


GOVERNMENT OF YUKON  
**Consolidated Statement of Financial Position**  
**as at March 31, 2020**

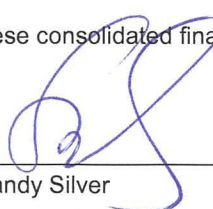
	2020	2019
	(thousands of dollars)	
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	\$ 68,577	\$ 117,824
Temporary investments (Note 4)	1,261	43,766
Due from Government of Canada (Note 5)	81,504	57,505
Accounts receivable (Note 6)	32,583	23,077
Portfolio investments (Note 7)	37,006	35,832
Advances to Territorial corporations (Note 11(b)(c))	38,200	38,200
Loans receivable (Note 9)	72,668	68,836
Inventories for resale (Note 10)	77,555	77,066
Retirement benefit assets (Note 16)	71,425	65,926
Investment in government business enterprises (Note 11(a))	186,696	191,968
	667,475	720,000
<b>Liabilities</b>		
Due to Government of Canada (Note 5)	29,493	30,209
Accounts payable and accrued liabilities (Note 12)	136,994	131,147
Environmental liabilities (Note 13)	43,989	43,347
Unearned revenues (Note 14)	15,628	28,484
Post-employment benefits and compensated absences (Note 15)	130,195	131,381
Retirement benefit liabilities (Note 16)	102,072	94,805
Borrowings (Note 17)	33,072	36,976
Liabilities for leased tangible capital assets (Note 18)	4,144	5,201
	495,587	501,550
<b>Net financial assets</b>	<b>171,888</b>	<b>218,450</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 20)	1,668,379	1,626,401
Inventories of supplies	9,473	8,624
Prepaid expenses	3,231	3,351
	1,681,083	1,638,376
<b>Accumulated surplus</b>	<b>\$ 1,852,971</b>	<b>\$ 1,856,826</b>

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

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

Approved:

  
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Scott Thompson  
Deputy Minister of Finance

  
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Sandy Silver  
Minister of Finance

GOVERNMENT OF YUKON

**Consolidated Statement of Operations and Accumulated Surplus  
for the year ended March 31, 2020**

	2020		2019
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada	\$ 1,211,910	\$ 1,225,191	\$ 1,135,814
Taxes and general revenues	195,177	196,001	187,830
Funding and service agreements with other parties	56,201	49,178	64,722
Income from investment in government business enterprises (Note 11(a))	14,487	5,565	11,767
	<u>1,477,775</u>	<u>1,475,935</u>	<u>1,400,133</u>
Expenses (Note 21)			
Health and social services	458,078	463,799	420,574
Community and transportation	363,541	384,108	362,454
Education	210,447	212,112	201,883
General government	193,869	182,776	178,080
Natural resources	107,787	106,340	103,825
Justice	79,815	78,652	79,403
Business, tourism and culture	50,858	50,648	50,280
Interest on loans	1,679	1,694	2,088
Adjustments	7,941	-	-
	<u>1,474,015</u>	<u>1,480,129</u>	<u>1,398,587</u>
Recovery of prior years' expenses	-	1,552	766
Surplus (deficit) for the year	<u>\$ 3,760</u>	<u>(2,642)</u>	<u>2,312</u>
Accumulated surplus at beginning of year		1,856,826	1,853,862
Other comprehensive gain (loss) of government business enterprises (Note 11(a))		(1,213)	652
Accumulated surplus at end of year		<u>\$ 1,852,971</u>	<u>\$ 1,856,826</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, 2020**

	2020		2019
	Budget	Actual	Actual
	(Note 1(b))		
	(thousands of dollars)		
Surplus (deficit) for the year	\$ 3,760	\$ (2,642)	\$ 2,312
Effect of change in tangible capital assets			
Acquisitions	(122,960)	(117,961)	(108,252)
Amortization of tangible capital assets	76,060	75,211	73,504
Loss (gain) on disposal of tangible capital assets	2	535	(299)
Proceeds on disposal of tangible capital assets	168	224	456
Write-down of tangible capital assets	-	12	590
Other budgetary adjustments	4,523	-	-
	<u>(42,207)</u>	<u>(41,979)</u>	<u>(34,001)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(26,047)	(26,308)
Consumption of inventories of supplies	-	25,198	29,371
(Increase) decrease in prepaid expenses	-	121	(1,207)
	<u>-</u>	<u>(728)</u>	<u>1,856</u>
Decrease in net financial assets	<u>\$ (38,447)</u>	<u>(45,349)</u>	<u>(29,833)</u>
Net financial assets at beginning of year		218,450	247,631
Other comprehensive (loss) gain of government business enterprises (Note 11(a))		<u>(1,213)</u>	<u>652</u>
Net financial assets at end of year		<u>\$ 171,888</u>	<u>\$ 218,450</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, 2020

	2020	2019
	(thousands of dollars)	
<b>Operating transactions</b>		
Surplus (deficit) for the year	\$ (2,642)	\$ 2,312
Non-cash items included in (deficit) /surplus for the year:		
Amortization of tangible capital assets	75,211	73,504
Loans receivable valuation adjustment	26	278
Bad debt expense	55	217
Write-down of tangible capital assets	12	590
Gain on sale of land inventory	(1,364)	(540)
Loss (Gain) on disposal of tangible capital assets	535	(299)
Contributed tangible capital assets (Note 20)	(251)	(13,300)
Share of government business enterprises' income/(loss)	4,059	(1,438)
Change in non-cash assets and liabilities	(41,260)	17,854
Cash provided by operating transactions	<u>34,381</u>	<u>79,178</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(116,985)	(94,295)
Proceeds on disposal of tangible capital assets	224	456
Cash used for capital transactions	<u>(116,761)</u>	<u>(93,839)</u>
<b>Investing transactions</b>		
Net proceeds from temporary investments	42,505	119,392
Proceeds from portfolio investments	2,845	1,654
Acquisition of portfolio investments	(4,019)	(4,210)
Repayment of advances from a Territorial corporation	-	1,000
Repayments of loans receivable	22,749	22,744
Issuance of loans receivable	(7,634)	(10,394)
Investment in land inventory	(18,087)	(24,925)
Cash provided by investing transactions	<u>38,359</u>	<u>105,261</u>
<b>Financing transactions</b>		
Repayment of borrowings	(4,169)	(4,093)
Repayment of liabilities for leased tangible capital assets	(1,057)	(1,019)
Cash used for financing transactions	<u>(5,226)</u>	<u>(5,112)</u>
<b>Cash and cash equivalents (decrease) increase</b>	<b>(49,247)</b>	<b>85,488</b>
Cash and cash equivalents at beginning of year	<u>117,824</u>	<u>32,336</u>
<b>Cash and cash equivalents at end of year (Note 3)</b>	<b>\$ 68,577</b>	<b>\$ 117,824</b>
Interest received in the year	\$ 8,837	\$ 10,383
Interest paid in the year	\$ 1,850	\$ 2,082

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2020

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 2019/2020 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, 2020**

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

On February 6, 2020, the *Yukon University Act* was proclaimed into force and the *Yukon College Act* was repealed. At this point, Yukon College changed its name to Yukon University.

