

GOVERNMENT OF YUKON

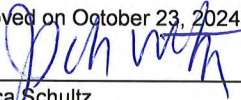
Consolidated Statement of Financial Position
as at March 31, 2024

	2024	2023
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 4)	\$ 54,119	\$ 94,444
Due from Government of Canada (Note 5)	150,117	173,802
Accounts receivable (Note 6)	47,685	27,121
Portfolio investments (Note 7)	45,508	42,315
Advances to government business enterprises (Note 11(b)(c))	34,200	34,200
Loans receivable (Note 9)	68,452	67,767
Inventories for resale (Note 10)	84,848	77,715
Retirement benefit assets (Note 18)	103,402	92,744
Investment in government business enterprises (Note 11(a))	230,183	226,495
	<u>818,514</u>	<u>836,603</u>
Liabilities		
Bank advances and short-term borrowings (Note 12)	105,063	-
Due to Government of Canada (Note 5)	41,272	42,170
Accounts payable and accrued liabilities (Note 13)	254,154	279,533
Unearned revenues (Note 14)	69,460	44,160
Environmental liabilities (Note 15)	189,942	92,452
Asset retirement obligation liabilities (Note 16)	60,269	69,429
Post-employment benefits and compensated absences (Note 17)	150,896	148,877
Retirement benefits (Note 18)	123,297	123,742
Borrowings (Note 19)	19,854	24,663
Liabilities for leased tangible capital assets (Note 20)	362	834
	<u>1,014,569</u>	<u>825,860</u>
Net financial assets (debt)	<u>(196,055)</u>	<u>10,743</u>
Non-financial assets		
Tangible capital assets (Note 21)	2,200,213	1,995,882
Inventories of supplies	15,036	14,217
Prepaid expenses	8,618	8,550
	<u>2,223,867</u>	<u>2,018,649</u>
Accumulated surplus	<u>\$ 2,027,812</u>	<u>\$ 2,029,392</u>
Accumulated surplus (deficit) is comprised of:		
Accumulated operating surplus (deficit)	2,020,942	2,024,173
Accumulated remeasurement gains and (losses)	6,870	5,219
	<u>\$ 2,027,812</u>	<u>\$ 2,029,392</u>

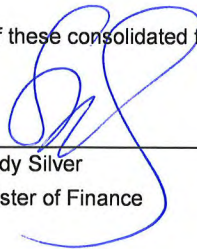
Contingencies, contractual rights and obligations, commitments, and guarantees
(Notes 11(d)(e), 15, 18(d)(e), 24, 25, 27, and 30)

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

Approved on October 23, 2024:



Jessica Schultz
Deputy Minister of Finance



Sandy Silver
Minister of Finance

GOVERNMENT OF YUKON

**Consolidated Statement of Operations and Accumulated Operating Surplus
for the year ended March 31, 2024**

	2024		2023
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada	\$ 1,639,689	\$ 1,681,291	\$ 1,610,820
Taxes and general revenues	261,675	244,738	249,005
Funding and service agreements with other parties	32,442	65,336	34,413
Income from investment in government business enterprises (Note 11(a))	11,378	12,045	15,839
	<u>1,945,184</u>	<u>2,003,410</u>	<u>1,910,077</u>
Expenses (Schedule B)			
Health and social services	588,797	655,656	579,736
Community and transportation	418,093	415,630	409,225
Education	259,231	251,629	221,659
General government	276,259	259,584	274,088
Natural resources	133,557	262,705	142,378
Justice	100,789	107,644	97,850
Business, tourism and culture	87,706	63,768	64,804
Interest on loans	784	1,310	1,323
	<u>1,865,216</u>	<u>2,017,926</u>	<u>1,791,063</u>
Recovery of prior years' expenses	-	11,285	3,849
Surplus (deficit) for the year	<u>\$ 79,968</u>	<u>(3,231)</u>	<u>122,863</u>
Accumulated operating surplus at beginning of year		2,024,173	1,901,310
Accumulated operating surplus at end of year		<u>\$ 2,020,942</u>	<u>\$ 2,024,173</u>

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

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**Consolidated Statement of Remeasurement Gains and Losses
for the year ended March 31, 2024**

	2024	2023
	(thousands of dollars)	
	<u>Actual</u>	<u>Actual</u>
Accumulated remeasurement gains and (losses) at beginning of year	\$ 5,219	\$ 4,254
Unrealized gains (losses) attributable to:		
Portfolio investments	4,396	371
Amounts reclassified to the statement of operations and accumulated operating surplus (deficit):		
Portfolio investments	(2,821)	(670)
Other comprehensive gain (loss) of government business enterprises (Note 11(a))	<u>76</u>	<u>1,264</u>
Net remeasurement gains and (losses) for the year	<u>1,651</u>	<u>965</u>
Accumulated remeasurement gains and (losses) at end of year	<u><u>\$ 6,870</u></u>	<u><u>\$ 5,219</u></u>

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

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**Consolidated Statement of Change in Net Financial Assets (Debt)
for the year ended March 31, 2024**

	2024	2023	
	<u>Budget</u> (Note 1(b))	<u>Actual</u>	<u>Actual</u>
	(thousands of dollars)		
Surplus (deficit) for the year	\$ 79,968	\$ (3,231)	\$ 122,863
Effect of change in tangible capital assets			
Acquisitions	(245,345)	(287,862)	(291,067)
Amortization of tangible capital assets	81,559	79,582	73,137
Loss (gain) on disposal of tangible capital assets	70	130	734
Proceeds on disposal of tangible capital assets	210	-	-
Write-down of tangible capital assets	-	149	3,415
Change in asset retirement obligation estimate	-	3,670	5,331
	<u>(163,506)</u>	<u>(204,331)</u>	<u>(208,450)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(23,764)	(22,307)
Consumption of inventories of supplies	-	22,945	18,708
(Increase) decrease in prepaid expenses	-	(68)	(815)
	<u>-</u>	<u>(887)</u>	<u>(4,414)</u>
Net remeasurement gains and (losses)		<u>1,651</u>	<u>1,863</u>
Decrease in net financial assets and increase in net financial debt	\$ (83,538)	(206,798)	(88,138)
Net financial assets at beginning of year		<u>10,743</u>	<u>98,881</u>
Net financial assets (debt) at end of year		<u>\$ (196,055)</u>	<u>\$ 10,743</u>

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

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**Consolidated Statement of Cash Flow
for the year ended March 31, 2024**

	2024	2023
	(thousands of dollars)	
Operating transactions		
Surplus (deficit) for the year	\$ (3,231)	\$ 122,863
Non-cash items included in surplus (deficit) for the year:		
Amortization of tangible capital assets	79,582	73,137
Loans receivable valuation adjustment	591	46
Accretion expense	1,665	1,874
Bad debt expense	849	33
Write-down of tangible capital assets	149	3,415
Loss (gain) on sale of land inventory	(6)	(15)
Loss (gain) on disposal of tangible capital assets	130	734
Surplus of government business enterprises (Note 11(a))	(12,045)	(15,839)
Net change in accounts payable and accrued liabilities balances	(43,558)	57,143
Net change in environmental liabilities	97,490	7,745
Net change in other operating asset and liability balances	16,903	21,869
Amounts remitted from government business enterprises	8,135	8,237
Cash provided by (used for) operating transactions	<u>146,654</u>	<u>281,242</u>
Capital transactions		
Acquisition of tangible capital assets	(276,107)	(280,327)
Cash provided by (used for) capital transactions	<u>(276,107)</u>	<u>(280,327)</u>
Investing transactions		
Net proceeds from (acquisition of) portfolio investments	(1,296)	(661)
Repayment of advances to government business enterprises	-	2,000
Repayments of loans receivable	19,440	23,795
Issuance of loans receivable	(4,649)	(6,340)
Investment in land held for resale	(23,174)	(17,918)
Cash provided by (used for) investing transactions	<u>(9,679)</u>	<u>876</u>
Financing transactions		
Proceeds from borrowings	-	4,867
Repayment of borrowings	(5,783)	(4,579)
Repayment of liabilities for leased tangible capital assets	(473)	(1,148)
Cash provided by (used for) financing transactions	<u>(6,256)</u>	<u>(860)</u>
Cash increase (decrease)	(145,388)	931
Cash and cash equivalents, beginning of year	<u>94,444</u>	<u>93,513</u>
(Bank indebtedness) cash and cash equivalents, end of year	<u>\$ (50,944)</u>	<u>\$ 94,444</u>
Represented by:		
Cash and cash equivalents (Note 4)	\$ 54,119	\$ 94,444
Bank advances and short-term borrowings (Note 12)	(105,063)	-
Total	<u>\$ (50,944)</u>	<u>\$ 94,444</u>
Interest received in the year	\$ 11,407	\$ 9,800
Interest paid in the year	\$ 3,631	\$ 1,436

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

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**Notes to Consolidated Financial Statements
March 31, 2024**

1. **Authority and operations**

(a) Authority

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

(b) Budget

The Budget figures are based on the Consolidated Budget of the Government Reporting Entity as published in the Government’s Operation & Maintenance and Capital Estimates 2023-24 as approved in the Legislative Assembly in April 2023. These figures do not reflect changes arising from Special Warrants issued or any Supplementary Estimates approved later in the year by the Yukon Legislative Assembly.

