

YUKON PUBLIC ACCOUNT

2017-2018 YUKON BUDGET



YUKON PUBLIC ACCOUNTS
for the year ended March 31, 2018



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Office of the Minister
PO Box 2703, Whitehorse, Yukon Y1A 2C6

October 16, 2018

The Honourable Angélique Bernard
Commissioner of Yukon

I have the honour to submit herewith the Yukon Public Accounts for the fiscal year ended
March 31, 2018.

Sandy Silver
Minister of Finance

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YUKON PUBLIC ACCOUNTS

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GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis for the year ended March 31, 2018

Introduction

The Yukon Public Accounts is a major accountability report of the Government of Yukon (“the Government”). The purpose of the financial statement discussion and analysis is to expand upon and explain information contained in the consolidated financial statements, which are presented in Part Two of the Yukon Public Accounts. Responsibility for the preparation of this discussion and analysis rests with management of the Department of Finance.

2017-18 Highlights

- The Government reported an annual surplus of \$53 million compared to a \$33 million surplus in 2016-17. Total revenues increased by \$44 million (3%), while expenses increased by \$20 million (2%), from the previous year. Eighty-six percent of the \$20 million increase in expenses was in the health and social services function.
- The annual surplus of \$53 million was \$20 million (59%) higher than the initially planned surplus of \$33 million. Lower than expected revenues of \$12 million (1%), were offset with lower than expected expenses of \$30 million (2%) contributing to a higher than expected surplus. Revenues were lower than budgeted largely due to lower than expected contributions and service agreements with Canada while expenses were lower than budget largely due to lower than expected expenses in the community and transportation, education and natural resources functions.
- The Government continues to be in a positive net financial asset position, with a balance at March 31, 2018 of \$248 million. To have net financial assets means the government’s financial assets exceed its financial liabilities.
- In 2017-18, the Government recorded tangible capital asset additions for the development of assets such as buildings and transportation infrastructure of \$146 million, compared to \$151 million in the previous year. In 2017-18, the Government spent a total of \$70 million on the construction of the Whistle Bend Continuing Care Facility. The Whistle Bend Continuing Care Facility is scheduled to be completed in the fall of 2018 with a total projected cost of \$147 million.
- In 2017-18, the Government contributed \$18 million towards the Whitehorse General Hospital’s expansion project. All phases of the expansion project are now complete and the official opening date was in January 2018. The project was finished on budget at a cost of \$72 million.
- On September 17, 2018, Standard & Poor’s Rating Services affirmed its ‘AA’ long-term issuer credit rating of Yukon Territory. Standard & Poor’s stated that, in part, the ratings reflected their assessment of Yukon’s robust liquidity, very manageable debt burden, limited contingent liabilities, sound financial management and stronger economic growth returning in the 2018 – 2020 periods.

GOVERNMENT OF YUKON

**Financial Statement Discussion and Analysis
for the year ended March 31, 2018**

Surplus for the Year

The Government's annual surplus or deficit resulting from its operations is dependent on various factors. Two of the most significant factors are:

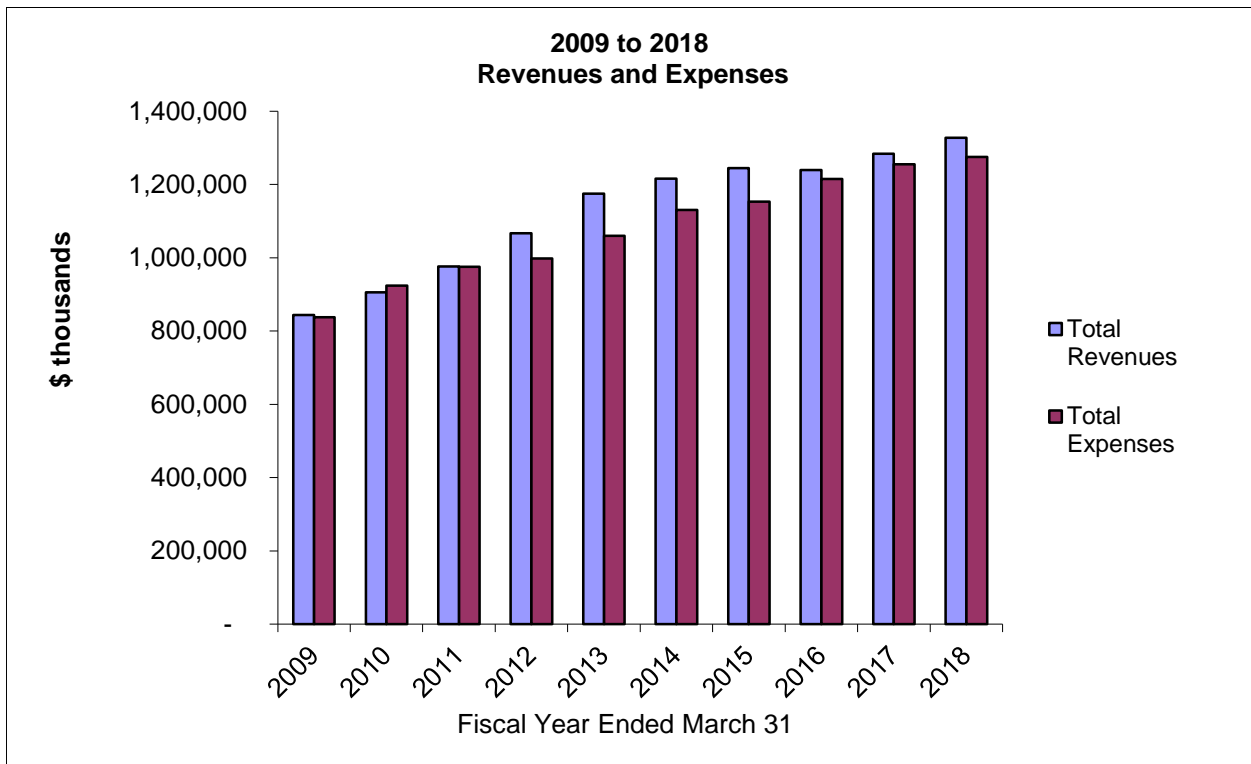
- total revenues, of which the Formula Financing grant from the Government of Canada makes up the largest share; and
- direct government spending and operating transfers to individuals and other public organizations, such as municipalities.

The surplus of \$53 million for the year was an increase of \$20 million (62%) from the previous year's surplus of \$33 million and \$20 million (59%) more than the initially planned surplus of \$33 million. Revenues increased by \$44 million from the previous year's actual and were \$12 million less than initially planned. Actual expenses (net of prior years' expense recoveries) of \$1.27 billion for the year were less than the initially budgeted amount of \$1.31 billion.

Major revenue variances between the current and prior year include a \$25 million (3%) increase in the Formula Financing grant from the Government of Canada, and a \$21 million (19%) increase in contributions and service agreements from Canada.

Expenses increased by \$20 million (2%) with expenditures for health and social services contributing to the majority of the increase. Education and general government also had increased expenditures while natural resources had a decrease from prior year expenditures.

The chart below illustrates the trend between revenues and expenses over the last ten years. The amounts are taken directly from the respective year's Public Accounts, without reflecting changes in accounting policies over the years.



GOVERNMENT OF YUKON

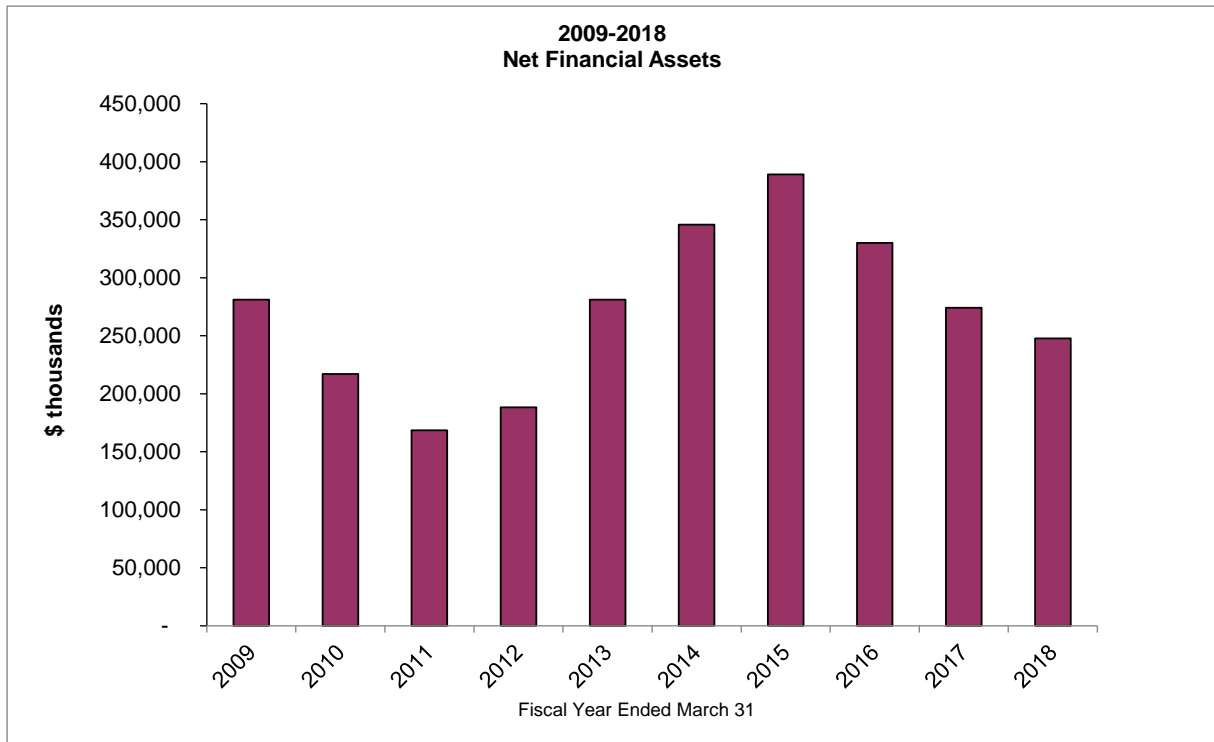
**Financial Statement Discussion and Analysis
for the year ended March 31, 2018**

Net Financial Assets and Accumulated Surplus

At March 31, 2018, the Government's financial assets exceeded its liabilities, resulting in net financial assets of \$248 million (\$274 million at March 31, 2017). This important indicator shows that the Government has financial assets on hand to finance future operations and that the Government was able to provide current services without depending on future revenues.

The Government's net financial assets decreased by \$26 million in 2017-18. This decrease was largely due to the acquisition of tangible capital assets. In 2017-18, the net effect of tangible capital assets related activities on net financial assets was a decrease of \$79 million (decrease of \$88 million in 2016-17).

The chart below illustrates net financial assets over the last ten years.



(Note: Prior year amounts are shown as reported in the respective year's Public Accounts).

Accumulated surplus consists of net financial assets and non-financial assets such as tangible capital assets. The accumulated surplus of the Government at March 31, 2018 was \$1.9 billion (\$1.8 billion at March 31, 2017).

GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis for the year ended March 31, 2018

Revenues

In 2017-18, the Government's total revenues increased from the previous year by \$44 million (3%) to \$1.33 billion.

The Government receives the majority of its revenues from the Government of Canada through the Formula Financing grant, the Canada Health transfer and the Canada Social transfer. In 2017-18, the Government received \$919 million as the Formula Financing grant. This was an increase of \$25 million (3%) from the previous year. The Canada Health transfer was \$40 million and the Canada Social transfer was \$15 million. These transfers increased from the previous year by a total of \$3.1 million (6%).

In addition to the Formula Financing grant, the Government receives funding from the Government of Canada for purposes such as health and social programs and education as well as funding for infrastructure development. Contributions and service agreements from Canada increased from the previous year by \$21 million (19%) to \$135 million. This increase was largely due to an increase in the contributions received from the New Building Canada Fund and the Clean Water Wastewater Fund.

Taxes and general revenues include taxes on corporate income, personal income, tobacco, liquor, fuel, insurance premium and property as well as licences and fees such as motor vehicle licences and business/professional fees. Taxes and general revenues decreased from the previous year by \$4 million (2%) to \$157 million. This was largely due to an \$11 million decrease in the sale of land. This decrease was offset by modest increases in various other types of revenue in this category.

Funding and service agreements with other parties remains unchanged at \$47 million.

The income from investment in government business enterprises reported in the financial statements represents the net results of government corporations that are categorized as government business enterprises ("GBE"). Government of Yukon business enterprises include the Yukon Liquor Corporation and the Yukon Development Corporation, which reports its results consolidating the Yukon Energy Corporation. Income from investment in GBE decreased from the previous year by \$1 million, or 7%, to \$15 million.

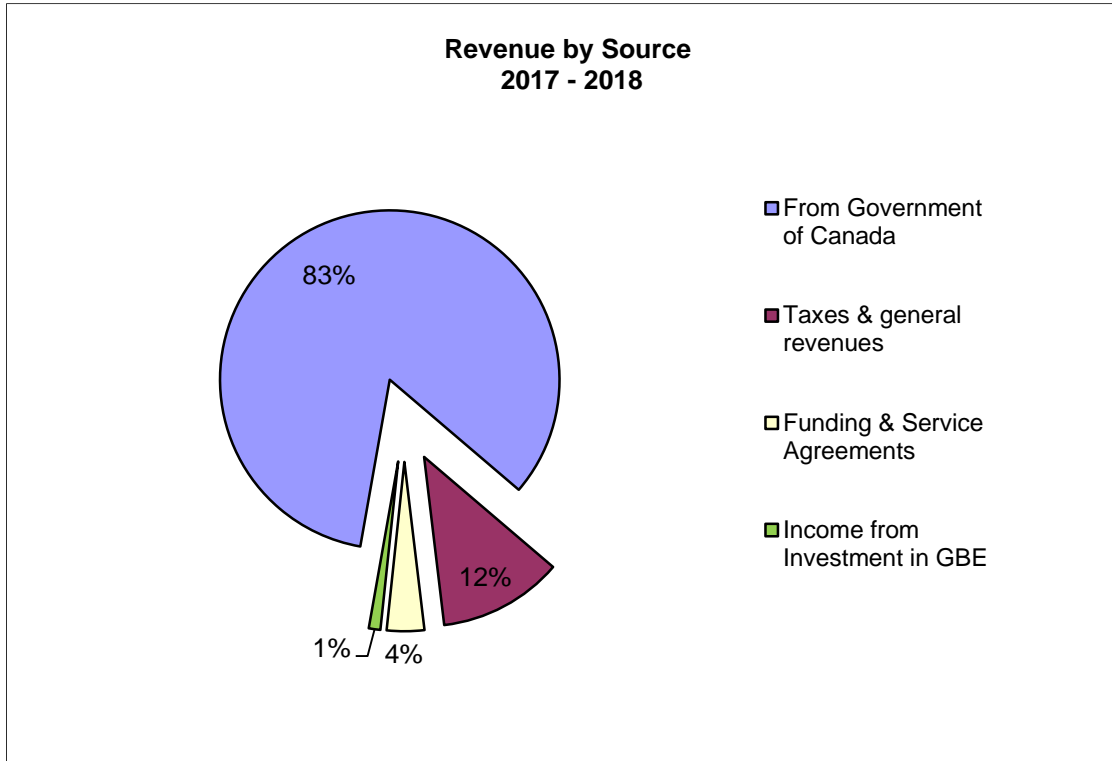
Revenues were less than the initially budgeted amounts by \$12 million. This was primarily due to lower than forecast revenues from Canada.

In 2017-18, the composition between different types of revenue remained consistent with previous years.

GOVERNMENT OF YUKON

**Financial Statement Discussion and Analysis
for the year ended March 31, 2018**

Revenue by source is illustrated in the chart below:



GOVERNMENT OF YUKON

**Financial Statement Discussion and Analysis
for the year ended March 31, 2018**

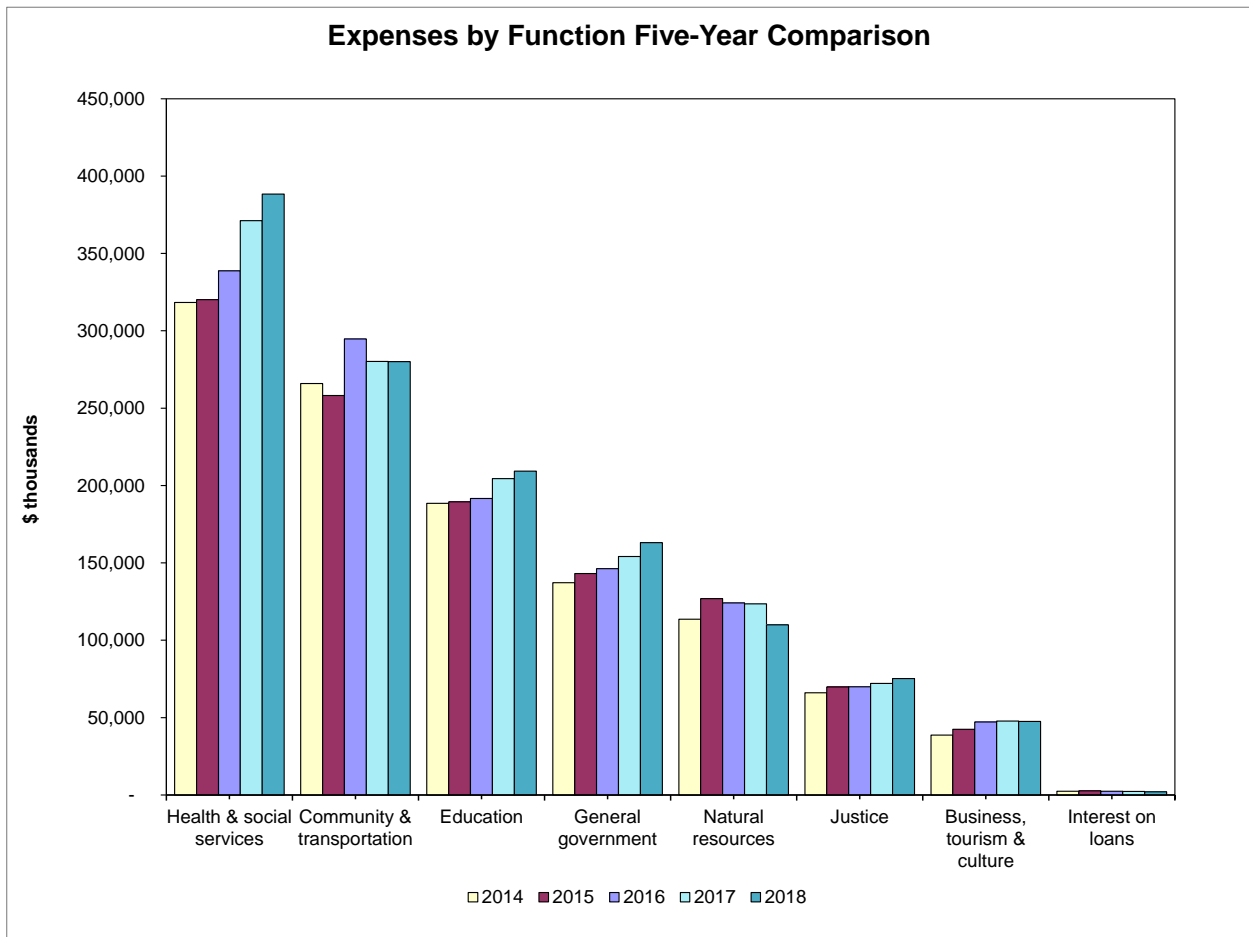
Expenses

Overall, expenses increased from the previous year by \$20 million (2%) to \$1.28 billion. The largest increase was in the health and social services function, with an increase of \$17 million, followed by a \$9 million increase in general government while the natural resources function decreased by \$14 million.

As for the type of expenses, the highest percentage was in wages and benefits (45%), followed by procurement of goods and services (33%), transfer payments (17%) and amortization expenses (5%). These percentages are consistent with those in previous years.

In 2017-18, the ratio of expenses by function remained consistent with the previous year, with health and social services, community and transportation, and education comprising 69% of total expenses (68% in 2016-17).

The chart below illustrates a five-year comparison of expenses by function.



(Note: Prior year amounts are shown as reported in the respective year's Public Accounts).

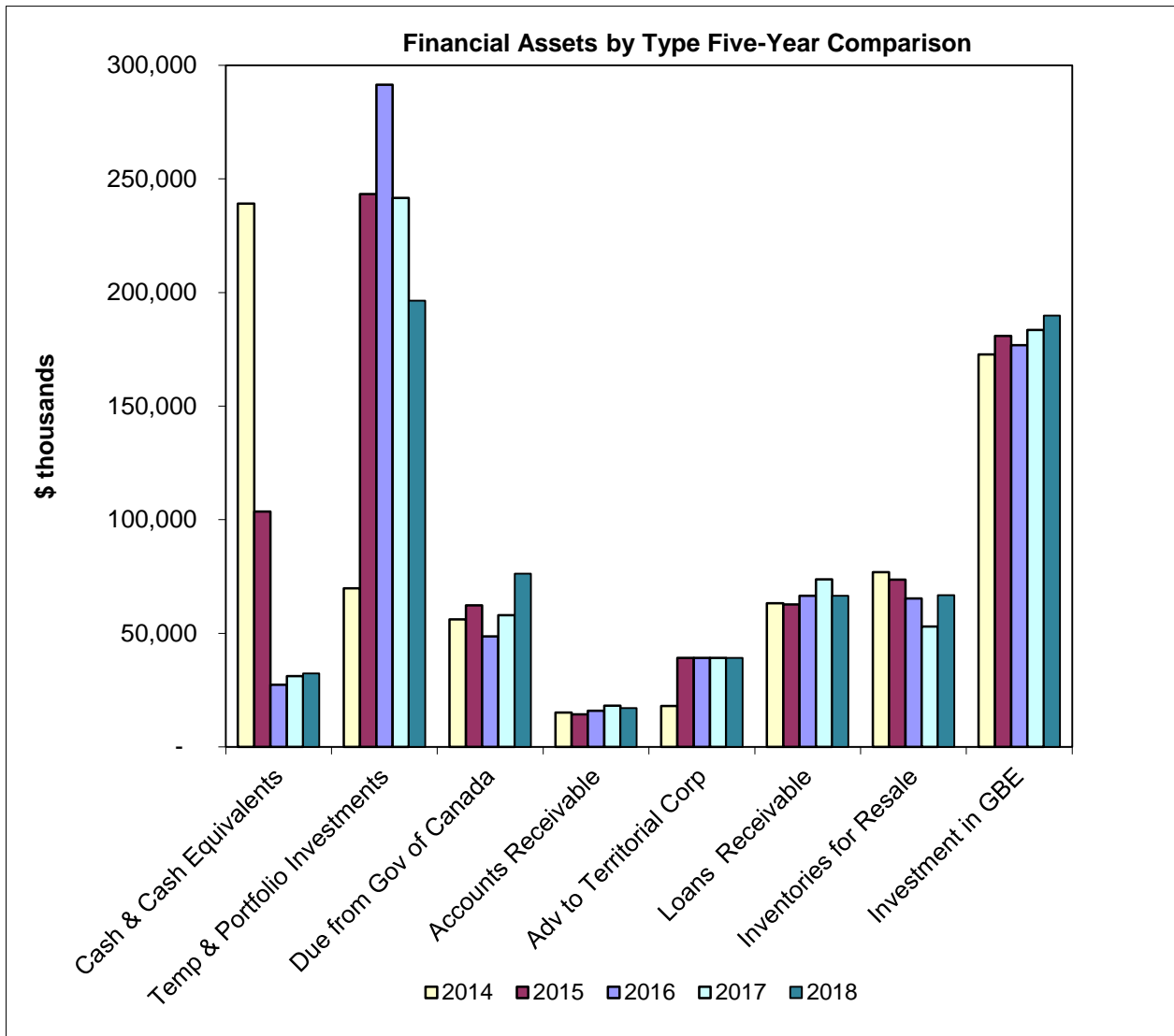
**Financial Statement Discussion and Analysis
for the year ended March 31, 2018**

Assets

Financial Assets

Financial assets consist of assets available to discharge existing liabilities or to fund future activities. At March 31, 2018, the value of total financial assets was \$685 million, which is a decrease of \$14 million from the previous year. Within financial assets, cash and cash equivalents increased by \$1 million from the previous year while temporary investments decreased by \$51 million. Cash and cash equivalents and temporary investments accounted for \$195 million, or 29% of the total financial assets.

Financial assets by type as a five-year comparison are shown below:



(Note: Prior year amounts are shown as reported in the respective year's Public Accounts).

GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis for the year ended March 31, 2018

Major categories of the Government's financial assets are described below.

Cash and cash equivalents

Cash and cash equivalents are bank balances, short-term investments that mature less than 90 days from the date of purchase and cash on hand.

At March 31, 2018, the Government held \$32 million in cash and cash equivalents, which is an increase of \$1 million from the previous year.

Temporary and portfolio investments

Temporary investments are investments with maturity dates of 90 days or more, at the time of purchase, but less than one year. Temporary investments include term deposits, treasury bills, GICs, and funds that include short term debt securities of Canadian governments and corporate issuers. At March 31, 2018, the Government held \$163 million in temporary investments compared to \$215 million the previous year.

Portfolio investments are investments that are expected to be realized or have terms to maturity of greater than one year from the date of acquisition. Portfolio investments include floating rate notes and funds that include bonds and equities. As at March 31, 2018, the government held \$33 million in portfolio investments compared to \$27 million in the previous year.

As of March 31, 2018, \$32 million of the temporary and portfolio investments were designated (\$29 million at March 31, 2017) in order to meet 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).

Due from Government of Canada

At March 31, 2018, the Government had receivables from the Government of Canada in the amount of \$76 million, 99% of which were outstanding claims on cost-sharing agreements and projects delivered on behalf of the federal government.

Advances to Territorial corporations

The Government has advanced a total of \$39 million under a loan agreement with the Yukon Development Corporation ("YDC") for a construction financing loan. The monies advanced were an interest-bearing loan that was used to assist in the development of the Whitehorse diesel – natural gas conversion project, which was carried out by the Yukon Energy Corporation, YDC's wholly owned subsidiary. The government and YDC entered into a new loan agreement effective March 30, 2018. The initial term of the loan is to March 31, 2023 and pursuant to the agreement, the loan may be extended for two additional five year terms upon mutual consent of the parties. The per annum interest rate will be set based on one year CDOR plus 40 basis points in effect on April 1 each year. The rate of interest effective March 30, 2018 is 2.501%. The new loan agreement requires principal repayments of \$1 million on March 31 each year and full repayment of any principal outstanding at the end of each loan term if the loan is not extended.

Loans receivable

The Government has loans receivable of \$67 million, of which \$42 million, or 64%, were Yukon Housing Corporation mortgages receivable, followed by \$10 million, or 15%, in land sale related loans receivable that are also administered by the Yukon Housing Corporation.

GOVERNMENT OF YUKON

**Financial Statement Discussion and Analysis
for the year ended March 31, 2018**

Inventories for resale

Inventories for resale totalled \$67 million as of March 31, 2018. This was an increase of \$14 million (26%) from the previous year. The inventories largely consist of lots that were developed by the Government for sale to the public. In 2017-18, the Government spent \$18 million to develop mainly residential lots. Of the \$18 million, \$17 million was spent on the Whistle Bend subdivision in the City of Whitehorse.

Investment in government business enterprises

Investment in government business enterprises, which are self-sustainable government corporations, represent equities of the Yukon Development Corporation (“YDC”) and the Yukon Liquor Corporation. YDC had an investment value of \$188 million at March 31, 2018 (2017 - \$182 million). The Yukon Energy Corporation, which supplies and sells power in the Yukon, is the wholly-owned subsidiary of YDC.

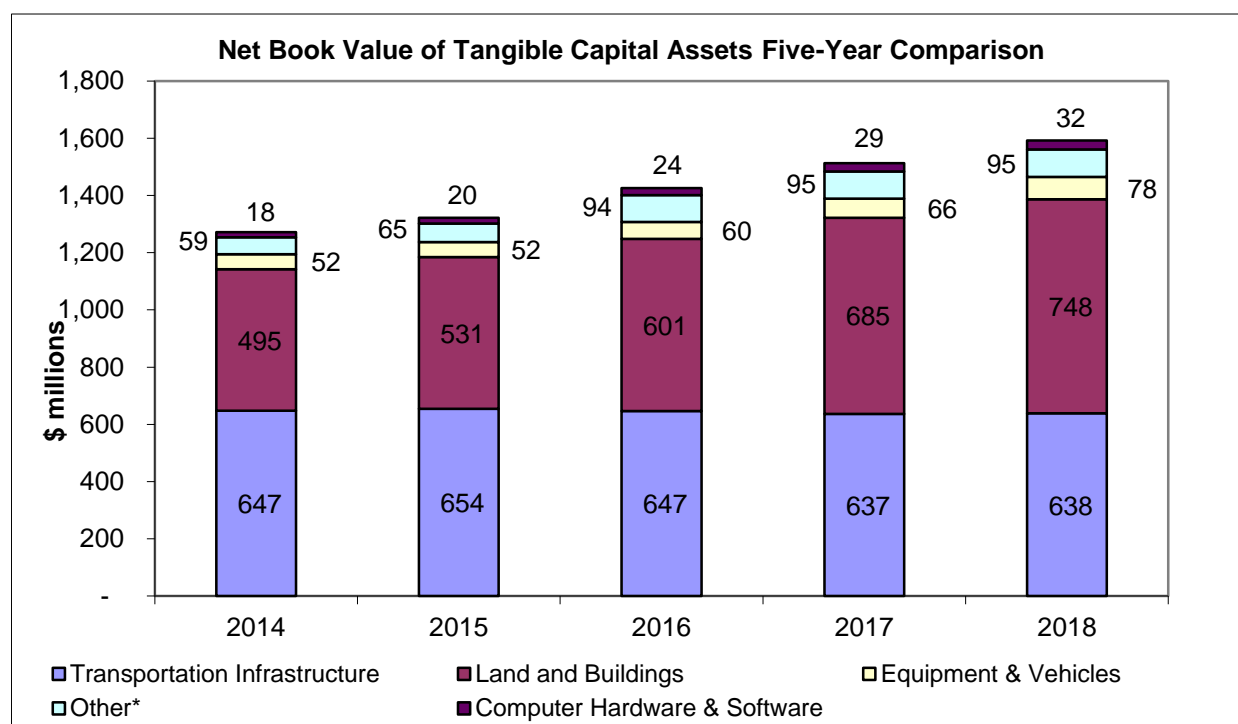
Non-financial Assets

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 the largest category of non-financial assets.

Tangible capital assets

At March 31, 2018, the Government owned and used tangible capital assets with a net book value of \$1.592 billion for its program delivery, an increase of \$79 million from the previous year net book value of \$1.513 billion.

Tangible capital assets by type as a five-year comparison are shown below:



*For additional detail see schedule C

GOVERNMENT OF YUKON

**Financial Statement Discussion and Analysis
for the year ended March 31, 2018**

In 2017-18, the Government made the following investment in tangible capital assets:

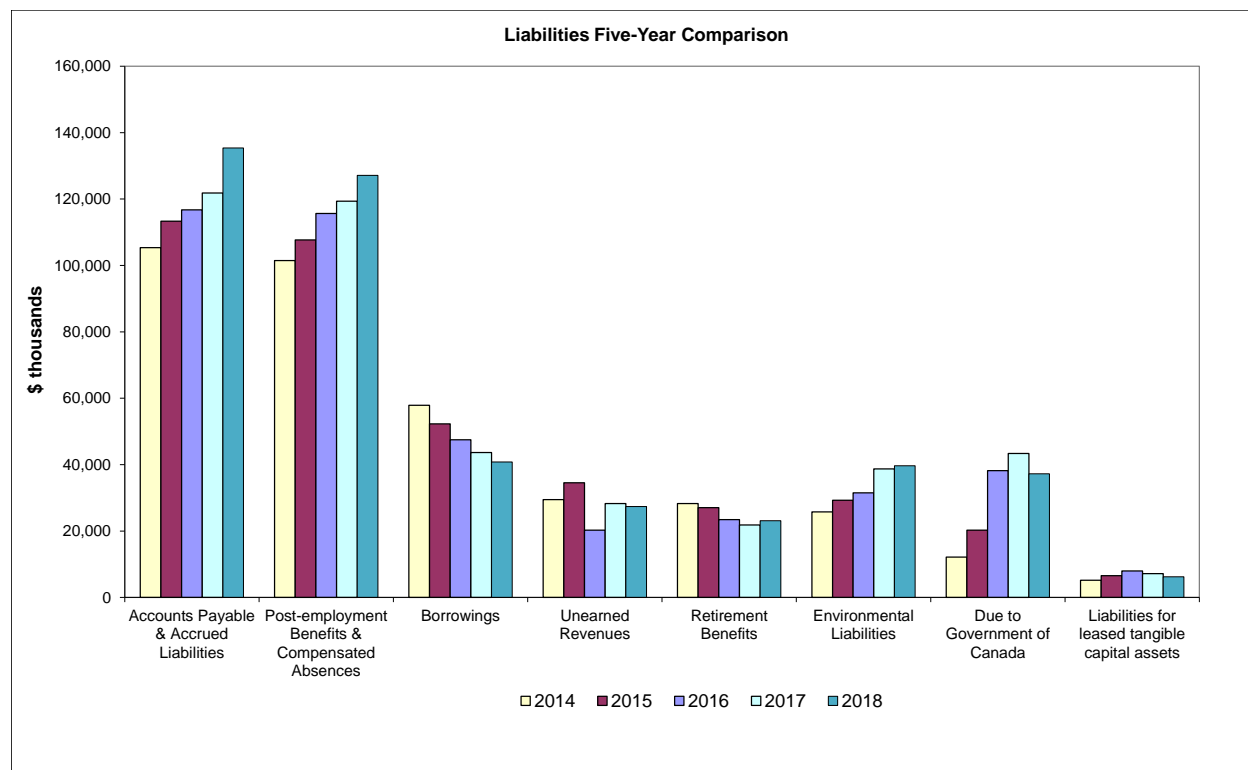
Opening balance at April 1, 2017	\$ 1,513 million
Additions during the year	146 million
Less: Disposals and write-downs	(1) million
Amortization	(66) million
Balance at March 31, 2018	\$ 1,592 million

The Government's \$146 million investment was largely spent on buildings, transportation infrastructure and equipment and vehicles.