All accounts of the government reporting entity are consolidated using the financial information for the year ended March 31, 2020. 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, 2020.

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 University  
Yukon Hospital Corporation  
Yukon Housing Corporation

Authority for operations:

*Financial Administration Act*  
*Yukon College Act / Yukon University 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, 2020

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

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

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

#### Expenses

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

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

#### Assets

##### Financial assets

Cash and cash equivalents include cash on hand, balances with banks, and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

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

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

## GOVERNMENT OF YUKON

### Notes to Consolidated Financial Statements March 31, 2020

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, over a similar term length as the related lease terms, at the time the obligation is incurred.

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



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**Notes to Consolidated Financial Statements**  
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(c) Tangible capital assets

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

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

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

<u>Asset category</u>	<u>Estimated useful life</u>
Land	N/A
Buildings	
Buildings	40 - 50 years
Leasehold improvements	Shorter of the lease term or useful economic life
Equipment and vehicles	
Heavy equipment	7 - 30 years
Operating equipment	5 - 25 years
Vehicles	6 - 20 years
Computer hardware and software	
Computer hardware	5 years
Computer software	Expected usage of the system before overhaul
Transportation infrastructure	
Forestry access roads	10 years
Highways	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.

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(d) Post-employment benefits and compensated absences

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

(e) Retirement benefits

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

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

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

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

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

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Notes to Consolidated Financial Statements  
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(g) Measurement uncertainty

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

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

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

3. **Cash and cash equivalents**

	2020	2019
	(thousands of dollars)	
Bank balances	\$ 60,530	\$ 109,821
Short-term investments	7,977	7,932
Cash on hand	70	71
	<u>\$ 68,577</u>	<u>\$ 117,824</u>

4. **Temporary investments**

	2020		2019	
	Market Value	Carrying Value	Market Value	Carrying Value
	(thousands of dollars)			
Floating rate notes	\$ 648	648	614	612
Treasury bills	419	417	372	370
Other	197	196	192	190
Term deposits and GICs	-	-	42,594	42,594
	<u>\$ 1,264</u>	<u>\$ 1,261</u>	<u>\$ 43,772</u>	<u>\$ 43,766</u>

The term deposits and GICs held during the year had a weighted average effective yield of 2.48% (2019 – 2.04%) per annum and the remaining temporary investments had a weighted average effective yield of 1.54% (2019 – 1.75%) per annum.

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

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 78,946	\$ 57,204
Income tax	1,181	-
Other	<u>1,377</u>	<u>301</u>
	<u>\$ 81,504</u>	<u>\$ 57,505</u>
Due to Government of Canada		
Payroll taxes	\$ 9,860	\$ 8,453
RCMP	7,685	8,633
Public Service Pension Plan contribution	7,675	6,613
Type II mine sites	1,618	797
Income tax	-	3,863
Other	<u>2,655</u>	<u>1,850</u>
	<u>\$ 29,493</u>	<u>\$ 30,209</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>2020</u>	<u>2019</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 31,079	\$ 21,198
Less valuation allowances	<u>(2,298)</u>	<u>(2,214)</u>
	28,781	18,984
Due from Territorial corporations that are not fully consolidated	<u>3,802</u>	<u>4,093</u>
	<u>\$ 32,583</u>	<u>\$ 23,077</u>

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

	2020		2019	
	Market Value	Carrying Value	Market Value	Carrying Value
	(thousands of dollars)			
Marketable securities	<u>\$ 33,816</u>	<u>\$ 37,006</u>	<u>\$ 36,242</u>	<u>\$ 35,832</u>

Marketable securities include investments held by Yukon College/University 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 a third party.

Subsequent to the year end, the third party management was reviewed and the securities transitioned to a new third party manager.

8. **Designated assets**

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

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

	2020	2019
	(thousands of dollars)	
Cash and cash equivalents	\$ 50	\$ 20
Temporary investments (market value \$1,264,000; 2019 – \$1,178,000)	1,261	1,172
Portfolio investments – marketable securities (market value \$29,758,000; 2019 – \$32,512,000)	<u>32,948</u>	<u>32,102</u>
	<u>\$ 34,259</u>	<u>\$ 33,294</u>

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Notes to Consolidated Financial Statements  
March 31, 2020

9. **Loans receivable**

	<u>2020</u>	<u>2019</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 (2019 – 2029) bearing interest rates ranging from 0% to 4.95% (2019 – 0% to 4.70%), net of allowance for subsidies and valuation of \$394,000 (2019 – \$326,000) and a provision in the amount of \$535,000 (2019 – \$576,000) for loans with concessionary terms.	\$ 39,772	\$ 41,897
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2025 (2019 – 2023) bearing interest at 5.00% (2019 – 5.00%).	16,895	11,281
Local improvement loans, due in varying annual amounts to the year 2041 (2019 – 2041), bearing interest rates ranging from 0.50% to 5.25% (2019 – 0.50% to 5.25%).	7,534	6,914
Debenture loans to municipalities, due in varying annual amounts to the year 2034 (2019 – 2034), bearing interest rates ranging from 2.72% to 6.38% (2019 – 2.72% to 6.38%).	3,014	3,308
Other, net of allowance for doubtful accounts of \$345,000 (2019 – \$322,000).	5,453	5,436
	<u>\$ 72,668</u>	<u>\$ 68,836</u>

10. **Inventories for resale**

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Land		
Undeveloped land	\$ 603	\$ 603
Land under development	57,999	58,038
Developed land	<u>18,843</u>	<u>18,309</u>
	77,445	76,950
Other	<u>110</u>	<u>116</u>
	<u>\$ 77,555</u>	<u>\$ 77,066</u>

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11. Investment in government business enterprises