(c) Investments

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

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

(d) Basis of accounting

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

2. **Significant accounting policies**

(a) Reporting entity and method of consolidation

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

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

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

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**Notes to Consolidated Financial Statements
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The accounts of government business enterprises are consolidated using the modified equity method. Under the modified equity method of consolidation, the accounting policies of consolidated entities are not adjusted to conform with those of the government organizations that are consolidated using the full consolidation method. Under the modified equity method, inter-entity revenue and expense transactions and related asset and liability balances are properly not eliminated in these consolidated financial statements.

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

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

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

Full consolidation:

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

Authority for operations:

Financial Administration Act
Hospital Act
Housing Corporation Act
Yukon University Act

Modified equity:

Yukon Development Corporation
Yukon Liquor Corporation

Yukon Development Corporation Act
Liquor Act
Cannabis Control and Regulation Act

(b) Specific accounting policies

Revenues

Revenues are recorded on an accrual basis.

Grants from the Government of Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant and the Canada health and the Canada social transfers from the Government of Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada) which expires on March 31, 2029. The Formula Financing grant is principle-based, and the Canada health transfer and the Canada social transfer are simple equal cash per capita grants. Adjustments for health and social transfers are made in the year they are known.

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

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**Notes to Consolidated Financial Statements
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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.

Revenue for permits and licenses issued by the Government are recognized at a point in time, when they are issued, if they provide a right or access to an activity with no ongoing performance obligations for the Government. Revenues for permits and licenses that grant access rights for a finite number of instances or a fixed period of time with an ongoing performance obligation are recognized over a period of time as the access rights are used.

Resource revenues are received in the form of fees for access, as well as resource royalties for resource extraction. Resource access rights have ongoing performance obligations to grant access, therefore revenues are recognized over time as the access term elapses. Resource royalties are recognized at a point in time when the terms and conditions for the royalties are met.

Land sale revenue has a performance obligation and is satisfied through sale of government land. Land sale revenue is recognized at a point in time when all sale conditions are met, and the transaction is closed with transfer of title to the buyer.

Revenues for leases and lease-like arrangements have a performance obligation to provide access to the leased asset. The revenues are recognized over the term of the lease in accordance with the applicable lease terms.

There are no significant revenues from non-recurring activities presented in these consolidated financial statements.

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.

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**Notes to Consolidated Financial Statements
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Assets

Financial assets

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

Portfolio investments include investments such as treasury bills, GICs, term deposits; short-term debt securities of Canadian governments and corporate issuers with terms to maturity of 90 days or more but one year or less from the date of acquisition; and mortgage funds, bonds, and equities. Portfolio investments are measured at their fair value.

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

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

Non-financial assets

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

Tangible capital assets 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. Certain tangible capital assets that have legal obligations requiring specific retirement activities create a future asset retirement liability that is offset at inception by capitalizing the estimated future cost and amortizing it over the life of the tangible capital asset. Costs include all costs directly attributable to acquisition, construction, development, betterment and retirement of tangible capital assets. 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.

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

<u>Asset category</u>	<u>Estimated useful life</u>
Land	Indefinite
Buildings	
Buildings	10-100 years
Leasehold Improvements	Lease term
Portable classroom/housing trailers	10-40 years
Equipment and vehicles	
Heavy equipment	7-30 years
Operating equipment	5-25 years
Vehicles	5-20 years
Computer hardware and software	
Computer hardware	3-7 years
Computer software	3-20 years
Infrastructure	
Transportation infrastructure ¹	5-75 years
Forestry access roads	5-10 years
Resource access roads	Life of Mine
Land improvements and fixtures	5-50 years
Waste and water systems	
Landfills	25-80 years
Sewage and water systems	5-50 years
Communications technology	
Mobile radio system infrastructure	5-20 years
Network transmission systems	20-40 years

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

Other non-financial assets

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

¹ Includes Highways, Surfaces, Bridges and Airport runways.

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Notes to Consolidated Financial Statements March 31, 2024

Liabilities

Bank advances and short-term borrowings have initial maturities of one year or less.

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

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

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

Post-employment benefits and compensated absences

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits, accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. Compensated absences are benefits such as sick leave, vacation leave, special leave and education 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.

Retirement benefits

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

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

Retirement benefits to Members of the Legislative Assembly, territorial court judges, and the employees of Yukon University and the Yukon Hospital Corporation are defined benefit plans and are valued on an

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

Environmental liabilities

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

Asset retirement obligation liabilities

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

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

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

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

The liability is adjusted annually for accretion due to the passage of time over the expected term to settlement of the obligation based on the applicable discount rate. Accretion is recorded as an expense.

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

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Borrowings

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

Financial Instruments

Financial instruments are contracts that give rise to the financial assets of one entity and financial liabilities or equity instruments of another entity. Financial instruments are measured at fair value or cost/amortized cost. Fair value measurement will apply to portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement will be reported in the consolidated statement of remeasurement gains and losses. The following is a list of the Government's financial instruments and their related measurement basis as at March 31, 2024:

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

Financial Liabilities:	Measurement Basis
Bank advances and short-term borrowings	Cost
Due to Government of Canada	Cost
Accounts payable and accrued liabilities	Cost
Borrowings	Amortized cost

Fair Value Measurement

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

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

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

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

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

Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues, and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these financial statements, the Government believes the estimates and assumptions to be reasonable.

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

The provision for environmental liabilities is subject to a high degree of measurement uncertainty because the existence and extent of contamination, the responsibility for, and the timing and cost of remediation activities are complex and subjective. These estimates require a high degree of management judgment. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined.

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

3. **Adoption of accounting standards**

The following Public Sector Accounting Standards came into effect for fiscal periods beginning on or after April 1, 2023:

PS 3160 – Public Private Partnerships

The Government adopted Canadian Public Sector Accounting Standard PS 3160 Public Private Partnerships (“PS 3160”) on April 1, 2023. This new accounting standard establishes standards for the recognition, measurement and classification of infrastructure procured through certain types of public private partnership arrangements. The Government has assessed that there is no impact of adopting PS 3160 on its 2023-24 consolidated financial statements.

PS 3400 – Revenue

On April 1, 2023, the Government adopted Canadian Public Sector Accounting Standard PS 3400, Revenue (“PS 3400”). The standard was adopted prospectively from date of adoption. The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition

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and the measurement, presentation, and disclosure of revenue transactions. Revenues that have performance obligations (exchange transactions) are recognized at a point in time or over a period of time based on when the performance obligations are met, while revenues that do not have a performance obligation (non-exchange transactions) are recognized at a point in time, when the transaction occurs. The impact of changes in the accounting policies are reflected in the 2023-24 consolidated financial statements (Note 14).