In accordance with the recommendations of the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, the value of transferred Crown land is not reported as a tangible capital asset.

Liabilities

At March 31, 2018, the liabilities of the Government totaled \$437 million (\$424 million at March 31, 2017), which is equivalent to 64% of the financial assets of the Government. A five-year comparison of the Government's liabilities by category is illustrated below:



(Note: Prior year amounts are shown as reported in the respective year's Public Accounts).

GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis for the year ended March 31, 2018

Major categories of the Government's liabilities are described as follows:

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are the Government's liabilities that are generally paid within a year. The total accounts payable and accrued liabilities of \$135 million is an increase of 11% from the previous year's total of \$122 million.

Post-employment benefits and compensated absences

The Government's second largest liability, after accounts payable and accrued liabilities, is post-employment benefits and compensated absences. Post-employment benefits are provided to employees after employment but before retirement. These benefits consist of severance pay and a portion of sick leave and vacation leave that are paid out to employees at termination of employment. Compensated absences are benefits such as sick leave and vacation leave that are paid to employees during their employment. The Government uses actuaries to estimate its post-employment benefits and compensated absences liabilities. The post-employment benefits and compensated absences liabilities at March 31, 2018 were \$127 million (\$119 million at March 31, 2017).

Borrowings

The largest portion of the \$41 million reported as borrowings relates to the Yukon Hospital Corporation's demand term installment loans totaling \$37 million (\$40 million at March 31, 2017). The Yukon Hospital Corporation used the loans to finance the costs of the new staff residence/medical service building in Whitehorse, renovations to an extended care facility in Whitehorse, and new hospitals in Watson Lake and Dawson City. During 2017-18 the Yukon Hospital Corporation paid down these loans by \$3 million.

Mortgages and loans payable by the Yukon Housing Corporation represent a further \$3 million (\$4 million at March 31, 2017) of the Government's borrowings.

Unearned revenues

Unearned revenues of \$27 million reported as of March 31, 2018 (\$28 million at March 31, 2017) are mostly comprised of funding received from the Government of Canada that has not yet been expended in accordance with funding agreements.

Retirement benefits

Retirement benefits liabilities totaled \$23 million at March 31, 2018 (\$22 million at March 31, 2017) and represent the Government's extended health benefit obligations, which are provided to retired employees, and various pension plan liabilities. Pension plan liabilities are those for the Members of the Yukon Legislative Assembly, Territorial Court judges and employees of Yukon College and the Yukon Hospital Corporation.

The employees of the Government of Yukon participate in the Public Service Pension Plan administered by the Government of Canada; therefore, no pension plan liability is recorded for Government of Yukon employees. Contributions payable, determined by the Government of Canada, represents total obligations for the Government employees' future pension benefits. The Government contributed \$36 million to the Public Service Pension Plan in 2017-18 as the employer's share (\$36 million in 2016-17).

GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis for the year ended March 31, 2018

The most recent actuarial valuations for funding purposes indicate that, if valued on the basis that the pension plan were terminated as of the valuation date, Yukon College had a deficit of \$9 million and the Yukon Hospital Corporation had a deficit of \$24 million (solvency deficits). Yukon College entered into a letter of credit in lieu of making solvency payments. Yukon Hospital Corporation also entered into a letter of credit in lieu of making solvency payments as well as making cash payments.

Environmental liabilities

At March 31, 2018, the Government has recorded \$40 million (\$39 million at March 31, 2017) as a liability for the costs related to the remediation of contaminated sites for which the Government is responsible. Of the liabilities, \$12 million (29%) is for highway maintenance camps and airports and \$9 million (23%) is for landfills that the Government is responsible for maintaining.

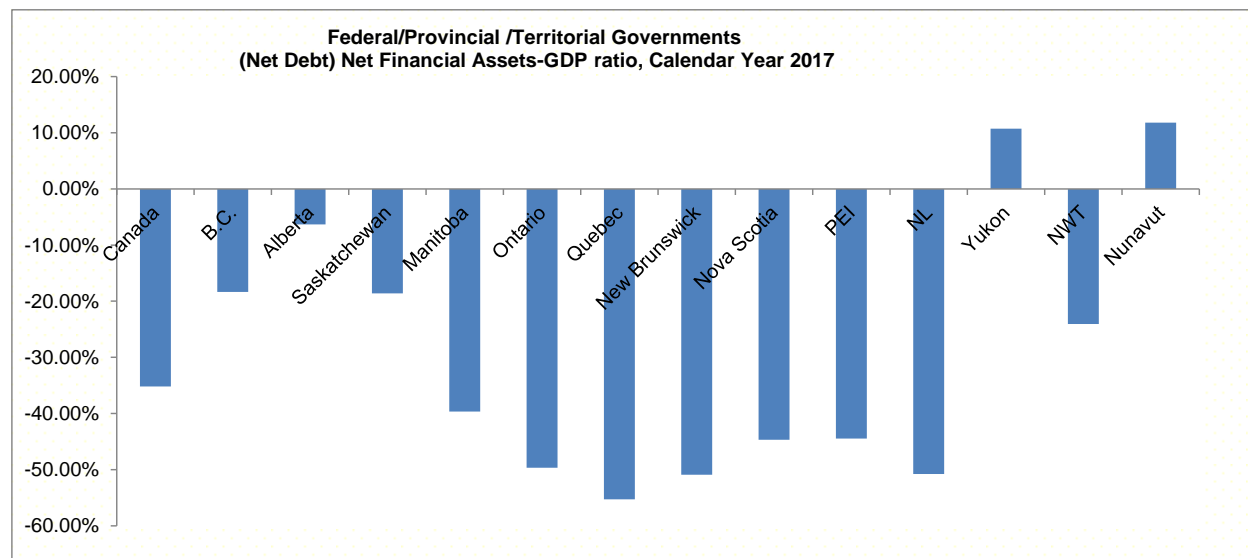
Due to Government of Canada

Accounts payable to the Government of Canada at March 31, 2018 were \$37 million (\$43 million at March 31, 2017). These amounts consist primarily of amounts due under various agreements for Income Taxes and Public Service Pension Plan contributions payable for the month of March 2018.

Indicators of Financial and Economic Conditions

Canadian Jurisdictional Comparison of (Net Debt) Net Financial Assets to Gross Domestic Product (GDP)

The bar graph below shows a Canadian jurisdictional comparison of (net debt) net financial assets to GDP ratio. Yukon and Nunavut are the only jurisdictions that have a positive ratio. A positive ratio indicates banked resources to finance future operations and obligations. A negative ratio indicates that the government must rely on future revenues to discharge existing liabilities.



Source: GDP - Statistic Canada 2017 based on preliminary estimates. Net Debt/Net Financial assets – as at March 31, 2018 based on released Public Accounts (March 31, 2017 if the information was not available at the time of publication).

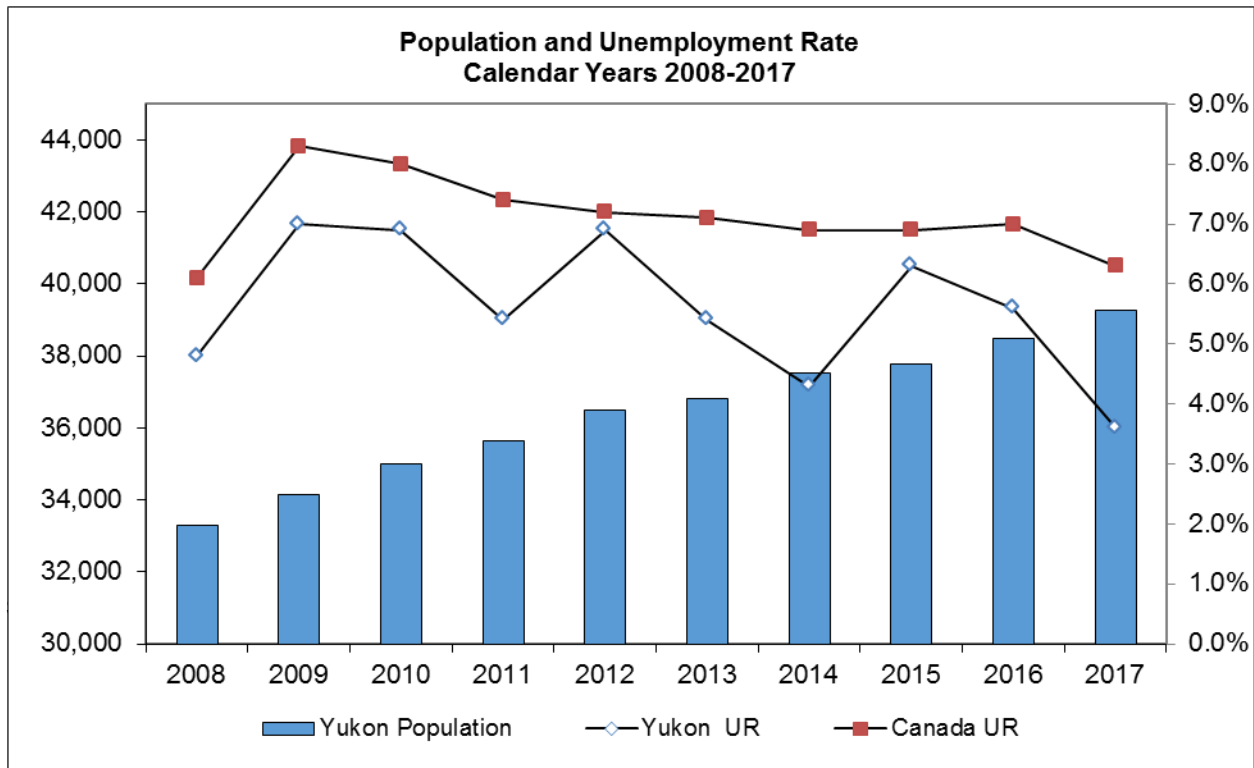
GOVERNMENT OF YUKON

**Financial Statement Discussion and Analysis
for the year ended March 31, 2018**

Population and Unemployment rate (Calendar Year 2017)

With growth in 2017, Yukon's population has posted gains for 14 consecutive years. In 2017, total population exceeded 39,000 for the first time.

Yukon's unemployment rate averaged 3.6% in 2017, which was below the national average of 6.3%. As noted in the chart below, over the ten years in question, Yukon's unemployment rate has been below the Canadian average.



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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

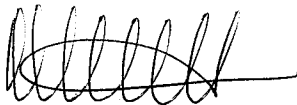
The preparation of the consolidated financial statements of the Government of Yukon is the responsibility of management of the Department of Finance.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. Where standards permit alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these statements.

The Government fulfills its accounting and reporting responsibilities, through the Department of Finance, by maintaining systems of financial management and control designed to provide timely and reliable information to users, to properly safeguard assets, and to ensure all financial transactions are in accordance with the *Yukon Act* (Canada), and the *Financial Administration Act* (Yukon) and regulations.

The Auditor General of Canada performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government, the results of its operations, the change in its net financial assets and its cash flows for the year, in accordance with Canadian public sector accounting standards. During the course of the audit, he also examines transactions that have come to his notice, to ensure they are, in all significant respects, in accordance with the statutory powers of the Government and those organizations included in the consolidation.

Annually, the consolidated financial statements are tabled in the Legislative Assembly as part of the Public Accounts, and are referred to the Public Accounts Committee.



Katherine White
Deputy Minister of Finance

October 16, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Yukon

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Government of Yukon, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Government of Yukon as at 31 March 2018, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of the Government of Yukon and of those organizations listed in Note 2(a) to the consolidated financial statements that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the *Yukon Act*, the *Financial Administration Act* of Yukon and regulations and the specific operating authorities disclosed in Note 2(a) to the consolidated financial statements.

A handwritten signature in black ink, appearing to read "Michael Ferguson", with a long horizontal flourish extending to the right.

Michael Ferguson, CPA, CA
FCPA, FCA (New Brunswick)
Auditor General of Canada

16 October 2018
Ottawa, Canada

GOVERNMENT OF YUKON

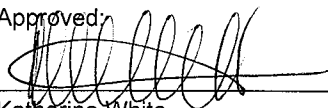
Consolidated Statement of Financial Position
as at March 31, 2018

	2018	2017
	(thousands of dollars)	
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 32,336	\$ 31,160
Temporary investments (Note 4)	163,158	214,497
Due from Government of Canada (Note 5)	76,298	57,983
Accounts receivable (Note 6)	17,060	18,223
Portfolio investments (Note 7)	33,277	27,086
Advances to Territorial corporations (Note 11(b)(c))	39,200	39,200
Loans receivable (Note 9)	66,574	73,726
Inventories for resale (Note 10)	66,782	52,950
Investment in government business enterprises (Note 11(a))	189,878	183,499
	<u>684,563</u>	<u>698,324</u>
Liabilities		
Due to Government of Canada (Note 5)	37,243	43,387
Accounts payable and accrued liabilities (Note 12)	135,383	121,834
Environmental liabilities (Note 13)	39,672	38,731
Unearned revenues (Note 14)	27,374	28,292
Post-employment benefits and compensated absences (Note 15)	127,131	119,377
Retirement benefits (Note 16)	23,106	21,826
Borrowings (Note 17)	40,803	43,633
Liabilities for leased tangible capital assets (Note 18)	6,220	7,192
	<u>436,932</u>	<u>424,272</u>
Net financial assets	<u>247,631</u>	<u>274,052</u>
Non-financial assets		
Tangible capital assets (Note 20)	1,592,400	1,513,303
Inventories of supplies	11,687	11,174
Prepaid expenses	2,144	2,560
	<u>1,606,231</u>	<u>1,527,037</u>
Accumulated surplus	<u>\$ 1,853,862</u>	<u>\$ 1,801,089</u>

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

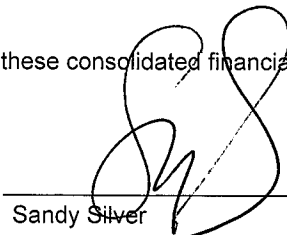
The accompanying notes and schedules are an integral part of these consolidated financial statements.

Approved:



Katherine White

Deputy Minister of Finance



Sandy Silver

Minister of Finance

GOVERNMENT OF YUKON

**Consolidated Statement of Operations and Accumulated Surplus
for the year ended March 31, 2018**

	2018		2017
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada	\$ 1,125,772	\$ 1,108,394	\$ 1,059,292
Taxes and general revenues	151,513	157,298	161,205
Funding and service agreements with other parties	47,192	47,304	47,304
Income from investment in government business enterprises (Note 11(a))	14,832	14,683	15,856
	<u>1,339,309</u>	<u>1,327,679</u>	<u>1,283,657</u>
Expenses (Note 21)			
Health and social services	385,031	388,433	371,165
Community and transportation	293,294	280,103	280,241
Education	218,672	209,365	204,488
General government	165,904	163,069	154,131
Natural resources	117,173	109,967	123,487
Justice	74,759	75,237	72,056
Business, tourism and culture	51,619	47,541	47,830
Interest on loans	2,044	2,072	2,270
Adjustments	(2,417)	-	-
	<u>1,306,079</u>	<u>1,275,787</u>	<u>1,255,668</u>
Recovery of prior years' expenses	-	963	4,603
Surplus for the year	<u>\$ 33,230</u>	<u>52,855</u>	<u>32,592</u>
Accumulated surplus at beginning of year		1,801,089	1,769,170
Other comprehensive loss of government business enterprises (Note 11(a))		(82)	(673)
Accumulated surplus at end of year		<u>\$ 1,853,862</u>	<u>\$ 1,801,089</u>

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

GOVERNMENT OF YUKON

**Consolidated Statement of Change in Net Financial Assets
for the year ended March 31, 2018**

	2018		2017
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus for the year	\$ 33,230	\$ 52,855	\$ 32,592
Effect of change in tangible capital assets			
Acquisitions	(180,416)	(145,620)	(150,886)
Amortization of tangible capital assets	66,820	65,832	62,187
(Gain) loss on disposal of tangible capital assets	1	(163)	(331)
Proceeds on disposal of tangible capital assets	168	469	442
Write-down of tangible capital assets	-	385	820
Other budgetary adjustments	8,641	-	-
	<u>(104,786)</u>	<u>(79,097)</u>	<u>(87,768)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(24,205)	(20,583)
Consumption of inventories of supplies	-	23,692	20,261
Decrease in prepaid expenses	-	416	214
	<u>-</u>	<u>(97)</u>	<u>(108)</u>
Decrease in net financial assets	<u>\$ (71,556)</u>	<u>(26,339)</u>	<u>(55,284)</u>
Net financial assets at beginning of year		274,052	330,009
Other comprehensive loss of government business enterprises (Note 11(a))		<u>(82)</u>	<u>(673)</u>
Net financial assets at end of year		<u>\$ 247,631</u>	<u>\$ 274,052</u>

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

GOVERNMENT OF YUKON

Consolidated Statement of Cash Flow
for the year ended March 31, 2018

	2018	2017
	(thousands of dollars)	
Operating transactions		
Surplus for the year	\$ 52,855	\$ 32,592
Non-cash items included in surplus for the year:		
Amortization of tangible capital assets	65,832	62,187
Amortization of discount / premium on portfolio investments	-	(2,867)
Loans receivable valuation adjustment	(320)	(15)
Bad debt expense	32	30
Write-down of tangible capital assets	385	820
Gain on sale of land inventory	(832)	(590)
Gain on disposal of tangible capital assets	(163)	(331)
Share of government business enterprises' income	(6,461)	(7,360)
Change in non-cash assets and liabilities	(784)	16,405
Cash provided by operating transactions	<u>110,544</u>	<u>100,871</u>
Capital transactions		
Acquisition of tangible capital assets	(145,699)	(145,609)
Proceeds on disposal of tangible capital assets	469	442
Cash used for capital transactions	<u>(145,230)</u>	<u>(145,167)</u>
Investing transactions		
Net proceeds from temporary investments	51,339	13,370
Proceeds from portfolio investments	26,463	42,628
Acquisition of portfolio investments	(32,654)	(3,305)
Repayments of loans receivable	17,162	18,650
Issuance of loans receivable	(4,691)	(10,297)
Investment in land inventory	(17,691)	(8,185)
Cash provided by investing transactions	<u>39,928</u>	<u>52,861</u>
Financing transactions		
Proceeds from borrowings	996	-
Repayment of borrowings	(4,090)	(3,837)
Repayment of liabilities for leased tangible capital assets	(972)	(914)
Cash used for financing transactions	<u>(4,066)</u>	<u>(4,751)</u>
Cash and cash equivalents increase	1,176	3,814
Cash and cash equivalents at beginning of year	<u>31,160</u>	<u>27,346</u>
Cash and cash equivalents at end of year (Note 3)	\$ 32,336	\$ 31,160
Interest received in the year	\$ 11,216	\$ 8,075
Interest paid in the year	\$ 2,289	\$ 2,503

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

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 2017/2018 Operation & Maintenance and Capital Estimates.

(c) Investments

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

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

2. **Significant accounting policies**

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

(a) Reporting entity and method of consolidation

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

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

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

All accounts of the government reporting entity are consolidated using the financial information for the year ended March 31, 2018. As for the organizations that use a fiscal year-end other than March 31, the Government used their interim financial statements as at March 31, 2018.

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

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

Full consolidation:

Government of Yukon departments
Yukon College
Yukon Hospital Corporation
Yukon Housing Corporation

Authority for operations:

Financial Administration Act
Yukon College Act
Hospital Act
Housing Corporation Act

Modified equity:

Yukon Development Corporation
Yukon Liquor Corporation

Yukon Development Corporation Act
Liquor Act

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

Grants from the Government of Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant and the Canada health and the Canada social transfers from the Government of Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada) which expires in 2018/19. The Formula Financing grant is principle-based and the Canada health transfer and the Canada social transfer are simple equal cash per capita grants. Adjustments for health and social transfers are made in the year they are known.

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2018

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

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

Expenses

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

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

Assets

Financial assets

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

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

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

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

Non-financial assets

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

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

Liabilities

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

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

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

(c) Tangible capital assets

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

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

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

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

(d) Post-employment benefits and compensated absences

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

(e) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Government is not currently required to make contributions with respect to any actuarial deficiencies of the pension plan. Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet certain criteria. Liabilities for these benefits are valued on an actuarial basis.

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

(f) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. An environmental liability is accrued, net of recoveries, and an expense recorded based on management's best estimates when the contamination occurs, when the Government becomes aware of the contamination or, in the case of solid waste landfill closure and post-closure care, as the landfill site's capacity is used, and when the Government is obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable, the contingency is disclosed in the notes to the financial statements.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

(g) Measurement uncertainty

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

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

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

(h) Accounting policy changes

Effective April 1, 2017 the government has prospectively adopted the following standards: PS 3210 Assets, PS 3320 Contingent Assets, PS 3380 Contractual Rights, PS 3420 Inter-entity Transactions and PS 2200 Related Party Disclosures. These standards only impact note disclosures as reflected in Note 23.

3. **Cash and cash equivalents**

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Bank balances	\$ 30,836	\$ 26,424
Short-term investments	1,429	4,662
Cash on hand	<u>71</u>	<u>74</u>
	<u>\$ 32,336</u>	<u>\$ 31,160</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

4. **Temporary investments**

	2018		2017	
	Market Value	Carrying Value	Market Value	Carrying Value
	(thousands of dollars)			
Term deposits and GICs	\$ 160,672	\$ 160,672	\$ 212,970	\$ 212,970
Floating rate notes	1,616	1,611	654	652
Treasury bills	635	632	876	875
Other	244	243	-	-
	<u>\$ 163,167</u>	<u>\$ 163,158</u>	<u>\$ 214,500</u>	<u>\$ 214,497</u>

The term deposits and GICs held during the year had a weighted average effective yield of 1.31% (2017 – 1.14%) per annum and the remaining temporary investments had a weighted average effective yield of 1.01% (2017 – 1.0%) per annum.

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

	2018	2017
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 75,976	\$ 56,514
Other	322	1,469
	<u>\$ 76,298</u>	<u>\$ 57,983</u>
Due to Government of Canada		
Income tax payable	\$ 12,158	\$ 16,011
RCMP	7,843	6,377
Payroll taxes payable	7,490	5,106
Public Service Pension Plan contribution payable	6,308	7,609
Type II mine sites	1,852	6,602
Other	1,592	1,682
	<u>\$ 37,243</u>	<u>\$ 43,387</u>

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

6. Accounts receivable

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 14,338	\$ 18,045
Less valuation allowances	<u>(1,320)</u>	<u>(2,001)</u>
	13,018	16,044
Due from Territorial corporations that are not fully consolidated	<u>4,042</u>	<u>2,179</u>
	<u>\$ 17,060</u>	<u>\$ 18,223</u>

7. Portfolio investments

	<u>2018</u>		<u>2017</u>	
	<u>Face Value</u>	<u>Carrying Value</u>	<u>Face Value</u>	<u>Carrying Value</u>
	(thousands of dollars)			
Marketable securities	\$ 33,273	\$ 33,273	\$ 27,065	\$ 27,065
Other	<u>265</u>	<u>4</u>	<u>282</u>	<u>21</u>
	<u>\$ 33,538</u>	<u>\$ 33,277</u>	<u>\$ 27,347</u>	<u>\$ 27,086</u>

Marketable Securities

Marketable securities include investments held by Yukon College as well as designated investments (see Note 8) set aside within the Consolidated Revenue Fund for use in meeting certain post-employment and retirement benefit obligations for Members of the Legislative Assembly. The investments are managed by third parties.

Other

On March 31, 2018 the Government held portfolio investments in Master Asset Vehicle II Class C floating rate notes with a carrying value of \$4,000 (2017 - \$21,000) as a result of a restructuring process related to previous investments. During the year, \$17,000 of the Class C floating rate notes were redeemed.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

8. **Designated assets**

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

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

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Cash and cash equivalents	\$ 58	\$ 138
Temporary investments (market value \$2,495,000; 2017 – \$1,530,000)	2,487	1,527
Portfolio investments – marketable securities (market value \$30,589,000; 2017 – \$30,466,000)	<u>29,700</u>	<u>27,065</u>
	<u>\$ 32,245</u>	<u>\$ 28,730</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

9. Loans receivable

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Yukon Housing Corporation mortgages receivable, secured by registered charges against real property, chattel mortgages or general security agreements, due in varying annual amounts to the year 2029 (2017 – 2033) bearing interest rates ranging from 0% to 4.50% (2017 – 0% to 5.00%), net of allowance for subsidies and valuation of \$277,000 (2017 – \$280,000) and a provision in the amount of \$435,000 (2017 – \$694,000) for loans with concessionary terms.	\$ 42,473	\$ 46,680
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2023 (2017 – 2022) bearing interest at 5.00% (2017 – 5.00%).	9,774	13,564
Local improvement loans, due in varying annual amounts to the year 2041 (2017 – 2041), bearing interest rates ranging from 0.50% to 5.25% (2017 – 0.50% to 6.00%).	5,597	4,774
Debenture loans to municipalities, due in varying annual amounts to the year 2030 (2017 – 2030), bearing interest rates ranging from 2.72% to 6.38% (2017 – 2.72% to 6.38%).	3,343	3,608
Other, net of allowance for doubtful accounts of \$476,000 (2017 – \$476,000).	5,387	5,100
	<u>\$ 66,574</u>	<u>\$ 73,726</u>

10. Inventories for resale

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Land		
Undeveloped land	\$ 603	\$ 603
Land under development	54,888	37,190
Developed land	<u>11,177</u>	<u>15,060</u>
	66,668	52,853
Other	<u>114</u>	<u>97</u>
	<u>\$ 66,782</u>	<u>\$ 52,950</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

11. Investment in government business enterprises

(a) Summary financial statements

Summary financial statements of the government entities accounted for by the modified equity method are provided below. The Yukon Development Corporation has a fiscal year-end of December 31. The Yukon Liquor Corporation has a fiscal year-end of March 31.

	Yukon Development Corporation	Yukon Liquor Corporation	2018 Total	2017 Total
	(thousands of dollars)			
Assets				
Current	\$ 17,048	\$ 5,794	\$ 22,842	\$ 18,736
Capital assets	438,285	2,077	440,362	445,312
Regulatory deferral (Note 11 (f))	33,442	-	33,442	26,423
Other	8,449	-	8,449	5,181
	<u>\$ 497,224</u>	<u>\$ 7,871</u>	<u>\$ 505,095</u>	<u>\$ 495,652</u>
Liabilities				
Current	\$ 15,567	\$ 4,439	\$ 20,006	\$ 11,160
Long-term debt	173,654	-	173,654	176,536
Regulatory deferral (Note 11 (f))	17,916	-	17,916	18,869
Contributions in aid of construction	93,495	-	93,495	95,780
Other	8,791	1,355	10,146	9,808
Equity	<u>187,801</u>	<u>2,077</u>	<u>189,878</u>	<u>183,499</u>
	<u>\$ 497,224</u>	<u>\$ 7,871</u>	<u>\$ 505,095</u>	<u>\$ 495,652</u>
Revenues	\$ 56,145	\$ 18,233 ¹	\$ 74,378	\$ 71,618
Expenses	<u>57,596</u>	<u>9,537</u>	<u>67,133</u>	<u>63,657</u>
(Deficit) Surplus	(1,451)	8,696	7,245	7,961
Net movement in regulatory deferral (Note 11(f))	7,438	-	7,438	7,895
Other comprehensive (loss) gain	(128)	46	(82)	(673)
Remitted to the Government	-	(8,222)	(8,222)	(8,496)
Equity, beginning of year	<u>181,942</u>	<u>1,557</u>	<u>183,499</u>	<u>176,812</u>
Equity, end of year	<u>\$ 187,801</u>	<u>\$ 2,077</u>	<u>\$ 189,878</u>	<u>\$ 183,499</u>

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

Other comprehensive income of the Yukon Liquor Corporation resulted from the actuarial gain (loss) on its employee non-pension benefit liability.

¹ Yukon Liquor Corporation revenue is shown as net of cost of goods sold of \$21,357 (2017 - \$20,507).

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Liquor Corporation	2018 Total	2017 Total
	(thousands of dollars)			
Government of Yukon:				
Accounts receivable from	\$ 88	\$ 2,321	\$ 2,409	\$ 989
Advance receivable	39,200	-	39,200	39,200
Accounts payable to	1,404	2	1,406	2,066
Long-term obligations to	85	-	85	117
Revenues from	50	8,523	8,573	9,304
Expenses to	19,806 ¹	3	19,809	20,081

¹ Includes cost of electricity of \$11,510,000 (2017 – \$10,333,000) purchased by the Government from an unrelated third party. This unrelated party buys electricity from the Yukon Development Corporation's wholly owned subsidiary, Yukon Energy Corporation.

(c) Advance receivable

Yukon Development Corporation

The Government entered into loan agreements with the Yukon Development Corporation ("YDC") and advanced a total of \$39,200,000 in order to assist in the development of the Whitehorse diesel – natural gas conversion project, which was completed by the Yukon Energy Corporation, YDC's wholly owned subsidiary. The loan term that commenced on April 1, 2016 ended on March 31, 2018. The per annum interest rate was set based on the one-year CDOR plus 30 basis points in effect on April 1 each year. The rate of interest on the loans was 1.514% (2017 – 1.382%). The Government and YDC entered into a new loan agreement effective March 30, 2018. The initial term of the loan is to March 31, 2023 and pursuant to the agreement, the loan may be extended for two additional five year terms upon mutual consent of the parties. The per annum interest rate will be set based on one-year CDOR plus 40 basis points in effect on April 1 each year. The rate of interest effective March 30, 2018 is 2.501%. The new loan agreement requires principal repayments of \$1 million on March 31 each year and full repayment of any principal outstanding at the end of each loan term if the loan is not extended.

GOVERNMENT OF YUKON

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(d) Commitments

Yukon Development Corporation

In June 2010, the Yukon Development Corporation ("YDC") issued 30-year bonds in the amount of \$100 million at a fixed coupon rate of 5.0% per annum in part to finance the grant from the Yukon Development Corporation Fund and ratepayers' future contributions towards the construction of the Mayo B hydro enhancement and the Carmacks-Stewart transmission phase II projects. In the Memorandum of Understanding ("the MOU") between the Government and YDC dated March 10, 2011, the Government agreed to provide YDC with financial assistance to a maximum of \$2,625,000 annually from April 1, 2011, to March 31, 2042, based on a prescribed formula where, depending on the annual financial results of YDC, the Government funding will be reduced or eliminated. In 2017/2018, the Government paid \$2,625,000 (2017 – \$2,625,000) to YDC based on the MOU.

The Government authorized the continuation of the Interim Electrical Rebate program to March 31, 2019. 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 2017/2018, the Government provided \$3,500,000 (2017 – \$3,460,000) to YDC for this purpose. The Government is committed to fund up to \$3,500,000 in the fiscal year 2018/2019.

As at March 31, 2018, the Yukon Energy Corporation, the wholly-owned subsidiary of YDC, had contractual obligations or future purchases of products or services in the amount of \$4,500,000 (2017 – \$6,300,000).

In November 2017, the Yukon Energy Corporation ("YEC") entered into a Power Purchase Agreement (PPA) with Victoria Gold Corporation and Stratagold Corporation (collectively known as VGC Group). The PPA details the rights and obligations of each party in an agreement to permit VGC Group to connect its industrial mine site in the Mayo district to YEC's grid. Power sales to VGC are estimated to contribute \$100 million in additional revenues to YEC over the expected ten year mine life. The agreement commits VGC to covering the full costs of connecting to YEC's main line, YEC's negotiating expenses and required system improvements. YEC expects to incur \$119,000 in monthly fixed costs related to the agreement, which will be collected through a monthly fixed rate charge from VGC.

The PPA was conditional upon approval by the Yukon Utilities Board ("YUB") and the confirmation of VGC receipt of financing to move on to the next phase of construction. On March 6, 2018, the YUB accepted the PPA as presented and specifically approved those provisions related to required investment and rate schedule impacts. Additionally, on March 8, 2018, VGC advised YEC that they had achieved the condition precedent related to the requirement for mine construction financing.

The mine is expected to connect to the grid by approximately mid 2019.

Yukon Liquor Corporation

In the normal course of operations, the Yukon Liquor Corporation enters into multi-year arrangements for the provision of freight and other services. The total commitments as at March 31, 2018 for future years ending on March 31, 2019 are \$1,012,000 (March 31, 2017 for 2018 – \$323,000).