(a) Summary financial statements

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

	Yukon Development Corporation	Yukon Liquor Corporation	2020 Total	2019 Total
	(thousands of dollars)			
<b>Assets</b>				
Current	\$ 22,327	\$ 7,424	\$ 29,751	\$ 19,733
Capital assets	463,685	2,176	465,861	446,514
Regulatory deferral (Note 11 (f))	36,286	-	36,286	36,496
Right of use of assets	650	1,277	1,927	-
Other	13,083	22	13,105	10,854
	<u>\$ 536,031</u>	<u>\$ 10,899</u>	<u>\$ 546,930</u>	<u>\$ 513,597</u>
<b>Liabilities</b>				
Current	\$ 31,607	\$ 5,586	\$ 37,193	\$ 14,164
Long-term debt	203,048	-	203,048	194,575
Regulatory deferral (Note 11 (f))	10,057	-	10,057	16,158
Contributions in aid of construction	76,952	-	76,952	77,791
Lease liabilities	444	983	1,427	-
Other	29,922	1,635	31,557	18,941
Equity	<u>184,001</u>	<u>2,695</u>	<u>186,696</u>	<u>191,968</u>
	<u>\$ 536,031</u>	<u>\$ 10,899</u>	<u>\$ 546,930</u>	<u>\$ 513,597</u>
Revenues	\$ 63,663	\$ 21,055 <sup>1</sup>	\$ 84,718	\$ 79,248
Expenses	<u>78,727</u>	<u>11,440</u>	<u>90,167</u>	<u>73,882</u>
Surplus (deficit)	(15,064)	9,615	(5,449)	5,366
Net movement in regulatory deferral (Note 11(f))	11,014	-	11,014	6,401
Other comprehensive gain (loss)	(1,006)	(207)	(1,213)	652
Remitted to the Government	-	(9,624)	(9,624)	(10,329)
Equity, beginning of year	<u>189,057</u>	<u>2,911</u>	<u>191,968</u>	<u>189,878</u>
Equity, end of year	<u>\$ 184,001</u>	<u>\$ 2,695</u>	<u>\$ 186,696</u>	<u>\$ 191,968</u>

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

<sup>1</sup> Yukon Liquor Corporation revenue is shown as net of cost of goods sold of \$26,187,000 (2019 - \$22,700,000).

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(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Liquor Corporation	2020 Total	2019 Total
	(thousands of dollars)			
Government of Yukon:				
Accounts receivable from	\$ 171	\$ 1,808	\$ 1,979	\$ 3,150
Advance receivable	38,200	-	38,200	38,200
Accounts payable to	1,531	83	1,614	2,320
Long-term obligations to	85	-	85	85
Revenues from	124	9,624	9,748	10,396
Expenses to	21,951 <sup>1</sup>	424	22,375	24,945

<sup>1</sup> Includes cost of electricity of \$12,433,000 (2019 – \$11,920,000) 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, 2020 is 1.610% (2019 – 2.650%). The new loan agreement requires principal repayments of \$1 million on March 31 each year and full repayment of any principal outstanding at the end of each loan term if the loan is not extended. The payment due March 31 from YDC was received in May 2020.



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(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 2019/2020, the Government paid \$2,625,000 (2019 – \$2,625,000) to YDC based on the MOU.

The Government authorized the continuation of the Interim Electrical Rebate program to March 31, 2021. 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 2019/2020, the Government provided \$3,375,000 (2019 – \$3,500,000) to YDC for this purpose. The Government is committed to fund up to \$3,500,000 in the fiscal year 2020/2021.

As at March 31, 2020, the Yukon Energy Corporation (YEC), the wholly-owned subsidiary of YDC, had contractual obligations for future purchases of products or services in the amount of \$28,900,000 (2019 – \$4,100,000).

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

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

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

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, 2020 for future years are \$3,285,000 (March 31, 2019 for 2020 – \$1,055,000).

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(e) Contingencies

Yukon Development Corporation

At March 31, 2016, the Yukon Energy Corporation ("YEC"), Yukon Development Corporation's wholly owned subsidiary, had a claim from a contractor in the amount of \$4,000,000 plus interest and legal costs. During 2017, the Yukon Supreme Court issued an award in favour of the contractor. YEC successfully appealed the award in 2018. A re-trial was held in November 2019 and the decision of the judge on this proceeding is outstanding. The matter is still 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.

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12. **Accounts payable and accrued liabilities**

	2020	2019
	(thousands of dollars)	
Accounts payable	\$ 67,955	\$ 69,008
Accrued liabilities	55,137	47,501
Contractors' holdbacks and security deposits	11,176	11,420
Due to Territorial corporations that are not fully consolidated	2,726	3,218
	<u>\$ 136,994</u>	<u>\$ 131,147</u>

13. **Environmental liabilities**

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$27,278,000 (2019 – \$29,117,000). 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, 2020, the Government was aware of 99 sites (2019 – 99 sites) where the Government is obligated or is likely obligated to incur such costs. During the year remediation work was undertaken at 14 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, 2020, \$250,000 (2019 – \$810,000) was recorded as a liability for this site, which is part of the \$27,278,000 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 the active landfills. 23 of these sites are subject to the *Environment Act* (Yukon) – *Solid Waste Regulations* which includes requirements for closure and abandonment of a dump. The remaining 5 sites are old abandoned dumps which are not subject to the *Solid Waste Regulations*.

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A liability is recognized as the landfill site's capacity is used with usage measured on a volumetric basis. As at March 31, 2020, the net present value of total expenditures for closure and post-closure care is estimated to be \$14,057,000 (2019 – \$10,765,000) and a liability in the amount of \$11,854,000 (2019 – \$9,286,000) has been recorded for these sites. The amount remaining to be recognized in the future is \$2,203,000 (2019 – \$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 0 to 50 years. Solid waste permits issued under the *Solid Waste Regulations* specify 25 years of post-closure monitoring; therefore, 25 years is used as an estimated length of time needed for post-closure care. A discount rate of 2.58% (2019 – 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, which have been abandoned by their owner/operator. Except for the Ketza 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 Ketza 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 \$4,857,000 (2019 - \$4,944,000) and remediation costs, if any, which are the Government's responsibility, are currently undeterminable. No assets are designated for settling these liabilities.

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The following table presents the total estimated amounts of these liabilities as at March 31, 2020.

	2020		2019	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for contaminated sites <sup>1</sup>				
Highway maintenance camps and airports	36	\$ 10,913	36	\$ 11,749
Other storage tanks and buildings	52	9,215	53	9,658
Marwell Tar Pit	1	250	1	810
Other	10	6,900	9	6,900
	99	27,278	99	29,117
Landfill sites	28	11,854	28	9,286
Type II sites	1	4,857	1	4,944
	128	\$ 43,989	128	\$ 43,347

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

14. **Unearned revenues**

	2020	2019
	(thousands of dollars)	
Liability portion of government transfers	\$ 10,791	\$ 21,367
Motor vehicle fees for future years	2,091	3,242
Other	2,746	3,875
	\$ 15,628	\$ 28,484

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

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

(a) The Government of Yukon and Yukon Housing Corporation

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

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

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

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

Effective June 30, 2018 all current and retirement severance accruals were frozen for certain employees of the Government. All employees in this group are entitled to receive severance payouts based on service accrued prior to June 30, 2018. 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 that year's 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, 2020 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).