4. **Cash and cash equivalents**

	2024	2023
	(thousands of dollars)	
Bank balances	\$ 54,056	\$ 94,378
Cash on hand	63	66
	\$ 54,119	\$ 94,444

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

	2024	2023
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 143,152	\$ 145,393
Income tax	6,397	3,905
GST receivable	-	17,054
Other	568	7,450
	\$ 150,117	\$ 173,802
Due to Government of Canada		
RCMP	\$ 15,233	\$ 11,304
Public Service Pension Plan contribution	9,866	8,610
Payroll taxes	7,356	13,309
Program funding liable for claw back	3,081	3,534
Type II mine sites	1,033	996
CMHC mortgages and loans	545	791
Other	4,158	3,626
	\$ 41,272	\$ 42,170

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

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6. **Accounts receivable**

	2024	2023
	(thousands of dollars)	
Taxes, interest, other revenue, and recovery receivables	\$ 48,827	\$ 28,317
Less: valuation allowances	(4,972)	(3,775)
	43,855	24,542
Due from government business enterprises that are not fully consolidated	3,830	2,579
	<u>\$ 47,685</u>	<u>\$ 27,121</u>

7. **Portfolio investments**

The classification of investments by level within the valuation hierarchy is as follows:

	Quoted prices (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total 2024	Total 2023
	(thousands of dollars)				
Short-term investments	\$ 145	\$ 2,420	\$ -	\$ 2,565	\$ 4,390
Bonds	-	5,906	-	5,906	6,252
Mortgages	-	4,047	-	4,047	3,810
Equities	4,201	26,309	-	30,510	25,563
Debt securities	2,480	-	-	2,480	2,300
Investments at fair value	<u>\$ 6,826</u>	<u>\$ 38,682</u>	<u>\$ -</u>	<u>\$45,508</u>	<u>\$ 42,315</u>

Portfolio investments include designated investments set aside within the Consolidated Revenue Fund (Note 8). The investments are managed by a third party.

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 of \$38,682,000 (2023 - \$36,175,000) are included in portfolio investments (Note 7).

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9. **Loans receivable**

	2024	2023
	(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 2036 (2023 – 2029) bearing interest rates ranging from 0.00% to 8.20% (2023 – 0% to 7.70%), net of allowance for subsidies and valuation of \$176,000 (2023 – \$181,000) and discount in the amount of \$769,000 (2023 – \$458,000) for loans with concessionary terms.	\$ 28,672	\$ 29,319
Agreements for sale of land, due in varying annual amounts over a three, or five, year term to the year 2029 (2023 – 2028) bearing interest rates ranging from 5.00% to 7.75% (2023 – 5.00% to 7.00%).	23,089	19,270
Regional Relief and Recovery Fund loans providing assistance to businesses to recover from COVID-19 pandemic, due with forgivable terms, bearing interest rates ranging from 0.00% to 5.00%.	437	2,193
Local improvement loans, due in varying annual amounts to the year 2040 (2023 – 2040), bearing interest rates ranging from 0.00% to 5.25% (2023 – 0.50% to 5.25%).	8,948	9,222
Debenture loans to municipalities, due in varying annual amounts to the year 2038 (2023 – 2034), bearing interest rates ranging from 2.72% to 6.38% (2023 – 2.72% to 6.38%).	2,379	2,051
Other, net of allowance for doubtful accounts of \$1,267,000 (2023 – \$322,000).	4,927	5,712
	<u>\$ 68,452</u>	<u>\$ 67,767</u>

The Government received non-cash consideration for sale of land of \$16,066,000 (2023 - \$8,351,000) in the form of loans receivable.

10. **Inventories for resale**

	2024	2023
	(thousands of dollars)	
Land		
Undeveloped land	\$ 603	\$ 603
Land under development	67,237	44,638
Developed land	16,818	32,304
	84,658	77,545
Other	190	170
	<u>\$ 84,848</u>	<u>\$ 77,715</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 Liquor Corporation has a fiscal year-end of March 31. The Yukon Development Corporation ("YDC") has a fiscal year-end of December 31, therefore, the Government uses YDC's unaudited interim financial statements for the year ended March 31 for consolidation purposes. These summary financial statements are prepared in accordance with International Financial Reporting Standards:

	Yukon Development Corporation	Yukon Liquor Corporation	2024 Total	2023 Total
	(thousands of dollars)			
Assets				
Current	\$ 46,017	\$ 6,881	\$ 52,898	\$ 51,652
Capital assets	560,008	1,616	561,624	519,133
Regulatory deferral (Note 11(f))	33,578	-	33,578	31,137
Right of use of assets	-	289	289	612
Other	33,901	77	33,978	25,902
	<u>\$ 673,504</u>	<u>\$8,863</u>	<u>\$ 682,367</u>	<u>\$ 628,436</u>
Liabilities				
Current	\$ 72,198	\$ 5,012	\$ 77,210	\$ 32,872
Long-term debt	224,534	-	224,534	221,338
Regulatory deferral (Note 11(f))	24,698	-	24,698	22,449
Contributions in aid of construction	106,599	-	106,599	100,851
Lease liabilities	656	22	678	426
Other	16,825	1,640	18,465	24,005
Equity	<u>227,994</u>	<u>2,189</u>	<u>230,183</u>	<u>226,495</u>
	<u>\$ 673,504</u>	<u>\$ 8,863</u>	<u>\$ 682,367</u>	<u>\$ 628,436</u>
Revenues	\$ 103,641	\$ 20,616 ¹	\$ 124,257	\$ 128,767
Expenses	<u>94,153</u>	<u>12,219</u>	<u>106,372</u>	<u>108,306</u>
Surplus (deficit) before the following:	9,488	8,397	17,885	20,461
Net movement in regulatory deferral (Note 11(f))	<u>(5,840)</u>	<u>-</u>	<u>(5,840)</u>	<u>(4,622)</u>
Surplus (deficit)	<u>\$ 3,648</u>	<u>\$ 8,397</u>	<u>\$ 12,045</u>	<u>\$ 15,839</u>

¹ Yukon Liquor Corporation revenue is shown as net of cost of goods sold of \$33.658 million (2023 - \$30.747 million).

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	Yukon Development Corporation	Yukon Liquor Corporation	2024 Total	2023 Total
	(thousands of dollars)			
Equity, beginning of year	\$ 224,355	\$ 2,140	\$ 226,495	\$ 217,434
Surplus (deficit)	3,648	8,397	12,045	15,839
Other comprehensive gain (loss)	(9)	85	76	1,264
Profit to be remitted to the Government	-	(8,433)	(8,433)	(8,042)
Equity, end of year	<u>\$ 227,994</u>	<u>\$ 2,189</u>	<u>\$ 230,183</u>	<u>\$ 226,495</u>

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

(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Liquor Corporation	2024 Total	2023 Total
	(thousands of dollars)			
Government of Yukon:	\$	\$	\$	\$
Accounts receivable from	1,402	2,428	3,830	2,579
Advance receivable from	34,200	-	34,200	34,200
Accounts payable to	9,051	-	9,051	19,236
Long-term obligations to	85	-	85	85
Revenues from	-	8,433	8,433	8,042
Expenses to	45,815 ¹	-	45,815	49,889

¹ Includes cost of electricity of \$17.531 million (2023 – \$17.406 million) purchased by the Government from an unrelated third party. This unrelated party buys electricity from the Yukon Development Corporation's wholly owned subsidiary, Yukon Energy Corporation.

(c) Advance receivable

Yukon Development Corporation

In 2018 the Government advanced \$39,200,000 to the YDC for the development of the Whitehorse diesel - natural gas conversion project, which was completed by the Yukon Energy Corporation ("YEC"), YDC's wholly owned subsidiary. The term of the loan is to March 31, 2028, and pursuant to the

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agreement, the loan may be extended for additional five-year terms upon mutual consent of the parties. The per annum interest rate was based off the one-year indicative swap rate plus a 0.4% premium increase. The rate of interest effective on March 31, 2024 was 5.15% (2023 – 2.82%). The loan agreement requires principal repayments of \$1 million on March 31 each year and full repayment of any principal outstanding at the end of each loan term if the loan is not extended. The payment due March 31, 2024 from YDC was received in April 2024.

(d) Commitments

Yukon Development Corporation

In June 2010, the YDC issued 30-year bonds in the amount of \$100 million at a fixed coupon rate of 5.0% per annum. 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 2023/2024, the Government paid \$2,428,000 (2023 – \$2,625,000) to YDC based on the MOU.

The Government has committed funding to YDC under the Interim Electrical Rebate program. The funding had been authorized to March 31, 2024 and was continued for up to \$3,500,000 for 2024/2025. 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 2023/2024, the Government provided \$3,413,000 (2023 – \$3,500,000) to YDC for this purpose.

As at March 31, 2024, the YEC, the wholly-owned subsidiary of YDC, had contractual obligations for future purchases of products or services in the amount of \$55,933,000 (2023 – \$75,452,000).

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

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

Yukon Liquor Corporation

In the normal course of operations, the Yukon Liquor Corporation enters into multi-year arrangements for the provision of freight and other goods and services. The total commitments as at March 31, 2024 for future years are \$10,602,000 (2023 – \$3,052,000).

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(e) Contingencies

Yukon Development Corporation

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

(f) Regulatory Deferral Accounts

Yukon Development Corporation

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

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

12. **Bank advances and short-term borrowings**

The amounts borrowed from lines of credit fluctuated throughout the year with interest rates between 5.85% to 6.35%. Interest expense incurred was \$2,220,000 (2023 - \$99,000).