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(e) Contingencies

Yukon Development Corporation

At March 31, 2016, the Yukon Energy Corporation ("YEC"), Yukon Development Corporations' wholly owned subsidiary, had a claim from a contractor in the amount of \$4,000,000 plus interest and legal costs. During 2016, the judge awarded the plaintiff \$1,682,000 of which \$1,308,000 has already been accrued for in the financial statements. YEC was also required to reimburse the plaintiff for its legal costs and interest. YEC has recognized an estimate for this amount as a liability in the Consolidated Statement of Financial Position. Legal costs and interest were paid in 2017. YEC has appealed the decision. The outcome of the appeal is not determinable at this time and no estimate of appeal settlement has been recognized in the financial statements.

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

(f) Regulatory Deferral Accounts

Yukon Development Corporation

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

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

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12. **Accounts payable and accrued liabilities**

	2018	2017
	(thousands of dollars)	
Accounts payable	\$ 66,085	\$ 56,135
Accrued liabilities	49,127	42,805
Contractors' holdbacks and security deposits	17,898	19,908
Due to Territorial corporations that are not fully consolidated	2,273	2,986
	<u>\$ 135,383</u>	<u>\$ 121,834</u>

13. **Environmental liabilities**

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$25,386,000 (2017 – \$23,499,000). 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, 2018, the Government was aware of 98 sites (2017 – 95 sites) where the Government is obligated or is likely obligated to incur such costs. During the year remediation work was undertaken at 12 sites, including the Marwell Tar Pit.

One of the 98 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, 2018, \$1,489,000 (2017 – \$1,596,000) was recorded as a liability for this site, which is part of the \$25,386,000 noted above.

(b) Landfill sites

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

A liability is recognized as the landfill site's capacity is used with usage measured on a volumetric basis. As at March 31, 2018, the net present value of total expenditures for closure and post-closure care is estimated to be \$10,765,000 (2017 – \$11,768,000) and a liability in the amount of \$9,286,000 (2017 – \$10,232,000) has been recorded for these sites. The amount remaining to be recognized in the future is \$1,479,000 (2017 – \$1,536,000). No assets are designated for settling these liabilities.

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In calculation of the above liability, the remaining landfill life was estimated to be from zero to 49 years. Solid waste permits issued under the *Solid Waste Regulations* specify 25 years of post-closure monitoring; therefore, 25 years is used as an estimated length of time needed for post-closure care. A discount rate of 3.32% (2017 – 3.20%) was used for the net present value calculation for active and closed landfill sites.

(c) Type II sites

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

On April 10, 2015 Veris Gold Corporation abandoned the Ketza River mine site ("the site"). The site is identified as a Type II mine site in the Devolution Transfer Agreement ("DTA") between the Government and the Government of Canada. The Government has provided notice to the Government of Canada pursuant to the DTA that the site has been abandoned by its owner/operator. Once a Type II site becomes abandoned the DTA requires that an Independent Assessor assess the condition of the site and develop a remediation plan. The Government is responsible for the cost of this assessment. Under the DTA, the Government of Canada accepted financial responsibility for the remediation of impacts attributable to activities that were permitted by the Government of Canada. The Government will be financially responsible for remediation of impacts of activities it permitted after devolution. The Government's costs, if any, may be offset by the security bond it holds. The financial obligations related to the assessment required under the DTA are estimated to be \$5,000,000 and remediation costs, if any, which are the Government's responsibility, are currently undeterminable.

The following table presents the total estimated amounts of these liabilities as at March 31, 2018.

	2018		2017	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for contaminated sites ¹				
Highway maintenance camps and airports	36	\$ 11,519	36	\$ 11,680
Other storage tanks and buildings	53	10,478	50	8,293
Marwell Tar Pit	1	1,489	1	1,596
Other	8	1,900	8	1,930
	98	25,386	95	23,499
Landfill sites	28	9,286	28	10,232
Type II sites	1	5,000	1	5,000
	127	\$ 39,672	124	\$ 38,731

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

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14. **Unearned revenues**

	2018	2017
	(thousands of dollars)	
Liability portion of government transfers	\$ 20,605	\$ 23,340
Motor vehicle fees for future years	3,134	2,949
Other	3,635	2,003
	\$ 27,374	\$ 28,292

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

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

(a) The Government of Yukon and Yukon Housing Corporation

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

The actuarial obligation for sick and vacation leave payouts and severance benefits is calculated using the projected benefit method prorated on service. The Government and the Yukon Housing Corporation have conducted actuarial valuations of post-employment benefits at March 31, 2016. March 31, 2018 amounts are based on an extrapolation of March 31, 2016 amounts. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

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

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 valuation included in these financial statements is based on membership data as of March 31, 2017. The Government has designated a portion of its assets for the purpose of meeting this obligation (Note 8).

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(b) Yukon College

Yukon College's cost of benefit plans, other than pensions, including severance benefits, sick leave and managers' accrued leave, payable upon termination of employment, death or retirement, is actuarially determined using the projected accrued benefit method prorated on employment services. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. The actuarial valuation of the accrued benefit liability was performed as at June 30, 2016.

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

(c) Yukon Hospital Corporation

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

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

The accrued liabilities for the above benefits as of March 31, 2018 were as follows:

	2018	2017
	(thousands of dollars)	
Post-employment benefits and compensated absences liability		
Government of Yukon employees	\$ 114,642	\$ 107,450
Yukon College	7,353	6,988
Yukon Hospital Corporation	2,711	2,890
Yukon Housing Corporation	2,067	1,835
Members of Yukon Legislative Assembly	358	214
	<u>\$ 127,131</u>	<u>\$ 119,377</u>
(Schedule D)		

16. **Retirement benefits**

(a) Public Service Pension Plan

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

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The above changes also resulted in the two groups paying different rates of contributions to the plan. In the calendar year 2017, the Government contributed \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$163,100, the Government contributed \$7.74 for every dollar contributed by both groups of plan members. In the calendar year 2018, the Government contributes \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$164,700, the Government contributes \$3.20 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 \$36,054,000 (2017 – \$35,510,000).

(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 and are accepted by the Members' Services Board of the Legislative Assembly. The last actuarial valuation for funding purposes was performed as of March 31, 2017. The accrued benefit obligation as at March 31, 2018 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2017.

(c) Territorial Court Judiciary Pension Plan

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

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

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

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(d) Yukon College Employees' Pension Plan

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

An actuarial valuation for accounting purposes was performed as of June 30, 2017 following Canadian public sector accounting standards. An actuarial valuation for funding purposes was performed as of June 30, 2017, which established Yukon College's required contributions as 132.3% (2017 – 142.3%) of employee contributions.

The actuarial valuation for funding purposes as at June 30, 2017 indicates the College had an actuarial surplus of \$11,237,000 (2016 – \$8,044,000) at the measurement date on a going-concern basis and a deficit of \$9,347,000 (2016 – \$19,310,000) if valued on the basis that the pension plan were terminated/wound up as at June 30, 2017. The solvency ratio of the plan was 92.5% at June 30, 2017 (84.1% at June 30, 2016).

For any unfunded pension liability, the College has obtained a letter of credit in lieu of making solvency payments. The amount of the letter of credit is equal to the amount of solvency payments required as determined by the actuary. The Government has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letters of credit required by Yukon College to address its solvency deficit in its pension plan, the Government will provide the necessary financial support to address any resulting debt, interest and costs that may be required under the federal pension legislation. This guarantee remains in effect to July 31, 2019. The maximum amount of letters of credit to which this guarantee applies will be \$18,318,000 (2017 – \$13,586,000).

(e) Yukon Hospital Corporation Employees' Pension Plan

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

An actuarial valuation for funding purposes was performed at December 31, 2017, which established Yukon Hospital Corporation's required contribution as 112% (2016 – 138%) of employee contributions. This valuation reported that, as at December 31, 2017, the pension plan had a surplus of \$29,821,000 (2016 – \$21,835,000) on a going concern basis, and a deficit of \$24,006,000 (2016 – \$32,481,000) if valued on the basis that the pension plan were terminated/wound up. The solvency ratio of the plan is 86% (80% at December 31, 2016).

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In accordance with the *Pension Benefits Standards Act, 1985* (Canada), the Corporation is required to make special payments to eliminate the solvency shortfall. The payments have been actuarially determined as monthly payments of \$431,000 over the 2018 year. The Corporation will obtain a conforming letter of credit for a portion of the solvency shortfall for the calendar year and will contribute \$1,123,000 (2017 - \$3,189,000) in cash payments. During the fiscal year, the Corporation entered into letters of credit totaling \$18,905,000 (2017 – \$14,826,000) related to solvency deficiency payments.

An actuarial valuation for accounting purposes was performed as of March 31, 2018 following Canadian public sector accounting standards.

(f) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both non-pension defined benefit plans. The extended health care plan is self-insured. The accrued benefit obligation as at March 31, 2018 is based on an extrapolation of an actuarial valuation conducted as at March 31, 2016. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The accrued benefit liability for the above retirement benefits as of March 31, 2018 was as follows:

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Accrued benefit liability (asset)		
Extended health care retirement benefit	\$ 50,089	\$ 45,598
Legislative Assembly Retirement Allowances Plan	25,572	24,521
Territorial Court Judiciary Pension Plan	6,448	6,106
Life insurance retirement benefit	2,599	2,222
Yukon College Employees' Pension Plan	(16,653)	(15,476)
Yukon Hospital Corporation Employees' Pension Plan	<u>(44,949)</u>	<u>(41,145)</u>
 (Schedule E)	 <u>\$ 23,106</u>	 <u>\$ 21,826</u>

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17. **Borrowings**

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Yukon Hospital Corporation – loans with a chartered bank. (see below)	\$ 36,539	\$ 39,742
Yukon Housing Corporation – mortgages payable to chartered banks and Canada Mortgage and Housing Corporation (CMHC), secured by fixed charges against housing projects, with net book value of \$2,279,000 (2017 – \$1,218,000), repayable in blended monthly payments with maturities up to the year 2023, bearing fixed interest rates ranging from 1.01% to 11.25%.	2,278	2,750
Yukon College – non-interest bearing loan repayable on demand within 90 days.	996	-
Yukon Housing Corporation – loans payable to chartered banks and CMHC, repayable in blended periodic instalments with maturities up to the year 2028, bearing fixed interest rates ranging from 5.00% to 9.88%.	905	1,024
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 \$149,000 (2017 – \$179,000).	85	117
	<u>\$ 40,803</u>	<u>\$ 43,633</u>

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

	(thousands of dollars)
2019	\$ 4,909
2020	3,905
2021	4,007
2022	4,120
2023	4,234
Thereafter	<u>19,628</u>
	<u>\$ 40,803</u>

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Yukon Hospital Corporation – loans with a chartered bank

	<u>2018</u>	<u>2017</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.	\$ 13,478	\$ 14,668
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.	12,100	13,300
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.23% per annum for the Crocus Ridge construction project. Blended payments of \$117,000 due monthly with the final payment due on March 15, 2028.	10,961	11,774
	<u>\$ 36,539</u>	<u>\$ 39,742</u>

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Borrowing Limit

An Order in Council (P.C. 2012-280) issued pursuant to subsection 23(2) of the *Yukon Act* (Canada) provides authority to the Government and its entities to borrow in aggregate to a maximum of \$400 million. The current *Yukon Borrowing Limits Regulations* came into force on March 8, 2013. These regulations prescribe what constitutes borrowing, the entities whose borrowing must be taken into account, and the manner in which the value of a borrowing is determined.

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Authorized borrowing limit	\$ 400,000	\$ 400,000
Loans of money by government reporting entity:		
Government business enterprises		
Yukon Development Corporation, bonds	100,000	100,000
Yukon Development Corporation, other long-term debt	<u>35,897</u>	<u>38,786</u>
	<u>135,897</u>	<u>138,786</u>
Fully consolidated entities		
Yukon Hospital Corporation, bank loans	36,539	39,742
Yukon Housing Corporation, mortgages payable	2,278	2,750
Yukon College, loan payable	996	-
Yukon Housing Corporation, loans payable	<u>905</u>	<u>1,024</u>
	<u>40,718</u>	<u>43,516</u>
Accrued interest payable	1,272	1,276
Credit facilities used	10,473	2,752
Capital lease obligation	<u>6,220</u>	<u>7,192</u>
Total debt	<u>194,580</u>	<u>193,522</u>
Available borrowing capacity	<u>\$ 205,420</u>	<u>\$ 206,478</u>

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18. Liabilities for leased tangible capital assets

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	\$ 3,136	\$ 3,682
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.7%.	1,707	1,893
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.3%.	1,290	1,488
Equipment lease obligation payable quarterly until the year 2020, with imputed interest rate of 1.9%.	<u>87</u>	<u>129</u>
	<u>\$ 6,220</u>	<u>\$ 7,192</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$237,000 (2017 – \$240,000) at an imputed average interest rate of 3.1% (2017 – 3.1%).

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

	(thousands of dollars)
2019	\$ 1,786
2020	1,828
2021	1,797
2022	1,863
2023 and thereafter	<u>3,134</u>
Total minimum lease payments	10,408
Less: amount representing executory costs	(2,667)
amount representing rental of land	(944)
amount representing interest	<u>(577)</u>
	<u>\$ 6,220</u>

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19. **Financial instruments**

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

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

	2018		2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(thousands of dollars)			
Temporary investments	\$ 163,158	\$ 163,167	\$ 214,497	\$ 214,500
Portfolio investments				
Marketable securities	\$ 33,273	\$ 34,162	\$ 27,065	\$ 30,466
Other	4	1	21	26
	\$ 33,277	\$ 34,163	\$ 27,086	\$ 30,492
Loans receivable				
Mortgages receivable, net of valuation allowance	\$ 42,473	\$ 41,926	\$ 46,680	\$ 45,709
Other loans receivable, net of valuation allowance	24,101	24,584	27,046	27,818
	\$ 66,574	\$ 66,510	\$ 73,726	\$ 73,527
Borrowings				
Demand term installment loan	\$ 36,539	\$ 40,763	\$ 39,742	\$ 44,949
Mortgages payable	2,278	1,921	2,750	2,326
Loans payable	1,901	1,981	1,024	1,090
Other	85	67	117	104
	\$ 40,803	\$ 44,732	\$ 43,633	\$ 48,469

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

Since the above valuation is based on market information available at March 31, 2018, the fair value of the investments may change materially in future periods as a result of fluctuations in the market. However, these changes are not expected to result in a significant impact on the Government's future operations.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

The estimated fair values of loans receivable were determined using the present value of future cash flows discounted at the March 31, 2018 average market rate for mortgages and loans with similar maturities. Until settled, the fair value of loans receivable will fluctuate based on changes in interest rates. The Government believes the carrying amount of loans receivable will be fully recovered.

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

20. **Tangible capital assets**

	<u>2018</u> Net Book Value	<u>2017</u> Net Book Value
	(thousands of dollars)	
Land	\$ 18,836	\$ 18,836
Buildings	729,478	666,571
Equipment and vehicles	78,453	66,440
Computer hardware and software	31,699	29,432
Transportation infrastructure	638,473	636,816
Land improvements and fixtures	35,266	35,677
Sewage and water systems	48,094	49,325
Other	<u>12,101</u>	<u>10,206</u>
(Schedule C)	<u>\$ 1,592,400</u>	<u>\$ 1,513,303</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 \$1,038,000 (2017 – \$991,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Buildings (cost)	\$ 9,907	\$ 9,907
Operating equipment (cost)	<u>141</u>	<u>141</u>
	10,048	10,048
Less accumulated amortization	<u>(4,349)</u>	<u>(3,311)</u>
	<u>\$ 5,699</u>	<u>\$ 6,737</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

21. **Expenses by object**

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Personnel	\$ 576,853	\$ 560,307
Government transfers	219,698	212,539
Contract and special services	211,113	232,260
Materials, supplies and utilities	115,809	104,649
Amortization expenses	65,832	62,187
Communication and transportation	43,292	39,391
Rent	33,835	32,560
Interest on long-term debt and capital lease obligations	2,308	2,509
Other	7,047	9,266
	<u>\$ 1,275,787</u>	<u>\$ 1,255,668</u>

22. **Trust assets**

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

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year-end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. At March 31, 2018, the remaining trust assets were held in bank accounts or invested in term deposits and GICs.

Investments of the Compensation Fund (Yukon) are valued at fair value. Investments of the remainder of the trust accounts are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash.

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 226,034	\$ 224,583
Federal Gas Tax Funds under the New Deal	83,711	75,411
Lottery Commission	7,275	6,604
Crime Prevention and Victim Services	6,475	6,213
Forest Sector trust	5,759	5,678
Public Guardian trust	1,805	1,494
Extended health and dental plan trust funds	1,055	1,056
Supreme Court trust	981	981
Other	3,255	3,494
	<u>\$ 336,350</u>	<u>\$ 325,514</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

23. **Contractual rights**

The Government has entered into agreements to receive, or has contractual rights for, the following receipts subsequent to March 31, 2018:

	Expiry Date	2019	2020 – 2030	Total
(thousands of dollars)				
Contribution and Service Agreements				
Infrastructure Canada	2024	\$ 35,390	\$ 221,777	\$ 257,167
Indigenous and Northern Affairs	2022	33,993	75,978	109,971
CMHC	2030	7,761	25,576	33,337
Health Canada	2021	10,700	12,800	23,500
Employment and Social Development	2023	6,251	13,681	19,932
Canadian Heritage	2022	6,008	12,697	18,705
RCMP: Mobile Radio Network	2025	2,176	13,056	15,232
Other	2020	3,813	1,850	5,663
		<u>\$ 106,092</u>	<u>\$ 377,415</u>	<u>\$ 483,507</u>

24. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2018:

	Expiry Date	2019	2020 – 2045	Total
(thousands of dollars)				
RCMP policing agreement	2032	\$ 25,312	\$ 379,028	\$ 404,340
Capital projects				
- in progress at March 31, 2018	2020	89,136	8,338	97,474
Building/office space leases	2026	9,459	23,346	32,805
Faro and Mount Nanson mine sites	2020	14,908	14,958	29,866
Northwestel Inc. mobile radio network system	2025	3,796	18,116	21,912
Air Spray (1967) Ltd. Air tanker services	2023	1,977	8,210	10,187
Information Services Corporation	2040	1,230	3,902	5,132
Alkan Air Ltd. medical evacuation contract	2019	3,529	-	3,529
Yukon Hospital Corporation – medical equipment maintenance	2023	1,260	1,496	2,756
Miscellaneous operational commitments	2045	<u>30,720</u>	<u>23,285</u>	<u>54,005</u>
		<u>\$ 181,327</u>	<u>\$ 480,679</u>	<u>\$ 662,006</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

25. **Overexpenditure**

During the year, no (2017 – one) departments exceeded their vote (2017 - \$3,117,000). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that “a vote does not authorize any payment to be made in excess of the amount specified in the vote”.

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, no (2017 – two) departments exceeded the authorized amounts.

26. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$10,473,000 (2017 – \$0). At March 31, 2018, on a consolidated basis, the Yukon Development Corporation had borrowings of \$134,500,000 (2017 – \$137,300,000) and a credit facility of up to \$29,500,000. While the Government has not issued guarantees for all of these instruments, as the Yukon Development Corporation is an agent of the Government, lenders may have recourse to the Government. Except for the amounts committed as described in note 11(d), it is expected that no significant costs will be incurred by the Government with respect to these guarantees and debts.

27. **Land claims**

Between February 1995 and March 31, 2018, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada’s negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2018

28. **Contingencies**

In the normal course of operations, the Government is subject to legal claims. These claims include items with pleading amounts and items where an amount is not specified. At March 31, 2018, the amounts claimed, excluding the claims from Commission scolaire francophone du Yukon and Northern Cross (Yukon) Ltd., which are described below, is \$6,487,000 (2017 – \$2,070,000). No provision for these claims has been made as it is unlikely or undeterminable that a liability has been incurred at the date of the financial statements.

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

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

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

The Government established a Risk Management Revolving Fund in December 2004, with a limit of \$5,000,000, which is to be used for providing limited insurance and risk management services to Government departments. Expenses relating to some of the property and liability losses incurred by the Government are to be paid out of this fund. The Government purchases legal liability and property insurance with a \$2,000,000 deductible. In 2017/2018, the Government paid \$1,057,000 (2017 – \$576,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$2,133,000 as at March 31, 2018 (2017 – \$1,066,000). This amount is reported as part of the Government’s accrued liabilities. The fund balance at March 31, 2018 was \$4,400,000 (2017 – \$4,400,000).

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

29. **Comparative figures**

Certain comparative figures for 2017 have been reclassified to conform with the 2018 presentation.

GOVERNMENT OF YUKON

Schedule A

**Consolidated Schedule of Revenues by Source
for the year ended March 31, 2018**

	2018		2017
	Budget	Actual	Actual
(thousands of dollars)			
From Government of Canada			
Formula Financing Grant	\$ 919,443	\$ 919,443	\$ 894,506
Other grants	52,101	54,172	51,105
Contributions and service agreements	154,228	134,779	113,681
	<u>1,125,772</u>	<u>1,108,394</u>	<u>1,059,292</u>
Taxes and general revenues			
Income taxes	79,724	80,820	80,781
Other taxes			
Tobacco tax	10,501	11,460	10,221
Fuel oil tax	8,025	8,568	7,971
Liquor tax	4,555	4,791	4,483
General property tax	4,549	4,563	4,582
Insurance premium tax	2,447	2,890	2,821
Grant in lieu of property tax	212	215	211
Licences, permits and fees	15,570	17,010	16,865
Investment and interest revenue	5,272	7,046	6,598
Sale of land	7,660	4,705	15,570
Income from portfolio investments	1,526	3,804	3,195
Hospital revenues	5,950	3,031	2,207
Resource revenue - mineral, oil and gas and forestry	1,610	2,291	2,239
Aviation operations	1,315	1,468	1,368
Fines	483	354	384
Other revenues	2,114	4,282	1,709
	<u>151,513</u>	<u>157,298</u>	<u>161,205</u>
Funding and service agreements with other parties	<u>47,192</u>	<u>47,304</u>	<u>47,304</u>
Income from investment in government business enterprises			
Yukon Liquor Corporation	8,332	8,696	9,012
Yukon Development Corporation	6,500	5,987	6,844
	<u>14,832</u>	<u>14,683</u>	<u>15,856</u>
	<u>\$ 1,339,309</u>	<u>\$ 1,327,679</u>	<u>\$ 1,283,657</u>

GOVERNMENT OF YUKON

Schedule B

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2018**

	Health and Social Services		Community and Transportation		Education		General Government ¹		Natural Resources	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
(thousands of dollars)										
Revenues										
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 919,443	\$ 894,506	\$ -	\$ -
Other transfers from										
Government of Canada	31,643	27,396	48,838	26,058	11,089	13,539	63,874	58,898	28,337	33,683
Taxes and general revenues	12,754	10,826	21,201	31,730	5,263	2,142	117,336	114,382	6,782	7,277
Funding and service agreements	9,875	10,843	18,388	21,610	23,041	18,317	3,781	3,504	2,123	1,375
Income from investments in government business enterprises	-	-	5,987	6,844	-	-	8,696	9,012	-	-
	<u>54,272</u>	<u>49,065</u>	<u>94,414</u>	<u>86,242</u>	<u>39,393</u>	<u>33,998</u>	<u>1,113,130</u>	<u>1,080,302</u>	<u>37,242</u>	<u>42,335</u>
Expenses (Note 21)										
Personnel	160,088	150,831	73,390	71,673	138,740	138,183	106,823	102,465	50,550	49,916
Contracts, materials and other	136,128	125,975	101,829	109,637	40,685	37,787	40,915	38,630	48,820	64,221
Government transfers	88,118	91,478	70,938	62,850	29,501	27,415	9,172	9,340	9,853	8,616
Amortization expenses	10,475	8,322	36,638	36,272	8,376	7,939	5,858	5,430	960	983
Interest on long-term debt and capital lease obligations	1,929	2,063	143	207	-	-	236	239	-	-
	<u>396,738</u>	<u>378,669</u>	<u>282,938</u>	<u>280,639</u>	<u>217,302</u>	<u>211,324</u>	<u>163,004</u>	<u>156,104</u>	<u>110,183</u>	<u>123,736</u>
Recovery of prior years' expenses	42	281	252	358	70	143	425	2,596	16	2
(Deficit) surplus for the year	<u>\$ (342,424)</u>	<u>\$ (329,323)</u>	<u>\$ (188,272)</u>	<u>\$ (194,039)</u>	<u>\$ (177,839)</u>	<u>\$ (177,183)</u>	<u>\$ 950,551</u>	<u>\$ 926,794</u>	<u>\$ (72,925)</u>	<u>\$ (81,399)</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, 2018**

	Justice		Business, Tourism and Culture		Adjustments ²		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	(thousands of dollars)							
Revenues								
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 919,443	\$ 894,506
Other transfers from								
Government of Canada	4,208	4,237	962	975	-	-	188,951	164,786
Taxes and general revenues	912	962	177	156	(7,127)	(6,270)	157,298	161,205
Funding and service agreements	729	745	300	359	(10,933)	(9,449)	47,304	47,304
Income from investments in government business enterprises	-	-	-	-	-	-	14,683	15,856
	<u>5,849</u>	<u>5,944</u>	<u>1,439</u>	<u>1,490</u>	<u>(18,060)</u>	<u>(15,719)</u>	<u>1,327,679</u>	<u>1,283,657</u>
Expenses (Note 21)								
Personnel	31,155	30,720	16,107	16,519	-	-	576,853	560,307
Contracts, materials and other	36,066	33,822	12,087	12,065	(5,434)	(4,011)	411,096	418,126
Government transfers	5,356	5,109	19,386	19,439	(12,626)	(11,708)	219,698	212,539
Amortization expenses	2,684	2,452	841	789	-	-	65,832	62,187
Interest on long-term debt and capital lease obligations	-	-	-	-	-	-	2,308	2,509
	<u>75,261</u>	<u>72,103</u>	<u>48,421</u>	<u>48,812</u>	<u>(18,060)</u>	<u>(15,719)</u>	<u>1,275,787</u>	<u>1,255,668</u>
Recovery of prior years' expenses	7	27	151	1,196	-	-	963	4,603
(Deficit) surplus for the year	<u>\$ (69,405)</u>	<u>\$ (66,132)</u>	<u>\$ (46,831)</u>	<u>\$ (46,126)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,855</u>	<u>\$ 32,592</u>

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

Government of Yukon

Schedule C

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2018**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Transportation Infrastructure	Land Improvements & Fixtures	Sewage & Water Systems	Other	2018 Total	2017 Total
	(thousands of dollars)									
Cost of tangible assets, opening	\$ 18,836	\$ 1,026,630	\$ 155,740	\$ 74,445	\$ 1,001,891	\$ 42,743	\$ 55,045	\$ 17,365	\$ 2,392,695	\$ 2,255,486
Acquisitions	-	87,008	21,685	7,983	24,824	677	822	2,621	145,620	150,886
Write-downs	-	-	-	(385)	-	-	-	-	(385)	(820)
Disposals	-	(359)	(4,376)	(880)	-	-	-	-	(5,615)	(12,857)
²⁰ Cost of tangible assets, closing	18,836	1,113,279	173,049	81,163	1,026,715	43,420	55,867	19,986	2,532,315	2,392,695
Accumulated amortization, opening	-	360,059	89,300	45,013	365,075	7,066	5,720	7,159	879,392	829,951
Amortization expense	-	24,076	9,391	5,331	23,167	1,088	2,053	726	65,832	62,187
Disposals	-	(334)	(4,095)	(880)	-	-	-	-	(5,309)	(12,746)
Accumulated amortization, closing	-	383,801	94,596	49,464	388,242	8,154	7,773	7,885	939,915	879,392
Net book value (Note 20)	<u>\$ 18,836</u>	<u>\$ 729,478</u>	<u>\$ 78,453</u>	<u>\$ 31,699</u>	<u>\$ 638,473</u>	<u>\$ 35,266</u>	<u>\$ 48,094</u>	<u>\$ 12,101</u>	<u>\$ 1,592,400</u>	<u>\$ 1,513,303</u>
Work in progress ¹		\$ 136,655	\$ 399	\$ 6,229	\$ 25,114	\$ 2,221	\$ 2,577	\$ 4,013	\$ 177,208	\$ 149,189

¹ Included in net book value.

GOVERNMENT OF YUKON

Schedule D

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2018**

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon College	Yukon Hospital Corporation	2018 Total	2017 Total
(thousands of dollars)							
Accrued benefit obligation							
Obligation at beginning of year	\$ 114,496	\$ 225	\$ 1,774	\$ 5,509	\$ -	\$ 122,004	\$ 121,924
Current service costs	11,836	128	199	783	-	12,946	12,709
Interest cost on benefit obligation	4,472	14	69	164	-	4,719	4,743
Actuarial (gain) loss	1,620	114	(6)	-	-	1,728	(4,870)
Benefits paid	(10,507)	-	(109)	(670)	-	(11,286)	(12,502)
Accrued benefit obligation at end of year	121,917	481	1,927	5,786	-	130,111	122,004
Unrecognized net actuarial (loss) gain	(7,656)	(123)	140	(302)	-	(7,941)	(7,672)
Accrued benefit liability	114,261	358	2,067	5,484	-	122,170	114,332
Liabilities that are not included in actuarial valuation	381	-	-	1,869	2,711	4,961	5,045
Post-employment benefits and compensated absences (Note 15)	114,642	358	2,067	7,353	2,711	127,131	119,377
Net benefit cost							
Current service cost	11,836	128	199	783	-	12,946	12,709
Interest cost on benefit obligation	4,472	14	69	164	-	4,719	4,743
Amortization of net actuarial (gain) loss	1,344	2	15	40	-	1,401	(950)
Net cost for the year	\$ 17,652	\$ 144	\$ 283	\$ 987	\$ -	\$ 19,066	\$ 16,502

GOVERNMENT OF YUKON

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2018**

Schedule D
Continued

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon College	Yukon Hospital Corporation
Key Assumptions					
Discount rate on benefit costs	3.50%	4.70%	3.50%	2.75%	N/A
Discount rate on accrued benefit obligation at end of year	3.50%	4.70%	3.50%	2.75%	N/A
Rate of compensation increase	2.60%	2.50%	2.00%	See below ¹	N/A
Amortization period (expected average remaining service life)	12.4 years	6.0 years	11.1 years	9.0 years	N/A

¹ For 10 years 4.25%, thereafter 4.75%

GOVERNMENT OF YUKON

Schedule E

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2018**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2018 Total	2017 Total
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(thousands of dollars)

Pension and retirement plan assets are valued at fair market value.

Accrued benefit obligation

Obligation at beginning of year	\$ 32,947	\$ 9,626	\$ 52,508	\$ 3,153	\$ 78,164	\$ 83,061	\$ 259,459	\$ 231,091
Current service costs	1,346	386	2,813	204	4,003	4,882	13,634	12,160
Interest cost on benefit obligation	1,548	537	2,031	122	4,547	5,026	13,811	12,717
Actuarial (gain) loss	(1,849)	669	28,698	(382)	579	(448)	27,267	13,358
Benefits paid	(1,398)	(459)	(1,046)	(131)	(3,553)	(3,457)	(10,044)	(9,867)
Accrued benefit obligation at end of year	32,594	10,759	85,004	2,966	83,740	89,064	304,127	259,459

Plan assets - valued at fair market value

Value at beginning of year	7,787	4,344	-	-	89,781	121,883	223,795	199,126
Actual return on plan assets	320	155	-	-	9,795	5,392	15,662	19,241
Employer contributions	307	289	1,046	131	3,374	4,477	9,624	10,321
Member contributions	165	53	-	-	1,684	2,272	4,174	4,068
Benefits paid	(291)	(459)	(1,046)	(131)	(3,553)	(3,457)	(8,937)	(8,807)
Actual plan expenses	-	-	-	-	-	(226)	(226)	(154)
Value at end of year	8,288	4,382	-	-	101,081	130,341	244,092	223,795

Funded status - plan deficit (surplus)

Unrecognized net actuarial (loss) gain	24,306	6,377	85,004	2,966	(17,341)	(41,277)	60,035	35,664
	1,266	71	(34,915)	(367)	688	(3,672)	(36,929)	(13,838)

Accrued benefit liability (asset) (Note 16)

	\$ 25,572	\$ 6,448	\$ 50,089	\$ 2,599	\$ (16,653)	\$ (44,949)	\$ 23,106	\$ 21,826
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GOVERNMENT OF YUKON

Schedule E
Continued

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2018**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2018 Total	2017 Total
(thousands of dollars)								
Net benefit cost								
Current service cost	\$ 1,346	\$ 386	\$ 2,813	\$ 204	\$ 4,003	\$ 5,182 ¹	\$ 13,934	\$ 12,465
Less: Member contributions	(165)	(53)	-	-	(1,684)	(2,272)	(4,174)	(4,068)
Interest cost on benefit obligation	1,548	537	2,031	122	4,547	5,026	13,811	12,717
Expected return on plan assets	(370)	(236)	-	-	(4,670)	(7,405)	(12,681)	(12,359)
Amortization of net actuarial (gain) loss	106	(3)	693	181	-	142	1,119	993
Net cost for the year	\$ 2,465	\$ 631	\$ 5,537	\$ 507	\$ 2,196	\$ 673	\$ 12,009	\$ 9,748

Key Assumptions

Expected long term rate of return on assets at beginning of year	4.70%	5.50%	N/A	N/A	5.80%	6.50%
Discount rate on benefit costs	4.70%	5.50%	3.50%	3.50%	5.80%	6.00%
Discount rate on accrued benefit obligation at end of year	4.70%	5.25%	3.50%	3.50%	5.80%	6.00%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%	2.30%	2.00%
Rate of compensation increase	2.50%	3.00% ²	see below ³	see below ³	4.25%	2.50%
Health care cost trend rate	N/A	N/A	see below ⁴	N/A	N/A	N/A
Amortization period (expected average remaining service life)	6.0 years	7.6 years	12.4 years	8.9 years	9.0 years	8.4 years

¹ Includes \$300,000 for provision of administrative expenses.