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(b) Yukon College/University

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

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

(c) Yukon Hospital Corporation

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

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

The accrued liabilities for the above benefits as of March 31, 2020 were as follows:

	2020	2019
	(thousands of dollars)	
Post-employment benefits and compensated absences liability		
Government of Yukon employees	\$ 116,497	\$ 118,533
Yukon College/University	8,264	7,689
Yukon Hospital Corporation	2,502	2,490
Yukon Housing Corporation	2,242	2,137
Members of Yukon Legislative Assembly	690	532
	<u>\$ 130,195</u>	<u>\$ 131,381</u>
(Schedule D)		

16. **Retirement benefits**

(a) Public Service Pension Plan

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

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In the calendar year 2019, 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 \$169,300, the Government contributed \$3.79 for every dollar contributed by both groups of plan members.

In the calendar year 2020, 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 \$173,000 the Government contributes \$3.80 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 \$38,752,000 (2019 – \$37,293,000).

(b) Legislative Assembly Retirement Allowances Plan

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

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

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

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The last actuarial valuation for funding purposes was performed as of March 31, 2017. The accrued benefit obligation as at March 31, 2020 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).



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

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

(d) Yukon College/University Employees' Pension Plan

The Yukon College/University ("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, 2019 following Canadian public sector accounting standards. An actuarial valuation for funding purposes was performed as of June 30, 2019, which established Yukon College/University's required contributions as 94.3% (2019 – 101.8%) of employee contributions.

The actuarial valuation for funding purposes as at June 30, 2019 indicates the College had an actuarial surplus of \$19,587,000 (2018 – \$16,395,000) at the measurement date on a going-concern basis and a deficit of \$11,296,000 (2018 – \$6,314,000) if valued on the basis that the pension plan were terminated/wound up as at June 30, 2019. The solvency ratio of the plan was 92.0% at June 30, 2019 (95.2% at June 30, 2018).

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/University to address its solvency deficit in its pension plan, the Government will provide the necessary financial support to address any resulting debt, interest and costs that may be required under the federal pension legislation. This guarantee remains in effect from December 30, 2019 to June 30, 2021. The maximum amount of letters of credit to which this guarantee applies will be \$20,739,000 (2019 – \$19,416,000).

(e) Yukon Hospital Corporation Employees' Pension Plan

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

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An actuarial valuation for funding purposes was performed at December 31, 2019, which established the Corporation's required contribution as 112% (2018 – 112%) of employee contributions. This valuation reported that, as at December 31, 2019, the pension plan had a surplus of \$36,997,000 (2018 – \$32,664,000) on a going concern basis, and a deficit of \$31,970,000 (2018 – \$25,991,000) if valued on the basis that the pension plan were terminated/wound up. The solvency ratio of the plan is 84% (85% at December 31, 2018).

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 \$4,940,000 over the 2020 calendar year (2019 - \$4,524,000). The Corporation is permitted to cover up to a specified maximum of 15% of the solvency liability with a conforming letter of credit. During the fiscal year, the Corporation entered into letters of credit totaling \$26,508,000 (2019 – \$24,081,000) 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 remained in effect from June 30, 2018 to June 30, 2019 and the maximum amount of letters of credit to which this guarantee applied was \$26,057,000 (2018 – \$21,506,000). This guarantee was renewed in the amount of \$26,508,000 for June 30, 2019 to June 30, 2020 (2019 - \$26,057,000). In July 2020, this guarantee was further renewed to June 30, 2021 with similar terms and conditions. There is an overlap of the fiscal years.

An actuarial valuation for accounting purposes was performed as of March 31, 2020 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, 2020 is based on an extrapolation of an actuarial valuation conducted as at January 31, 2020. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Effective for all employees retiring after January 1, 2019 the cost sharing arrangement for extended health benefits was revised. Existing retirees and those retiring prior to January 1, 2019 are not impacted by the change. 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 changes in the 2018-19 fiscal year that were immediately recognized so the plan amendment did not impact that year's net benefit cost.

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The accrued benefit liability/asset for the above retirement benefits as of March 31, 2020 was as follows:

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Accrued benefit liability		
Extended health care retirement benefit	\$ 64,307	\$ 58,631
Legislative Assembly Retirement Allowances Plan	27,030	26,258
Territorial Court Judiciary Pension Plan	7,531	7,004
Life insurance retirement benefit	<u>3,204</u>	<u>2,912</u>
	<u>102,072</u>	<u>94,805</u>
Accrued benefit asset		
Yukon College/University Employees' Pension Plan	\$ 18,276	\$ 17,743
Yukon Hospital Corporation Employees' Pension Plan	<u>53,149</u>	<u>48,183</u>
	<u>71,425</u>	<u>65,926</u>
Total net benefit liability (Schedule E)	<u>\$ 30,647</u>	<u>\$ 28,879</u>

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17. **Borrowings**

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Yukon Hospital Corporation – loans with a chartered bank. (see below)	\$ 29,810	\$ 33,231
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 \$2,317,000 (2019 – \$2,374,000), repayable in blended monthly payments with maturities up to the year 2028, bearing fixed interest rates ranging from 1.01% to 7.57%.	1,462	1,858
Yukon College/University – 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%.	719	806
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 \$89,000 (2019 – \$119,000).	85	85
	<u>\$ 33,072</u>	<u>\$ 36,976</u>

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

	(thousands of dollars)
2021	\$ 5,088
2022	4,120
2023	4,257
2024	4,153
2025	4,229
Thereafter	<u>11,225</u>
	<u>\$ 33,072</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements  
March 31, 2020**

Yukon Hospital Corporation – loans with a chartered bank

	<u>2020</u>	<u>2019</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.	\$ 10,909	\$ 12,227
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.	9,700	10,900
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.	9,201	10,104
	<u>\$ 29,810</u>	<u>\$ 33,231</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
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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>2020</u>	<u>2019</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>66,231</u>	<u>57,789</u>
	<u>166,231</u>	<u>157,789</u>
Fully consolidated entities		
Yukon Hospital Corporation, bank loans	29,810	33,231
Yukon Housing Corporation, mortgages payable	1,462	1,858
Yukon College/University, loan payable	996	996
Yukon Housing Corporation, loans payable	<u>719</u>	<u>806</u>
	<u>32,987</u>	<u>36,891</u>
Accrued interest payable	1,266	1,268
Credit facilities used	23,807	8,330
Capital lease obligation	<u>4,144</u>	<u>5,201</u>
Total debt	<u>228,435</u>	<u>209,479</u>
Available borrowing capacity	<u>\$ 171,565</u>	<u>\$ 190,521</u>

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2020

18. Liabilities for leased tangible capital assets

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	\$ 1,970	\$ 2,570
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.7%.	1,285	1,500
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.3%.	889	1,090
Equipment lease obligation payable quarterly until the year 2020, with imputed interest rate of 1.9%.	-	41
	<u>\$ 4,144</u>	<u>\$ 5,201</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$196,000 (2019 – \$217,000) at an imputed average interest rate of 3.1% (2019 – 3.1%).