The Government's financial institutions have legally enforceable rights to set off the outstanding balance under the line of credit by cash balances in other accounts with the same financial institution.

The bank advances and short-term borrowings are comprised of:

	2024	2023
	(thousands of dollars)	
Bank balance	\$ (89,008)	\$ -
Line of credit	194,071	-
	<u>\$ 105,063</u>	<u>\$ -</u>

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13. **Accounts payable and accrued liabilities**

	<u>2024</u>	<u>2023</u>
	(thousands of dollars)	
Accounts payable	\$ 98,869	\$ 96,938
Accrued liabilities	102,783	129,615
Contractors' holdbacks and security deposits	36,639	33,228
Due to government business enterprises (Note 11(b))	9,051	19,236
Other	6,812	516
	<u>\$ 254,154</u>	<u>\$ 279,533</u>

14. **Unearned revenues**

	<u>2024</u>	<u>2023</u>
	(thousands of dollars)	
Liability portion of government transfers ¹	\$ 49,271	\$ 23,964
Motor vehicle fees for future years ²	-	2,976
Prepaid lease payments	9,200	9,200
Other	10,989	8,020
	<u>\$ 69,460</u>	<u>\$ 44,160</u>

¹ 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.

² The prior year balance was recognized in revenue in the current year upon adoption of PS 3400 (Note 3). Motor vehicle licensing fees are no longer deferred.

15. **Environmental liabilities**

The following table presents the total estimated amounts of environmental liabilities:

	<u>2024</u>		<u>2023</u>	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for:				
Highway maintenance camps and airports	35	\$ 27,120	35	\$ 13,713
Other storage tanks and buildings	59	9,110	50	10,912
Marwell Tar Pit	1	25	1	67
Wellgreen	1	20,625	1	14,407
Wolverine	1	44,613	1	43,314
Minto	1	70,980	-	-
Other	16	12,747	15	5,311
	<u>114</u>	<u>185,220</u>	<u>103</u>	<u>87,724</u>

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Type II sites	1	4,722	1	4,728
	115	\$ 189,942	104	\$ 92,452

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities for contaminated sites of \$185,220,000 (2023 - \$87,724,000). 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, 2024, the Government was aware of 114 sites (2023 – 103 sites) where the Government is obligated or is likely obligated to incur such costs. During the year remediation work was undertaken at 16 sites.

One of the 114 contaminated 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, 2024, \$25,000 (2023 – \$67,000) was recorded as the remaining liability for this site.

A site known as **Wellgreen** ceased operations in the 1970's. The Government of Canada approved the tailings dam and resulting pond built at that time as meeting required specifications; however, concerns regarding the level of water in the pond were raised. Initial assessment confirmed that further remediation of the site is required. Negotiations with the previous owner and the Government of Canada are underway to establish final levels of responsibility and liability. Remediation has been estimated at \$20,625,000 (2023 - \$14,407,000), which reflects the Government's potential exposure before any potential recoveries from the other parties.

The **Wolverine mine** site was owned and operated by Yukon Zinc Corporation under a license pursuant to the *Quartz Mining Act* (Yukon). After operating for a short period of time, during which the required financial security for potential closure and remediation costs was not provided in full, the company was placed in receivership on September 16, 2019. After several legal rulings and appeals, the court appointed receiver was unsuccessful in finding a viable purchaser of the mine and recommended it be turned over to the government for closure. The Government has included \$44,613,000 (2023 - \$43,314,000) as an estimated liability for the remediation of this mine.

In May 2023, **Minto Metal Corporation** abandoned its mine site located on Selkirk First Nation Category Settlement Land. The Government, in its regulatory capacity, determined that the mining operation was abandoned and acted under its powers in the *Quartz Mining Act* and *Water Act* to protect persons, property and environment. The total reclamation and closure activities have been estimated at

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\$94,973,000 which reflects the Government's estimated exposure before any recoveries from other parties. The corresponding expense was recognized in expenses in the statement of operations and accumulated operating surplus under Natural resources (Note 22 and Schedule B).

There is a related \$3,080,000 security from Minto Metal Corporation which is held in trust and a security bond of \$72,000,000 that can be accessed by the Government. During 2024, \$23,993,000 in associated costs were incurred. The Government claimed \$23,811,000 in recovery which was recorded in third party recoveries at March 31, 2024. By year end \$18,109,000 was received and \$5,702,000 was recorded as accounts receivable. As a result, the remaining liability for the Minto mine was reduced to \$70,980,000 as at March 31, 2024.

(b) Type II sites

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

On April 10, 2015, Veris Gold Corporation abandoned the Ketz River mine site ("the site"). The site is identified as a Type II mine site in the DTA between the Government and the Government of Canada. The Government has provided notice to the Government of Canada pursuant to the DTA that the site has been abandoned by its owner/operator. Once a Type II site becomes abandoned the DTA requires that an Independent Assessor assess the condition of the site and develop a remediation plan. The Government is responsible for the cost of this assessment. Under the DTA, the Government of Canada accepted financial responsibility for the remediation of impacts attributable to activities that were permitted by the Government of Canada. The Government will be financially responsible for remediation of impacts of activities it permitted after devolution. The Government's costs, if any, may be offset by the security bond it holds. The financial obligations related to the assessment required under the DTA are estimated to be \$4,722,000 (2023 - \$4,728,000) 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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(d) *Landfill liability*

There are 23 active or closed landfill sites that are outside incorporated communities that are operated by the Government. These landfill sites are subject to the *Environment Act (Yukon)* – Solid Waste Regulations which includes requirements for closure and post-closure care of a landfill. In calculation of the liability for these sites, the remaining landfill life was estimated to be from 0 to 49 years (2023 – 0 to 50 years). Solid waste permits issued under the Solid Waste Regulations specify 25 years of post-closure monitoring; therefore, 25 years is used as an estimated length of time needed for post-closure care. A discount rate of 2.50% per annum (2023 – 2.50%) was used for the net present value calculation for active and closed landfill sites. The retirement costs are expected to be incurred between 2025 and 2099.

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

(a) The Government of Yukon and Yukon Housing Corporation

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

The Government and the Yukon Housing Corporation have conducted actuarial valuations of post-employment benefits as at December 31, 2022. March 31, 2024, amounts are based on an extrapolation of the December 31, 2022 amounts. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

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

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

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

Members of the Yukon Legislative Assembly receive a severance benefit in accordance with the *Legislative Assembly Retirement Allowance Act, 2007* (Yukon). The accrued benefit obligation is calculated actuarially using the projected benefit method prorated on service. The accrued benefit liability at March 31, 2024 is based on an extrapolation of an actuarial valuation that was performed as at December 31, 2022. The Government has designated a portion of its assets for the purpose of meeting this obligation (Note 8).

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(b) Yukon University

Yukon University's cost of benefit plans, other than pensions, including severance benefits, sick leave and managers' accrued leave, payable upon termination of employment, death or retirement, is actuarially determined using the projected accrued benefit method prorated on employment services. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. The actuarial valuation of the accrued benefit liability was performed as at March 31, 2024.

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

(c) Yukon Hospital Corporation

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

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

The accrued liabilities for the above benefits were as follows:

	<u>2024</u>	<u>2023</u>
	(thousands of dollars)	
Post-employment benefits and compensated absences liability		
Government of Yukon employees	\$ 133,664	\$ 131,560
Members of Yukon Legislative Assembly	1,308	1,104
Yukon Hospital Corporation	3,369	2,905
Yukon Housing Corporation	2,230	2,497
Yukon University	<u>10,325</u>	<u>10,811</u>
(Schedule D)	<u>\$ 150,896</u>	<u>\$ 148,877</u>

18. **Retirement benefits**

(a) Public Service Pension Plan

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

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In the calendar year 2023, the Government contributed \$1.02 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$196,200 the Government contributed \$5.29 for every dollar contributed by both groups of plan members.

In the calendar year 2024, the Government contributes \$1.02 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$202,000 the Government contributes \$4.63 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 \$47,768,000 (2023 – \$41,687,000).

(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.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The last actuarial valuation for funding purposes was performed as of March 31, 2021. The accrued benefit obligation as at March 31, 2024 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2021.

(c) Territorial Court Judiciary Pension Plan

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

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

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The last actuarial valuation for funding purposes was performed as of March 31, 2023. The accrued benefit obligation as at March 31, 2024 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2023.