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

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

⁴ 6.7% per annum for 2018 grading down by level steps to an ultimate rate of 4.0% per annum in year 11.

SECTION I
GOVERNMENT OF YUKON
FINANCIAL STATEMENTS
(unaudited)

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GOVERNMENT OF YUKON
Statement of Financial Position
as at March 31, 2018

	2018	2017
	(thousands of dollars)	
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 17,420	\$ 18,691
Temporary investments (Note 4)	163,158	214,497
Due from Government of Canada (Note 5)	66,733	48,453
Accounts receivable (Note 6)	15,131	17,800
Portfolio investments (Note 7)	29,704	27,086
Advances to Territorial corporations (Note 9)	70,398	75,673
Loans receivable (Note 10)	25,922	32,316
Land inventory (Note 11)	66,668	52,853
	455,134	487,369
Liabilities		
Due to Government of Canada (Note 5)	37,146	43,353
Accounts payable and accrued liabilities (Note 12)	123,525	107,655
Environmental liabilities (Note 13)	39,152	38,107
Unearned revenues (Note 14)	12,146	16,771
Post-employment benefits and compensated absences (Note 15)	115,000	107,664
Retirement benefits (Note 16)	84,708	78,447
Liabilities for leased tangible capital assets (Note 17)	6,220	7,192
	417,897	399,189
Net financial assets	37,237	88,180
Non-financial assets		
Tangible capital assets (Note 19)	1,332,003	1,262,206
Inventories of supplies	9,081	8,799
Prepaid expenses	1,328	1,775
	1,342,412	1,272,780
Accumulated surplus	\$ 1,379,649	\$ 1,360,960

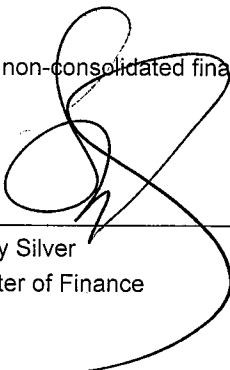
Contingencies, commitments, contractual rights and obligations and guarantees
(Notes 13, 22, 23, 24, 26, 27, and 28)

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

Approved:



Katherine White
Deputy Minister of Finance



Sandy Silver
Minister of Finance

GOVERNMENT OF YUKON

**Statement of Operations and Accumulated Surplus
for the year ended March 31, 2018**

	2018		2017
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada			
Formula Financing grant	\$ 919,443	\$ 919,443	\$ 894,506
Other grants	52,101	54,172	51,105
Contributions and service agreements	142,365	126,023	104,626
Taxes and general revenues	149,873	156,121	164,051
Funding and service agreements with other parties	25,515	34,709	35,933
	<u>1,289,297</u>	<u>1,290,468</u>	<u>1,250,221</u>
Expenses (Note 20 and Schedule B)	<u>1,282,761</u>	<u>1,272,498</u>	<u>1,260,208</u>
Recovery of prior years' expenses	-	719	4,549
Surplus (deficit) for the year	<u>\$ 6,536</u>	18,689	(5,438)
Accumulated surplus at beginning of year		<u>1,360,960</u>	<u>1,366,398</u>
Accumulated surplus at end of year		<u>\$ 1,379,649</u>	<u>\$ 1,360,960</u>

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

GOVERNMENT OF YUKON

Statement of Change in Net Financial Assets
for the year ended March 31, 2018

	2018		2017
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus (deficit) for the year	\$ 6,536	\$ 18,689	\$ (5,438)
Effect of change in tangible capital assets			
Acquisitions	(154,557)	(125,115)	(113,071)
Amortization of tangible capital assets	55,346	54,706	52,599
Loss (gain) on disposal of tangible capital assets	1	(17)	(346)
Proceeds on disposal of tangible capital assets	168	244	442
Write-down of tangible capital assets	-	385	820
Other budgetary adjustments	8,641	-	-
	(90,401)	(69,797)	(59,556)
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(10,911)	(9,572)
Decrease in inventories of supplies	-	10,629	9,189
Decrease in prepaid expenses	-	447	205
	-	165	(178)
Decrease in net financial assets	<u>\$ (83,865)</u>	<u>(50,943)</u>	<u>(65,172)</u>
Net financial assets at beginning of year		88,180	153,352
Net financial assets at end of year		<u>\$ 37,237</u>	<u>\$ 88,180</u>

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

GOVERNMENT OF YUKON

**Statement of Cash Flow
for the year ended March 31, 2018**

	2018	2017
	(thousands of dollars)	
Operating transactions		
Surplus (Deficit) for the year	\$ 18,689	\$ (5,438)
Non-cash items included in (deficit) surplus for the year:		
Amortization of tangible capital assets	54,706	52,599
Amortization of discount / premium on portfolio investments	-	(2,867)
Loans receivable valuation adjustment	-	(78)
Write-down of tangible capital assets	385	820
Gain on sale of land inventory	(832)	(590)
Gain on disposal of tangible capital assets	(17)	(346)
Change in non-cash assets and liabilities	4,234	19,111
Cash provided by operating transactions	<u>77,165</u>	<u>63,211</u>
Capital transactions		
Acquisition of tangible capital assets	(125,115)	(107,364)
Proceeds on disposal of tangible capital assets	244	442
Cash used for capital transactions	<u>(124,871)</u>	<u>(106,922)</u>
Investing transactions		
Net proceeds from temporary investments	51,339	13,370
Proceeds from portfolio investments	26,463	42,628
Acquisition of portfolio investments	(29,081)	(3,305)
Repayment of advances from Territorial corporations	250	450
Repayment (advances) to Territorial corporations	5,025	(2,082)
Repayment of loans receivable	13,285	8,856
Issuance of loans receivable	(2,183)	(2,654)
Investment in land inventory	(17,691)	(8,185)
Cash provided by investing transactions	<u>47,407</u>	<u>49,078</u>
Financing transactions		
Repayment of liabilities for leased tangible capital assets	(972)	(914)
Cash used for financing transactions	<u>(972)</u>	<u>(914)</u>
Cash and cash equivalents (decrease) increase	(1,271)	4,453
Cash and cash equivalents at beginning of year	<u>18,691</u>	<u>14,238</u>
Cash and cash equivalents at end of year (Note 3)	\$ 17,420	\$ 18,691
Interest received in the year	\$ 9,215	\$ 6,168
Interest paid in the year	\$ 236	\$ 240

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

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2018

1. **Authority and operations**

(a) Authority

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

(b) Main Estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2017. These figures do not reflect changes arising from the 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.

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

2. **Significant accounting policies**

(a) Financial statements

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

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

GOVERNMENT OF YUKON

Notes to Financial Statements March 31, 2018

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

Grants from the Government of Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant and the Canada health and the Canada social transfers from the Government of Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada) which expires in 2018/19. 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.

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

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

Expenses

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

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

Assets

Financial assets

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

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

GOVERNMENT OF YUKON

Notes to Financial Statements March 31, 2018

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

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.

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

Non-financial assets

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

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

Liabilities

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

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

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

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

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2018

(c) Tangible capital assets

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

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

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and estimated useful lives:

<u>Asset category</u>	<u>Threshold</u>	<u>Estimated useful life</u>
Land	Nil	N/A
Buildings		
Buildings	\$50,000	40 - 50 years
Leasehold Improvements	\$50,000	Shorter of the lease term or useful economic life
Equipment and vehicles		
Heavy equipment	\$10,000	7 - 30 years
Operating equipment	\$10,000	5 - 25 years
Vehicles	\$10,000	6 - 20 years
Computer hardware and software		
Computer hardware	\$10,000	5 years
Computer software	\$100,000	Expected usage of the system before overhaul
Transportation infrastructure		
Forestry access roads	\$50,000	10 years
Highways	\$250,000	As determined by the Department of Highways and Public Works to a maximum of 75 years
Pavement/surfaces	\$250,000	
Bridges	\$250,000	
Airport runways	\$50,000	
Other		
Portable classroom/housing trailers	\$50,000	25 years
Land improvements and fixtures	\$50,000	up to 50 years
Sewage and water systems	\$50,000	up to 50 years
Mobile radio system infrastructure	\$100,000	15 years

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

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2018

(d) Post-employment benefits and compensated absences

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

(e) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Government is not currently required to make contributions with respect to any actuarial deficiencies of the pension plan. Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet certain criteria. Liabilities for these benefits are valued on an actuarial basis.

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

(f) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. An environmental liability is accrued, net of recoveries, and an expense recorded based on management's best estimates when the contamination occurs, when the Government becomes aware of the contamination or, in the case of a solid waste landfill closure and post-closure care, as the landfill site's capacity is used, and when the Government is obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable, the contingency is disclosed in the notes to the financial statements.

(g) Measurement uncertainty

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

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2018

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

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

(h) Accounting policy changes

Effective April 1, 2017 the government has prospectively adopted the following standards: PS 3210 Assets, PS 3320 Contingent Assets, PS 3380 Contractual Rights, PS 3420 Inter-entity Transactions and PS 2200 Related Party Disclosures. These standards only impact note disclosures as reflected in Note 22.

3. **Cash and cash equivalents**

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Bank balances	\$ 17,352	\$ 18,623
Cash on hand	<u>68</u>	<u>68</u>
	<u>\$ 17,420</u>	<u>\$ 18,691</u>

4. **Temporary investments**

	<u>2018</u>		<u>2017</u>	
	<u>Market Value</u>	<u>Carrying Value</u>	<u>Market Value</u>	<u>Carrying Value</u>
	(thousands of dollars)			
Term deposits and GICs	\$ 160,672	\$ 160,672	\$ 212,970	\$ 212,970
Floating rate notes	1,616	1,611	654	652
Treasury bills	635	632	876	875
Other	<u>244</u>	<u>243</u>	<u>-</u>	<u>-</u>
	<u>\$ 163,167</u>	<u>\$ 163,158</u>	<u>\$ 214,500</u>	<u>\$ 214,497</u>

The term deposits and GICs held during the year had a weighted average effective yield of 1.31% (2017 – 1.14%) per annum and the remaining temporary investments had a weighted average effective yield of 1.01% (2017 – 1.00%) per annum.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2018

5. Due from/to Government of Canada

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 66,730	\$ 48,450
Other	<u>3</u>	<u>3</u>
	<u>\$ 66,733</u>	<u>\$ 48,453</u>
Due to Government of Canada		
Income tax payable	\$ 12,158	\$ 16,011
RCMP	7,843	6,377
Payroll taxes payable	7,490	5,102
Public Service Pension Plan contribution payable	6,308	7,609
Type II mine sites	1,852	6,602
Other	<u>1,495</u>	<u>1,652</u>
	<u>\$ 37,146</u>	<u>\$ 43,353</u>

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

6. Accounts receivable

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 10,641	\$ 14,657
Less valuation allowances	<u>(586)</u>	<u>(651)</u>
	10,055	14,006
Due from Territorial corporations	<u>5,076</u>	<u>3,794</u>
	<u>\$ 15,131</u>	<u>\$ 17,800</u>

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2018**

7. **Portfolio investments**

	2018		2017	
	Face Value	Carrying Value	Face Value	Carrying Value
	(thousands of dollars)			
Marketable securities	\$ 29,700	\$ 29,700	\$ 27,065	\$ 27,065
Other	265	4	282	21
	<u>\$ 29,965</u>	<u>\$ 29,704</u>	<u>\$ 27,347</u>	<u>\$ 27,086</u>

Marketable Securities

Marketable securities are designated investments (see Note 8) set aside within the Consolidated Revenue Fund for use in meeting certain post-employment and retirement benefit obligations for Members of the Legislative Assembly. The investments are managed by a third party.

Other

On March 31, 2018 the Government held portfolio investments in Master Asset Vehicle II Class C floating rate notes with a carrying value of \$4,000 (2017 - \$21,000) as a result of a restructuring process related to previous investments. During the year, \$17,000 of the Class C floating rate notes were redeemed.

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2018**

8. **Designated assets**

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

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

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Cash and cash equivalents	\$ 58	\$ 138
Temporary investments (market value \$2,495,000; 2017 – \$1,530,000)	2,487	1,527
Portfolio investments – marketable securities (market value \$30,589,000; 2017 - \$30,466,000)	<u>29,700</u>	<u>27,065</u>
	<u>\$ 32,245</u>	<u>\$ 28,730</u>

9. **Advances to Territorial corporations**

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Yukon Development Corporation Infrastructure loan	\$ 39,200	\$ 39,200
Yukon Housing Corporation Working capital advances	<u>31,198</u>	<u>36,473</u>
	<u>\$ 70,398</u>	<u>\$ 75,673</u>

The Government entered into loan agreements with the Yukon Development Corporation ("YDC") and advanced a total of \$39,200,000 in order to assist in the development of the Whitehorse diesel – natural gas conversion project, which was completed by the Yukon Energy Corporation, YDC's wholly owned subsidiary. The loan term that commenced on April 1, 2016 ended on March 31, 2018. The per annum interest rate was set based on the one-year CDOR plus 30 basis points in effect on April 1 each year. The rate of interest on the loans was 1.514% (2017 – 1.382%). The Government and YDC entered into a new loan agreement effective March 30, 2018. The initial term of the loan is to March 31, 2023 and pursuant to the agreement, the loan may be extended for two additional five year terms upon mutual consent of the parties. The per annum interest rate will be set based on one-year CDOR plus 40 basis points in effect on April 1 each year. The rate of interest effective March 30, 2018 is 2.501%. The new loan agreement requires principal repayments of \$1 million on March 31 each year and full repayment of any principal outstanding at the end of each loan term if the loan is not extended.

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

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2018

10. **Loans receivable**

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2023 (2017 – 2021), bearing interest at 0.00% (2017 – 0.00%).	\$ 7,248	\$ 15,536
Local improvement loans, due in varying annual amounts to the year 2041 (2017 – 2041), bearing interest rates ranging from 0.50% to 5.25% (2017 – 0.50% to 6.00%).	5,597	4,774
Domestic well loans, due in varying annual amounts to the year 2033 (2017 – 2032), bearing interest rates ranging from 0.50% to 4.50% (2017 – 0.50% to 4.75%).	5,436	5,108
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2023 (2017 – 2022), bearing interest at 5.00% (2017 – 5.00%).	4,299	3,235
Debenture loans to municipalities, due in varying annual amounts to the year 2030 (2017 – 2030), bearing interest rates ranging from 2.72% to 6.38% (2017 – 2.72% to 6.38%).	3,343	3,608
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.00% to 6.00% (2017 – 0.00% to 6.00%).	222	263
Energy infrastructure development loan due in periodic instalments bearing interest at 6.40% (2017 – 6.40%).	205	205
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2021 (2017 – 2021), bearing interest at 0.00% (2017 – 0.00%).	48	63
Less valuation allowances	<u>(476)</u>	<u>(476)</u>
	<u>\$ 25,922</u>	<u>\$ 32,316</u>

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11. Land inventory

	2018	2017
	(thousands of dollars)	
Undeveloped land	\$ 603	\$ 603
Land under development	54,888	37,190
Developed land	11,177	15,060
	<u>\$ 66,668</u>	<u>\$ 52,853</u>

12. Accounts payable and accrued liabilities

	2018	2017
	(thousands of dollars)	
Accounts payable	\$ 59,654	\$ 49,905
Accrued liabilities	39,663	34,476
Contractors' holdbacks and security deposits	16,669	15,139
Due to Territorial corporations	7,539	8,135
	<u>\$ 123,525</u>	<u>\$ 107,655</u>

13. Environmental liabilities

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$24,866,000 (2017 - \$22,875,000). 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, 2018, the Government was aware of 93 sites (2017 – 88 sites) where the Government is obligated or is likely obligated to incur such costs. Phase I Environmental Site Assessments (ESA) have been undertaken on 90 of the 93 sites. During the year, remediation work was undertaken at nine sites, including the Marwell Tar Pit.

One of the 93 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, 2018, \$1,489,000 (2017 - \$1,596,000) was recorded as a liability for this site, which is part of the \$24,866,000 noted above.

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(b) Landfill sites

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

A liability is recognized as the landfill site's capacity is used with usage measured on a volumetric basis. As at March 31, 2018, the net present value of total expenditures for closure and post-closure care is estimated to be \$10,765,000 (2017 – \$11,768,000) and a liability in the amount of \$9,286,000 (2017 - \$10,232,000) has been recorded for these sites. The amount remaining to be recognized in the future is \$1,479,000 (2017 – \$1,536,000). No assets are designated for settling these liabilities.

In calculation of the above liability, the remaining landfill life was estimated to be from zero to 49 years. Solid waste permits issued under the *Solid Waste Regulations* specify 25 years of post-closure monitoring; therefore, 25 years is used as an estimated length of time needed for post-closure care. A discount rate of 3.32% (2017 – 3.20%) was used for the net present value calculation for active and closed landfill sites.

(c) Type II sites

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

On April 10, 2015 Veris Gold Corporation abandoned the Ketz River mine site ("the site"). The site is identified as a Type II mine site in the Devolution Transfer Agreement ("DTA") between the Government and the Government of Canada. The Government has provided notice to the Government of Canada pursuant to the DTA that the site has been abandoned by its owner/operator. Once a Type II site becomes abandoned the DTA requires that an Independent Assessor assess the condition of the site and develop a remediation plan. The Government is responsible for the cost of this assessment. Under the DTA, the Government of Canada accepted financial responsibility for the remediation of impacts attributable to activities that were permitted by the Government of Canada. The Government will be financially responsible for remediation of impacts of activities it permitted after devolution. The Government's costs, if any, may be offset by the security bond it holds. The financial obligations related to the assessment required under the DTA are estimated to be \$5,000,000 and remediation costs, if any, which are the Government's responsibility, are currently undeterminable.

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The following table presents the total estimated amounts of these liabilities as at March 31, 2018.

	2018		2017	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for contaminated sites ¹				
Highway maintenance camps and airports	36	\$ 11,519	36	\$ 11,680
Other storage tanks and buildings	48	9,958	43	7,669
Marwell Tar Pit	1	1,489	1	1,596
Other	8	1,900	8	1,930
	<u>93</u>	<u>24,866</u>	<u>88</u>	<u>22,875</u>
Landfill sites	28	9,286	28	10,232
Type II sites	<u>1</u>	<u>5,000</u>	<u>1</u>	<u>5,000</u>
	<u>122</u>	<u>\$ 39,152</u>	<u>117</u>	<u>\$ 38,107</u>

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

14. **Unearned revenues**

	2018	2017
	(thousands of dollars)	
Liability portion of government transfers	\$ 7,669	\$ 13,447
Motor vehicle fees for future years	3,134	2,949
Other	<u>1,343</u>	<u>375</u>
	<u>\$ 12,146</u>	<u>\$ 16,771</u>

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

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

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Severance benefits	\$ 73,744	\$ 69,635
Sick leave obligation	26,156	24,547
Vacation leave obligation	<u>20,915</u>	<u>19,100</u>
Accrued benefit obligation	120,815	113,282
Unamortized net actuarial loss	<u>(7,676)</u>	<u>(7,425)</u>
Post-employment benefits accrued liability	113,139	105,857
Compensated absences	<u>1,861</u>	<u>1,807</u>
	<u>\$ 115,000</u>	<u>\$ 107,664</u>

Severance benefits are paid on termination of service or upon retirement. The above amounts are comprised of severance benefits for Government employees and for the Members of the Legislative Assembly.

(a) Yukon Government employees

Severance benefits are paid to Government employees based on the type of termination, e.g. resignation versus retirement, the rate of the pay, and the number of years of continuous employment.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by the daily pay rate at termination or retirement.

The actuarial obligation for sick and vacation leave payouts and severance benefits is calculated using the projected benefit method prorated on service. The accrued benefit obligation at March 31, 2018 is based on an extrapolation of an actuarial valuation conducted as at March 31, 2016. In projecting the accrued obligation for these benefits as at March 31, 2018, the Government assumed a discount rate of 3.5% and general salary increases of 2.6% per annum. The net actuarial loss is amortized over the expected average remaining service life of the active employees of 12.4 years.

Expenses related to post-employment benefits for the year ended March 31, 2018 were \$17,471,000 (2017 - \$14,876,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to \$10,333,000 (2017 - \$10,761,000). Post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

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

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(b) Members of the Legislative Assembly

The *Legislative Assembly Act* (Yukon) provides a severance allowance to members of the Legislative Assembly based on the aggregate of the indemnity and salary received by the member during the preceding year and the number of the years served by the member. At March 31, 2018, the severance benefit obligation for this benefit was \$358,000 (2017 - \$214,000). The book value of the assets designated by the Government to meet this obligation was \$381,000 at March 31, 2018 (2017 - \$248,000) (Note 8). The actuarial valuation of the accrued benefit liability was performed as at March 31, 2018.

16. **Retirement benefits**

(a) Public Service Pension Plan

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

The above changes also resulted in the two groups paying different rates of contributions to the plan. In the calendar year 2017, the Government contributed \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$163,100, the Government contributed \$7.74 for every dollar contributed by both groups of plan members. In the calendar year 2018, the Government contributes \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$164,700, the Government contributes \$3.20 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 \$35,494,000 (2017 - \$34,905,000).

(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.

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The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism and are accepted by the Members' Services Board of the Legislative Assembly. The last actuarial valuation for funding purposes was performed as of March 31, 2017. The accrued benefit obligation as at March 31, 2018 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2017.

(c) Territorial Court Judiciary Pension Plan

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

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

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

(d) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both non-pension defined benefit plans. The extended health care plan is self-insured. The accrued benefit obligation at March 31, 2018 is based on an extrapolation of an actuarial valuation conducted as at March 31, 2016. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The accrued benefit liability for the above retirement benefits as of March 31, 2018 was as follows:

	2018	2017
	(thousands of dollars)	
Accrued benefit liability		
Extended health care retirement benefit	\$ 50,089	\$ 45,598
Legislative Assembly Retirement Allowances Plan	25,572	24,521
Territorial Court Judiciary Pension Plan	6,448	6,106
Life insurance retirement benefit	2,599	2,222
	<u>84,708</u>	<u>78,447</u>
(Schedule D)	<u>\$ 84,708</u>	<u>\$ 78,447</u>

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17. Liabilities for leased tangible capital assets

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	\$ 3,136	\$ 3,682
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.7%.	1,707	1,893
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.3%.	1,290	1,488
Equipment lease obligation payable quarterly until the year 2020, with imputed interest rate of 1.9%.	<u>87</u>	<u>129</u>
	<u>\$ 6,220</u>	<u>\$ 7,192</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$237,000 (2017 - \$240,000) at an imputed average interest rate of 3.1% (2017 - 3.1%).

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

	(thousands of dollars)
2019	\$ 1,786
2020	1,828
2021	1,797
2022	1,863
2023 and thereafter	<u>3,134</u>
Total minimum lease payments	10,408
Less: amount representing executory costs	(2,667)
amount representing rental of land	(944)
amount representing interest	<u>(577)</u>
	<u>\$ 6,220</u>

GOVERNMENT OF YUKON

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18. **Financial instruments**

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

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

	2018		2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(thousands of dollars)			
Temporary investments	\$ 163,158	\$ 163,167	\$ 214,497	\$ 214,500
Portfolio investments				
Marketable securities	29,700	30,589	27,065	30,466
Other	4	1	21	26
Loans receivable	25,922	25,922	32,316	32,316

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

Since the above valuation is based on market information available at March 31, 2018, the fair value of the investments may change materially in future periods as a result of fluctuations in the market. However, these changes are not expected to result in a significant impact on the Government's future operations.

The carrying value, at the lower of cost or net recoverable value, is estimated to be the fair value of loans receivable due to the nature of these loans. The carrying value of these loans receivable should not be seen as the realizable value on immediate settlement of the loans due to the uncertainty associated with such a settlement.

19. **Tangible capital assets**

	2018	2017
	Net Book Value	Net Book Value
	(thousands of dollars)	
Land	\$ 12,157	\$ 12,157
Buildings	496,081	436,135
Equipment and vehicles	61,309	53,779
Computer hardware and software	29,675	28,317
Transportation infrastructure	638,473	636,816
Land improvements and fixtures	35,266	35,677
Sewage and water systems	48,094	49,325
Other	10,948	10,000
(Schedule C)	<u>\$ 1,332,003</u>	<u>\$ 1,262,206</u>

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Leased tangible capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was \$1,038,000 (2017 - \$991,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Buildings (cost)	\$ 9,907	\$ 9,907
Operating equipment (cost)	<u>141</u>	<u>141</u>
	10,048	10,048
Less accumulated amortization	<u>(4,349)</u>	<u>(3,311)</u>
	<u>\$ 5,699</u>	<u>\$ 6,737</u>

No interest was capitalized during the year.

20. **Expenses by object**

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Personnel	\$ 499,800	\$ 481,997
Government transfers	349,442	344,486
Contract and special services	198,106	220,378
Materials, supplies and utilities	93,514	85,578
Amortization expenses	54,706	52,599
Communication and transportation	39,920	36,377
Rent	35,258	33,982
Other	<u>1,752</u>	<u>4,811</u>
	<u>\$ 1,272,498</u>	<u>\$ 1,260,208</u>

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21. **Trust assets**

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

The largest such trust account, the Compensation Fund (Yukon), has a fiscal year-end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. At March 31, 2018, the remaining trust assets were held in bank accounts or invested in term deposits and GICs.

Investments of the Compensation Fund (Yukon) are valued at fair value. Investments of the remainder of the trust accounts are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash.

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 226,034	\$ 224,583
Federal Gas Tax Funds under the New Deal	83,711	75,411
Lottery Commission	7,275	6,604
Crime Prevention and Victim Services	6,475	6,213
Forest Sector Trust	5,759	5,678
Public Guardian trust	1,805	1,494
Extended health and dental plan trust funds	1,055	1,056
Supreme Court trust	981	981
Other	3,255	3,494
	<u>\$ 336,350</u>	<u>\$ 325,514</u>

22. **Contractual rights**

The Government has entered into agreements to receive, or has contractual rights for, the following receipts subsequent to March 31, 2018:

	<u>Expiry Date</u>	<u>2019</u>	<u>2020 – 2025</u>	<u>Total</u>
		(thousands of dollars)		
Contribution and Service Agreements				
Infrastructure Canada	2024	\$ 35,390	\$ 221,777	\$ 257,167
Indigenous and Northern Affairs	2022	33,993	75,978	109,971
Health Canada	2021	10,700	12,800	23,500
Employment and Social Development	2023	6,251	13,681	19,932
Canadian Heritage	2022	6,008	12,697	18,705
RCMP: Mobile Radio Network	2025	2,176	13,056	15,232
Other	2020	3,813	1,850	5,663
		<u>\$ 98,331</u>	<u>\$ 351,839</u>	<u>\$ 450,170</u>

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**Notes to Financial Statements
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23. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2018:

	Expiry Date	2019	2020 – 2046	Total
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 25,312	\$ 379,028	\$ 404,340
Capital projects				
- in progress at March 31, 2018	2020	89,092	8,338	97,430
Yukon Hospital Corp. base funding	2019	69,569	-	69,569
Building/office space leases	2046	11,032	29,483	40,515
Faro and Mt. Nanson mine sites	2020	14,908	14,958	29,866
Yukon College	2021	24,148	578	24,726
Northwestel Inc. mobile radio network system	2025	3,796	18,116	21,912
Air Spray (1967) Ltd. air tanker services	2023	1,977	8,210	10,187
Information Services Corporation	2040	1,230	3,902	5,132
Alkan Air Ltd.	2019	3,529	-	3,529
Miscellaneous operational commitments	2022	27,832	21,217	49,049
		<u>\$ 272,425</u>	<u>\$ 483,830</u>	<u>\$ 756,255</u>

24. **Commitments**

In June 2010, the Yukon Development Corporation ("YDC") issued 30-year bonds in the amount of \$100 million at a fixed coupon rate of 5.0% per annum in part to finance the grant from the Yukon Development Corporation Fund and ratepayers' future contributions towards the construction of the Mayo B hydro enhancement and the Carmacks-Stewart transmission phase II projects. In the Memorandum of Understanding ("the MOU") between the Government and YDC dated March 10, 2011, the Government agreed to provide YDC with financial assistance to a maximum of \$2,625,000 annually from April 1, 2011, to March 31, 2042, based on a prescribed formula where, depending on the annual financial results of YDC, the Government funding will be reduced or eliminated. In 2017/2018, the Government paid \$2,625,000 (2017 - \$2,625,000) to YDC based on the MOU.

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25. **Overexpenditure**

During the year, no (2017 – one) departments exceeded their vote (2017 - \$3,117,000). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that “a vote does not authorize any payment to be made in excess of the amount specified in the vote”.

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, no (2017 – two) departments exceeded the authorized amounts.

26. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of \$3,200,000 (2017 - \$3,800,000) and debts of the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$10,473,000 (2017 - \$0). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Housing Corporation of up to \$11,000,000. At March 31, 2018, on a consolidated basis, the Yukon Development Corporation had borrowings of \$134,500,000 (2017 - \$137,300,000) and a credit facility of up to \$29,500,000. While the Government has not issued guarantees for all of these instruments, as the Yukon Development Corporation is an agent of the Government, lenders may have recourse to the Government.

In December 2017, the Government issued a letter of credit providing guarantee to the bank in relation to the Yukon College Employee's Pension Plan's solvency deficit. This guarantee is to remain in effect from December 30, 2017 to July 31, 2019. The maximum amount of letters of credit to which the guarantee applies will be \$18,318,000 (2017 - \$13,586,000).

In July 2018, the Government issued a letter of credit providing guarantee to the bank in relation to the Yukon Hospital Employee's Pension Plan's solvency deficit. This guarantee is to remain in effect from June 30, 2018 to June 30, 2019. The maximum amount of letters of credit to which the guarantee applies will be \$26,057,000 (2017 - \$21,506,000).

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

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27. **Land claims**

Between February 1995 and March 31, 2018, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

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

28. **Contingencies**

In the normal course of operations, the Government is subject to legal claims. These claims include items with pleading amounts and items where an amount is not specified. At March 31, 2018, the amounts claimed, excluding the claims from Commission scolaire francophone du Yukon and Northern Cross (Yukon) Ltd., which are described below, is \$6,487,000 (2017 - \$2,070,000). No provision for these claims has been made as it is unlikely or undeterminable that a liability has been incurred at the date of the financial statements.

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

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

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

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2018

The Government established a Risk Management Revolving Fund in December 2004, with a limit of \$5,000,000 which is to be used for providing limited insurance and risk management services to Government departments. Expenses relating to some of the property and liability losses incurred by the Government are to be paid out of this fund. The Government purchases legal liability and property insurance with a \$2,000,000 deductible. In 2017/2018, the Government paid \$1,057,000 (2017 - \$576,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$2,133,000 as at March 31, 2018 (2017 - \$1,066,000). This amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2018 was \$4,400,000 (2017 - \$4,400,000).

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

29. **Comparative figures**

Certain comparative figures for 2017 have been reclassified to conform with the 2018 presentation.