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

	(thousands of dollars)
2021	\$ 1,797
2022	1,863
2023	1,873
2024	725
2025 and thereafter	<u>536</u>
Total minimum lease payments	6,794
Less: amount representing executory costs	(1,738)
amount representing rental of land	(682)
amount representing interest	<u>(230)</u>
	<u>\$ 4,144</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2020

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:

	2020		2019	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	(thousands of dollars)			
Temporary investments	\$ 1,264	\$ 1,261	\$ 43,772	\$ 43,766
Portfolio investments				
Marketable securities	\$ 33,816	\$ 37,006	\$ 36,242	\$ 35,832
Loans receivable				
Mortgages receivable, net of valuation allowance	\$ 39,606	\$ 39,772	\$ 40,174	\$ 41,897
Other loans receivable, net of valuation allowance	33,089	32,896	27,358	26,939
	\$ 72,695	\$ 72,668	\$ 67,532	\$ 68,836
Borrowings				
Demand term installment loan	\$ 34,178	\$ 29,810	\$ 37,360	\$ 33,231
Mortgages payable	1,184	1,462	1,568	1,858
Loans payable	1,751	1,715	1,850	1,802
Other	102	85	76	85
	\$ 37,215	\$ 33,072	\$ 40,854	\$ 36,976

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, 2020, the fair value of the investments may change materially in future periods as a result of fluctuations in the market. However, these changes are not expected to result in a significant impact on the Government's future operations.



GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
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The estimated fair values of loans receivable were determined using the present value of future cash flows discounted at the March 31, 2020 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**

	2020	2019
	Net Book Value	Net Book Value
	(thousands of dollars)	
Land	\$ 19,575	\$ 19,689
Buildings	764,043	752,170
Equipment and vehicles	96,582	90,455
Computer hardware and software	39,556	32,671
Transportation infrastructure	642,427	634,011
Land improvements and fixtures	42,405	37,178
Sewage and water systems	50,278	47,222
Other	13,513	13,005
(Schedule C)	<u>\$ 1,668,379</u>	<u>\$ 1,626,401</u>

During the year, the Government received a contribution of a sewage lagoon from a third party. The government determined that the asset had a fair value of \$251,000 at the date of contribution. The government recorded revenue of \$251,000 which is included as part of funding and service agreements with other parties.

During the previous 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 was included as part of funding and service agreements with other parties.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements**  
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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 (2019 – \$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>2020</u>	<u>2019</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>(6,424)</u>	<u>(5,387)</u>
	<u>\$ 3,624</u>	<u>\$ 4,661</u>

21. **Expenses by object**

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Personnel	\$ 645,876	\$ 605,725
Government transfers	274,018	261,418
Contract and special services	249,480	238,674
Materials, supplies and utilities	133,404	122,359
Amortization expenses	75,211	73,504
Communication and transportation	46,976	44,212
Rent	46,072	42,691
Interest on long-term debt and capital lease obligations	1,890	2,088
Other	<u>7,202</u>	<u>7,916</u>
	<u>\$ 1,480,129</u>	<u>\$ 1,398,587</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2020

22. Trusts under administration

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets.

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year-end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. At March 31, 2020, the remaining trust account balances were held in bank accounts or invested in term deposits and GICs.

Investments of the Compensation Fund (Yukon) are valued at fair value. Investments of the remainder of the trust accounts are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash. The following is a summary of the trusts under administration as at March 31, 2020, except for the Compensation Fund (Yukon) which is at December 31, 2019.

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 237,564	\$ 217,975
Federal Gas Tax Funds under the New Deal	97,775	85,245
Lottery Commission	8,144	9,048
Crime Prevention and Victim Services	6,955	6,807
Forest Sector trust	5,991	5,884
Extended health and dental plan trust funds	2,906	2,347
Supreme Court trust	1,379	1,151
Public Guardian trust	1,316	1,747
Other	<u>3,482</u>	<u>3,427</u>
	<u>\$ 365,512</u>	<u>\$ 333,631</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2020

23. **Contractual rights**

The Government has entered into agreements to receive, or has contractual rights for, the following receipts subsequent to March 31, 2020:

	<u>Expiry Date</u>	<u>2021</u>	<u>2022 – 2030</u>	<u>Total</u>
		(thousands of dollars)		
Contribution and Service Agreements				
Infrastructure Canada	2028	\$ 70,218	\$ 528,798	\$ 599,016
Transport Canada	2028	7,998	116,398	124,396
Canada Mortgage and Housing Corporation	2030	7,890	58,484	66,374
Crown-Indigenous Relations and Northern Affairs	2022	25,800	24,685	50,485
Environment and Natural Resources	2024	9,717	20,648	30,365
Innovation, Science and Economic Development	2023	8,625	20,558	29,183
Employment and Social Development	2025	2,766	9,864	12,630
RCMP: Mobile Radio Network	2025	2,168	8,672	10,840
Health Canada	2022	8,218	1,570	9,788
Canadian Heritage	2023	2,213	4,426	6,639
Justice Canada	2023	1,181	2,363	3,544
Other	2022	816	438	1,254
		<u>\$ 147,610</u>	<u>\$ 796,904</u>	<u>\$ 944,514</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements  
March 31, 2020

24. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2020:

	Expiry Date	2021	2022 – 2046	Total
(thousands of dollars)				
RCMP policing agreement	2032	\$ 26,335	\$ 326,873	\$ 353,208
Capital projects				
- in progress at March 31, 2020	2028	152,620	43,186	195,806
Building/office space leases	2046	13,253	21,022	34,275
NorthwestTel Inc. mobile radio network system	2025	3,804	10,631	14,435
Yukon Hospital Corporation – medical equipment maintenance	2025	7,198	6,824	14,022
Alkan Air Ltd. medical evacuation contract	2023	5,737	5,737	11,474
Conair Group Inc. air tanker services (turbine engines)	2023	1,749	4,079	5,828
Air Spray (1967) Ltd. Air tanker services	2023	1,520	4,106	5,626
Information Services Corporation	2040	323	3,577	3,900
Miscellaneous operational commitments	2045	36,502	13,451	49,953
		<u>\$ 249,041</u>	<u>\$ 439,486</u>	<u>\$ 688,527</u>

25. **Overexpenditure**

During the year, two (2019 – none) departments exceeded their votes with a total of \$7,612,000 (2019 – \$0). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that “a vote does not authorize any payment to be made in excess of the amount specified in the vote”.