(d) Yukon University Employees' Pension Plan

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

An actuarial valuation for accounting purposes was performed as at March 31, 2024 following the Canadian public sector accounting standards. An actuarial valuation for funding purposes was performed as at June 30, 2023, which established Yukon University's required contributions as 100% (69.7% up to December 31, 2022 and 100% from January 1, 2023) of employee contributions.

The actuarial valuation for funding purposes as at June 30, 2023 indicates the University had an actuarial surplus of \$18,145,000 (June 30, 2022 – \$29,889,000) at the measurement date on a going-concern basis and a surplus of \$11,678,000 (June 30, 2022 – \$12,830,000) if valued on the basis that the pension plan was to be terminated/wound up as at June 30, 2023. The solvency ratio of the plan was 100% at June 30, 2023 (100% at June 30, 2022).

For any unfunded pension liability, the University has obtained a letter of credit in lieu of making solvency payments. The amount of the letter of credit is equal to the amount of solvency payments required as determined by the actuary. The Government has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letters of credit required by Yukon University to address its solvency deficit in its pension plan, the Government will provide the necessary financial support to address any resulting debt, interest and costs that may be required under the federal pension legislation. This guarantee remains in effect until December 31, 2024. The maximum amount of letters of credit to which this guarantee applies is \$22,061,000 (2023 – \$22,061,000).

(e) Yukon Hospital Corporation Employees' Pension Plan

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

An actuarial valuation for funding purposes was performed at December 31, 2023, which established the Corporation's required contribution as 115% (2022 – 115%) of employee contributions. This valuation reported that, as at December 31, 2023, the pension plan had a surplus of \$67,856,000 (2022 – \$63,245,000) on a going concern basis. The solvency ratio of the plan at December 31, 2023 is 109% (105% at December 31, 2022).

In accordance with the *Pension Benefits Standards Act, 1985*, the Corporation is required to make special payments when applicable to address any pension solvency requirements. The pension plan

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had a solvency surplus of \$16,491,000 in 2023 calendar year (2022 - \$8,785,000) if valued on the basis that the pension plan was terminated/wound up at the end of 2023 calendar year. The Corporation is allowed to cover up to a specified maximum with a conforming letter of credit that is guaranteed by the Government. As at March 31, 2024, the Corporation had a Government-guaranteed conforming letter of credit totalling \$27,992,000 (2023 - \$35,128,000). Effective June 1, 2024, the Corporation will take a contribution holiday in keeping with requirements of the Federal *Income Tax Act*.

An actuarial valuation for accounting purposes was performed as at March 31, 2024 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. The extended health care plan is self-insured. The accrued benefit obligation as at March 31, 2024 is based on an extrapolation of an actuarial valuation conducted as at December 31, 2022.

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

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

The accrued benefit liability (asset) for the above retirement benefits was as follows:

	<u>2024</u>	<u>2023</u>
	(thousands of dollars)	
Accrued benefit asset		
Yukon Hospital Corporation Employees' Pension Plan	\$ (69,499)	\$ (63,126)
Yukon University Employees' Pension Plan	<u>(33,903)</u>	<u>(29,618)</u>
	<u>\$ (103,402)</u>	<u>\$ (92,744)</u>
Accrued benefit liability		
Extended health care retirement benefit	\$ 80,851	\$ 79,017
Legislative Assembly Retirement Allowances Plan	29,055	30,560
Life insurance retirement benefit	4,115	4,028
Territorial Court Judiciary Pension Plan	<u>9,276</u>	<u>10,137</u>
	<u>\$ 123,297</u>	<u>\$ 123,742</u>
Total net benefit liability (Schedule E)	<u>\$ 19,895</u>	<u>\$ 30,998</u>

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19. **Borrowings**

	2024	2023
	(thousands of dollars)	
Yukon Hospital Corporation – loans with a chartered bank. (see below)	\$ 18,804	\$ 23,612
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 \$527,000 (2023 – \$1,819,000), repayable in blended monthly payments with maturities up to the year 2028, bearing fixed interest rate of 5.00%.	251	379
Yukon University – non-interest-bearing loan repayable on demand within 90 days.	966	966
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%.	293	412
Yukon Hospital Corporation – flexible term note payable to the Yukon Development Corporation, bearing interest rate at 7.50% repayable in annual instalments, based on the annual energy savings realized, secured by a general security agreement on building improvements with a net book value of \$0 (2023 – \$0).	85	85
	\$ 20,399	\$ 25,454
Less: Amounts included in Due to Canada (Note 5)	(545)	(791)
	\$ 19,854	\$ 24,663

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

(thousands of dollars)

2025	\$ 6,232
2026	5,398
2027	5,005
2028	3,634
2029	130
	\$ 20,399

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Yukon Hospital Corporation – loans with a chartered bank

	<u>2024</u>	<u>2023</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.	\$ 4,905	\$ 6,524
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.	4,900	6,100
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.23% per annum for the Crocus Ridge construction project. Blended payments of \$117,000 due monthly with the final payment due on March 15, 2028.	5,080	6,192
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.30% per annum for the Pension solvency and Letter of Credit interest. Blended payments of \$93,000 due monthly with the final payment due on February 28, 2028.	3,919	4,796
	<u>\$ 18,804</u>	<u>\$ 23,612</u>

The remaining undiscounted contractual cash flows on Yukon Hospital Corporation's borrowings are \$24,786,000 as at March 31, 2024 (2023 - \$28,956,000).

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Borrowing Limit

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

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

	2024	2023
	(thousands of dollars)	
Authorized borrowing limit	\$ 800,000	\$ 800,000
Loans of money by government reporting entity:		
Government business enterprises		
Yukon Development Corporation, bonds	100,000	100,000
Yukon Development Corporation, other long-term debt	92,528	88,383
	192,528	188,383
Fully consolidated entities		
Yukon Hospital Corporation, bank loans	18,804	23,612
Yukon Housing Corporation, mortgages payable	251	379
Yukon University, loan payable	966	966
Yukon Housing Corporation, loans payable	293	412
	20,314	25,369
Accrued interest payable	2,098	2,165
Credit facilities used	159,715	16,729
Liabilities for leased tangible capital assets	362	834
Total debt	375,017	233,480
Available borrowing capacity	\$ 424,983	\$ 566,520

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

	<u>2024</u>	<u>2023</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.7%.	\$ 292	\$ 558
Building lease obligation payable monthly until the year 2024, with imputed interest rate of 3.3%.	70	276
	<u>\$ 362</u>	<u>\$ 834</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$99,000 (2023 – \$110,000) at an imputed average interest rate of 3.5% (2023 – 3.6%).

The following is a schedule of future minimum lease payments:

	(thousands of dollars)
2025	\$ 536
Less: amount representing executory costs	(135)
amount representing rental of land	(39)
amount representing interest	-
	<u>\$ 362</u>

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21. **Tangible capital assets**

	2024	2023
	Net Book Value	Net Book Value
	(thousands of dollars)	
Land	\$ 19,950	\$ 19,950
Buildings	880,620	826,854
Equipment and vehicles	109,231	107,187
Computer hardware and software	51,825	53,963
Infrastructure	926,190	818,503
Land improvements and fixtures	52,117	53,082
Waste and water systems	57,508	58,123
Communications technology	102,772	58,220
(Schedule C)	<u>\$ 2,200,213</u>	<u>\$ 1,995,882</u>

Leased tangible capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was \$317,000 (2023 – \$990,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2024	2023
	(thousands of dollars)	
Buildings (cost)	\$ 4,273	\$ 9,907
Less: accumulated amortization	(3,935)	(9,255)
	<u>\$ 338</u>	<u>\$ 652</u>

22. **Expenses by object**

	2024	2023
	(thousands of dollars)	
Personnel	\$ 786,016	\$ 743,185
Government transfers	413,074	401,245
Contract and special services	278,613	277,739
Materials, supplies and utilities	177,764	158,513
Environmental obligations	120,360	9,552
Amortization	79,582	73,137
Accretion	2,003	1,874
Communication and transportation	52,409	50,438
Rent	59,937	56,846
Interest on long-term debt and capital lease obligations	1,310	1,323
Other	46,858	17,211
	<u>\$ 2,017,926</u>	<u>\$ 1,791,063</u>

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**Notes to Consolidated Financial Statements
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23. **Trusts under administration**

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

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year-end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. At March 31, 2024, 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, 2024, except for the Compensation Fund (Yukon) which is at December 31, 2023.