GOVERNMENT OF YUKON

Schedule A

**Schedule of Revenues
for the year ended March 31, 2018**

	2018		2017
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing grant	\$ 919,443	\$ 919,443	\$ 894,506
Contributions and service agreements	142,365	126,023	104,626
Other grants	52,101	54,172	51,105
	<u>1,113,909</u>	<u>1,099,638</u>	<u>1,050,237</u>
Taxes and general revenues			
Income taxes	79,724	80,820	80,781
Other taxes			
Tobacco tax	10,501	11,460	10,221
Fuel oil tax	8,025	8,568	7,971
General property tax	5,173	5,221	5,227
Liquor tax	4,555	4,791	4,483
Insurance premium tax	2,447	2,890	2,821
Grant in lieu of property tax	212	215	211
Licences, permits and fees	14,405	15,823	15,680
Yukon Liquor Corporation - net income	8,332	8,222	8,496
Investment and interest revenue	3,689	5,015	4,402
Sale of land	7,660	4,705	15,570
Income from portfolio investments	1,526	3,804	3,195
Resource revenue - mineral, oil and gas and forestry	1,610	2,291	2,239
Aviation operations	1,315	1,468	1,368
Fines	483	354	384
Restricted funds	-	309	339
Other revenues	216	165	663
	<u>149,873</u>	<u>156,121</u>	<u>164,051</u>
Funding and service agreements with other parties	<u>25,515</u>	<u>34,709</u>	<u>35,933</u>
	<u>\$ 1,289,297</u>	<u>\$ 1,290,468</u>	<u>\$ 1,250,221</u>

GOVERNMENT OF YUKON

Schedule B

**Schedule of Expenses
for year ended March 31, 2018**

	2018	Actual 2018				2017	
	Main Estimates (Note 1(b))	Personnel	Government Transfers	Other	Amortization Expenses	Total (Note 20)	Actual
	(thousands of dollars)						
Health and Social Services	\$ 387,970	\$ 114,348	\$ 177,536	\$ 104,741	\$ 3,573	\$ 400,198	\$ 392,976
Highways and Public Works	209,107	66,002	1,006	110,014	29,909	206,931	207,589
Education	192,404	113,573	50,354	24,803	7,361	196,091	189,185
Community Services	132,645	32,275	58,288	29,913	5,165	125,641	121,889
Justice	73,845	31,155	5,356	34,488	2,684	73,683	70,574
Energy, Mines and Resources	77,391	28,082	6,604	30,755	464	65,905	77,401
Public Service Commission	49,611	41,901	-	3,841	152	45,894	43,162
Environment	38,212	22,468	3,249	15,981	496	42,194	44,466
Tourism and Culture	31,824	10,971	10,776	8,474	841	31,062	30,574
Executive Council Office	24,510	12,630	6,337	3,733	7	22,707	24,079
Economic Development	17,636	5,136	8,610	2,484	-	16,230	17,084
Finance	15,875	9,053	2,752	2,302	3	14,110	13,064
Yukon Housing Corporation (Transfer Payment)	12,881	-	11,467	-	-	11,467	9,364
Yukon Legislative Assembly	8,386	6,376	-	1,609	18	8,003	7,506
Yukon Development Corporation (Transfer Payment)	7,625	-	6,125	-	-	6,125	8,157
French Language Services Directorate	5,058	3,500	36	1,314	-	4,850	3,148
Women's Directorate	2,104	842	946	186	-	1,974	1,913
Office of the Ombudsman	1,197	836	-	187	12	1,035	967
Elections Office	554	311	-	216	-	527	1,751
Child and Youth Advocate Office	530	341	-	174	-	515	487
Restricted Funds	(4,187)	-	-	(6,665)	4,021	(2,644)	(5,128)
Adjustments	(2,417)	-	-	-	-	-	-
	\$ 1,282,761	\$ 499,800	\$ 349,442	\$ 368,550	\$ 54,706	\$ 1,272,498	\$ 1,260,208

GOVERNMENT OF YUKON

Schedule C

**Schedule of Tangible Capital Assets
for year ended March 31, 2018**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Transportation Infrastructure	Land Improvements & Fixtures	Sewage & Water Systems	Other	2018 Total	2017 Total
(thousands of dollars)										
Cost of tangible capital assets, opening	\$12,157	\$ 703,680	\$ 129,930	\$ 66,333	\$ 1,001,891	\$ 42,743	\$ 55,045	\$17,051	\$ 2,028,830	\$ 1,929,223
Acquisitions	-	75,830	14,909	6,453	24,824	677	822	1,600	125,115	113,071
Write-downs	-	-	-	(385)	-	-	-	-	(385)	(820)
Disposals	-	-	(3,472)	-	-	-	-	-	(3,472)	(12,644)
Cost of tangible capital assets, closing	<u>12,157</u>	<u>779,510</u>	<u>141,367</u>	<u>72,401</u>	<u>1,026,715</u>	<u>43,420</u>	<u>55,867</u>	<u>18,651</u>	<u>2,150,088</u>	<u>2,028,830</u>
Accumulated amortization, opening	-	267,545	76,151	38,016	365,075	7,066	5,720	7,051	766,624	726,573
Amortization expense	-	15,884	7,152	4,710	23,167	1,088	2,053	652	54,706	52,599
Disposals	-	-	(3,245)	-	-	-	-	-	(3,245)	(12,548)
Accumulated amortization, closing	<u>-</u>	<u>283,429</u>	<u>80,058</u>	<u>42,726</u>	<u>388,242</u>	<u>8,154</u>	<u>7,773</u>	<u>7,703</u>	<u>818,085</u>	<u>766,624</u>
Net book value (Note 19)	<u>\$12,157</u>	<u>\$ 496,081</u>	<u>\$ 61,309</u>	<u>\$ 29,675</u>	<u>\$ 638,473</u>	<u>\$ 35,266</u>	<u>\$ 48,094</u>	<u>\$10,948</u>	<u>\$ 1,332,003</u>	<u>\$ 1,262,206</u>
Work-in-progress ¹		\$ 136,301	\$ 45	\$ 6,229	\$ 25,114	\$ 2,221	\$ 2,577	\$ 4,013	\$ 176,500	\$ 99,994

¹ Included in net book value.

GOVERNMENT OF YUKON

Schedule D

**Schedule of Retirement Benefits
for year ended March 31,2018**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	2018 Total	2017 Total
(thousands of dollars)						
Pension and retirement plan assets are valued at fair market value.						
Accrued benefit obligation						
Obligation at beginning of year	\$ 32,947	\$ 9,626	\$ 52,508	\$ 3,153	\$ 98,234	\$ 87,934
Current service costs	1,346	386	2,813	204	4,749	3,887
Interest cost on benefit obligation	1,548	537	2,031	122	4,238	3,877
Actuarial (gain) loss	(1,849)	669	28,698	(382)	27,136	5,613
Benefits paid	(1,398)	(459)	(1,046)	(131)	(3,034)	(3,077)
Accrued benefit obligation at end of year	32,594	10,759	85,004	2,966	131,323	98,234
Plan assets						
Value at beginning of year	7,787	4,344	-	-	12,131	11,371
Actual return on plan assets	320	155	-	-	475	1,192
Government contributions	307	289	1,046	131	1,773	1,363
Member contributions	165	53	-	-	218	222
Benefits paid	(291)	(459)	(1,046)	(131)	(1,927)	(2,017)
Value at end of year	8,288	4,382	-	-	12,670	12,131
Funded status - plan deficit	24,306	6,377	85,004	2,966	118,653	86,103
Unrecognized net actuarial gain (loss)	1,266	71	(34,915)	(367)	(33,945)	(7,656)
Accrued benefit liability (Note 16)	\$ 25,572	\$ 6,448	\$ 50,089	\$ 2,599	\$ 84,708	\$ 78,447
Net benefit cost						
Current service costs	\$ 1,346	\$ 386	\$ 2,813	\$ 204	\$ 4,749	\$ 3,887
Less: Member contributions	(165)	(53)	-	-	(218)	(222)
Interest cost on benefit obligation	1,548	537	2,031	122	4,238	3,877
Expected return on plan assets	(370)	(236)	-	-	(606)	(578)
Amortization of net actuarial (gain) loss	106	(3)	693	181	977	395
Net cost for the year	\$ 2,465	\$ 631	\$ 5,537	\$ 507	\$ 9,140	\$ 7,359

GOVERNMENT OF YUKON

**Schedule of Retirement Benefits
for the year ended March 31, 2018**

Schedule D
Continued

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit
Key Assumptions				
Expected long-term rate of return on assets at beginning of year	4.70%	5.50%	N/A	N/A
Discount rate on benefit costs	4.70%	5.50%	3.50%	3.50%
Discount rate on accrued benefit obligation at end of year	4.70%	5.25%	3.50%	3.50%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%
Rate of compensation increase	2.50%	3.00% ¹	see below ²	see below ²
Health care cost trend rate	N/A	N/A	see below ³	N/A
Amortization period (expected average remaining service life)	6.0 years	7.6 years	12.4 years	8.9 years

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

² Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2014 valuation report.

³ 6.7% per annum for 2018 grading down by level steps to an ultimate rate of 4.0% per annum in year 11.

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GOVERNMENT OF YUKON

Schedule 1

**Comparative Schedule of Revenues
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
From Government of Canada			
Formula Financing grant	\$ 919,443,490	\$ 894,506,284	\$ 24,937,206
Other grants			
Canada health transfer	39,539,000	37,321,000	2,218,000
Canada social transfer	14,633,000	13,784,000	849,000
	<u>54,172,000</u>	<u>51,105,000</u>	<u>3,067,000</u>
Contributions and service agreements			
New Building Canada fund	27,770,948	11,051,566	16,719,382
Type II mine sites	22,591,491	30,629,432	(8,037,941)
Clean water wastewater fund	9,681,938	2,302,592	7,379,346
Child welfare	9,202,300	12,824,461	(3,622,161)
Territorial health investment fund	8,258,071	3,878,331	4,379,740
Employment and Social Development Canada - skills and labour market development	7,843,386	6,467,535	1,375,851
Canadian Heritage - French language programs	6,244,188	4,340,950	1,903,238
Continuing care facilities	5,096,816	3,892,270	1,204,546
Land claims implementation	3,117,113	3,076,485	40,628
Travel recoveries - First Nations benefits	2,359,100	1,458,092	901,008
RCMP - mobile radio system	2,176,008	2,176,008	-
Arrest processing unit	1,830,387	1,803,820	26,567
Inuvialuit Final Agreement	1,675,070	1,506,319	168,751
Early learning and childcare	1,673,513	-	1,673,513
Strategic investment in northern economic development	1,287,000	950,087	336,913
Youth criminal justice	1,281,000	1,281,221	(221)
Indigenous children and youth	1,130,000	924,697	205,303
Yukon child benefit	1,003,500	1,338,300	(334,800)
Canadian Northern Economic Development Agency	735,370	1,123,514	(388,144)
Gas tax fund	735,094	459,927	275,167
Building Canada fund	-	4,118,250	(4,118,250)
Other funding and service agreements	10,331,253	9,022,317	1,308,936
	<u>126,023,546</u>	<u>104,626,174</u>	<u>21,397,372</u>

GOVERNMENT OF YUKON

Schedule 1

**Comparative Schedule of Revenues
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
Taxation			
Income taxes	\$ 80,819,642	\$ 80,781,269	\$ 38,373
Tobacco tax	11,459,899	10,221,346	1,238,553
Fuel oil tax	8,568,136	7,970,652	597,484
General property tax	5,221,044	5,227,541	(6,497)
Liquor tax	4,791,409	4,483,253	308,156
Insurance premium tax	2,889,764	2,820,689	69,075
Grants in lieu of property tax	215,126	210,862	4,264
	<u>113,965,020</u>	<u>111,715,612</u>	<u>2,249,408</u>
Licenses, Permits and Fees			
Business and professional	5,134,630	4,999,714	134,916
Motor vehicle	5,054,568	5,341,672	(287,104)
Continuing care facilities	2,601,656	2,412,633	189,023
Hunting, fishing and outfitting	740,885	748,157	(7,272)
Building safety	529,272	533,149	(3,877)
Campground permits	521,029	481,690	39,339
Land titles	350,183	322,142	28,041
Land use	335,977	364,501	(28,524)
Other	554,383	476,191	78,192
	<u>15,822,583</u>	<u>15,679,849</u>	<u>142,734</u>
Investment and Interest Revenue			
Income from portfolio investments	3,803,673	3,195,028	608,645
Banking and investment	3,473,243	3,438,234	35,009
Interest on advances to Territorial corporations	594,548	541,744	52,804
Preferred dividend tax credit	503,338	-	503,338
Land sale agreements	181,157	137,531	43,626
Debenture loans	128,730	138,848	(10,118)
Local improvement loans	123,465	127,708	(4,243)
Delinquent accounts	10,222	7,312	2,910
Business loan interest	-	10,275	(10,275)
	<u>8,818,376</u>	<u>7,596,680</u>	<u>1,221,696</u>
Fines			
Territorial Court	343,872	374,447	(30,575)
Library fines	10,386	9,660	726
	<u>354,258</u>	<u>384,107</u>	<u>(29,849)</u>

GOVERNMENT OF YUKON

Schedule 1

**Comparative Schedule of Revenues
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
Other			
Yukon Liquor Corporation - net income	\$ 8,221,833	\$ 8,495,978	\$ (274,145)
Sale of land	4,704,596	15,570,102	(10,865,506)
Resource revenue - mineral, oil and gas and forestry	2,291,019	2,238,727	52,292
Aviation operations	1,468,114	1,367,538	100,576
Restricted funds	308,886	338,771	(29,885)
Other	164,865	663,184	(498,319)
	<u>17,159,313</u>	<u>28,674,300</u>	<u>(11,514,987)</u>
Funding and service agreements with other parties			
Alaska Highway - Shakwak	6,331,689	10,832,051	(4,500,362)
Third-party health care costs	5,775,103	5,953,333	(178,230)
Commission scolaire francophone du Yukon	5,305,352	3,448,159	1,857,193
Worker's Compensation Health and Safety Board - excess reserve rebate	2,361,404	2,262,793	98,611
Salvation Army redevelopment project	2,321,271	-	2,321,271
Restricted funds	1,905,282	298,596	1,606,686
Airports	1,859,319	1,801,325	57,994
Water and sewer	1,036,601	-	1,036,601
Continuing and other health care recoveries from clients	993,980	1,063,975	(69,995)
Canada Health Infoway	-	3,255,590	(3,255,590)
Ketza River Holdings Ltd.	-	664,358	(664,358)
Other	6,818,935	6,353,164	465,771
	<u>34,708,936</u>	<u>35,933,344</u>	<u>(1,224,408)</u>
	<u>\$ 1,290,467,522</u>	<u>\$ 1,250,221,350</u>	<u>\$ 40,246,172</u>

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Yukon Legislative Assembly					
<u>Taxes and general revenues</u>					
Income from portfolio investment	\$ 1,526,000	\$ -	\$ 1,526,000	\$ 3,803,673	\$ 2,277,673
Executive Council Office					
<u>From Canada</u>					
Operation and maintenance					
<i>Yukon Environmental Socio-economic Assessment Act</i> implementation					
- Indigenous and Northern Affairs Canada (INAC)	322,000	-	322,000	346,539	24,539
Land claims implementation - INAC	3,125,000	-	3,125,000	3,117,113	(7,887)
Office of the Commissioner - INAC	15,000	-	15,000	15,000	-
Prior year recovery adjustment	-	-	-	(10,000)	(10,000)
	<u>3,462,000</u>	<u>-</u>	<u>3,462,000</u>	<u>3,468,652</u>	<u>6,652</u>
<u>Taxes and general revenues</u>					
Water licence fees	25,000	-	25,000	37,561	12,561
Total revenues	3,487,000	-	3,487,000	3,506,213	19,213

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Community Services					
<u>From Canada</u>					
Operation and maintenance					
Emergency measures					
Indigenous and Northern Affairs Canada					
- emergency management	\$ 305,000	\$ (271,000)	\$ 34,000	\$ 116,163	\$ 82,163
Public Safety Canada - national disaster mitigation program	98,000	-	98,000	97,234	(766)
National Defence - public safety broadband network	917,000	(339,000)	578,000	-	(578,000)
Sport	252,000	184,000	436,000	251,725	(184,275)
Community recreation/active living	301,000	-	301,000	301,419	419
Author readings	8,000	-	8,000	8,900	900
Special and hazardous waste	5,000	-	5,000	-	(5,000)
Capital					
Gas tax fund	1,670,000	(500,000)	1,170,000	735,094	(434,906)
New Building Canada fund	7,920,000	-	7,920,000	8,799,358	879,358
Clean water wastewater fund	14,835,000	(6,750,000)	8,085,000	9,681,938	1,596,938
	<u>26,311,000</u>	<u>(7,676,000)</u>	<u>18,635,000</u>	<u>19,991,831</u>	<u>1,356,831</u>
<u>Taxes and general revenues</u>					
Building safety licences and fees	500,000	-	500,000	529,272	29,272
Library fines	8,000	-	8,000	10,386	2,386
Photocopier fees	2,000	-	2,000	944	(1,056)
Sale of land	6,260,000	732,000	6,992,000	2,003,576	(4,988,424)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Community Services					
<u>Taxes and general revenues (continued)</u>					
Interest on local improvement	\$ 200,000	\$ -	\$ 200,000	\$ 123,465	\$ (76,535)
General property tax	5,173,000	-	5,173,000	5,221,044	48,044
Grant in lieu of property tax	212,000	-	212,000	215,126	3,126
Professional/consumer licensing	599,000	-	599,000	664,949	65,949
Business/corporate licensing	4,032,000	-	4,032,000	4,469,681	437,681
Employment standards	6,000	-	6,000	13,021	7,021
	<u>16,992,000</u>	<u>732,000</u>	<u>17,724,000</u>	<u>13,251,464</u>	<u>(4,472,536)</u>
<u>Third-party recoveries</u>					
Operation and maintenance					
Shared services	120,000	(65,000)	55,000	40,191	(14,809)
Emergency medical services	75,000	-	75,000	61,351	(13,649)
Community recreation/active living	187,000	-	187,000	102,197	(84,803)
Sport	421,000	-	421,000	593,260	172,260
Public library	10,000	-	10,000	10,000	-
Water and sewer services	702,000	-	702,000	1,036,601	334,601
Mosquito control	30,000	-	30,000	34,822	4,822
Special and hazardous waste	115,000	-	115,000	-	(115,000)
Community assessments	555,000	-	555,000	664,993	109,993
Capital					
Rural electrification and well program	-	-	-	268,273	268,273
	<u>2,215,000</u>	<u>(65,000)</u>	<u>2,150,000</u>	<u>2,811,688</u>	<u>661,688</u>
Total revenues	45,518,000	(7,009,000)	38,509,000	36,054,983	(2,454,017)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Economic Development					
<u>From Canada</u>					
Operation and maintenance					
Canada-Yukon business service centre	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -
Yukon business development program	172,000	-	172,000	127,198	(44,802)
Total revenues	272,000	-	272,000	227,198	(44,802)
Education					
<u>From Canada</u>					
Operation and maintenance					
Canadian Heritage - French language programs	2,248,000	-	2,248,000	2,247,900	(100)
Public Health Agency of Canada - autism spectrum disorders	5,000	-	5,000	5,000	-
Employment and Social Development Canada					
- Canada job fund	1,020,000	(5,000)	1,015,000	836,937	(178,063)
- labour market agreement for persons with disabilities	1,250,000	-	1,250,000	2,302,948	1,052,948
- labour market development agreement	4,097,000	140,000	4,237,000	3,776,847	(460,153)
- older workers' initiative	240,000	(240,000)	-	-	-
- workforce development agreement	-	870,000	870,000	926,654	56,654
Student financial assistance					
- Canada student loan	106,000	-	106,000	122,367	16,367
Capital					
Innovation, Science & Economic Development Canada	758,000	19,000	777,000	676,615	(100,385)
Canadian Heritage - Francophone high school	-	500,000	500,000	258,324	(241,676)
	9,724,000	1,284,000	11,008,000	11,153,592	145,592

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2018

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Education					
<u>Taxes and general revenues</u>					
Extension programs fees	\$ 5,000	\$ -	\$ 5,000	\$ 4,800	\$ (200)
Summer school fees	10,000	-	10,000	7,740	(2,260)
Apprenticeship certification	1,000	-	1,000	1,709	709
Trade school registration fees	1,000	-	1,000	100	(900)
School growth planning	-	74,000	74,000	73,245	(755)
	17,000	74,000	91,000	87,594	(3,406)
<u>Third-party recoveries</u>					
Operation and maintenance					
Victoria Gold Yukon Student Encouragement Society	25,000	-	25,000	25,000	-
Student accommodation	80,000	-	80,000	35,200	(44,800)
Staff accommodation rental	20,000	20,000	40,000	41,613	1,613
Council of Ministers of Education of Canada agreement - monitors	240,000	13,000	253,000	313,055	60,055
Stikine students	145,000	-	145,000	195,500	50,500
Yukon Teachers' Association - substitute teachers	60,000	-	60,000	83,100	23,100
French for the future - French language programs	9,000	-	9,000	9,674	674
Commission scolaire francophone du Yukon	3,500,000	1,807,000	5,307,000	5,305,352	(1,648)
Rural experiential model	-	-	-	7,500	7,500
Capital					
School-based information technology	65,000	-	65,000	78,064	13,064
	4,144,000	1,840,000	5,984,000	6,094,058	110,058
Total revenues	13,885,000	3,198,000	17,083,000	17,335,244	252,244

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Energy, Mines and Resources					
<u>From Canada</u>					
Operation and maintenance					
Agriculture Canada					
- growing forward agreement	\$ 766,000	\$ 31,000	\$ 797,000	\$ 761,756	\$ (35,244)
- rent	3,000	-	3,000	3,000	-
- Canadian Food Inspection Agency	2,000	-	2,000	1,500	(500)
Indigenous and Northern Affairs Canada (INAC)					
- Type II mine sites	28,622,000	(2,862,000)	25,760,000	22,591,491	(3,168,509)
Targeted investment program					
- strategic investment in northern economic development					
- geoscience	950,000	150,000	1,100,000	1,100,000	-
- biomass	-	187,000	187,000	187,000	-
Canadian Northern Economic Development Agency					
- First Nation energy assessment projects	-	411,000	411,000	383,189	(27,811)
INAC - Pembina Institute	-	110,000	110,000	110,000	-
New Building Canada Fund					
- Yukon resource gateway project	-	431,000	431,000	-	(431,000)
	30,343,000	(1,542,000)	28,801,000	25,137,936	(3,663,064)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2018

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Energy, Mines and Resources					
<u>Taxes and general revenues</u>					
Land management					
- lands administration/interest	\$ 45,000	\$ -	\$ 45,000	\$ 181,157	\$ 136,157
- land sales fees	23,000	-	23,000	19,396	(3,604)
- land leases	155,000	-	155,000	189,503	34,503
- land use fees	13,000	-	13,000	23,950	10,950
- quarrying royalties and leases	32,000	-	32,000	75,799	43,799
- sale of land	1,400,000	-	1,400,000	2,701,020	1,301,020
Land planning					
- application fees	7,000	-	7,000	6,100	(900)
Forest management					
- application fees	3,000	-	3,000	736	(2,264)
- stumpage dues	16,000	-	16,000	24,233	8,233
- engineering levy	10,000	-	10,000	12,306	2,306
- road charge	6,000	-	6,000	14,852	8,852
- bonus bid	-	-	-	3,028	3,028
Agricultural land application and grazing lease fees	5,000	-	5,000	6,129	1,129
Energy - energy efficiency courses	9,000	-	9,000	-	(9,000)
Oil and gas resources - rentals and administration	65,000	-	65,000	20,502	(44,498)
Mineral resources					
- coal leases, permits and royalties	30,000	-	30,000	39,580	9,580
- placer mining fees	255,000	-	255,000	374,383	119,383
- quartz mining fees and leases	1,225,000	-	1,225,000	1,801,399	576,399
- maps, publications and charts	5,000	-	5,000	4,076	(924)
	<u>3,304,000</u>	<u>-</u>	<u>3,304,000</u>	<u>5,498,149</u>	<u>2,194,149</u>

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Energy, Mines and Resources					
<u>Third-party recoveries</u>					
Operation and maintenance					
Land management					
- legal surveys	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ (10,000)
Agriculture conference	2,000	-	2,000	3,251	1,251
Assessment and abandoned mines					
- Curragh Resources environmental trust funds	191,000	(191,000)	-	-	-
	203,000	(191,000)	12,000	3,251	(8,749)
Total revenues	33,850,000	(1,733,000)	32,117,000	30,639,336	(1,477,664)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2018

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Environment					
<u>From Canada</u>					
Operation and maintenance					
Inuvialuit Final Agreement	\$ 1,107,000	\$ 416,000	\$ 1,523,000	\$ 1,675,070	\$ 152,070
Climate change preparedness in the North	500,000	-	500,000	765,574	265,574
Environmental sustainability - miscellaneous partnerships	100,000	-	100,000	-	(100,000)
Environmental occurrences notification agreement	5,000	-	5,000	5,609	609
Marwell tar pit remediation	329,000	-	329,000	250,498	(78,502)
Water strategy and action plan	-	148,000	148,000	148,000	-
Parks Canada - Porcupine Caribou satellite monitoring	-	8,000	8,000	7,500	(500)
Environment Canada					
- invasive species	-	-	-	121,050	121,050
- grasslands	-	-	-	20,000	20,000
- historical reporting	-	-	-	20,000	20,000
Capital					
Inuvialuit Final Agreement	10,000	25,000	35,000	35,000	-
Environmental sustainability - water strategy and action plan	96,000	-	96,000	96,000	-
Canadian Northern Economic Development Agency	-	55,000	55,000	55,000	-
	<u>2,147,000</u>	<u>652,000</u>	<u>2,799,000</u>	<u>3,199,301</u>	<u>400,301</u>
<u>Taxes and general revenues</u>					
Campground permits	395,000	-	395,000	521,029	126,029
Wilderness tourism licensing	8,000	-	8,000	10,250	2,250
Hunting licences and seals	370,000	-	370,000	404,126	34,126
Trapping and fur licences	6,000	-	6,000	6,866	866
Fishing licences	280,000	-	280,000	313,003	33,003
Outfitting fees	10,000	-	10,000	6,640	(3,360)
	<u>1,069,000</u>	<u>-</u>	<u>1,069,000</u>	<u>1,261,914</u>	<u>192,914</u>

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2018

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Environment					
<u>Third-party recoveries</u>					
Operation and maintenance					
Advertising recoveries - publications	\$ 10,000	\$ -	\$ 10,000	\$ 6,723	\$ (3,277)
Mapping recoveries	10,000	-	10,000	7,873	(2,127)
Environmental sustainability - miscellaneous partnerships	100,000	-	100,000	-	(100,000)
Compulsory inspections - Province of British Columbia	2,000	-	2,000	2,500	500
Conservation Action Team	2,000	-	2,000	3,250	1,250
Standards and approvals - technical review	45,000	-	45,000	-	(45,000)
NatureServe Canada					
- Yukon conservation data	34,000	-	34,000	22,008	(11,992)
- Bioblitz	-	-	-	14,286	14,286
Environmental liabilities and remediation					
- Yukon Housing Corporation	80,000	-	80,000	-	(80,000)
Selkirk Renewable Resource Council	-	60,000	60,000	60,000	-
Mayo Renewable Resource Council	-	60,000	60,000	60,000	-
Gwich'in Renewable Resource Board	-	10,000	10,000	-	(10,000)
Ecological and Landscape Classification - training workshop	-	7,000	7,000	6,725	(275)
Trapper education workshop	-	-	-	27,712	27,712
Ducks Unlimited	-	-	-	2,000	2,000
Bear Mountain - lease of facilities	-	-	-	1,500	1,500
	283,000	137,000	420,000	214,577	(205,423)
Total revenues	3,499,000	789,000	4,288,000	4,675,792	387,792

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Finance					
<u>From Canada</u>					
Formula Financing grant	\$ 919,443,000	\$ -	\$ 919,443,000	\$ 919,443,490	\$ 490
Canada health transfer	38,028,000	1,511,000	39,539,000	39,539,000	-
Canada social transfer	14,073,000	560,000	14,633,000	14,633,000	-
	<u>971,544,000</u>	<u>2,071,000</u>	<u>973,615,000</u>	<u>973,615,490</u>	<u>490</u>
<u>Taxes and general revenues</u>					
Personal income tax	67,528,000	(1,600,000)	65,928,000	66,308,285	380,285
Corporate income tax	12,196,000	(1,118,000)	11,078,000	14,511,357	3,433,357
Fuel oil tax	8,025,000	565,000	8,590,000	8,568,136	(21,864)
Insurance premium tax	2,447,000	394,000	2,841,000	2,889,764	48,764
Tobacco tax	10,501,000	683,000	11,184,000	11,459,899	275,899
Banking and investment	2,800,000	400,000	3,200,000	3,473,243	273,243
Interest on advance to Territorial Corporations	500,000	93,000	593,000	594,548	1,548
Interest on accounts receivable	5,000	-	5,000	10,222	5,222
Recovery of bad debt expense	-	-	-	6,000	6,000
Preferred dividend tax credit	-	-	-	503,338	503,338
Miscellaneous revenue	35,000	-	35,000	21,990	(13,010)
	<u>104,037,000</u>	<u>(583,000)</u>	<u>103,454,000</u>	<u>108,346,782</u>	<u>4,892,782</u>

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Finance					
<u>Third-party recoveries</u>					
Operation and maintenance					
Workers' Compensation Health and Safety Board payroll	\$ 12,000	\$ -	\$ 12,000	\$ 12,000	\$ -
Charge card incentive	80,000	-	80,000	59,814	(20,186)
Yukon Bureau of Statistics recoverable services	-	-	-	36,886	36,886
	92,000	-	92,000	108,700	16,700
Total revenues	1,075,673,000	1,488,000	1,077,161,000	1,082,070,972	4,909,972
French Language Services Directorate					
<u>From Canada</u>					
Operation and maintenance					
Canadian Heritage	3,992,000	(5,000)	3,987,000	3,988,008	1,008
Capital					
Canadian Heritage	4,000	5,000	9,000	8,280	(720)
Total revenues	3,996,000	-	3,996,000	3,996,288	288

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>From Canada</u>					
Operation and maintenance					
Child welfare	\$ 8,822,000	\$ -	\$ 8,822,000	\$ 9,202,300	\$ 380,300
Indigenous children and youth	1,156,000	-	1,156,000	1,130,000	(26,000)
Federal child benefit	370,000	-	370,000	459,504	89,504
Transition homes	296,000	-	296,000	269,651	(26,349)
Youth criminal justice	1,181,000	100,000	1,281,000	1,281,000	-
Social assistance	387,000	-	387,000	509,486	122,486
Yukon child benefit	1,338,000	(586,000)	752,000	1,003,500	251,500
Territorial health investment fund					
- services to persons with disabilities	80,000	-	80,000	80,000	-
- system improvement	6,240,000	-	6,240,000	2,100,000	(4,140,000)
- chronic disease management	3,983,000	-	3,983,000	2,189,611	(1,793,389)
- mental wellness	2,383,000	-	2,383,000	3,496,087	1,113,087
- mental health	100,000	-	100,000	103,322	3,322
- home care	210,000	-	210,000	206,645	(3,355)
- prior year adjustment	-	-	-	82,406	82,406

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2018

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>From Canada (continued)</u>					
<u>Operation and maintenance (continued)</u>					
Travel recoveries - First Nations benefits	\$ 926,000	\$ 570,000	\$ 1,496,000	\$ 2,359,100	\$ 863,100
Hearing assessments and aids	50,000	-	50,000	35,645	(14,355)
Congenital anomalies surveillance	85,000	15,000	100,000	100,000	-
Continuing care facilities	4,972,000	-	4,972,000	5,096,816	124,816
Smokers' helpline	-	100,000	100,000	100,000	-
Early learning and child care	-	2,127,000	2,127,000	1,673,513	(453,487)
Radon program	-	-	-	15,000	15,000
Family and Children's Services - prior year adjustment	-	-	-	96,303	96,303
<u>Capital</u>					
Statistics Canada - vital statistics	100,000	(47,000)	53,000	52,862	(138)
Territorial health investment fund - office furniture and equipment	160,000	-	160,000	-	(160,000)
	<u>32,839,000</u>	<u>2,279,000</u>	<u>35,118,000</u>	<u>31,642,751</u>	<u>(3,475,249)</u>
<u>Taxes and general revenues</u>					
Registration and fees	36,000	-	36,000	26,485	(9,515)
Environmental health - inspection/permits	8,000	-	8,000	9,725	1,725
Continuing care facilities	2,469,000	-	2,469,000	2,601,656	132,656
	<u>2,513,000</u>	<u>-</u>	<u>2,513,000</u>	<u>2,637,866</u>	<u>124,866</u>

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2018

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>Third-party recoveries</u>					
Operation and maintenance					
Family and children's services - client recovery	\$ 4,000	\$ -	\$ 4,000	\$ -	\$ (4,000)
Social supports					
- client recovery	50,000	-	50,000	68,680	18,680
- social assistance	25,000	-	25,000	70,228	45,228
Pan-Territorial					
- eMental health supports	130,000	-	130,000	269,794	139,794
- Yukon tele-psychiatry	602,000	-	602,000	1,000	(601,000)
Third-party health care costs	4,906,000	1,170,000	6,076,000	5,775,103	(300,897)
Hearing assessments and aids	480,000	-	480,000	509,237	29,237
Medical claims processing fees	15,000	-	15,000	-	(15,000)
Rental recovery	74,000	-	74,000	74,308	308
Community health					
- Yukon immunization program	72,000	-	72,000	96,222	24,222
- Bell Let's Talk Northern Canada Fund	45,000	-	45,000	3,757	(41,243)
Community nursing					
- patient services	167,000	-	167,000	283,836	116,836
- drugs and vaccines	10,000	-	10,000	4,660	(5,340)
- rent/utility recoveries	116,000	-	116,000	79,107	(36,893)
- Lower Post recovery	15,000	-	15,000	15,789	789
Continuing care facilities					
- McDonald Lodge food services	120,000	-	120,000	121,800	1,800
- BC northern health services	-	-	-	64,603	64,603
- Kwanlin Dün First Nation	-	-	-	10,289	10,289
University of Alberta	-	-	-	50,000	50,000
Societe Sante en francais	-	-	-	40,000	40,000
Canadian partnership against cancer	-	-	-	15,000	15,000
Health Information Privacy and Management Act	-	-	-	809	809
Capital					
Salvation Army redevelopment project	-	2,305,000	2,305,000	2,321,271	16,271
	6,831,000	3,475,000	10,306,000	9,875,493	(430,507)
Total revenues	42,183,000	5,754,000	47,937,000	44,156,110	(3,780,890)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2018

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Highways and Public Works					
<u>From Canada</u>					
Operation and maintenance					
Mobile radio system					
- RCMP	\$ 2,216,000	\$ (44,000)	\$ 2,172,000	\$ 2,176,008	\$ 4,008
- other federal agencies	68,000	(14,000)	54,000	26,290	(27,710)
Information and communications technology service agreements	1,000	-	1,000	500	(500)
Transportation recoverable services	259,000	-	259,000	158,072	(100,928)
National safety code agreement	153,000	-	153,000	305,134	152,134
Motor vehicles	2,000	-	2,000	3,020	1,020
Airports	39,000	-	39,000	61,466	22,466
Leases/facility management agreements	200,000	(170,000)	30,000	30,500	500
Capital					
New Building Canada fund	24,599,000	(6,484,000)	18,115,000	18,971,590	856,590
Transport Canada fund	370,000	158,000	528,000	526,729	(1,271)
Project management services	500,000	(490,000)	10,000	-	(10,000)
	<u>28,407,000</u>	<u>(7,044,000)</u>	<u>21,363,000</u>	<u>22,259,309</u>	<u>896,309</u>