(thousands of dollars)

The votes that were over expended are as follows:

Operations and Maintenance	
Health and Social Services	\$ 5,246
Highways and Public Works	\$ 2,366

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, one (2019 – none) department exceeded the authorized amounts as follows:

(thousands of dollars)

Health and Social Services	
- Yukon seniors' income supplement	\$ 102
- Pioneer Utility Grant	51
- Social Assistance - Whitehorse	11

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements**  
**March 31, 2020**

26. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$23,807,000 (2019 – \$8,330,000). At March 31, 2020, on a consolidated basis, the Yukon Development Corporation had borrowings of \$203,000,000 (2019 – \$194,600,000) and a credit facility of up to \$34,000,000. 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.

27. **Land claims**

Between February 1995 and March 31, 2020, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

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

28. **Contingencies**

In the normal course of operations, the Government is subject to legal claims. These claims include items with pleading amounts and items where an amount is not specified. At March 31, 2020, the amounts claimed, excluding the claims from Commission scolaire francophone du Yukon and Northern Cross (Yukon) Ltd., which are described below, is \$6,538,000 (2019 – \$6,459,000). 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. On March 4, 2020, the Government and CSFY announced that the parties had reached a settlement agreement that addressed and resolved all issues. Consequently, 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

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements**  
**March 31, 2020**

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 2019/2020, the Government paid \$299,000 (2019 – \$67,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$1,521,000 as at March 31, 2020 (2019 – \$1,593,000). This amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2020 was \$5,000,000 (2019 – \$4,800,000).

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

Yukon Zinc Corporation ("Yukon Zinc"), the owner of the Wolverine Mine, is responsible for the future reclamation and closure of the mine site. Pursuant to *the Quartz Mining Act* (Yukon), Yukon Zinc was required to provide a total of \$35,549,000 as financial security but had only posted \$10,589,000. The Government has been actively seeking the outstanding financial security from Yukon Zinc, but to no avail. On 16 September 2019, the Yukon Supreme Court ordered Yukon Zinc be put into receivership. During the year, the Government also carried out necessary care and maintenance work including contaminated water treatment on behalf of Yukon Zinc and has expended approximately half of the \$10,589,000 accessible to it from the financial security. On 26 May 2020, the Yukon Supreme Court ruled that the Government's claim to additional monies from the Yukon Zinc ranks in priority above any other claim, right, charge or security against the Wolverine Mine. The liquidation of Yukon Zinc's assets including the mine site are currently put on hold due to ongoing litigation. In the event that the Wolverine Mine becomes ultimately abandoned, the Government will likely be required to assume the remediation responsibility of the site as the mining activities in the Wolverine Mine occurred post-devolution. There is no reliable estimate of future remediation costs in relation to the Wolverine Mine. The outcome of the receivership is not determinable at the date of the financial statement preparation.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements**  
**March 31, 2020**

29. **Subsequent events**

The outbreak of COVID-19 in early 2020 has caused material global disruption and economic slowdown. In response to the pandemic, the Government, with support from the Government of Canada, has implemented various initiatives and programs to assist individuals, businesses, and industries. Significant government supports include the Yukon Business Relief program, the Rent Assistance program, and the federally funded Essential Worker Income Support program.

As the duration and impact of the outbreak are unknown at this time, it is not possible to reliably estimate the length and severity of these developments or the potential future impact to the Government's financial position and operations. The Government continues to assess and monitor the impact of COVID-19 on its future financial statements, including the likelihood of decreased revenues, increased expenses, and decreased cash flows. Relative to its 2019/2020 actual results, the Government expects its future own tax revenues to decrease due to reduced economic activity and its future operation and maintenance expenses to increase due to economic and financial relief measures and public health care responses. The Government's future cash flows are also expected to decrease as its own tax revenues decline and government spending increases.



GOVERNMENT OF YUKON

Schedule A

**Consolidated Schedule of Revenues by Source  
for the year ended March 31, 2020**

	2020		2019
	Budget	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing Grant	\$ 997,412	\$ 997,412	\$ 950,220
Other grants	61,019	62,346	59,365
Contributions and service agreements	153,479	165,433	126,229
	<u>1,211,910</u>	<u>1,225,191</u>	<u>1,135,814</u>
Taxes and general revenues			
Income taxes	89,806	100,889	97,586
Other taxes			
Tobacco tax	13,348	13,216	13,725
Fuel oil tax	9,106	9,780	9,364
Liquor tax	4,858	4,965	4,685
General property tax	4,996	4,854	4,511
Insurance premium tax	3,157	3,296	3,116
Grant in lieu of property tax	227	226	219
Licences, permits and fees	19,788	19,937	18,355
Sale of land	28,250	18,957	15,181
Investment and interest revenue	7,463	8,296	8,635
Hospital revenues	5,561	2,688	2,651
Resource revenue - mineral, oil and gas and forestry	2,155	1,660	1,999
Aviation operations	1,482	1,295	1,511
Income from portfolio investments	1,583	1,326	1,407
Fines	483	435	588
Other revenues	2,914	4,181	4,297
	<u>195,177</u>	<u>196,001</u>	<u>187,830</u>
Funding and service agreements with other parties	<u>56,201</u>	<u>49,178</u>	<u>64,722</u>
Income/(loss) from investment in government business enterprises			
Yukon Liquor Corporation	9,487	9,615	11,061
Yukon Development Corporation	5,000	(4,050)	706
	<u>14,487</u>	<u>5,565</u>	<u>11,767</u>
	<u>\$ 1,477,775</u>	<u>\$ 1,475,935</u>	<u>\$ 1,400,133</u>