	2024	2023
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 277,633	\$ 243,621 ¹
Canada Community Building Fund	148,308	124,155
Lottery Commission	10,855	10,852
Crime Prevention and Victim Services	8,213	7,430
Forest Sector trust	6,675	6,309
Extended health and dental plan trust funds	465	3,844
Supreme Court trust	446	630
Public Guardian trust	2,006	1,754
Other	10,958	6,711
	\$ 465,559	\$ 405,306

¹ The figure has changed from the previously reported amount of \$246,720 because the Compensation Fund (Yukon) applied IFRS 17 Insurance Contracts for the first time in 2023, on a retrospective basis.

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

The Government has entered into agreements to receive, or has contractual rights for, the following receipts subsequent to March 31, 2024:

	<u>Expiry Date</u>	<u>2025</u>	<u>2026 – 2032</u>	<u>Total</u>
		(thousands of dollars)		
Contribution and Service Agreements				
Infrastructure Canada	2031	\$ 101,119	\$ 389,787	\$ 490,906
Transport Canada	2029	101,065	183,760	284,825
Indigenous Services Canada	2032	26,299	157,794	184,093
Health Canada	2028	23,994	45,330	69,324
Canada Mortgage and Housing Corporation	2030	8,348	25,628	33,976
Environment and Natural Resources	2028	1,560	23,030	24,590
Early Learning and Childcare Agreement	2026	12,139	10,930	23,069
Employment and Social Development	2028	6,539	14,007	20,546
Canada-Yukon Nature Agreement	2026	9,077	6,551	15,628
Canadian Heritage	2028	6,619	1,210	7,829
Justice Canada	2027	1,643	3,286	4,929
Student Financial Assistance	2026	509	2,036	2,545
Other	2027	9,782	11,596	21,378
		<u>\$ 308,693</u>	<u>\$ 874,945</u>	<u>\$ 1,183,638</u>

GOVERNMENT OF YUKON

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25. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2024:

	Expiry Date	2025	2026 – 2040	Total
		(thousands of dollars)		
Capital projects				
- in progress at March 31, 2024	2031	\$ 342,543	\$ 146,493	\$ 489,036
RCMP policing agreement	2032	38,359	268,513	306,872
Other operational commitments	2040	76,583	39,684	116,267
Yukon Hospital Corporation medical equipment maintenance	2029	23,274	24,679	47,953
Building/office space leases	2032	15,945	25,075	41,020
Mineral Resources and Geoscience Services	2027	19,397	3,987	23,384
Alkan Air Ltd. medical evacuation contract	2026	7,500	6,007	13,507
Information Services Corporation	2040	189	3,066	3,255
Student Transportation	2024	868	-	868
NorthwesTel Inc. mobile radio network system	2024	652	-	652 -
		<u>\$ 525,310</u>	<u>\$ 517,504</u>	<u>\$1,042,814</u>

26. **Overexpenditure**

Over-expenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that “a vote does not authorize any payment to be made in excess of the amount specified in the vote”. During the year, no (2023 – no) departments exceeded their votes.

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, two (2023 – one) departments exceeded the authorized amounts as follows:

	(thousands of dollars)
Education	
- Post secondary student grants	\$ 680
- Childcare subsidies	\$ 45
Health and Social Services	
- Medical travel subsidies	\$ 266

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27. **Guarantees**

At March 31, 2024, the YDC had long-term debt of \$225,000,000 (2023 – \$221,000,000) (Note 11(a)) and a credit facility of up to \$115,000,000 (2023 - \$72,500,000). While the Government has not issued guarantees for these instruments, as the YDC is an agent of the Government, lenders may have recourse to the Government. Except for the amounts committed as described in Note 11(d), it is expected that no significant costs will be incurred by the Government with respect to any guarantees and debts.

28. **Risk management of financial instruments**

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

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

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

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

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

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

	<u>2024</u>	<u>2023</u>
	(thousands of dollars)	
Carrying value	\$ 47,685	\$ 27,121
Allowance for doubtful accounts	\$ 4,972	\$ 3,775
Accounts receivable % less than 30 days	78 %	78 %
Accounts receivable % over 90 days	<u>16 %</u>	<u>19 %</u>

To manage the credit risk on mortgages and loans receivable, the Government actively monitors loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. The maximum exposure of the mortgages and loans receivable to credit risk is \$68,452,000 (2023 - \$67,767,000). As at March 31, 2024, approximately 95% (2023 – 97%) of loans receivable were current or less than 30 days past due, whereas 5% (2023 – 3%) were over 30 days past due.

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

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

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

The undiscounted contractual cash flows for borrowings are disclosed in Note 19.

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

The Government is exposed to interest rate risk through its investment holdings in interest-bearing, or fixed-income assets. The Government manages this risk on its investments by setting asset mix guidelines that limit the extent to which interest rates impact the market value of the Government's portfolio investments, which may include GICs, term deposits, and funds that include short-term debt securities of Canadian Governments and corporate issuers with terms to maturity of 90 days or more but one year or less from the date of acquisition. Based on year-end short-term investment balances, a one per cent increase (decrease) in the bank's prime lending rate could increase (decrease) interest income by approximately \$24,000 (2023 - \$43,000).

The Government manages this risk on its debt by issuing securities at predominantly fixed rates of interest rather than at floating rates of interest. To reduce its exposure to interest rate risk, the Government, through its government reporting entities, uses interest rate contracts, including interest rate swap agreements, to manage the fixed and floating interest rate mix on its debt portfolio. The Government has interest rate swaps on a value of debt of \$18,804,000 (2023 - \$23,612,000). At March 31, 2024, 100 per cent (2023 – 100 per cent) of the Government's gross debt effectively carried a rate of interest that was fixed for greater than a one-year period. As such, fluctuations in market interest rates would not impact future cash flows and the operations of the Government.

The Government has access to lines of credit up to the following limits:

	2024	2023
	(thousands of dollars)	
Government of Yukon	\$ 200,000	\$ 100,000
Yukon Housing Corporation	11,000	11,000
Yukon University	1,000	1,000
	<u>\$ 212,000</u>	<u>\$ 112,000</u>

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The Government of Yukon used its line of credit during the year and incurred interest expenses at prime rate minus 0.85% (2023 - prime rate minus 0.85%) per annum. The Yukon Housing Corporation and the Yukon University lines of credit were unused at both 2024 and 2023. The Government's credit facility interest rates are subject to fluctuations in the prime rate. The interest rate risk is minimal due to the short-term nature of amounts drawn.

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

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

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

29. **Land claims**

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

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

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30. **Contingencies**

Contingent liabilities

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, 2024, the amounts claimed, excluding the claim from Northern Cross (Yukon) Ltd., which is described below, is \$32,206,000 (2023 - \$32,288,000). No provision for these claims has been made as it is unlikely or indeterminable that a liability has been incurred as at the date of the financial statements. Furthermore, an estimate of extent cannot be made as at the date of the financial statements.

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

The Government established a Risk Management Revolving Fund in December 2004, with a limit of \$5,000,000, which is to be used for providing limited insurance and risk management services to Government departments. Expenses relating to some of the property and liability losses incurred by the Government are to be paid out of this fund. The Government has legal liability and property insurance with a \$2,000,000 deductible. In 2024, the Government paid \$656,000 (2023 - \$841,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$2,434,000 as at March 31, 2024 (2023 - \$3,747,000). This amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2024 was \$2,450,000 (2023 - \$2,613,000).

In addition to the environmental liabilities discussed in Note 15, there may be other instances of contamination for which the Government may be obligated to incur remediation costs. No liability has been recognized for these instances of contamination as the future costs of remediation and the Government's obligation to incur these costs are undeterminable at the date of the financial statements.

Contingent assets

The Government has instituted claims against others because of disputes resulting from breaches in contracts. It may receive funds in the future from recoveries of various types of claims paid out and other agreement pending the occurrence of certain events.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2024

31. **Subsequent Events**

On June 24, 2024 there was a major environmental incident at the Eagle Gold Mine, operated by Victoria Gold Corporation.

Subsequently, PricewaterhouseCoopers has been court-appointed receiver of the Corporation and is responsible for undertaking remediation activities at the site. Mining operations will remain suspended as the completion of the remediation is a condition precedent to any future mining activity at the site.

The Government has committed to advance \$50 million to the receiver, as a loan, to fund remediation activities. All funding advanced by the Government to the receiver is by a court-ordered priority charge. The Government estimates that the remediation may cost \$100 million to \$150 million.