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Highways and Public Works					
<u>Taxes and general revenues</u>					
Queen's Printer subscriptions	\$ 12,000	\$ -	\$ 12,000	\$ 7,508	\$ (4,492)
Sale of government surplus equipment	58,000	-	58,000	(527)	(58,527)
Access to Information and Protection of Privacy	10,000	-	10,000	5,646	(4,354)
Highway information signs/permits	14,000	-	14,000	11,925	(2,075)
Quarry permits	3,000	-	3,000	3,100	100
Aviation operations	1,315,000	-	1,315,000	1,468,114	153,114
National safety code - fees/materials	20,000	-	20,000	29,421	9,421
Weigh station fees	174,000	-	174,000	147,521	(26,479)
Private vehicle registration/permits	1,400,000	-	1,400,000	1,660,709	260,709
Commercial vehicle registration/permits	2,800,000	-	2,800,000	2,855,152	55,152
Driver licences/fees	500,000	-	500,000	538,707	38,707
Land use fees	12,000	-	12,000	12,000	-
	<u>6,318,000</u>	<u>-</u>	<u>6,318,000</u>	<u>6,739,276</u>	<u>421,276</u>

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Highways and Public Works					
<u>Third-party recoveries</u>					
Operation and maintenance					
Deposit forfeitures	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ (1,000)
Travel agent processing	38,000	-	38,000	32,197	(5,803)
Industry conference and reverse tradeshow	12,000	-	12,000	11,611	(389)
Information and communications technology service agreements	697,000	-	697,000	732,031	35,031
Highways employee housing	2,000	-	2,000	-	(2,000)
Transportation recoverable services	358,000	-	358,000	299,498	(58,502)
Airports	1,843,000	-	1,843,000	1,859,319	16,319
Yukon Driver Control Board	41,000	-	41,000	41,000	-
Leases/facility management agreements	569,000	(151,000)	418,000	451,328	33,328
Capital					
Alaska Highway - Shakwak	6,730,000	-	6,730,000	6,331,689	(398,311)
Alaska Highway - Big Creek accident insurance recovery	-	-	-	369,524	369,524
Project management services	500,000	(110,000)	390,000	81,301	(308,699)
Transportation planning and engineering	-	91,000	91,000	93,107	2,107
	10,791,000	(170,000)	10,621,000	10,302,605	(318,395)
Total revenues	45,516,000	(7,214,000)	38,302,000	39,301,190	999,190

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2018

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Justice					
<u>From Canada</u>					
Operation and maintenance					
French language training for Territorial Court	\$ 17,000	\$ -	\$ 17,000	\$ 10,110	\$ (6,890)
Legal aid	964,000	-	964,000	964,000	-
Aboriginal courtworker program	158,000	150,000	308,000	308,000	-
Yukon Public Legal Education Association	70,000	-	70,000	70,000	-
Child support guidelines	207,000	-	207,000	213,676	6,676
Exchange of service agreement	30,000	-	30,000	7,916	(22,084)
Arrest processing unit	1,913,000	-	1,913,000	1,830,387	(82,613)
Drug treatment court funding program	100,000	-	100,000	118,315	18,315
Enhancing services for victims of crime in Yukon	489,000	-	489,000	442,228	(46,772)
Cannabis law enforcement	-	129,000	129,000	-	(129,000)
Family information liaison unit	-	285,000	285,000	216,544	(68,456)
Yukon family mediation services	-	-	-	11,945	11,945
Capital					
Project Lynx	11,000	-	11,000	4,493	(6,507)
Interface development - integrated criminal court	-	-	-	10,000	10,000
	<u>3,959,000</u>	<u>564,000</u>	<u>4,523,000</u>	<u>4,207,614</u>	<u>(315,386)</u>
<u>Taxes and general revenues</u>					
Court fees	475,000	-	475,000	343,872	(131,128)
Sheriff's Office	55,000	-	55,000	48,122	(6,878)
Public guardian and trustee fees	30,000	-	30,000	59,578	29,578
Land titles fees	300,000	-	300,000	350,183	50,183
	<u>860,000</u>	<u>-</u>	<u>860,000</u>	<u>801,755</u>	<u>(58,245)</u>

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Justice					
<u>Third-party recoveries</u>					
Operation and maintenance					
Witness program - videoconferencing	\$ 4,000	\$ -	\$ 4,000	\$ -	\$ (4,000)
Public Utilities Board hearings	100,000	-	100,000	235,280	135,280
Worker advocate	517,000	-	517,000	467,581	(49,419)
Outreach worker - Province of British Columbia	10,000	11,000	21,000	26,171	5,171
	631,000	11,000	642,000	729,032	87,032
Total revenues	5,450,000	575,000	6,025,000	5,738,401	(286,599)
Public Service Commission					
<u>From Canada</u>					
Operation and maintenance					
Training and development	5,000	-	5,000	3,704	(1,296)
<u>Third-party recoveries</u>					
Operation and maintenance					
Training and development	15,000	-	15,000	2,846	(12,154)
Workers' Compensation Health and Safety Board - excess reserve rebate	-	2,361,000	2,361,000	2,361,404	404
	15,000	2,361,000	2,376,000	2,364,250	(11,750)
Total revenues	20,000	2,361,000	2,381,000	2,367,954	(13,046)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Tourism and Culture					
<u>From Canada</u>					
Operation and maintenance					
Canadian Northern Economic Development Agency					
- Yukon Now marketing program awareness project	\$ 798,000	\$ -	\$ 798,000	\$ 798,000	\$ -
- prior years' recoveries	-	-	-	(164,630)	(164,630)
Capital					
Canadian Northern Economic Development Agency					
- Yukon Now marketing program awareness project	102,000	-	102,000	102,000	-
	<u>900,000</u>	<u>-</u>	<u>900,000</u>	<u>735,370</u>	<u>(164,630)</u>
<u>Taxes and general revenues</u>					
Yukon Beringia Interpretive Centre	70,000	-	70,000	77,784	7,784
Archives - reproduction fees	16,000	-	16,000	13,547	(2,453)
Vacation guide advertising revenue	100,000	-	100,000	85,719	(14,281)
	<u>186,000</u>	<u>-</u>	<u>186,000</u>	<u>177,050</u>	<u>(8,950)</u>
<u>Third-party recoveries</u>					
Operation and maintenance					
Yukon Lottery Commission	310,000	-	310,000	300,000	(10,000)
Total revenues	<u>1,396,000</u>	<u>-</u>	<u>1,396,000</u>	<u>1,212,420</u>	<u>(183,580)</u>

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Yukon Liquor Corporation					
<u>Taxes and general revenues</u>					
Corporate net income	\$ 8,332,000	\$ -	\$ 8,332,000	\$ 8,221,833	\$ (110,167)
Liquor tax	4,555,000	-	4,555,000	4,791,409	236,409
Total revenues	12,887,000	-	12,887,000	13,013,242	126,242
Interest					
<u>Taxes and general revenues</u>					
Interest	139,000	(10,000)	129,000	128,730	(270)
Restricted Funds					
<u>Taxes and general revenues</u>					
Gain on sale of tangible capital assets	-	-	-	25,608	25,608
Other revenue	-	-	-	308,886	308,886
	-	-	-	334,494	334,494
<u>Third-party recoveries</u>					
Operation and maintenance Restricted funds	-	-	-	1,905,282	1,905,282
Total revenues	-	-	-	2,239,776	2,239,776

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2018**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Totals					
From Canada	\$ 1,113,909,000	\$ (9,412,000)	\$ 1,104,497,000	\$ 1,099,639,036	\$ (4,857,964)
Taxes and general revenues	149,873,000	213,000	150,086,000	156,119,550	6,033,550
Third-party recoveries	25,515,000	7,398,000	32,913,000	34,708,936	1,795,936
Total revenues	<u>\$ 1,289,297,000</u>	<u>\$ (1,801,000)</u>	<u>\$ 1,287,496,000</u>	<u>\$ 1,290,467,522</u>	<u>\$ 2,971,522</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
Yukon Legislative Assembly			
Operations and maintenance			
Legislative services	\$ 3,329,008	\$ 3,436,012	\$ (107,004)
Legislative Assembly Office	1,237,715	1,063,332	174,383
Retirement allowances and death benefits	2,831,321	2,486,943	344,378
Hansard	501,902	414,478	87,424
Conflicts Commission	19,779	37,522	(17,743)
	<u>7,919,725</u>	<u>7,438,287</u>	<u>481,438</u>
Capital			
Legislative Assembly Office	65,256	48,112	17,144
Amortization expense	17,923	19,893	(1,970)
Total expenses	<u>8,002,904</u>	<u>7,506,292</u>	<u>496,612</u>
Elections Office			
Operations and maintenance			
Elections	523,347	1,750,052	(1,226,705)
Capital			
Elections	3,895	893	3,002
Total expenses	<u>527,242</u>	<u>1,750,945</u>	<u>(1,223,703)</u>
Office of the Ombudsman			
Operations and maintenance			
Office of the Ombudsman	1,019,115	952,383	66,732
Capital			
Office of the Ombudsman	3,783	99,135	(95,352)
Less acquisition of tangible capital assets	-	(96,296)	96,296
	<u>3,783</u>	<u>2,839</u>	<u>944</u>
Amortization expense	11,997	11,997	-
Total expenses	<u>1,034,895</u>	<u>967,219</u>	<u>67,676</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
Child and Youth Advocate Office			
Operations and maintenance			
Child and Youth Advocate Office	\$ 512,642	\$ 482,111	\$ 30,531
Capital			
Child and Youth Advocate Office	2,447	4,727	(2,280)
Total expenses	515,089	486,838	28,251
Executive Council Office			
Operations and maintenance			
Strategic corporate services	5,051,053	5,044,534	6,519
Aboriginal relations	8,539,668	8,194,556	345,112
Corporate programs and intergovernmental relations	3,635,499	4,053,667	(418,168)
Government internal audit services	465,483	496,009	(30,526)
Office of the Commissioner	292,869	276,408	16,461
Cabinet Offices	3,100,882	4,350,630	(1,249,748)
Yukon Water Board secretariat	1,587,204	1,598,245	(11,041)
	22,672,658	24,014,049	(1,341,391)
Capital			
Strategic corporate services	45,064	49,994	(4,930)
Less acquisition of tangible capital assets	(17,880)	-	(17,880)
	27,184	49,994	(22,810)
Amortization expense	6,819	11,362	(4,543)
Write-down of tangible capital assets	-	3,994	(3,994)
Total expenses	22,706,661	24,079,399	(1,372,738)
Community Services			
Operations and maintenance			
Corporate services	3,927,944	3,796,803	131,141
Protective services	34,315,917	29,870,377	4,445,540
Community development	44,059,974	43,125,144	934,830
Corporate policy and consumer affairs	9,148,209	8,838,169	310,040
	91,452,044	85,630,493	5,821,551

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
Community Services			
Capital			
Corporate services	\$ 865,795	\$ 271,568	\$ 594,227
Protective services	2,008,577	3,589,541	(1,580,964)
Community development	47,315,537	27,476,632	19,838,905
Corporate policy and consumer affairs	2,275,760	2,018,591	257,169
	<u>52,465,669</u>	<u>33,356,332</u>	<u>19,109,337</u>
Less: Acquisition of tangible capital assets	(6,852,815)	(4,657,439)	(2,195,376)
Land development costs transferred to land inventory	(16,656,828)	(7,523,269)	(9,133,559)
Local improvement costs transferred to loans receivable	(1,915,325)	(2,658,266)	742,941
	<u>27,040,701</u>	<u>18,517,358</u>	<u>8,523,343</u>
Cost of land sold	<u>2,003,576</u>	<u>12,443,879</u>	<u>(10,440,303)</u>
Amortization expense	<u>5,164,394</u>	<u>5,043,528</u>	<u>120,866</u>
Write-down of tangible capital assets	<u>10,200</u>	<u>236,816</u>	<u>(226,616)</u>
Bad debts expense	<u>(29,920)</u>	<u>17,068</u>	<u>(46,988)</u>
Total expenses	<u>125,640,995</u>	<u>121,889,142</u>	<u>3,751,853</u>
Economic Development			
Operations and maintenance			
Corporate services	1,672,171	1,730,609	(58,438)
Policy, planning and communications	1,604,698	1,712,136	(107,438)
Business and industry development	6,948,778	7,561,980	(613,202)
Regional economic development	4,973,609	4,914,583	59,026
	<u>15,199,256</u>	<u>15,919,308</u>	<u>(720,052)</u>
Capital			
Corporate services	8,736	137,858	(129,122)
Business and industry development	1,022,203	1,024,726	(2,523)
	<u>1,030,939</u>	<u>1,162,584</u>	<u>(131,645)</u>
Amortization expense	<u>-</u>	<u>1,895</u>	<u>(1,895)</u>
Total expenses	<u>16,230,195</u>	<u>17,083,787</u>	<u>(853,592)</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
Education			
Operations and maintenance			
Education support services	\$ 13,657,900	\$ 13,595,981	\$ 61,919
Public schools	123,386,201	116,332,697	7,053,504
Advanced education	16,296,189	16,160,313	135,876
Yukon College	26,320,508	26,221,574	98,934
	<u>179,660,798</u>	<u>172,310,565</u>	<u>7,350,233</u>
Capital			
Education support services	37,935	38,548	(613)
Public schools	9,122,251	13,820,738	(4,698,487)
Advanced education	-	19,312	(19,312)
Yukon College	1,674,310	1,712,974	(38,664)
	<u>10,834,496</u>	<u>15,591,572</u>	<u>(4,757,076)</u>
Less acquisition of tangible capital assets	<u>(1,765,225)</u>	<u>(5,960,573)</u>	<u>4,195,348</u>
	<u>9,069,271</u>	<u>9,630,999</u>	<u>(561,728)</u>
Amortization expense	<u>7,361,192</u>	<u>7,023,166</u>	<u>338,026</u>
Write-down of tangible capital assets	<u>-</u>	<u>220,247</u>	<u>(220,247)</u>
Total expenses	<u>196,091,261</u>	<u>189,184,977</u>	<u>6,906,284</u>
Energy, Mines and Resources			
Operations and maintenance			
Corporate services	3,435,543	3,384,171	51,372
Sustainable resources	9,839,182	9,952,781	(113,599)
Energy, corporate policy and communications	6,204,718	5,808,053	396,665
Oil and gas and mineral resources	37,006,712	47,767,690	(10,760,978)
Compliance monitoring and inspections	6,271,569	6,424,043	(152,474)
	<u>62,757,724</u>	<u>73,336,738</u>	<u>(10,579,014)</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
Energy, Mines and Resources			
Capital			
Corporate services	\$ 342,035	\$ 155,141	\$ 186,894
Sustainable resources	1,955,830	1,887,664	68,166
	<u>2,297,865</u>	<u>2,042,805</u>	<u>255,060</u>
Less: Acquisition of tangible capital assets	(449,685)	(303,307)	(146,378)
Land development costs transferred to land inventory	<u>(1,034,224)</u>	<u>(662,209)</u>	<u>(372,015)</u>
	813,956	1,077,289	(263,333)
Cost of land sold	<u>1,869,265</u>	<u>2,536,492</u>	<u>(667,227)</u>
Amortization expense	<u>463,602</u>	<u>450,286</u>	<u>13,316</u>
Total expenses	<u>65,904,547</u>	<u>77,400,805</u>	<u>(11,496,258)</u>
Environment			
Operations and maintenance			
General management	467,679	492,412	(24,733)
Corporate services	8,971,577	8,612,052	359,525
Environmental sustainability	24,776,689	23,330,706	1,445,983
Environmental liabilities and remediation	<u>5,692,417</u>	<u>3,601,920</u>	<u>2,090,497</u>
	<u>39,908,362</u>	<u>36,037,090</u>	<u>3,871,272</u>
Capital			
Corporate services	654,795	383,321	271,474
Environmental sustainability	<u>586,475</u>	<u>921,944</u>	<u>(335,469)</u>
	1,241,270	1,305,265	(63,995)
Less acquisition of tangible capital assets	<u>(497,009)</u>	<u>(798,524)</u>	<u>301,515</u>
	<u>744,261</u>	<u>506,741</u>	<u>237,520</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
Environment			
Amortization expense	\$ 496,387	\$ 532,577	\$ (36,190)
Environmental liabilities (net)	1,044,490	7,389,679	(6,345,189)
Total expenses	42,193,500	44,466,087	(2,272,587)
Finance			
Operations and maintenance			
Corporate services	1,766,531	1,255,531	511,000
Financial operations and revenue services	4,443,320	3,892,250	551,070
Economics, fiscal policy and statistics	2,272,788	2,087,657	185,131
Management board secretariat	1,869,717	2,043,492	(173,775)
Comptroller	879,873	874,346	5,527
Workers' compensation supplementary benefits	298,798	335,452	(36,654)
	11,531,027	10,488,728	1,042,299
Capital			
Corporate services	320,188	12,000	308,188
Financial operations and revenue services	31,898	-	31,898
	352,086	12,000	340,086
Less acquisition of tangible capital assets	(31,898)	-	(31,898)
	320,188	12,000	308,188
Amortization expense	3,271	3,271	-
Bad debt expense	15,112	198,243	(183,131)
Transfers through the tax system	2,240,806	2,362,131	(121,325)
Total expenses	14,110,404	13,064,373	1,046,031

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
French Language Services Directorate			
Operations and maintenance			
French language services	\$ 4,841,685	\$ 3,139,468	\$ 1,702,217
Capital			
French language services	8,280	7,990	290
Total expenses	4,849,965	3,147,458	1,702,507
Health and Social Services			
Operations and maintenance			
Corporate services	11,855,240	11,930,682	(75,442)
Family and children's services	46,378,661	43,977,470	2,401,191
Social supports	46,159,409	42,521,695	3,637,714
Community and program support	10,207,760	9,268,586	939,174
Health services	142,438,710	133,240,772	9,197,938
Continuing care	46,392,762	43,703,414	2,689,348
Yukon hospital services	70,774,644	68,215,902	2,558,742
	374,207,186	352,858,521	21,348,665
Capital			
Corporate services	3,665,101	5,269,997	(1,604,896)
Family and children's services	129,623	120,025	9,598
Social supports	1,279,280	18,413,320	(17,134,040)
Health services	1,107,292	747,068	360,224
Continuing care	70,590,689	45,910,042	24,680,647
Yukon hospital services	18,342,086	25,163,000	(6,820,914)
	95,114,071	95,623,452	(509,381)
Less acquisition of tangible capital assets	(73,072,042)	(58,258,049)	(14,813,993)
	22,042,029	37,365,403	(15,323,374)
Amortization expense	3,573,299	2,392,047	1,181,252
Write-down of tangible capital assets	375,351	359,530	15,821
Total expenses	400,197,865	392,975,501	7,222,364

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
Highways and Public Works			
Operations and maintenance			
Corporate services	\$ 11,597,885	\$ 11,111,586	\$ 486,299
Information and communications technology	16,629,489	15,266,085	1,363,404
Transportation	64,963,813	64,859,284	104,529
Property management	41,068,427	39,941,015	1,127,412
Central Stores write off	14,165	(1,599)	15,764
	<u>134,273,779</u>	<u>131,176,371</u>	<u>3,097,408</u>
Less lease payments for leased tangible capital assets transferred to liabilities	<u>(929,702)</u>	<u>(902,232)</u>	<u>(27,470)</u>
	<u>133,344,077</u>	<u>130,274,139</u>	<u>3,069,938</u>
Capital			
Information and communications technology	4,919,855	7,153,715	(2,233,860)
Transportation	58,963,965	55,566,331	3,397,634
Property management	8,241,817	8,665,788	(423,971)
	<u>72,125,637</u>	<u>71,385,834</u>	<u>739,803</u>
Less acquisition of tangible capital assets	<u>(28,562,261)</u>	<u>(24,458,785)</u>	<u>(4,103,476)</u>
	<u>43,563,376</u>	<u>46,927,049</u>	<u>(3,363,673)</u>
Amortization expense	<u>29,908,719</u>	<u>30,268,782</u>	<u>(360,063)</u>
Rental expense recognized from prepaid expenses	<u>114,633</u>	<u>118,978</u>	<u>(4,345)</u>
Total expenses	<u>206,930,805</u>	<u>207,588,948</u>	<u>(658,143)</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
Justice			
Operations and maintenance			
Management services	\$ 4,135,283	\$ 4,008,099	\$ 127,184
Court services	7,373,809	7,031,484	342,325
Legal services	8,601,018	7,879,030	721,988
Regulatory services	3,917,167	4,133,185	(216,018)
Community justice and public safety	45,840,335	43,868,493	1,971,842
Human rights	881,942	750,514	131,428
	<u>70,749,554</u>	<u>67,670,805</u>	<u>3,078,749</u>
Capital			
Management services	1,226,838	1,641,393	(414,555)
Court services	230,645	24,449	206,196
Community justice and public safety	417,877	83,079	334,798
	<u>1,875,360</u>	<u>1,748,921</u>	<u>126,439</u>
Less acquisition of tangible capital assets	<u>(1,626,052)</u>	<u>(1,298,196)</u>	<u>(327,856)</u>
	<u>249,308</u>	<u>450,725</u>	<u>(201,417)</u>
Amortization expense	<u>2,684,329</u>	<u>2,452,306</u>	<u>232,023</u>
Total expenses	<u>73,683,191</u>	<u>70,573,836</u>	<u>3,109,355</u>
Public Service Commission			
Operations and maintenance			
Finance and administration	1,198,041	1,030,642	167,399
Corporate human resources and diversity services	2,814,206	2,765,897	48,309
Compensation and classification	2,513,195	2,494,691	18,504
Labour relations	1,396,120	1,399,638	(3,518)
Workers' compensation fund	5,462,922	5,068,571	394,351
Human resource management systems	986,408	818,505	167,903
Policy, planning and communication	883,720	884,976	(1,256)
Employee future benefits	24,494,614	23,166,516	1,328,098
Organizational development	2,257,916	2,181,639	76,277
Respectful workplace office	819,314	831,185	(11,871)
Health, safety and disability management	2,557,644	2,134,099	423,545
	<u>45,384,100</u>	<u>42,776,359</u>	<u>2,607,741</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
Public Service Commission			
Capital			
Finance and administration	\$ 644,400	\$ 659,150	\$ (14,750)
Corporate human resources and diversity services	3,615	1,698	1,917
Organizational development	14,000	-	14,000
Health, safety and disability management	18,744	19,473	(729)
	680,759	680,321	438
Less acquisition of tangible capital assets	(323,219)	(352,014)	28,795
	357,540	328,307	29,233
Amortization expense	152,264	57,726	94,538
Total expenses	45,893,904	43,162,392	2,731,512
Tourism and Culture			
Operations and maintenance			
Corporate services	3,201,813	2,493,855	707,958
Cultural services	12,788,872	12,404,884	383,988
Tourism	11,399,479	11,897,545	(498,066)
	27,390,164	26,796,284	593,880
Capital			
Corporate services	500,959	231,140	269,819
Cultural services	3,670,741	7,774,006	(4,103,265)
Tourism	535,945	405,284	130,661
	4,707,645	8,410,430	(3,702,785)
Less acquisition of tangible capital assets	(1,876,422)	(5,419,632)	3,543,210
	2,831,223	2,990,798	(159,575)
Amortization expense	840,655	787,073	53,582
Total expenses	31,062,042	30,574,155	487,887

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
Women's Directorate			
Operations and maintenance			
Policy and program development	\$ 1,935,245	\$ 1,910,128	\$ 25,117
Capital			
Policy and program development	39,041	2,577	36,464
Total expenses	1,974,286	1,912,705	61,581
Yukon Development Corporation (Transfer Payment)			
Operations and maintenance			
Interim electrical rebate	3,500,000	3,459,485	40,515
Mayo B rate payer support	2,625,000	2,625,000	-
Long-term financing	39,200,000	-	39,200,000
	45,325,000	6,084,485	39,240,515
Less loan advances transferred to loans receivable	(39,200,000)	-	(39,200,000)
	6,125,000	6,084,485	40,515
Capital			
Hydro infrastructure development	-	682,436	(682,436)
Keno - Stewart transmission line	-	1,389,993	(1,389,993)
	-	2,072,429	(2,072,429)
Total expenses	6,125,000	8,156,914	(2,031,914)

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
Yukon Housing Corporation (Transfer Payment)			
Operations and maintenance			
Gross expenditures	\$ 17,877,375	\$ 17,460,604	\$ 416,771
Less: Rental revenues	(6,526,149)	(6,261,574)	(264,575)
Recoveries	(6,389,218)	(6,594,323)	205,105
	<u>4,962,008</u>	<u>4,604,707</u>	<u>357,301</u>
Capital			
Gross expenditures	13,264,600	14,242,050	(977,450)
Less: Recoveries	(4,267,722)	(1,848,860)	(2,418,862)
Loan expenditures	(2,491,704)	(7,634,040)	5,142,336
	<u>6,505,174</u>	<u>4,759,150</u>	<u>1,746,024</u>
Total expenses	<u>11,467,182</u>	<u>9,363,857</u>	<u>2,103,325</u>
Restricted Funds			
Net expenditures	<u>(6,664,675)</u>	<u>(8,670,675)</u>	<u>2,006,000</u>
Amortization expense	<u>4,020,698</u>	<u>3,542,705</u>	<u>477,993</u>
Total expenses	<u>(2,643,977)</u>	<u>(5,127,970)</u>	<u>2,483,993</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2018**

	2018	2017	Increase (Decrease)
Totals			
Operations and maintenance	\$ 1,142,225,419	\$ 1,065,376,932	\$ 76,848,487
Capital	249,398,737	238,364,523	11,034,214
	1,391,624,156	1,303,741,455	87,882,701
Less: Acquisition of tangible capital assets	(115,074,508)	(101,602,815)	(13,471,693)
Land development costs transferred to land inventory	(17,691,052)	(8,185,478)	(9,505,574)
Loan advances transferred to loans receivable	(41,115,325)	(2,658,266)	(38,457,059)
Lease payments for leased tangible capital assets transferred to liabilities	(929,702)	(902,232)	(27,470)
	1,216,813,569	1,190,392,664	26,420,905
Cost of land sold	3,872,841	14,980,371	(11,107,530)
Amortization expenses	54,705,549	52,598,614	2,106,935
Other expenses not appropriated	(2,894,003)	2,236,011	(5,130,014)
	<u>\$ 1,272,497,956</u>	<u>\$ 1,260,207,660</u>	<u>\$ 12,290,296</u>

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2018**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Yukon Legislative Assembly						
Operation and maintenance						
Legislative services	\$ 3,887,000	\$ -	\$ -	\$ 3,887,000	\$ 3,329,008	\$ 557,992
Legislative Assembly Office	1,144,000	-	-	1,144,000	1,237,715	(93,715)
Retirement allowances and death benefits	2,612,000	-	-	2,612,000	2,831,321	(219,321)
Hansard	634,000	-	-	634,000	501,902	132,098
Conflicts Commission	41,000	-	-	41,000	19,779	21,221
	8,318,000	-	-	8,318,000	7,919,725	398,275
Capital						
Legislative Assembly Office	50,000	18,000	-	68,000	65,256	2,744
Amortization expense						
	18,000	-	-	18,000	17,923	77
Total expenses	8,386,000	18,000	-	8,404,000	8,002,904	401,096
Elections Office						
Operation and maintenance						
Elections	549,000	-	-	549,000	523,347	25,653
Capital						
Elections	5,000	-	-	5,000	3,895	1,105
Total expenses	554,000	-	-	554,000	527,242	26,758

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2018**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Office of the Ombudsman						
Operation and maintenance Office of the Ombudsman	\$ 1,180,000	\$ -	\$ -	\$ 1,180,000	\$ 1,019,115	\$ 160,885
Capital Office of the Ombudsman	5,000	-	-	5,000	3,783	1,217
Amortization expense	12,000	-	-	12,000	11,997	3
Total expenses	1,197,000	-	-	1,197,000	1,034,895	162,105
Child and Youth Advocate Office						
Operation and maintenance Child and Youth Advocate Office	525,000	-	-	525,000	512,642	12,358
Capital Child and Youth Advocate Office	5,000	-	-	5,000	2,447	2,553
Total expenses	530,000	-	-	530,000	515,089	14,911

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2018**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Executive Council Office						
Operation and maintenance						
Strategic corporate services	\$ 4,869,000	\$ -	\$ -	\$ 4,869,000	\$ 5,051,053	\$ (182,053)
Aboriginal relations	9,418,000	-	-	9,418,000	8,539,668	878,332
Corporate programs and intergovernmental relations	4,051,000	-	-	4,051,000	3,635,499	415,501
Government internal audit services	590,000	-	-	590,000	465,483	124,517
Office of the Commissioner	279,000	-	-	279,000	292,869	(13,869)
Cabinet Offices	2,875,000	-	-	2,875,000	3,100,882	(225,882)
Yukon Water Board secretariat	2,069,000	-	-	2,069,000	1,587,204	481,796
	24,151,000	-	-	24,151,000	22,672,658	1,478,342
Capital						
Strategic corporate services	352,000	-	-	352,000	45,064	306,936
Less acquisition of tangible capital assets	-	-	-	-	(17,880)	17,880
	352,000	-	-	352,000	27,184	324,816
Amortization expense	7,000	-	-	7,000	6,819	181
Total expenses	24,510,000	-	-	24,510,000	22,706,661	1,803,339

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2018

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Community Services						
Operation and maintenance						
Corporate services	\$ 4,223,000	\$ -	\$ -	\$ 4,223,000	\$ 3,927,944	\$ 295,056
Protective services	31,934,000	3,170,000	-	35,104,000	34,315,917	788,083
Community development	43,951,000	530,000	-	44,481,000	44,059,974	421,026
Corporate policy and consumer affairs	9,263,000	100,000	-	9,363,000	9,148,209	214,791
	89,371,000	3,800,000	-	93,171,000	91,452,044	1,718,956
Capital						
Corporate services	865,000	(100,000)	-	765,000	865,795	(100,795)
Protective services	4,097,000	(884,000)	-	3,213,000	2,008,577	1,204,423
Community development	63,476,000	(15,997,000)	-	47,479,000	47,315,537	163,463
Corporate policy and consumer affairs	1,800,000	520,000	-	2,320,000	2,275,760	44,240
	70,238,000	(16,461,000)	-	53,777,000	52,465,669	1,311,331
Less: Acquisition of tangible capital assets	(12,479,000)	6,487,000	-	(5,992,000)	(6,852,815)	860,815
Land development costs transferred to land inventory	(24,079,000)	6,600,000	-	(17,479,000)	(16,656,828)	(822,172)
Local improvement costs transferred to loans receivable	(1,800,000)	(520,000)	-	(2,320,000)	(1,915,325)	(404,675)
	31,880,000	(3,894,000)	-	27,986,000	27,040,701	945,299
Cost of land sold	6,260,000	732,000	-	6,992,000	2,003,576	4,988,424
Amortization expense	5,118,000	825,000	-	5,943,000	5,164,394	778,606
Write-down of tangible capital assets	-	-	-	-	10,200	(10,200)

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2018**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Community Services						
Bad debts expense	\$ 16,000	\$ -	\$ -	\$ 16,000	\$ (29,920)	\$ 45,920
Total expenses	132,645,000	1,463,000	-	134,108,000	125,640,995	8,467,005
Economic Development						
Operation and maintenance						
Corporate services	2,071,000	-	-	2,071,000	1,672,171	398,829
Policy, planning and communications	1,918,000	-	-	1,918,000	1,604,698	313,302
Business and industry development	7,219,000	-	-	7,219,000	6,948,778	270,222
Regional economic development	5,357,000	-	-	5,357,000	4,973,609	383,391
	16,565,000	-	-	16,565,000	15,199,256	1,365,744
Capital						
Corporate services	9,000	-	-	9,000	8,736	264
Business and industry development	1,062,000	-	-	1,062,000	1,022,203	39,797
	1,071,000	-	-	1,071,000	1,030,939	40,061
Total expenses	17,636,000	-	-	17,636,000	16,230,195	1,405,805

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2018**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Education						
Operation and maintenance						
Education support services	\$ 12,902,000	\$ -	\$ -	\$ 12,902,000	\$ 13,657,900	\$ (755,900)
Public schools	118,520,000	4,266,000	-	122,786,000	123,386,201	(600,201)
Advanced education	16,764,000	968,000	-	17,732,000	16,296,189	1,435,811
Yukon College	28,112,000	(1,378,000)	-	26,734,000	26,320,508	413,492
	176,298,000	3,856,000	-	180,154,000	179,660,798	493,202
Capital						
Education support services	39,000	-	-	39,000	37,935	1,065
Public schools	19,805,000	(9,703,000)	-	10,102,000	9,122,251	979,749
Yukon College	2,259,000	(135,000)	-	2,124,000	1,674,310	449,690
	22,103,000	(9,838,000)	-	12,265,000	10,834,496	1,430,504
Less acquisition of tangible capital assets	(13,053,000)	10,354,000	-	(2,699,000)	(1,765,225)	(933,775)
	9,050,000	516,000	-	9,566,000	9,069,271	496,729
Amortization expense	7,056,000	-	-	7,056,000	7,361,192	(305,192)
Total expenses	192,404,000	4,372,000	-	196,776,000	196,091,261	684,739