GOVERNMENT OF YUKON

Schedule B

**Consolidated Schedule of Operations by Function  
for the year ended March 31, 2020**

	Health and Social Services		Community and Transportation		Education		General Government <sup>1</sup>		Natural Resources	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
(thousands of dollars)										
Revenues										
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 997,412	\$ 950,220	\$ -	\$ -
Other transfers from										
Government of Canada	41,308	32,102	68,923	48,919	19,301	14,707	75,570	70,028	17,160	14,982
Taxes and general revenues	13,905	13,287	39,587	35,542	5,596	4,379	139,667	136,879	4,125	4,179
Funding and service agreements	10,687	23,391	23,074	29,359	17,013	14,295	1,538	2,589	5,082	3,737
Income/(loss) from investments in government business enterprises	-	-	(4,050)	706	-	-	9,615	11,061	-	-
	<u>65,900</u>	<u>68,780</u>	<u>127,534</u>	<u>114,526</u>	<u>41,910</u>	<u>33,381</u>	<u>1,223,802</u>	<u>1,170,777</u>	<u>26,367</u>	<u>22,898</u>
Expenses (Note 21)										
Personnel	202,826	174,903	81,705	77,183	144,412	138,093	113,275	114,459	53,527	51,718
Contracts, materials and other	154,955	145,310	120,361	138,561	36,252	33,896	84,796	50,963	41,155	41,897
Government transfers	97,781	91,535	113,462	108,336	29,664	28,703	8,451	8,757	10,857	9,417
Amortization expenses	15,554	15,908	40,845	38,569	8,280	8,535	5,636	5,594	979	978
Interest on long-term debt and capital lease obligations	1,595	1,749	99	122	-	-	196	217	-	-
	<u>472,711</u>	<u>429,405</u>	<u>356,472</u>	<u>362,771</u>	<u>218,608</u>	<u>209,227</u>	<u>212,354</u>	<u>179,990</u>	<u>106,518</u>	<u>104,010</u>
Recovery of prior years' expenses	196	143	988	92	74	109	76	327	113	39
(Deficit) / surplus for the year	<u>\$ (406,615)</u>	<u>\$ (360,482)</u>	<u>\$ (227,950)</u>	<u>\$ (248,153)</u>	<u>\$ (176,624)</u>	<u>\$ (175,737)</u>	<u>\$ 1,011,524</u>	<u>\$ 991,114</u>	<u>\$ (80,038)</u>	<u>\$ (81,073)</u>

<sup>1</sup> 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

**Consolidated Schedule of Operations by Function  
for the year ended March 31, 2020**

Schedule B  
Continued

	Justice		Business, Tourism and Culture		Adjustments <sup>2</sup>		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
(thousands of dollars)								
Revenues								
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	997,412	\$ 950,220
Other transfers from								
Government of Canada	5,237	4,662	280	194	-	-	227,779	185,594
Taxes and general revenues	1,042	1,263	157	161	(8,078)	(7,860)	196,001	187,830
Funding and service agreements	466	753	388	438	(9,070)	(9,840)	49,178	64,722
Income/(loss) from investments in government business enterprises	-	-	-	-	-	-	5,565	11,767
	<u>6,745</u>	<u>6,678</u>	<u>825</u>	<u>793</u>	<u>(17,148)</u>	<u>(17,700)</u>	<u>1,475,935</u>	<u>1,400,133</u>
Expenses (Note 21)								
Personnel	32,871	32,194	17,275	17,190	(15)	(15)	645,876	605,725
Contracts, materials and other	37,081	38,106	14,205	13,319	(5,671)	(6,200)	483,134	455,852
Government transfers	5,930	6,325	19,335	19,830	(11,462)	(11,485)	274,018	261,418
Amortization expenses	2,792	2,783	1,125	1,137	-	-	75,211	73,504
Interest on long-term debt and capital lease obligations	-	-	-	-	-	-	1,890	2,088
	<u>78,674</u>	<u>79,408</u>	<u>51,940</u>	<u>51,476</u>	<u>(17,148)</u>	<u>(17,700)</u>	<u>1,480,129</u>	<u>1,398,587</u>
Recovery of prior years' expenses	<u>57</u>	<u>36</u>	<u>48</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>1,552</u>	<u>766</u>
(Deficit) surplus for the year	<u>\$ (71,872)</u>	<u>\$ (72,694)</u>	<u>\$ (51,067)</u>	<u>\$ (50,663)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,642)</u>	<u>\$ 2,312</u>

<sup>2</sup> 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, 2020**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Transportation Infrastructure	Land Improvements & Fixtures	Sewage & Water Systems	Other	2020 Total	2019 Total
(thousands of dollars)										
Cost of tangible assets, opening	\$ 19,689	\$ 1,164,694	\$ 189,172	\$ 87,999	\$ 1,045,784	\$ 46,310	\$ 57,862	\$ 21,661	\$ 2,633,171	\$ 2,532,315
Acquisitions	-	41,334	18,021	12,119	32,914	6,352	5,937	1,284	117,961	108,252
Write-downs	-	-	(12)	-	-	-	-	-	(12)	(590)
Disposals	(114)	(1,366)	(3,442)	(459)	(677)	-	-	(598)	(6,656)	(6,806)
Cost of tangible assets, closing	<u>19,575</u>	<u>1,204,662</u>	<u>203,739</u>	<u>99,659</u>	<u>1,078,021</u>	<u>52,662</u>	<u>63,799</u>	<u>22,347</u>	<u>2,744,464</u>	<u>2,633,171</u>
Accumulated amortization, opening	-	412,524	98,717	55,328	411,773	9,132	10,640	8,656	1,006,770	939,915
Amortization expense	-	29,312	11,510	5,214	24,393	1,125	2,881	776	75,211	73,504
Disposals	-	(1,217)	(3,070)	(439)	(572)	-	-	(598)	(5,896)	(6,649)
Accumulated amortization, closing	<u>-</u>	<u>440,619</u>	<u>107,157</u>	<u>60,103</u>	<u>435,594</u>	<u>10,257</u>	<u>13,521</u>	<u>8,834</u>	<u>1,076,085</u>	<u>1,006,770</u>
Net book value (Note 20)	<u><b>\$ 19,575</b></u>	<u><b>\$ 764,043</b></u>	<u><b>\$ 96,582</b></u>	<u><b>\$ 39,556</b></u>	<u><b>\$ 642,427</b></u>	<u><b>\$ 42,405</b></u>	<u><b>\$ 50,278</b></u>	<u><b>\$ 13,513</b></u>	<u><b>\$ 1,668,379</b></u>	<u><b>\$ 1,626,401</b></u>
Work in progress <sup>1</sup>		\$ 55,095	\$ 4,359	\$ 13,999	\$ 14,741	\$ 10,146	\$ 5,946	\$ 3,506	\$ 107,792	\$ 83,478