Given the complexity of the environmental and associated legal issues, the Government is unable to determine the expected impacts on the Government's consolidated financial statements.

32. **Comparative figures**

Certain comparative figures for 2023 have been reclassified to conform with the 2024 presentation.

GOVERNMENT OF YUKON

Schedule A

**Consolidated Schedule of Revenues by Source
for the year ended March 31, 2024**

	2024		2023
	Budget	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing Grant	\$ 1,252,161	\$ 1,252,161	\$ 1,174,144
Contributions and service agreements	312,644	292,646	313,766
Other grants	74,884	136,484	122,910
	<u>1,639,689</u>	<u>1,681,291</u>	<u>1,610,820</u>
Taxes and general revenues			
Income taxes	125,839	124,224	150,298
Other taxes			
Tobacco tax	14,628	11,077	11,612
Fuel oil tax	8,810	9,647	8,863
General property tax	6,149	7,317	5,806
Liquor tax	5,386	5,314	5,106
Insurance premium tax	9,016	8,712	8,902
Grant in lieu of property tax	253	256	240
Sale of land	32,285	16,066	8,351
Licences, permits and fees	32,813	34,746	30,498
Investment and interest revenue	4,181	12,454	9,047
Hospital revenues	8,139	2,681	2,130
Resource revenue - mineral, oil and gas and forestry	11,992	4,934	2,362
Aviation operations	1,345	1,396	1,573
Income from portfolio investments	-	1,106	980
Fines	508	614	531
Other revenues	331	4,194	2,706
	<u>261,675</u>	<u>244,738</u>	<u>249,005</u>
Funding and service agreements with other parties	<u>32,442</u>	<u>65,336</u>	<u>34,413</u>
Income (loss) from investment in government business enterprises			
Yukon Liquor Corporation	8,778	8,397	7,720
Yukon Development Corporation	2,600	3,648	8,119
	<u>11,378</u>	<u>12,045</u>	<u>15,839</u>
	<u>\$ 1,945,184</u>	<u>\$ 2,003,410</u>	<u>\$ 1,910,077</u>

GOVERNMENT OF YUKON

Schedule B

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2024**

	Health and Social Services		Community and Transportation		Education		General Government ¹	
	2024	2023	2024	2023	2024	2023	2024	2023
(thousands of dollars)								
Revenues								
From Government of Canada	\$ 55,272	\$ 45,317	\$ 154,209	\$ 183,541	\$ 16,962	\$ 18,748	\$ 1,409,213	\$ 1,326,306
Taxes and general revenues	7,182	6,033	50,769	38,363	7,296	5,359	169,665	191,907
Funding and service agreements	12,762	8,954	7,643	6,695	18,683	15,936	626	1,270
Income (loss) from investments in government business enterprises	-	-	3,648	8,119	-	-	8,397	7,720
	<u>75,216</u>	<u>60,304</u>	<u>216,269</u>	<u>236,718</u>	<u>42,941</u>	<u>40,043</u>	<u>1,587,901</u>	<u>1,527,203</u>
Expenses (Note 22)								
Personnel	270,814	244,146	85,932	87,654	170,947	156,400	131,488	134,974
Contracts, materials and other	239,058	212,053	177,584	136,076	6,719	6,632	79,745	95,556
Government transfers	127,861	108,064	109,409	146,885	66,051	51,254	41,714	36,131
Amortization expenses	17,923	15,473	42,705	38,610	7,912	7,373	6,637	7,427
Subtotal	<u>655,656</u>	<u>579,736</u>	<u>415,630</u>	<u>409,225</u>	<u>251,629</u>	<u>221,659</u>	<u>259,584</u>	<u>274,088</u>
Interest on long-term debt and capital lease obligations	1,272	1,273	38	50	-	-	-	-
	<u>656,928</u>	<u>581,009</u>	<u>415,668</u>	<u>409,275</u>	<u>251,629</u>	<u>221,659</u>	<u>259,584</u>	<u>274,088</u>
Recovery of prior years' expenses	1,200	839	163	614	3,152	390	4,848	1,243
Surplus (deficit) for the year	<u>\$ (580,512)</u>	<u>\$ (519,866)</u>	<u>\$ (199,236)</u>	<u>\$ (171,943)</u>	<u>\$ (205,536)</u>	<u>\$ (181,226)</u>	<u>\$ 1,333,165</u>	<u>\$ 1,254,358</u>

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

GOVERNMENT OF YUKON

Schedule B, continued

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2024**

	Natural Resources		Justice		Business, Tourism and Culture		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
(thousands of dollars)								
Revenues								
From Government of Canada	\$ 28,197	\$ 19,954	\$ 8,234	\$ 7,372	\$ 9,204	\$ 9,582	\$ 1,681,291	\$ 1,610,820
Taxes and general revenues	8,540	6,042	1,223	1,228	63	73	244,738	249,005
Funding and service agreements	24,017	343	1,134	746	471	469	65,336	34,413
Income (loss) from investments in government business enterprises	-	-	-	-	-	-	12,045	15,839
	<u>60,754</u>	<u>26,339</u>	<u>10,591</u>	<u>9,346</u>	<u>9,738</u>	<u>10,124</u>	<u>2,003,410</u>	<u>1,910,077</u>
Expenses (Note 22)								
Personnel	65,743	60,846	40,906	39,422	20,186	19,743	786,016	743,185
Contracts, materials and other	167,339	59,401	55,657	48,750	11,842	13,705	737,944	572,173
Government transfers	27,953	20,685	9,143	7,692	30,943	30,534	413,074	401,245
Amortization expenses	1,670	1,446	1,938	1,986	797	822	79,582	73,137
Subtotal	<u>262,705</u>	<u>142,378</u>	<u>107,644</u>	<u>97,850</u>	<u>63,768</u>	<u>64,804</u>	<u>2,016,616</u>	<u>1,789,740</u>
Interest on long-term debt and capital lease obligations	-	-	-	-	-	-	1,310	1,323
	<u>262,705</u>	<u>142,378</u>	<u>107,644</u>	<u>97,850</u>	<u>63,768</u>	<u>64,804</u>	<u>2,017,926</u>	<u>1,791,063</u>
Recovery of prior years' expenses	1,032	168	571	146	319	449	11,285	3,849
Surplus (deficit) for the year	<u>\$ (200,919)</u>	<u>\$ (115,871)</u>	<u>\$ (96,482)</u>	<u>\$ (88,358)</u>	<u>\$ (53,711)</u>	<u>\$ (54,231)</u>	<u>\$ (3,231)</u>	<u>\$ 122,863</u>

Government of Yukon

Schedule C

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2024**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Infrastructure	Land Improvements & Fixtures	Waste & Water Systems	Communications Technology	2024 Total	2023 Total
(thousands of dollars)										
Cost of tangible capital assets, opening	\$ 19,950	\$ 1,374,402	\$ 242,694	\$ 131,297	\$ 1,322,225	\$ 70,912	\$ 81,077	\$ 63,563	\$ 3,306,120	\$ 3,031,633
Change in asset retirement obligation estimate	-	(3,533)	(81)	-	(56)	-	-	-	(3,670)	(5,331)
Acquisitions	-	82,339	19,164	6,519	131,307	2,860	444	45,229	287,862	291,067
Write-downs	-	(128)	(21)	-	-	-	-	-	(149)	(3,414)
Disposals	-	(1,270)	(3,652)	(691)	-	-	-	-	(5,613)	(7,835)
Cost of tangible assets, closing	19,950	1,451,810	258,104	137,125	1,453,476	73,772	81,521	108,792	3,584,550	3,306,120
Accumulated amortization, opening	-	546,322	136,792	77,275	503,722	17,830	22,954	5,343	1,310,238	1,244,202
Amortization expense	-	26,138	15,603	8,716	23,564	3,825	1,059	677	79,582	73,137
Disposals	-	(1,270)	(3,522)	(691)	-	-	-	-	(5,483)	(7,101)
Accumulated amortization, closing	-	571,190	148,873	85,300	527,286	21,655	24,013	6,020	1,384,337	1,310,238
Net book value (Note 21)	\$ 19,950	\$ 880,620	\$ 109,231	\$ 51,825	\$ 926,190	\$ 52,117	\$ 57,508	\$ 102,772	\$ 2,200,213	\$ 1,995,882
Asset retirement obligations ^(a)	\$ -	\$ 1,541	\$ 106	\$ -	\$ 335	\$ -	\$ 1,692	\$ -	\$ 3,674	\$ 6,924
Work-in-progress ^(a)	\$ -	\$ 122,455	\$ 9,628	\$ 18,881	\$ 310,436	\$ 15,497	\$ 13,887	\$ 97,048	\$ 587,832	\$ 429,002