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2018**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Energy, Mines and Resources						
Operation and maintenance						
Corporate services	\$ 3,745,000	\$ (75,000)	\$ -	\$ 3,670,000	\$ 3,435,543	\$ 234,457
Sustainable resources	10,788,000	(213,000)	-	10,575,000	9,839,182	735,818
Energy, corporate policy and communications	6,541,000	28,000	-	6,569,000	6,204,718	364,282
Oil and gas and mineral resources	47,117,000	(3,718,000)	-	43,399,000	37,006,712	6,392,288
Compliance monitoring and inspections	6,727,000	(40,000)	-	6,687,000	6,271,569	415,431
	74,918,000	(4,018,000)	-	70,900,000	62,757,724	8,142,276
Capital						
Corporate services	165,000	-	-	165,000	342,035	(177,035)
Sustainable resources	4,300,000	(250,000)	-	4,050,000	1,955,830	2,094,170
	4,465,000	(250,000)	-	4,215,000	2,297,865	1,917,135
Less: Acquisition of tangible capital assets	(305,000)	-	-	(305,000)	(449,685)	144,685
Land development costs transferred to land inventory	(3,370,000)	250,000	-	(3,120,000)	(1,034,224)	(2,085,776)
	790,000	-	-	790,000	813,956	(23,956)
Cost of land sold	1,200,000	132,000	-	1,332,000	1,869,265	(537,265)
Amortization expense	483,000	(16,000)	-	467,000	463,602	3,398
Total expenses	77,391,000	(3,902,000)	-	73,489,000	65,904,547	7,584,453

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2018**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Environment						
Operation and maintenance						
General management	\$ 505,000	\$ -	\$ -	\$ 505,000	\$ 467,679	\$ 37,321
Corporate services	9,576,000	512,000	-	10,088,000	8,971,577	1,116,423
Environmental sustainability	23,671,000	293,000	-	23,964,000	24,776,689	(812,689)
Environmental liabilities and remediation	7,032,000	-	-	7,032,000	5,692,417	1,339,583
	40,784,000	805,000	-	41,589,000	39,908,362	1,680,638
Capital						
Corporate services	1,011,000	25,000	-	1,036,000	654,795	381,205
Environmental sustainability	530,000	55,000	-	585,000	586,475	(1,475)
	1,541,000	80,000	-	1,621,000	1,241,270	379,730
Less acquisition of tangible capital assets	(798,000)	(94,000)	-	(892,000)	(497,009)	(394,991)
	743,000	(14,000)	-	729,000	744,261	(15,261)
Amortization expense	478,000	-	-	478,000	496,387	(18,387)
Environmental liabilities (net)	(3,793,000)	1,750,000	-	(2,043,000)	1,044,490	(3,087,490)
Total expenses	38,212,000	2,541,000	-	40,753,000	42,193,500	(1,440,500)

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2018

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Finance						
Operation and maintenance						
Corporate services	\$ 1,654,000	\$ 139,000	\$ -	\$ 1,793,000	\$ 1,766,531	\$ 26,469
Financial operations and revenue services	4,641,000	-	-	4,641,000	4,443,320	197,680
Economics, fiscal policy and statistics	2,538,000	(19,000)	-	2,519,000	2,272,788	246,212
Management board secretariat	2,022,000	(120,000)	-	1,902,000	1,869,717	32,283
Comptroller	947,000	-	-	947,000	879,873	67,127
Workers' compensation supplementary benefits	426,000	-	-	426,000	298,798	127,202
	12,228,000	-	-	12,228,000	11,531,027	696,973
Capital						
Corporate services	608,000	-	-	608,000	320,188	287,812
Financial operations and revenue services	40,000	(8,000)	-	32,000	31,898	102
	648,000	(8,000)	-	640,000	352,086	287,914
Less acquisition of tangible capital assets	(40,000)	8,000	-	(32,000)	(31,898)	(102)
	608,000	-	-	608,000	320,188	287,812
Amortization expense	11,000	(8,000)	-	3,000	3,271	(271)
Bad debts expense	48,000	-	-	48,000	15,112	32,888
Transfers through the tax system	2,980,000	-	-	2,980,000	2,240,806	739,194
Total expenses	15,875,000	(8,000)	-	15,867,000	14,110,404	1,756,596

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2018**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
French Language Services Directorate						
Operation and maintenance						
French language services	\$ 5,054,000	\$ (5,000)	\$ -	\$ 5,049,000	\$ 4,841,685	\$ 207,315
Capital						
French language services	4,000	5,000	-	9,000	8,280	720
Total expenses	5,058,000	-	-	5,058,000	4,849,965	208,035

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2018

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Health and Social Services						
Operation and maintenance						
Corporate services	\$ 13,286,000	\$ (491,000)	\$ -	\$ 12,795,000	\$ 11,855,240	\$ 939,760
Family and children's services	45,010,000	796,000	-	45,806,000	46,378,661	(572,661)
Social supports	47,369,000	2,789,000	-	50,158,000	46,159,409	3,998,591
Community and program support	8,948,000	900,000	-	9,848,000	10,207,760	(359,760)
Health services	131,566,000	7,191,000	-	138,757,000	142,438,710	(3,681,710)
Continuing care	46,799,000	231,000	-	47,030,000	46,392,762	637,238
Yukon hospital services	70,592,000	190,000	-	70,782,000	70,774,644	7,356
	363,570,000	11,606,000	-	375,176,000	374,207,186	968,814
Capital						
Corporate services	3,179,000	449,000	-	3,628,000	3,665,101	(37,101)
Family and children's services	987,000	(202,000)	-	785,000	129,623	655,377
Social supports	1,122,000	745,000	-	1,867,000	1,279,280	587,720
Health services	1,116,000	(14,000)	-	1,102,000	1,107,292	(5,292)
Continuing care	69,063,000	5,405,000	-	74,468,000	70,590,689	3,877,311
Yukon hospital services	17,811,000	-	-	17,811,000	18,342,086	(531,086)
	93,278,000	6,383,000	-	99,661,000	95,114,071	4,546,929
Less acquisition of tangible capital assets	(72,624,000)	(5,157,000)	-	(77,781,000)	(73,072,042)	(4,708,958)
	20,654,000	1,226,000	-	21,880,000	22,042,029	(162,029)
Amortization expense	3,746,000	(131,000)	-	3,615,000	3,573,299	41,701
Write-down of tangible capital assets	-	-	-	-	375,351	(375,351)
Total expenses	387,970,000	12,701,000	-	400,671,000	400,197,865	473,135

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2018

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Highways and Public Works						
Operation and maintenance						
Corporate services	\$ 12,128,000	\$ (116,000)	\$ -	\$ 12,012,000	\$ 11,597,885	\$ 414,115
Information and communications technology	16,883,000	(49,000)	-	16,834,000	16,629,489	204,511
Transportation	66,080,000	(242,000)	-	65,838,000	64,963,813	874,187
Property management	42,136,000	(2,426,000)	-	39,710,000	41,068,427	(1,358,427)
Central Stores write off	-	-	-	-	14,165	(14,165)
	137,227,000	(2,833,000)	-	134,394,000	134,273,779	120,221
Less lease payments for leased tangible capital assets transferred to liabilities	(930,000)	-	-	(930,000)	(929,702)	(298)
	136,297,000	(2,833,000)	-	133,464,000	133,344,077	119,923
Capital						
Information and communications technology	4,679,000	(379,000)	-	4,300,000	4,919,855	(619,855)
Transportation	72,079,000	(9,112,000)	-	62,967,000	58,963,965	4,003,035
Property management	6,913,000	59,000	-	6,972,000	8,241,817	(1,269,817)
	83,671,000	(9,432,000)	-	74,239,000	72,125,637	2,113,363
Less acquisition of tangible capital assets	(41,474,000)	9,601,000	-	(31,873,000)	(28,562,261)	(3,310,739)
	42,197,000	169,000	-	42,366,000	43,563,376	(1,197,376)
Amortization expense	30,473,000	(884,000)	-	29,589,000	29,908,719	(319,719)
Rental expense recognized from prepaid expenses	140,000	-	-	140,000	114,633	25,367
Total expenses	209,107,000	(3,548,000)	-	205,559,000	206,930,805	(1,371,805)

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2018**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Justice						
Operation and maintenance						
Management services	\$ 4,197,000	\$ 129,000	\$ -	\$ 4,326,000	\$ 4,135,283	\$ 190,717
Court services	7,478,000	(400,000)	-	7,078,000	7,373,809	(295,809)
Legal services	8,508,000	300,000	-	8,808,000	8,601,018	206,982
Regulatory services	3,800,000	-	-	3,800,000	3,917,167	(117,167)
Community justice and public safety	45,363,000	962,000	-	46,325,000	45,840,335	484,665
Human rights	780,000	135,000	-	915,000	881,942	33,058
	70,126,000	1,126,000	-	71,252,000	70,749,554	502,446
Capital						
Management services	1,912,000	(156,000)	-	1,756,000	1,226,838	529,162
Court services	85,000	150,000	-	235,000	230,645	4,355
Community justice and public safety	669,000	(150,000)	-	519,000	417,877	101,123
	2,666,000	(156,000)	-	2,510,000	1,875,360	634,640
Less acquisition of tangible capital assets	(2,265,000)	37,000	-	(2,228,000)	(1,626,052)	(601,948)
	401,000	(119,000)	-	282,000	249,308	32,692
Amortization expense	3,318,000	-	-	3,318,000	2,684,329	633,671
Total expenses	73,845,000	1,007,000	-	74,852,000	73,683,191	1,168,809

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2018**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Public Service Commission						
Operation and maintenance						
Finance and administration	\$ 1,200,000	\$ -	\$ -	\$ 1,200,000	\$ 1,198,041	\$ 1,959
Corporate human resources and diversity services	3,180,000	-	-	3,180,000	2,814,206	365,794
Compensation and classification	2,525,000	-	-	2,525,000	2,513,195	11,805
Labour relations	1,339,000	-	-	1,339,000	1,396,120	(57,120)
Workers' compensation fund	5,427,000	-	-	5,427,000	5,462,922	(35,922)
Human resource management systems	996,000	-	-	996,000	986,408	9,592
Policy, planning and communication	910,000	-	-	910,000	883,720	26,280
Employee future benefits	27,014,000	(1,492,000)	-	25,522,000	24,494,614	1,027,386
Organizational development	2,658,000	-	-	2,658,000	2,257,916	400,084
Respectful workplace office	869,000	-	-	869,000	819,314	49,686
Health, safety and disability management	2,794,000	-	-	2,794,000	2,557,644	236,356
	48,912,000	(1,492,000)	-	47,420,000	45,384,100	2,035,900
Capital						
Finance and administration	688,000	(30,000)	-	658,000	644,400	13,600
Corporate human resources and diversity services	9,000	-	-	9,000	3,615	5,385
Organizational development	14,000	-	-	14,000	14,000	-
Health, safety and disability management	20,000	-	-	20,000	18,744	1,256
	731,000	(30,000)	-	701,000	680,759	20,241
Less acquisition of tangible capital assets	(200,000)	-	-	(200,000)	(323,219)	123,219
	531,000	(30,000)	-	501,000	357,540	143,460
Amortization expense	168,000	-	-	168,000	152,264	15,736
Total expenses	49,611,000	(1,522,000)	-	48,089,000	45,893,904	2,195,096

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2018**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Tourism and Culture						
Operation and maintenance						
Corporate services	\$ 3,001,000	\$ 205,000	\$ -	\$ 3,206,000	\$ 3,201,813	\$ 4,187
Cultural services	12,962,000	(115,000)	-	12,847,000	12,788,872	58,128
Tourism	11,831,000	(90,000)	-	11,741,000	11,399,479	341,521
	27,794,000	-	-	27,794,000	27,390,164	403,836
Capital						
Corporate services	421,000	212,000	-	633,000	500,959	132,041
Cultural services	3,423,000	627,000	-	4,050,000	3,670,741	379,259
Tourism	845,000	(75,000)	-	770,000	535,945	234,055
	4,689,000	764,000	-	5,453,000	4,707,645	745,355
Less acquisition of tangible capital assets	(1,480,000)	(841,000)	-	(2,321,000)	(1,876,422)	(444,578)
	3,209,000	(77,000)	-	3,132,000	2,831,223	300,777
Amortization expense	821,000	-	-	821,000	840,655	(19,655)
Total expenses	31,824,000	(77,000)	-	31,747,000	31,062,042	684,958

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2018**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Women's Directorate						
Operation and maintenance						
Policy and program development	\$ 2,060,000	\$ -	\$ -	\$ 2,060,000	\$ 1,935,245	\$ 124,755
Capital						
Policy and program development	44,000	(3,000)	-	41,000	39,041	1,959
Total expenses	2,104,000	(3,000)	-	2,101,000	1,974,286	126,714
Yukon Development Corporation (Transfer Payment)						
Operation and maintenance						
Interim electrical rebate	3,500,000	-	-	3,500,000	3,500,000	-
Mayo B rate payer support	2,625,000	-	-	2,625,000	2,625,000	-
Long-term financing	-	39,200,000	-	39,200,000	39,200,000	-
	6,125,000	39,200,000	-	45,325,000	45,325,000	-
Less loan advances transferred to loans receivable	-	(39,200,000)	-	(39,200,000)	(39,200,000)	-
	6,125,000	-	-	6,125,000	6,125,000	-
Capital						
Innovative renewable energy initiative	1,500,000	-	-	1,500,000	-	1,500,000
Total expenses	7,625,000	-	-	7,625,000	6,125,000	1,500,000

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2018**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Yukon Housing Corporation (Transfer Payment)						
Operation and maintenance						
Gross expenditures	\$ 19,515,000	\$ (256,000)	\$ -	\$ 19,259,000	\$ 17,877,375	\$ 1,381,625
Less: Rental revenues	(6,321,000)	95,000	-	(6,226,000)	(6,526,149)	300,149
Recoveries	(5,943,000)	161,000	-	(5,782,000)	(6,389,218)	607,218
	7,251,000	-	-	7,251,000	4,962,008	2,288,992
Capital						
Gross expenditures	22,343,000	331,000	-	22,674,000	13,264,600	9,409,400
Less: Recoveries	(7,463,000)	(1,142,000)	-	(8,605,000)	(4,267,722)	(4,337,278)
Loan expenditures	(9,250,000)	2,500,000	-	(6,750,000)	(2,491,704)	(4,258,296)
	5,630,000	1,689,000	-	7,319,000	6,505,174	813,826
Total expenses	12,881,000	1,689,000	-	14,570,000	11,467,182	3,102,818
Loan Capital and Loan Amortization						
Operation and maintenance						
Loans to third parties	5,000,000	-	-	5,000,000	-	5,000,000
Less loan advances transferred to loans receivable	(5,000,000)	-	-	(5,000,000)	-	(5,000,000)
Total expenses	-	-	-	-	-	-

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2018**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Restricted Funds						
Net expenditures	\$ (7,824,000)	\$ 159,000	\$ -	\$ (7,665,000)	\$ (6,664,675)	\$ (1,000,325)
Amortization expense	3,637,000	220,000	-	3,857,000	4,020,698	(163,698)
Total expenses	(4,187,000)	379,000	-	(3,808,000)	(2,643,977)	(1,164,023)
Totals						
Operation and maintenance	1,118,006,000	52,045,000	-	1,170,051,000	1,142,225,419	27,825,581
Capital	292,696,000	(27,239,000)	-	265,457,000	249,398,737	16,058,263
Less: Acquisition of tangible capital assets	(144,718,000)	20,395,000	-	(124,323,000)	(115,074,508)	(9,248,492)
Land development costs transferred to land held for sale	(27,449,000)	6,850,000	-	(20,599,000)	(17,691,052)	(2,907,948)
Loan advances transferred to loans receivable	(6,800,000)	(39,720,000)	-	(46,520,000)	(41,115,325)	(5,404,675)
Lease payments for leased tangible capital assets transferred to liabilities	(930,000)	-	-	(930,000)	(929,702)	(298)
Cost of land sold	7,460,000	864,000	-	8,324,000	3,872,841	4,451,159
Amortization expenses	55,346,000	6,000	-	55,352,000	54,705,549	646,451
Other expenses not appropriated	(8,433,000)	1,909,000	-	(6,524,000)	(2,894,003)	(3,629,997)
Adjustments	(2,417,000)	(16,690,000)	-	(19,107,000)	-	(19,107,000)
	\$ 1,282,761,000	\$ (1,580,000)	\$ -	\$ 1,281,181,000	\$ 1,272,497,956	\$ 8,683,044

GOVERNMENT OF YUKON

Schedule 5

**Schedule of Recoveries of Prior Years' Expenses
for the year ended March 31, 2018**

Department	Over Accruals	Other Recoveries	Total
Highways and Public Works	\$ 38,573	\$ 190,601	\$ 229,174
Executive Council Office	1,485	190,688	192,173
Tourism and Culture	-	82,520	82,520
Education	-	69,698	69,698
Economic Development	62,913	5,490	68,403
Health and Social Services	-	42,205	42,205
Environment	9,716	952	10,668
Community Services	4,000	4,204	8,204
Justice	-	6,847	6,847
Energy, Mines and Resources	-	5,055	5,055
Yukon Legislative Assembly	3,703	-	3,703
Elections	461	-	461
Public Service Commission	67	-	67
Finance	31	-	31
	\$ 120,949	\$ 598,260	\$ 719,209

GOVERNMENT OF YUKON

Schedule 6

Schedule of Restricted Funds
for the year ended March 31, 2018

	Recycling Fund	Youth Investment Fund	Health Investment Fund	Conservation Fund	Road and Airport Equipment Reserve Fund	Queen's Printer Revolving Fund	Vehicle Fleet Revolving Fund
Revenues							
Appropriation	\$ 175,000	\$ 102,000	\$ 75,000	\$ -	\$ -	\$ -	\$ 25,608
Operating	4,130,661	-	-	531	16,078,038	553,952	4,636,295
	<u>4,305,661</u>	<u>102,000</u>	<u>75,000</u>	<u>531</u>	<u>16,078,038</u>	<u>553,952</u>	<u>4,661,903</u>
Expenses							
Operating	4,322,097	107,915	76,169	-	9,997,888	595,700	2,580,787
Amortization	-	-	-	-	2,464,069	55,540	1,501,089
	<u>4,322,097</u>	<u>107,915</u>	<u>76,169</u>	<u>-</u>	<u>12,461,957</u>	<u>651,240</u>	<u>4,081,876</u>
Net profit (loss) for the year	(16,436)	(5,915)	(1,169)	531	3,616,081	(97,288)	580,027
Adjustments for the <i>Financial Administration Act</i> requirements							
Acquisition of capital assets	-	-	-	-	(7,825,428)	-	(2,215,224)
Amortization of capital assets	-	-	-	-	2,464,069	55,540	1,501,089
Gain on sale of capital assets	-	-	-	-	(18,911)	-	(6,698)
Proceeds on sale of capital assets	-	-	-	-	18,911	-	225,038
Balance at beginning of year	309,114	25,571	61,772	161,333	5,479,378	83,417	3,270,162
Balance at end of year	<u>\$ 292,678</u>	<u>\$ 19,656</u>	<u>\$ 60,603</u>	<u>\$ 161,864</u>	<u>\$ 3,734,100</u>	<u>\$ 41,669</u>	<u>\$ 3,354,394</u>

Assets and liabilities that are specific to each Fund and included in the Government's assets and liabilities are as follows:

Assets

Accounts receivable	\$ 926,596	\$ -	\$ -	\$ -	\$ 24	\$ 11,115	\$ 19,811
Tangible capital assets	-	-	-	-	32,563,842	99,934	8,172,963
	<u>926,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,563,866</u>	<u>111,049</u>	<u>8,192,774</u>

Liabilities

Accounts payable and accrued liabilities	26,737	-	-	-	1,781,710	102,380	244,373
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Accumulated surplus (deficit) of the Funds that are included in the Government's accumulated surplus are as follows:

Accumulated surplus (deficit)	<u>\$ 292,678</u>	<u>\$ 19,656</u>	<u>\$ 60,603</u>	<u>\$ 161,864</u>	<u>\$ 36,297,943</u>	<u>\$ (188,099)</u>	<u>\$ 9,012,306</u>
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GOVERNMENT OF YUKON

Schedule 6

Schedule of Restricted Funds
for the year ended March 31, 2018

	Wildland Fire Suppression Revolving Fund	Risk Management Revolving Fund	Assurance Fund	Yukon Historic Resources Fund	Corrections Revolving Fund	Elijah Smith Forest Renewal Fund	2018 Total	2017 Total
Revenues								
Appropriation	\$ 10,453,000	\$ 2,271,000	\$ -	\$ 16,000	\$ -	\$ -	\$ 13,117,608	\$ 9,514,303
Operating	1,905,282	959,224	177,640	-	109,554	21,160	28,572,337	25,564,188
	<u>12,358,282</u>	<u>3,230,224</u>	<u>177,640</u>	<u>16,000</u>	<u>109,554</u>	<u>21,160</u>	<u>41,689,945</u>	<u>35,078,491</u>
Expenses								
Operating	11,805,446	3,141,779	44	24,200	133,469	-	32,785,494	25,424,016
Amortization	-	-	-	-	-	-	4,020,698	3,542,705
	<u>11,805,446</u>	<u>3,141,779</u>	<u>44</u>	<u>24,200</u>	<u>133,469</u>	<u>-</u>	<u>36,806,192</u>	<u>28,966,721</u>
Net profit (loss) for the year	552,836	88,445	177,596	(8,200)	(23,915)	21,160	4,883,753	6,111,770
Adjustments for the <i>Financial Administration Act</i> requirements								
Acquisition of capital assets	-	-	-	-	-	-	(10,040,652)	(10,344,638)
Amortization of capital assets	-	-	-	-	-	-	4,020,698	3,542,705
Gain on sale of capital assets	-	-	-	-	-	-	(25,609)	(346,433)
Proceeds on sale of capital assets	-	-	-	-	-	-	243,949	442,329
Balance at beginning of year	423,795	4,352,417	4,998,110	1,216,260	42,399	202,919	20,626,647	21,220,914
Balance at end of year	<u>\$ 976,631</u>	<u>\$ 4,440,862</u>	<u>\$ 5,175,706</u>	<u>\$ 1,208,060</u>	<u>\$ 18,484</u>	<u>\$ 224,079</u>	<u>\$ 19,708,786</u>	<u>\$ 20,626,647</u>

Assets and liabilities that are specific to each Fund and included in the Government's assets and liabilities are as follows:

Assets								
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 957,546	\$ 212,109
Tangible capital assets	-	-	-	-	-	-	40,836,739	35,035,128
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,794,285</u>	<u>35,247,237</u>
Liabilities								
Accounts payable and accrued liabilities	-	2,133,215	-	-	-	-	4,288,415	1,459,918

Accumulated surplus (deficit) of the Funds that are included in the Government's accumulated surplus are as follows:

Accumulated surplus (deficit)	<u>\$ 976,631</u>	<u>\$ 4,440,862</u>	<u>\$ 5,175,706</u>	<u>\$ 1,208,060</u>	<u>\$ 18,484</u>	<u>\$ 224,079</u>	<u>\$ 57,700,773</u>	<u>\$ 52,817,020</u>
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GOVERNMENT OF YUKON

Schedule 7

**Schedule of Inventories of Supplies
for the year ended March 31, 2018**

	Garage Parts and Fuel Inventory Fund	Central Stores Fund	Highway Materials Fund	Fire Management Fuel & Retardant Inventory	Faro Mine Site Parts and Fuel Inventory	2018 Total	2017 Total
Opening inventory	\$ 2,193,107	\$ 775,882	\$ 1,489,413	\$ 1,339,123	\$ 3,001,566	\$ 8,799,091	\$ 8,416,075
Add purchases	2,542,021	1,604,552	3,812,467	908,254	2,043,305	10,910,599	9,572,460
	4,735,128	2,380,434	5,301,880	2,247,377	5,044,871	19,709,690	17,988,535
Less: Consumption	2,595,295	1,601,624	3,816,462	588,445	1,328,777	9,930,603	9,531,925
Inventory adjustments	-	20,250	-	-	677,924	698,174	(342,481)
Closing inventory	<u>\$ 2,139,833</u>	<u>\$ 758,560</u>	<u>\$ 1,485,418</u>	<u>\$ 1,658,932</u>	<u>\$ 3,038,170</u>	<u>\$ 9,080,913</u>	<u>\$ 8,799,091</u>

GOVERNMENT OF YUKON

Schedule 8

**Schedule of Legislated Grants
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services				
Comprehensive municipal grants	\$ 18,173,000	\$ 18,173,000	\$ 18,173,322	\$ (322)
In-lieu of property taxes	7,297,000	7,442,000	7,442,037	(37)
Home owner grants	3,795,000	3,895,000	3,806,659	88,341
	29,265,000	29,510,000	29,422,018	87,982
Education				
Post secondary student grants	5,034,000	5,034,000	4,960,358	73,642
Student transportation	116,000	116,000	76,090	39,910
Student accommodation (boarding subsidy)	41,000	41,000	10,653	30,347
	5,191,000	5,191,000	5,047,101	143,899
Finance				
Workers' compensation supplementary benefits	426,000	426,000	298,798	127,202
	426,000	426,000	298,798	127,202
Health and Social Services				
Social assistance - Whitehorse	15,594,000	17,644,000	16,632,890	1,011,110
Social assistance - region	2,263,000	3,163,000	2,505,427	657,573
Pioneer utility grant	1,946,000	1,946,000	1,742,510	203,490
Child care subsidies	2,551,000	1,801,000	1,677,868	123,132
Medical travel subsidies	1,690,000	1,690,000	1,555,615	134,385
Yukon seniors' income supplement	1,172,000	1,622,000	1,498,623	123,377
Adoption subsidies	180,000	180,000	149,052	30,948
	25,396,000	28,046,000	25,761,985	2,284,015
Total appropriated	60,278,000	63,173,000	60,529,902	2,643,098

GOVERNMENT OF YUKON

Schedule 8

**Schedule of Legislated Grants
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual	Under (Over) Estimates
Finance				
Yukon child benefit	\$ 1,904,000	\$ 1,904,000	\$ 1,632,641	\$ 271,359
Research and development tax credit	976,000	976,000	564,312	411,688
Children's fitness tax credit	100,000	100,000	43,854	56,146
Total transfers through the tax system	2,980,000	2,980,000	2,240,807	739,193
	\$ 63,258,000	\$ 66,153,000	\$ 62,770,709	\$ 3,382,291

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates		Actual
Executive Council Office				
<u>Other transfer payments</u>				
Aboriginal relations				
- implementation initiatives - board and councils	\$ 3,125,000	\$ 3,125,000		\$ 3,117,115
- Yukon Land Use Planning Commission			\$ 662,037	
- Yukon Fish and Wildlife Management Board			584,504	
- Yukon Heritage Resources Board			223,843	
- North Yukon Renewable Resources Council			168,863	
- Teslin Renewable Resources Council			163,484	
- Alsek Renewable Resources Council			152,729	
- Carcross/Tagish First Nation			152,729	
- Carmacks Renewable Resources Council			152,729	
- Dän Keyi Renewable Resources Council			152,729	
- Laberge Renewable Resources Council			152,729	
- Selkirk Renewable Resources Council			152,729	
- Dawson District Renewable Resources Council			159,720	
- Mayo District Renewable Resources Council			159,720	
- Yukon Geographical Place Names Board			78,570	
- various First Nations	483,000	483,000		321,700
- Kwanlin Dün First Nation			299,700	
- Yukon College			22,000	
- Council of Yukon First Nations	100,000	100,000		100,000
- Capacity and negotiation support	750,000	750,000		-
- Kaska Framework Agreement	300,000	300,000		-
- Chapter 23 reconciliation agreement	-	-		600,000
Youth strategy initiatives	1,527,000	1,527,000		1,516,453
- Boys and Girls Club of Yukon			277,000	
- Bringing Youth Towards Equality Society			274,000	
- Youth of Today Society			271,000	
- Heart of Riverdale Community Centre			198,000	
- Youth Investment Fund			102,000	
- Yukon First Nation Chamber of Commerce			55,937	
- Association franco-yukonnaise			25,000	
- various youth groups			313,516	
Devolution transfer agreement - protocol mining matters	750,000	750,000		346,327
Vuntut Gwitchin First Nation	50,000	50,000		95,000
Northern strategy - aboriginal relations				
- capacity development for land and resource management and development	-	-		90,465
- executive development program - Yukon College	-	-		45,000
Rideau Hall Foundation	-	-		30,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Executive Council Office			
<u>Other transfer payments (continued)</u>			
The Canadian Red Cross Society	\$ -	\$ -	\$ 25,000
McGill University	-	-	17,250
Strategic corporate services			
- Vuntut Gwitchin First Nation - Old Crow Community Centre	300,000	300,000	-
Various transfer payments less than \$10,000	10,000	10,000	32,561
Total other government transfers	7,395,000	7,395,000	6,336,871
Community Services			
<u>Funding programs</u>			
Sport	3,102,000	3,286,000	3,248,971
Community recreation/active living	1,779,000	1,779,000	1,778,055
Fire management - FireSmart	850,000	850,000	825,922
	5,731,000	5,915,000	5,852,948
<u>Other transfer payments</u>			
Clean water wastewater fund	4,050,000	10,045,000	12,215,279
New Building Canada fund	5,560,000	8,310,000	8,281,854
Solid waste - landfill agreements	420,000	420,000	637,485
- Vuntut Gwitchin First Nation			\$ 192,500
- Marsh Lake Solid Waste Management Society			147,125
- City of Dawson			114,500
- Mount Lorne Garbage Management Society			104,760
- Town of Watson Lake			75,000
- Klondike Valley firefighters			3,600
Asset management	190,000	391,000	371,668
Community library boards	349,000	349,000	348,437
- Dawson City Library Board			52,120
- Watson Lake Library Board			51,643
- Carcross Library Board			34,368
- Haines Junction Library Board			33,389
- Teslin Library Board			31,749
- Carmacks Library Board			29,616
- Mayo Library Board			25,756
- Faro Library Board			19,688
- Tagish Library Board			17,701
- Beaver Creek Library Board			16,606
- Pelly Crossing Library Board			13,478
- Burwash Landing Library Board			10,790
- Ross River Library Board			11,455
- Old Crow Library Board			78

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Community Services			
<u>Other transfer payments (continued)</u>			
City of Whitehorse	\$ -	\$ -	\$ 204,287
- Whistle Bend Phase 4		\$ 100,000	
- Whistle Bend Phase 3		53,750	
- McLean Lake feasibility plan		32,742	
- Long Lake feasibility plan		17,795	
City of Dawson - recreation centre	-	-	203,652
Emergency Management Organization			129,645
- National defence public safety broadband network	917,000	578,000	-
- Yukon College - Disaster mitigation	150,000	130,000	129,645
- Emergency management preparation	10,000	10,000	-
Municipal ground water monitoring	111,000	111,000	110,488
- Town of Watson Lake			29,040
- City of Dawson			19,896
- Village of Carmacks			13,399
- Village of Mayo			12,892
- Town of Faro			12,700
- Village of Teslin			12,300
- Village of Haines Junction			10,261
Recreation/Community Centres	110,000	110,000	109,950
- Vuntut Gwitchin First Nation			
- youth centre upgrade (phase 2)			20,404
- Kluane Lake Athletic Association			20,000
- Ross River Recreation Society			20,000
- Mount Lorne Community Association			14,000
- Carcross Recreation Board			12,135
- Kluane First Nation			9,535
- Selkirk First Nation			4,738
- Marsh Lake Community Society			4,636
- Tagish Community Association			4,502
Association of Yukon Communities	100,000	100,000	100,950
Community/Local Advisory Council - operation and maintenance	72,000	72,000	71,920
- Hamlet of Ibx Valley			14,443
- Marsh Lake Local Advisory Council			14,443
- South Klondike Local Advisory Council			14,443
- Tagish Area Advisory Committee			14,443
- Hamlet of Mount Lorne			14,148
Volunteer Benevoles Yukon Society	67,000	67,000	67,000
Emergency medical services			
- Volunteer Ambulance Services Society			
- volunteer awards fund	110,000	110,000	12,577
- volunteer education	-	-	33,504
- volunteer community allowances	-	-	667

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Community Services			
<u>Other transfer payments (continued)</u>			
Fire management	\$ -	\$ -	\$ 49,628
- initial attack trainee			
- Mayo		\$ 11,659	
- Teslin		11,659	
- Whitehorse		11,659	
- Carmacks		9,202	
- City of Dawson		5,449	
Building Canada Fund	-	-	25,936
Emergency measures preparation - fire marshal	10,000	10,000	23,200
- Yukon Firefighters' Fitness Association		10,000	
- Tagish Fire Hall		7,200	
- Association of Yukon Fire Chiefs		6,000	
Recycling fund	40,000	40,000	4,122
Various transfer payments less than \$10,000	-	-	11,017
	<u>12,266,000</u>	<u>20,853,000</u>	<u>23,013,266</u>
Total other government transfers	<u>17,997,000</u>	<u>26,768,000</u>	<u>28,866,214</u>
Economic Development			
<u>Funding programs</u>			
Community development fund	2,950,000	2,950,000	2,738,403
Media development incentive programs	710,000	710,000	1,081,035
Regional economic development fund	800,000	800,000	713,737
Strategic industries development fund	800,000	800,000	626,312
Enterprise trade fund	360,000	360,000	259,764
	<u>5,620,000</u>	<u>5,620,000</u>	<u>5,419,251</u>
<u>Other transfer payments</u>			
Yukon College			823,750
- Yukon Cold Climate Innovation Centre	825,000	825,000	618,750
- cold climate innovation - Yukon Innovation prize	105,000	105,000	105,000
- flight training simulator acquisition	-	-	100,000
Yukonconstruct Makerspace Society	100,000	100,000	379,150
- Canada Yukon business service centre			155,400
- core funding			100,000
- innovation hub development planning			50,000
- pilot business incubation program			40,000
- smart cities challenge			30,000
- ecosystem huddle			3,750
Yukon Gold Mining Alliance	-	-	301,500