<sup>1</sup> 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, 2020**

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon College/ University	Yukon Hospital Corporation	2020 Total	2019 Total
(thousands of dollars)							
Accrued benefit obligation							
Obligation at beginning of year	\$ 122,044	\$ 613	\$ 2,121	\$ 6,104	\$ -	\$ 130,882	\$ 130,111
Current service costs	12,034	127	212	851	-	13,224	12,895
Plan amendment	(5,435)	-	(152)	-	-	(5,587)	(6,881)
Interest cost on benefit obligation	4,241	32	74	182	-	4,529	4,754
Actuarial (gain) loss	(3,198)	5	(432)	-	-	(3,625)	3,774
Past service cost	-	-	-	-	-	-	(21)
Benefits paid	(13,243)	-	(61)	(680)	-	(13,984)	(13,750)
Accrued benefit obligation at end of year	116,443	777	1,762	6,457	-	125,439	130,882
Unrecognized net actuarial (loss) gain	(421)	(87)	480	283	-	255	(4,266)
Accrued benefit liability	116,022	690	2,242	6,740	-	125,694	126,616
Liabilities that are not included in actuarial valuation	475	-	-	1,524	2,502	4,501	4,765
Post-employment benefits and compensated absences (Note 15)	116,497	690	2,242	8,264	2,502	130,195	131,381
Net benefit cost							
Current service cost	12,034	127	212	851	-	13,224	12,895
Interest cost on benefit obligation	4,241	32	74	182	-	4,529	4,754
Past service costs	-	-	-	-	-	-	(21)
Amortization of net actuarial (gain) loss	320	21	22	40	-	403	464
Plan amendment	(5,435)	-	-	-	-	(5,435)	-
Net cost for the year	\$ 11,160	\$ 180	\$ 308	\$ 1,073	\$ -	\$ 12,721	\$ 18,092

GOVERNMENT OF YUKON

**Consolidated Schedule of Post-employment Benefits and Compensated Absences  
for the year ended March 31, 2020**

Schedule D  
Continued

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon College/ University	Yukon Hospital Corporation
Key Assumptions					
Discount rate on benefit costs	3.30%	4.70%	3.30%	2.75%	N/A
Discount rate on accrued benefit obligation at end of year	3.80%	4.70%	3.80%	2.75%	N/A
Rate of compensation increase	2.60%	2.50%	2.00%	See below <sup>1</sup>	N/A
Amortization period (expected average remaining service life)	12.5 years	5.0 years	11.6 years	11.0 years	N/A

<sup>1</sup> For 10 years 2.75%, thereafter 3.25%

GOVERNMENT OF YUKON

Schedule E

**Consolidated Schedule of Retirement Benefits  
for the year ended March 31, 2020**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College/University Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2020 Total	2019 Total
(thousands of dollars)								
Pension and retirement plan assets are valued at fair market value.								
Accrued benefit obligation								
Obligation at beginning of year	\$ 34,105	\$ 11,344	\$ 73,850	\$ 3,065	\$ 89,529	\$ 96,636	\$ 308,529	\$ 304,127
Current service costs	1,441	474	3,225	185	4,465	5,241	15,031	15,293
Plan amendment	-	-	-	-	-	-	-	(16,295)
Interest cost on benefit obligation	1,602	606	2,520	105	4,849	5,807	15,489	15,179
Actuarial (gain) loss	1,762	959	(4,496)	883	(7,767)	1,774	(6,885)	2,423
Benefits paid	(1,456)	(477)	(1,410)	(127)	(3,722)	(4,964)	(12,156)	(12,198)
Administration expenses	-	-	-	-	(210)	-	(210)	-
Accrued benefit obligation at end of year	37,454	12,906	73,689	4,111	87,144	104,494	319,798	308,529
Plan assets - valued at fair market value								
Value at beginning of year	8,739	4,408	-	-	108,099	136,531	257,777	244,092
Actual return on plan assets	(616)	(326)	-	-	4,091	(12,539)	(9,390)	12,076
Employer contributions	359	307	1,410	127	2,084	6,265	10,552	8,395
Member contributions	168	68	-	-	2,060	2,653	4,949	4,660
Benefits paid	(302)	(477)	(1,410)	(127)	(3,722)	(4,964)	(11,002)	(11,070)
Actual plan expenses	-	-	-	-	(210)	(306)	(516)	(376)
Value at end of year	8,348	3,980	-	-	112,402	127,640	252,370	257,777
Funded status - plan deficit (surplus)	29,105	8,926	73,689	4,111	(25,258)	(23,146)	67,427	50,752
Unrecognized net actuarial (loss) gain	(2,075)	(1,395)	(9,382)	(907)	6,982	(30,003)	(36,780)	(21,873)
Accrued benefit liability (asset) (Note 16)	\$ 27,030	\$ 7,531	\$ 64,307	\$ 3,204	\$ (18,276)	\$ (53,149)	\$ 30,647	\$ 28,879

GOVERNMENT OF YUKON

Schedule E  
Continued

**Consolidated Schedule of Retirement Benefits  
for the year ended March 31, 2020**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College/University Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2020 Total	2019 Total
(thousands of dollars)								
Net benefit cost								
Current service cost	\$ 1,441	\$ 474	\$ 3,225	\$ 185	\$ 4,465	\$ 5,565 <sup>1</sup>	\$ 15,355	\$ 15,606
Less: Member contributions	(168)	(68)	-	-	(2,060)	(2,653)	(4,949)	(4,660)
Interest cost on benefit obligation	1,602	606	2,520	105	4,849	5,807	15,489	15,179
Expected return on plan assets	(416)	(229)	-	-	(5,843)	(8,301)	(14,789)	(13,802)
Amortization of net actuarial (gain) loss	(179)	51	1,341	129	140	881	2,363	2,978
Net cost for the year	\$ 2,280	\$ 834	\$ 7,086	\$ 419	\$ 1,551	\$ 1,299	\$ 13,469	\$ 15,301

Key Assumptions

Expected long term rate of return on assets at beginning of year	4.70%	5.25%	N/A	N/A	5.40%	6.00%
Discount rate on benefit costs	4.70%	5.25%	3.30%	3.30%	5.40%	6.00%
Discount rate on accrued benefit obligation at end of year	4.40%	4.60%	3.80%	3.80%	5.50%	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% <sup>2</sup>	see below <sup>3</sup>	see below <sup>3</sup>	4.00%	2.50%
Health care cost trend rate	N/A	N/A	see below <sup>4</sup>	N/A	N/A	N/A
Amortization period (expected average remaining service life)	5.0 years	3.3 years	12.5 years	9.3 years	10.0 years	8.9 years

<sup>1</sup> Includes \$324,000 for provision of administrative expenses.

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

<sup>3</sup> Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2017 valuation report.

<sup>4</sup> 5.9% per annum for 2020-2024, decreasing linearly to 4.9% in 2029, and following the McMaster Model to an ultimate trend rate of 4.0% in 2040.