^(a) 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, 2024**

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Hospital Corporation	Yukon Housing Corporation	Yukon University	2024 Total	2023 Total
(thousands of dollars)							
Accrued benefit obligation							
Obligation at beginning of year	\$ 113,426	\$ 1,064	\$ -	\$ 1,884	\$ 7,721	\$ 124,095	\$ 135,524
Current service costs	10,775	149	-	187	779	11,890	13,962
Interest cost on benefit obligation	5,665	68	-	95	296	6,124	5,649
Actuarial loss (gain)	(255)	5	-	(528)	(177)	(955)	(14,823)
Benefits paid	(13,078)	-	-	(67)	(612)	(13,757)	(16,217)
Accrued benefit obligation at end of year	116,533	1,286	-	1,571	8,007	127,397	124,095
Unrecognized net actuarial gain (loss)	16,455	22	-	659	(1,160)	15,976	17,056
Accrued benefit liability	132,988	1,308	-	2,230	6,847	143,373	141,151
Liabilities that are not included in actuarial valuation	676	-	3,369	-	3,478	7,523	7,726
Post-employment benefits and compensated absences (Note 17)	133,664	1,308	3,369	2,230	10,325	150,896	148,877
Net benefit cost							
Current service cost	\$ 10,775	\$ 149	\$ -	\$ 187	\$ 779	\$ 11,890	\$ 13,962
Interest cost on benefit obligation	5,665	68	-	95	296	6,124	5,649
Past service costs	-	-	-	(421)	-	(421)	(18)
Amortization of net actuarial loss (gain)	(1,308)	(13)	-	(61)	(178)	(1,560)	(389)
Net cost for the year	\$ 15,132	\$ 204	\$ -	\$ (200)	\$ 897	\$ 16,033	\$ 19,204

GOVERNMENT OF YUKON

Schedule D
Continued

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2024**

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Hospital Corporation	Yukon Housing Corporation	Yukon University
2023-24 Key Assumptions					
Discount rate on benefit costs	4.80%	6.00%	N/A	4.90%	4.80%
Discount rate on accrued benefit obligation at end of year	4.90%	5.70%	N/A	4.90%	4.85%
Inflation rate at end of year	2.00%	2.00%	N/A	2.00%	2.00%
Rate of compensation increase	see below ¹	2.50%	N/A	see below ¹	3.40%
Amortization period (expected average remaining service life)	13.0 years	2.0 years	N/A	11.8 years	10.0 years
2022-23 Key Assumptions					
Discount rate on benefit costs	4.00%	5.30%	N/A	4.00%	3.80%
Discount rate on accrued benefit obligation at end of year	4.80%	6.00%	N/A	4.80%	4.80%
Inflation rate at end of year	2.00%	2.00%	N/A	2.00%	2.00%
Rate of compensation increase	see below ¹	2.50%	N/A	see below ¹	see below ²
Amortization period (expected average remaining service life)	13.0 years	3.0 years	N/A	11.8 years	10.0 years

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

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

²Group 1: 3.00% and Group 2:3.40%

GOVERNMENT OF YUKON

Schedule E

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2024**

	Extended Health Care Retirement Benefit	Legislative Assembly Retirement Allowances Plan	Life Insurance Retirement Benefit	Territorial Court Judiciary Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	Yukon University Employees' Pension Plan	2024 Total	2023 Total
(thousands of dollars)								
Pension and retirement plan assets are valued at fair value.								
Accrued benefit obligation								
Obligation at beginning of year	\$ 55,075	\$ 34,208	\$ 3,588	\$ 13,244	\$ 111,847	\$ 92,682	\$ 310,644	\$ 327,925
Current service costs	2,266	1,578	38	526	4,688	4,620	13,716	14,983
Interest cost on benefit obligation	2,715	2,047	173	765	7,504	5,603	18,807	17,619
Actuarial loss (gain)	24,507	1,255	(18)	422	4,927	931	32,024	(31,394)
Benefits paid	(1,658)	(1,754)	(121)	(621)	(6,029)	(6,944)	(17,127)	(17,851)
Administration expenses	-	-	-	-	-	(817)	(817)	(637)
Accrued benefit obligation at end of year	82,905	37,334	3,660	14,336	122,937	96,075	357,247	310,645
Plan assets - valued at fair value								
Value at beginning of year	-	11,262	-	4,725	173,606	138,026	327,619	329,061
Actual return on plan assets	-	893	-	293	22,407	14,574	38,167	(1,407)
Employer contributions	-	342	-	465	5,860	2,100	8,767	12,418
Member contributions	-	186	-	65	2,605	2,090	4,946	5,129
Benefits paid	-	(369)	-	(621)	(6,029)	(6,944)	(13,963)	(16,597)
Actual plan expenses	-	-	-	-	(252)	(817)	(1,069)	(985)
Value at end of year	-	12,314	-	4,927	198,197	149,029	364,467	327,619
Funded status - plan deficit (surplus)	82,905	25,020	3,660	9,409	(75,260)	(52,954)	(7,220)	(16,975)
Unrecognized net actuarial gain (loss)	(2,054)	4,035	455	(133)	5,761	19,051	27,115	47,973
Accrued benefit liability (asset) (Note 18)	\$ 80,851	\$ 29,055	\$ 4,115	\$ 9,276	\$ (69,499)	\$ (33,903)	\$ 19,895	\$ 30,998
Net benefit cost								
Current service cost	\$ 2,266	\$ 1,578	\$ 38	\$ 526	\$ 5,087	\$ 4,620	\$ 14,115	\$ 15,338
Less: Member contributions	-	(186)	-	(65)	(2,605)	(2,090)	(4,946)	(5,129)
Interest cost on benefit obligation	2,715	2,047	173	765	(4,288)	5,603	7,015	7,211
Expected return on plan assets	-	(680)	-	(267)	-	(8,379)	(9,326)	(8,862)
Amortization of net actuarial loss (gain)	(1,488)	(2,537)	(3)	(1,355)	1,293	(1,939)	(6,029)	(4,209)
Net cost for the year	\$ 3,493	\$ 222	\$ 208	\$ (396)	\$ (513)	\$ (2,185)	\$ 829	\$ 4,349

GOVERNMENT OF YUKON

Schedule E
Continued

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2024**

	Extended Health Care Retirement Benefit	Legislative Assembly Retirement Allowances Plan	Life Insurance Retirement Benefit	Territorial Court Judiciary Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	Yukon University Employees' Pension Plan
2023-24 Key Assumptions						
Expected long term rate of return on assets at beginning of year	N/A	5.70%	N/A	5.40%	6.75%	6.15%
Discount rate on benefit costs	4.80%	6.00%	4.80%	5.70%	6.00%	6.15%
Discount rate on accrued benefit obligation at end of year	4.90%	5.70%	4.90%	5.40%	6.75%	6.15%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Rate of compensation increase	see below ¹	2.50%	see below ¹	3.00%	2.50%	3.40%
Health care cost trend rate	see below ²	N/A	N/A	N/A	N/A	N/A
Amortization period (expected average remaining service life)	13.0 years	2.0 years	9.5 years	2.6 years	9.2 years	10.0 years

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

² 5.7% per annum for 2024-25, decreasing linearly to 4.9% in 2029, and following the McMaster Model to an ultimate trend rate of 4.0% in 2040.

2022-23 Key Assumptions						
Expected long term rate of return on assets at beginning of year	N/A	5.30%	N/A	5.00%	6.00%	6.15%
Discount rate on benefit costs	4.80%	6.00%	4.80%	5.70%	6.00%	6.15%
Discount rate on accrued benefit obligation at end of year	4.80%	6.00%	4.80%	5.70%	6.00%	6.15%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Rate of compensation increase	see below ¹	2.50%	see below ¹	3.00%	2.50%	see below ³
Health care cost trend rate	see below ²	N/A	N/A	N/A	N/A	N/A
Amortization period (expected average remaining service life)	13.0 years	4.0 years	9.5 years	1.4 years	9.2 years	10.0 years

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

² 5.9% per annum for 2023-2024, decreasing linearly to 4.9% in 2029, and following the McMaster Model to an ultimate trend rate of 4.0% in 2040.

³ Group 1: 3.00% and Group 2: 3.40%