

¹ Includes \$313,000 for provision of administrative expenses.

² Based on a rate of compensation increase of 2.5% at April 1, 2017 and 2018, 3% thereafter.

³ Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2014 valuation report.

⁴ 6.4% per annum for 2019 grading down by level steps to an ultimate rate of 4.0% per annum in year 10.