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Economic Development			
<u>Other transfer payments (continued)</u>			
Bell Mobility - 4G cellular service expansion	\$ 290,000	\$ 290,000	\$ 274,832
Technology and telecommunication projects	175,000	175,000	131,959
- Make It Inc.			\$ 64,507
- Proskida Inc.			50,000
- various recipients			17,452
Whitehorse Chamber of Commerce	-	-	119,500
Yukon First Nation Chamber of Commerce	-	-	115,000
Tr'ondëk Hwëch'in	-	-	108,994
Yukon Information Technology Industry Society (YITIS)	125,000	125,000	102,367
- TechYukon consolidated projects			45,713
- operational support			45,000
- host National Angel Capital Organization members			11,654
Yukon Chamber of Commerce, The			92,463
- operational support	35,000	35,000	76,550
- business mission	-	-	15,913
- Alaska trade show	8,000	8,000	-
Friends of Mount Sima Society	-	-	91,866
- elite pre-season training program			85,000
- snowmaking equipment			6,866
Yukon Chamber of Mines	-	-	80,000
Yukon Arts Centre Corporation	-	-	72,000
Yukon Trappers Association	-	-	66,849
Yukon business development program	52,000	52,000	66,417
- Synergie Industries Inc.			53,417
- Whitehorse Chamber of Commerce			13,000
Screen Production Yukon Association	50,000	50,000	58,625
- operational support			50,000
- project charter for film funding review			8,625
MusicYukon	50,000	50,000	50,000
Youth of Today Society	-	-	34,194
- Shakat journal			30,000
- business planning on feasibility			4,194
dāna Näye Ventures			30,100
- micro loan program	73,000	73,000	25,000
- business development program	26,000	26,000	5,100
Watson Lake Chamber of Commerce	-	-	26,640
Yukon Gardens Ltd.	-	-	25,000
Klondike Development Organization	-	-	24,997
Vimy Heritage Housing Society	-	-	21,218

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Economic Development			
<u>Other transfer payments (continued)</u>			
Champagne and Aishihik First Nations	\$ -	\$ -	\$ 20,000
Yukon Film Society	-	-	15,000
Northern Interest Management Inc.	-	-	10,000
Yukon Federation of Labour Association	36,000	36,000	7,200
Yukon Building Trades Council Society	15,000	15,000	-
Various transfer payments less than \$10,000	5,000	5,000	40,715
	<u>1,970,000</u>	<u>1,970,000</u>	<u>3,190,336</u>
Total other government transfers	<u>7,590,000</u>	<u>7,590,000</u>	<u>8,609,587</u>
Education			
<u>Funding programs</u>			
Labour market development agreement	3,708,000	3,848,000	3,392,874
Community training fund	1,510,000	1,510,000	1,324,697
Labour market agreement for persons with disabilities	1,000,000	1,000,000	1,020,630
Canada job fund	821,000	821,000	681,462
Workforce development agreement	-	694,000	668,654
Student training and employment program	366,000	366,000	372,059
Canada/Yukon summer program	114,000	114,000	89,981
	<u>7,519,000</u>	<u>8,353,000</u>	<u>7,550,357</u>
<u>Other transfer payments</u>			
Yukon College			28,030,870
- operational funding	22,767,000	21,640,000	\$ 21,639,385
- building maintenance, renovations and space	1,434,000	1,628,000	1,611,310
- Centre for Northern Innovation in Mining	1,200,000	1,200,000	1,200,000
- Research Centre of Excellence	1,386,000	1,386,000	1,125,996
- Yukon native teacher education program	540,000	540,000	540,000
- School of Visual Arts	474,000	474,000	474,000
- licensed practical nurse program	474,000	474,000	473,736
- Bachelor of social work	370,000	370,000	370,000
- Northern Institute of Social Justice	509,000	509,000	356,390
- Yukon water and wastewater operating program	75,000	75,000	75,000
- youth exploring trades	78,000	75,000	59,043
- innovators in school program	57,000	46,000	46,000
- education assistant certificate program	40,000	40,000	40,010
- College Board	20,000	20,000	20,000
- older workers' initiative	240,000	-	-
Commission scolaire francophone du Yukon			
- operations and maintenance	4,727,000	6,501,000	6,575,202

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Education			
<u>Other transfer payments (continued)</u>			
Council of Yukon First Nations			\$ 885,000
- native language program	\$ 450,000	\$ 450,000	\$ 450,000
- education support	260,000	260,000	260,000
- education commission	175,000	175,000	175,000
Remuneration school councils/committees	257,000	257,000	319,811
- Association of Yukon School Councils, Boards & Committees			105,271
- Catholic Education Association of Yukon			28,731
- F.H. Collins Secondary School Council			16,250
- Tantalus School Council			11,868
- Christ the King Elementary School Council			11,250
- various recipients			146,441
Yukon Literacy Coalition	280,000	280,000	280,000
Yukon Learn Society	275,000	275,000	275,000
Association franco-yukonnaise	220,000	220,000	220,000
Youth at risk initiatives			
- Skookum Jim Friendship Centre	200,000	200,000	200,000
Special payments for education-related events/student activities	190,000	204,000	154,166
- Big Brothers & Big Sisters of Yukon			19,500
- F.H. Collins Secondary School Trust Account			14,359
- Grower's of Organic Food			14,000
- Historica Dominion Society			11,200
- Yukon Wildlife Preserve Operating Society			10,821
- Dawson City Arts Society			10,000
- Yukon Historical and Museum Association			10,000
- various recipients			64,286
Home tutor program	150,000	150,000	141,466
- Learning Disabilities Association of Yukon			80,000
- Skookum Jim Friendship Centre			31,888
- Kwanlin Dün First Nation			20,000
- various recipients			9,578
Whole child project	141,000	141,000	132,726
- Dealing with the Whole Child Society			110,897
- Selkirk Elementary School Trust			10,381
- various recipients			11,448
Post-secondary student scholarships	119,000	119,000	118,000
- Lester B. Pearson College			68,000
- University of Saskatchewan			50,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Education			
<u>Other transfer payments (continued)</u>			
Education related organizations	\$ 74,000	\$ 74,000	\$ 90,386
- Council of Ministers of Education, Canada			\$ 78,581
- various recipients			11,805
School cultural activities	97,000	97,000	81,639
- Northern Cultural Expressions Society			36,155
- Tr'ondëk Hwëch'in			10,000
- various recipients			35,484
Apprenticeship initiatives	54,000	57,000	55,813
- Receiver General for Canada			54,919
- various recipients			894
Attendance initiative	50,000	50,000	49,995
- Elijah Smith Elementary School Trust			10,625
- various recipients			39,370
First Nations elder program	44,000	44,000	43,500
- Teslin Tlingit Council			30,000
- Champagne and Aishihik First Nations			13,500
French cultural activities	44,000	42,000	37,775
- various recipients			37,775
Yukon Art Society - artist in the school	19,000	19,000	19,000
Labour market framework	100,000	100,000	18,216
- Yukon literacy project			18,216
Labour market initiatives	20,000	20,000	16,500
- various recipients			16,500
First nations education accords	10,000	10,000	-
Various transfer payments less than \$10,000	10,000	12,000	11,200
	37,630,000	38,234,000	37,756,265
Total other government transfers	45,149,000	46,587,000	45,306,622

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Energy, Mines and Resources			
<u>Funding programs</u>			
Rebate programs	\$ 1,760,000	\$ 2,110,000	\$ 2,083,382
Yukon mineral exploration program	1,600,000	1,600,000	1,599,611
Agriculture - Growing Forward agreement	525,000	777,000	874,954
	<u>3,885,000</u>	<u>4,487,000</u>	<u>4,557,947</u>
<u>Other transfer payments</u>			
Geological survey work	215,000	215,000	906,932
- Da Daghay Development Corporation		\$ 441,000	
- Dena Nezziddi Corporation		174,576	
- University of British Columbia		125,806	
- Simon Fraser University		55,000	
- Boise State University		42,527	
- Memorial University of Newfoundland		30,190	
- Incorporated research institutions for seismology		18,870	
- University of Alberta		12,120	
- University of Alaska (Fairbanks)		5,155	
- University of Nevada, Las Vegas		<u>1,688</u>	
Energy - cost shared projects			
- various recipients	997,000	157,000	356,110
Type II mine site reclamation			
- various First Nations	466,000	466,000	167,900
- Little Salmon/Carmacks First Nation			92,874
- Tr'ondëk Hwëch'in			<u>75,026</u>
- Town of Faro	50,000	50,000	3,650
Yukon Chamber of Mines - operational funding	150,000	150,000	150,000
Klondike Placer Miners' Association			
- operational funding	120,000	120,000	120,000
Yukon Agricultural Association - operational funding	90,000	90,000	90,000
Oil and gas and mineral resources - regulatory costs			
- various First Nations	185,000	185,000	43,640
Carcross Tagish Management Corporation	-	-	43,234
Yukon Wood Products Association	40,000	40,000	40,000
Village of Teslin	-	-	19,956
Wellgreen Platinum Ltd.	-	-	18,173
Oil and gas resources			
- memorandum of understanding - various First Nations	40,000	25,000	-
- regulatory development and implementation	-	15,000	17,850
Forest management plans assistance			
- various recipients	15,000	15,000	12,812
Little Salmon/Carmacks First Nation	-	-	12,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Energy, Mines and Resources			
<u>Other transfer payments (continued)</u>			
Forestry research			
- various universities	\$ 25,000	\$ 25,000	\$ 6,149
Successor resource legislation working group			
- various First Nations	70,000	70,000	-
FPIInnovations - Forintek Division	17,000	17,000	-
Various transfer payments less than \$10,000	24,000	24,000	37,426
	<u>2,504,000</u>	<u>1,664,000</u>	<u>2,045,832</u>
Total other government transfers	<u>6,389,000</u>	<u>6,151,000</u>	<u>6,603,779</u>
Environment			
<u>Other transfer payments</u>			
Environment Canada			
- Mackenzie River Basin - transboundary agreement	40,000	40,000	40,000
- hydrometric agreement	-	-	825,255
- cableway remediation	-	-	75,000
Yukon Wildlife Preserve Operating Society			
- operational costs	704,000	704,000	754,183
- Swan Haven	17,000	17,000	17,000
Wildlife Management Advisory Council	258,000	455,000	455,000
University of Saskatchewan	-	148,000	147,500
Humane Society Yukon	120,000	120,000	120,564
- operational costs			\$ 110,000
- flooring			<u>10,564</u>
Whitehorse Fish Hatchery	100,000	100,000	100,000
Yukon Fish & Game Association	80,000	80,000	80,000
Porcupine Caribou Management Board	75,000	75,000	75,000
Yukon College			
- climate change research	75,000	75,000	75,000
- Congdon Creek Campground	5,000	5,000	-
- permafrost	-	-	53,274
- capital	-	-	9,972
Champagne and Aishihik First Nations	50,000	50,000	50,000
Centre for Human-Wildlife Conflict Solutions	25,000	25,000	40,000
Yukon Trappers' Association			
- operational costs	35,000	35,000	40,000
Yukon Conservation Society	35,000	35,000	35,000
University of Toronto	-	-	31,400
Environmental public awareness - various recipients	30,000	30,000	29,377
Animal protection program - various recipients	25,000	25,000	28,250
Humane Society Dawson	25,000	25,000	25,000
Ducks Unlimited	18,000	18,000	18,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Environment			
<u>Other transfer payments (continued)</u>			
Tr'ondék Hwëch'in			
- community water monitoring project	\$ 17,000	\$ 17,000	\$ 13,208
- Tombstone Territorial Park	16,000	16,000	4,463
Yukon Fish and Wildlife Management Board	-	-	17,000
Canadian Cooperative Wildlife Health Centre	14,000	14,000	14,000
Parks Canada	-	-	10,289
Yukon Invasive Species Council	-	-	10,000
Fish and wildlife research support - various recipients	18,000	18,000	-
Canadian Parks Council	12,000	12,000	-
Vuntut Gwitchin First Nation			
- community water monitoring project	10,000	10,000	-
Livestock veterinary services - various recipients	10,000	10,000	-
Various transfer payments less than \$10,000	20,000	20,000	54,844
Total other government transfers	1,834,000	2,179,000	3,248,579
Finance			
<u>Other transfer payments</u>			
The Yukon Electrical Company Limited			
- public utilities income tax transfer	213,000	213,000	212,700
Total other government transfers	213,000	213,000	212,700
French Language Services Directorate			
<u>Other transfer payments</u>			
Association franco-yukonnaise			
- community development	25,000	25,000	23,970
Various transfer payments less than \$10,000	12,000	12,000	12,000
Total other government transfers	37,000	37,000	35,970
Health and Social Services			
<u>Funding programs</u>			
Child care operating funds	4,454,000	4,454,000	6,360,669
Parents of children with disabilities	690,000	690,000	842,412
Employment incentives	390,000	390,000	310,647
	5,534,000	5,534,000	7,513,728

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates		Actual
Health and Social Services				
<u>Other transfer payments</u>				
Yukon Hospital Corporation				\$ 89,746,452
- operational funding	\$ 69,749,000	\$ 69,839,000	\$ 60,798,412	
- magnetic resonance imaging / emergency department expansion	17,811,000	17,811,000	18,297,086	
- First Nations health	750,000	850,000	850,000	
- laboratory services	525,000	525,000	492,554	
- Yukon Hospital Foundation	93,000	93,000	93,000	
- Watson Lake Hospital	-	-	4,676,400	
- Dawson City Hospital	-	-	4,539,000	
- Yukon Hospital Corporation	245,000	-	-	
Yukon hospital insurance services	27,366,000	28,011,000		28,609,212
- Yukon residents' health care provided outside Yukon				
- Province of British Columbia			17,707,896	
- Yukon Hospital Corporation - Whitehorse			3,433,600	
- Province of Alberta			2,816,129	
- reimbursements to individuals and insurance companies			1,939,620	
- Canadian Blood Services			1,139,785	
- other provinces and territories			652,289	
- contributions to various health agencies			919,893	
Yukon Medical Association				2,980,684
- physician recruitment/retention initiatives	2,381,000	2,607,000	2,235,495	
- medical practice insurance	262,000	262,000	427,189	
- education	272,000	272,000	318,000	
Child Development Centre	2,404,000	2,404,000		2,404,000
Challenge - Disability Resource Group				2,221,460
- Takhini Haven	1,080,000	1,080,000	990,257	
- community vocational alternatives	613,000	613,000	612,945	
- transitional housing for persons with mental health conditions	562,000	562,000	559,758	
- Bridges Café	65,000	65,000	58,500	
Many Rivers Counselling and Support Services Society	1,945,000	2,042,000		2,048,840
Salvation Army				1,946,282
- adult services	1,207,000	1,207,000	1,141,128	
- redevelopment project	250,000	995,000	655,624	
- health services	150,000	150,000	149,530	
Yukon Women's Transition Home Society	1,504,000	1,504,000		1,474,409

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Health and Social Services			
<u>Other transfer payments (continued)</u>			
Territorial Health Investment Fund - mental wellness	\$ 842,000	\$ 842,000	\$ 1,438,235
- Kwanlin Dün First Nation			\$ 273,454
- Carcross/Tagish First Nation			161,060
- Liard First Nation			129,013
- Fetal Alcohol Syndrome Society of Yukon			101,000
- Liard Aboriginal Women's Society			95,000
- First Nation of Na-cho Nyäk Dun			92,860
- Ross River Dena Council			92,532
- Vuntut Gwitchin First Nation			72,860
- Kluane First Nation			49,960
- Mental Health Association of Yukon			45,000
- Champagne and Aishihik First Nations			42,860
- Little Salmon/Carmacks First Nation			42,860
- Selkirk First Nation			42,860
- Ta'an Kwäch'än Council			42,860
- Teslin Tlingit Council			42,860
- White River First Nation			42,860
- Council of Yukon First Nations			23,336
- Bringing Youth Towards Equality Society			17,000
- Child Development Centre			10,000
- Ignite Counselling			10,000
- various recipients			8,000
Teegatha'Oh Zheh	1,754,000	1,754,000	1,181,621
Skookum Jim Friendship Centre	774,000	774,000	885,373
Prevention and enhancement initiatives	-	-	695,226
- Carcross/Tagish First Nation			49,659
- Champagne and Aishihik First Nations			49,659
- First Nation of Na-cho Nyäk Dun			49,659
- Kluane First Nation			49,659
- Kwanlin Dün First Nation			49,659
- Liard First Nation			49,659
- Little Salmon/Carmacks First Nation			49,659
- Ross River Dena Council			49,659
- Selkirk First Nation			49,659
- Ta'an Kwäch'än Council			49,659
- Teslin Tlingit Council			49,659
- Tr'ondëk Hwëch'in			49,659
- Vuntut Gwitchin First Nation			49,659
- White River First Nation			49,659
Fetal Alcohol Syndrome Society of Yukon	527,000	527,000	667,140
Options for Independence Society	629,000	629,000	658,030

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Health and Social Services			
<u>Other transfer payments (continued)</u>			
First Nation family support agreements			\$ 651,250
- Ross River Dena Council	\$ 48,000	\$ 48,000	\$ 150,000
- Selkirk First Nation			95,000
- Carcross/Tagish First Nation			75,000
- Champagne and Aishihik First Nations			75,000
- Tr'ondëk Hwëch'in			75,000
- Vuntut Gwitchin First Nation	69,000	69,000	75,000
- First Nation of Na-cho Nyäk Dun			56,250
- Liard First Nation	48,000	48,000	37,500
- Teslin Tlingit Council			12,500
- various recipients	130,000	130,000	-
Mental health youth treatment centres	130,000	130,000	628,917
Help & Hope for Families Society	492,000	492,000	492,000
Territorial Health Investment Fund - chronic disease	-	-	399,361
- Yukon Hospital Corporation - discharge planning			88,000
- Highways and Public Works - roadside survey			60,000
- various recipients			251,361
The Dawson Shelter Society	342,000	342,000	342,000
Early learning and child care	-	575,000	276,674
- La Garderie du Petit Cheval Blanc			29,600
- Yukon College			27,993
- Yukon Child Care Association			20,000
- Nlaye Ndasadaye Daycare			17,700
- Whitehorse Happy Hearts Daycare			14,400
- Care-a-lot Daycare			13,500
- Three H Preschool			12,900
- 43235 Yukon Inc.			11,400
- Amy's Place			10,800
- various recipients			118,381
Hospice Yukon Society	256,000	256,000	257,000
City of Whitehorse - Handy Bus	234,000	234,000	233,806
British Columbia Centre for Disease Control	96,000	96,000	227,700
Sport Yukon - Kids' Recreation Fund	206,000	206,000	205,500
Memorial University of Newfoundland	-	-	202,000
Blood Ties Four Directions Centre Society	199,000	199,000	200,000
HealthLink British Columbia	-	-	188,657
Federal child benefit - various recipients			187,793
- Whitehorse	289,000	289,000	152,040
- Region	71,000	71,000	35,753

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Health and Social Services			
<u>Other transfer payments (continued)</u>			
Kwanlin Dün First Nation child welfare	\$ 150,000	\$ 150,000	\$ 170,125
- family liaison worker			\$ 150,000
- community support			20,125
Yukon Registered Nurses Association	150,000	150,000	150,000
Learning Disabilities Association of Yukon	136,000	136,000	146,000
Tr'ondëk Hwëch'in	-	-	146,000
- emergency shelter			95,000
- families harvest project			51,000
Council of Yukon First Nations			144,917
- First Nations health partnership	120,000	120,000	135,167
- Health and Social Development Commission			9,750
Yukon Anti-Poverty Coalition	49,000	49,000	132,520
Second Opinion Society	109,000	109,000	109,000
Individual respite agreements	110,000	110,000	102,001
Yukon Association for Community Living	96,000	96,000	95,701
Yukon Food for Learning Association	95,000	95,000	94,500
Autism Yukon	79,000	79,000	79,000
Canadian Cancer Society	65,000	65,000	78,675
- cancer lodges			65,250
- smoker's helpline			13,425
Public Works and Government Services Canada	74,000	74,000	77,934
Medical student bursaries	125,000	125,000	75,000
Ta'an Kwäch'än Council - family support worker	75,000	75,000	75,000
Alberta Health Services - emergency medical services	34,000	34,000	71,820
Yukon Council on Aging	48,000	48,000	71,144
Yukon Housing Corporation	22,000	22,000	61,636
Line of Life Association of the Yukon	44,000	44,000	61,120
Mental Health Association of Yukon	-	-	58,000
SignPost Seniors Association	54,000	54,000	54,000
Yukon Review Board - care agreements	92,000	92,000	50,706
Health Investment Fund	50,000	50,000	50,000
Rendezvous Rotary Club of Whitehorse - imagination library	50,000	50,000	50,000
The Victoria Faulkner Women's Centre - accommodation	32,000	32,000	38,100
Health professional bursary	40,000	40,000	37,500
Canadian Institute for Health Information	22,000	22,000	36,796
Nursing education bursaries	24,000	24,000	35,000
Canadian National Institute for the Blind	33,000	33,000	33,000
Government of Manitoba - Healthy children	30,000	30,000	30,545
St. Elias Seniors Society	32,000	32,000	28,000
Shakat Tun Adventures Inc.	-	-	25,034
Professional Development Fund	25,000	25,000	25,000
Teen Parent Access to Education Society	18,000	18,000	23,000
The Yukon Status of Women Council	-	-	20,000
British Columbia Cancer Registry	17,000	17,000	19,002
The Canadian Red Cross Society	-	-	16,110
Kwanlin Dün Cultural Society - National Aboriginal Day	-	-	15,000
Vuntut Gwitchin First Nation - on the land program	-	-	15,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Health and Social Services			
<u>Other transfer payments (continued)</u>			
Big Brothers & Big Sisters of Yukon	\$ 12,000	\$ 12,000	\$ 12,000
Recreation & Parks Association of the Yukon	18,000	28,000	10,000
University of Toronto - choosing wisely campaign	-	-	10,000
Land based healing supports	150,000	150,000	-
Liard Basin Task Force Society	97,000	-	-
Haines Junction Employment Development Society	50,000	50,000	-
Health education bursaries	25,000	25,000	-
Rick Hansen Institute	20,000	20,000	-
Chronic disease management - housing agreement	45,000	-	-
Foster Parent Association	15,000	15,000	-
Rehabilitation subsidies	15,000	15,000	-
Alcohol and drug - education and prevention - various recipients	10,000	10,000	-
Canadian Cancer Society	-	12,000	-
Various transfer payments less than \$10,000	16,000	16,000	176,642
	<u>138,943,000</u>	<u>141,056,000</u>	<u>144,260,150</u>
Total other government transfers	144,477,000	146,590,000	151,773,878
Highways and Public Works			
<u>Other transfer payments</u>			
Transportation Planning and Engineering			373,347
- Northern transportation adaptation initiative			
- Yukon College	268,000	259,000	\$ 258,215
- FPInnovations	41,000	41,000	40,635
- Carleton University	-	36,000	35,947
- University of Manitoba	23,000	23,000	23,000
- Tr'ondëk Hwëch'in	-	13,000	12,500
- Canadian Standards Association	3,000	3,000	3,050
Bridges - numbered highways/secondary roads			363,500
- Champagne and Aishihik First Nations	-	358,000	358,000
- Little Salmon/Carmacks First Nation	-	6,000	5,500
Miles Canyon Historic Railway Society	107,000	107,000	107,000
Kwanlin Dün First Nation - quarry development	-	100,000	100,000
Yukon Contractors Association - procedural updates	-	35,000	35,000
The Yukon Transportation Museum Society			
- Bell licensing agreement	12,000	12,000	12,000
Kluane First Nation			
- Alaska Highway - Shakwak	10,000	10,000	10,000
Campbell Highway - Kaska First Nation	100,000	100,000	-
Raven Recycling Society - e-waste disposal	36,000	-	-
Various transfer payments less than \$10,000	5,000	5,000	5,000
	<u>605,000</u>	<u>1,108,000</u>	<u>1,005,847</u>
Total other government transfers	605,000	1,108,000	1,005,847

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates		Actual
Justice				
<u>Other transfer payments</u>				
Yukon Legal Services Society (Legal Aid)				\$ 2,458,447
- legal services	\$ 2,304,000	\$ 2,304,000	\$ 2,423,447	
- community justice and public safety	35,000	35,000	35,000	
Human Rights Commission	682,000	682,000		817,000
Community residential centre (Salvation Army)	550,000	550,000		550,000
Aboriginal courtworker program	348,000	648,000		517,750
- Council of Yukon First Nations			157,500	
- Liard First Nation			73,903	
- Ross River Dena Council			36,952	
- Ross River Dena Council (prior year funding)			1,900	
- Vuntut Gwitchin First Nation			36,952	
- Vuntut Gwitchin First Nation (prior year funding)			1,730	
- First Nation of Na-cho Nyäk Dun			36,952	
- Kluane First Nation			36,952	
- Selkirk First Nation			36,952	
- Tr'ondëk Hwëch'in			36,952	
- Little Salmon/Carmacks First Nation			24,053	
- Carcross/Tagish First Nation			18,476	
- Teslin Tlingit Council			18,476	
Yukon Workers' Compensation Health and Safety Board	330,000	330,000		329,500
Community justice projects	307,000	307,000		293,042
- Liard First Nation			65,700	
- Teslin Tlingit Council			49,648	
- Teslin Tlingit Council (prior year funding)			6,000	
- Kwanlin Dün First Nation			49,925	
- Kwanlin Dün First Nation (prior year funding)			3,675	
- Champagne and Aishihik First Nations			28,521	
- Champagne and Aishihik First Nations (prior year funding)			6,454	
- Carcross/Tagish First Nation			20,925	
- Carcross/Tagish First Nation (prior year funding)			2,325	
- Tr'ondëk Hwëch'in			22,500	
- Tr'ondëk Hwëch'in (prior year funding)			519	
- Vuntut Gwitchin First Nation			18,485	
- Vuntut Gwitchin First Nation (prior year funding)			3,695	
- Ross River Dena Council			14,670	
Kwanlin Dün First Nation security initiative	-	496,000		124,175
Yukon Public Legal Education Association	90,000	90,000		110,000
RCMP				72,442
- biology caseworks	121,000	121,000	72,442	
- auxiliary police program	25,000	25,000	-	
- police board funding	5,000	5,000	-	
Yukon Aboriginal Women's Society	-	-		49,523
Yukon Women's Transition Home Society	-	-		26,340
Yukon Community Crime Stopper Association	10,000	10,000		7,833
Total other government transfers	4,807,000	5,603,000		5,356,052

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates		Actual
Tourism and Culture				
<u>Funding programs</u>				
Arts operating funds	\$ 668,000	\$ 668,000		\$ 668,000
Tourism cooperative marketing fund	700,000	700,000		570,756
Arts fund	500,000	500,000		528,931
Advanced artist award	150,000	150,000		140,216
Touring artist fund	100,000	100,000		94,859
	<u>2,118,000</u>	<u>2,118,000</u>		<u>2,002,762</u>
<u>Other transfer payments</u>				
MacBride Museum Society	1,500,000	1,650,000		1,650,000
- expansion			\$ 1,500,000	
- planning			150,000	
Yukon Arts Centre Corporation				1,267,788
- operations and maintenance	860,000	860,000	859,610	
- Old Fire Hall programming	175,000	175,000	175,000	
- culture quest	157,000	157,000	157,000	
- arts summit conference	75,000	75,000	75,000	
- other	-	-	1,178	
First Nations cultural centres	815,000	815,000		922,200
- Champagne and Aishihik First Nations			190,000	
- Teslin Tlingit Council			160,000	
- Carcross/Tagish First Nation			130,000	
- Kwanlin Dün Cultural Society			130,000	
- Tr'ondëk Hwëch'in			130,000	
- Little Salmon/Carmacks First Nation			73,000	
- Vuntut Gwitchin First Nation			59,200	
- Selkirk First Nation			50,000	
Museums - general operation, maintenance and training support	842,000	842,000		846,600
- MacBride Museum Society			202,000	
- Yukon Transportation Museum Society			130,000	
- Dawson City Museum Society			120,000	
- Old Log Church Museum			80,000	
- Teslin Historical & Museum Society			54,600	
- Keno Community Club			50,000	
- Kluane Museum of History Society			50,000	
- Town of Watson Lake - Northern Lights Centre			50,000	
- Town of Faro - Campbell Region Interpretive Centre			40,000	
- Village of Mayo			40,000	
- Miles Canyon Historic Railway Society			30,000	
Dawson City Arts Society	425,000	425,000		425,000
Museums - assistance	333,000	333,000		372,823
- MacBride Museum Society			87,757	
- Dawson City Museum Society			56,489	
- Teslin Historical & Museum Society			49,351	
- Yukon Church Heritage Society			30,166	

GOVERNMENT OF YUKON

Schedule 9

Schedule of Other Government Transfers
for the year ended March 31, 2018

	Main Estimates	Revised Estimates		Actual
Tourism and Culture				
<u>Other transfer payments (continued)</u>				
Museums - assistance (continued)				
- Miles Canyon Historic Railway Society			\$ 25,270	
- The Yukon Transportation Museum Society			22,140	
- Kwanlin Dün Cultural Society			20,000	
- Town of Watson Lake - Northern Lights Centre			20,000	
- Kluane Museum of Natural History			19,998	
- Carcross/Tagish First Nation			13,500	
- Champagne and Aishihik First Nations			12,280	
- various recipients			15,872	
Northern Cultural Expressions Society	\$ 345,000	\$ 345,000		\$ 362,250
Tourism Industry Association of the Yukon				302,450
- operations and maintenance	244,000	244,000	244,000	
- promotion/events	25,000	5,000	58,450	
Wilderness Tourism Association of the Yukon	264,000	264,000		264,000
Canadian Tourism Commission	415,000	315,000		216,140
Canada's 150th community events	200,000	200,000		207,276
- Yukon Arts Centre Corporation			166,594	
- City of Whitehorse			40,682	
Yukon Convention Bureau Society	200,000	200,000		200,000
Yukon First Nations Culture and Tourism Association	160,000	160,000		160,000
Yukon Quest International Association (Canada)	150,000	150,000		150,000
Selkirk First Nation - Fort Selkirk	147,000	147,000		147,000
Tr'ondëk Hwëch'in - Forty Mile	95,000	107,000		107,100
North American marketing agreements				
- Holland America	50,000	50,000		100,000
Yukon Art Society - artist in the school	100,000	100,000		98,392
- arts themed events	94,000	94,000		95,494
- Friends of the Yukon Archives Society			16,994	
- Champagne and Aishihik First Nations			10,000	
- Dawson City Arts Society			10,000	
- Tr'ondëk Hwëch'in			10,000	
- various recipients			48,500	
Canada's 150th signature events	100,000	100,000		77,500
- Music Yukon			50,000	
- National Arts Centre Corporation			25,000	
- various recipients			2,500	
Yukon Sourdough Rendezvous	75,000	75,000		75,000
Air North	-	-		74,921
Yukon Historical and Museums Association	74,000	74,000		74,000
Historic sites maintenance	126,000	126,000		70,730
- Yukon Historic Resource Fund			16,000	
- First Nation of Na-cho Nyäk Dun			14,399	
- Parish of St. Mary with St. Mark			11,189	
- various recipients			29,142	
Vuntut Gwitchin First Nation - Rampart House	60,000	60,000		60,000
Yukon Council of Archives	-	-		59,276
Sport Yukon - sport tourism	43,000	43,000		43,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Tourism and Culture			
<u>Other transfer payments (continued)</u>			
Alaska Highway 75th celebration			
- Yukon Arts Centre Corporation	\$ 50,000	\$ 50,000	\$ 41,648
Heritage trails	40,000	40,000	38,263
- Champagne and Aishihik First Nations		\$ 18,000	
- First Nation of Na-cho Nyäk Dun		11,140	
- various recipients		9,123	
Industry - product development and resource assessment	50,000	50,000	35,102
- Yukon First Nations Culture & Tourism Association		25,000	
- various recipients		10,102	
Friends of Yukon Permanent Art Collection Society			
- visual arts acquisitions	30,000	30,000	30,000
Association franco-yukonnaise	25,000	25,000	25,000
New Canadians event fund			
- various recipients	45,000	45,000	24,500
On Yukon time			
- tourism			
- various recipients	25,000	25,000	22,150
Kwanlin Dün First Nation	-	-	20,150
Ta'an Kwäch'än Council	-	20,000	20,000
The Yukon Science Institute	20,000	20,000	20,000
Historic sites - heritage attraction site support			
- Yukon Conservation Society - Canyon City	15,000	15,000	18,000
Carcross/Tagish First Nation	-	-	10,000
Youth Directorate mural	-	-	10,000
Tourism Industry Association of the Yukon			
- 2017 tourism conference	-	20,000	-
Various transfer payments less than \$10,000	34,000	50,000	30,213
	<u>8,483,000</u>	<u>8,581,000</u>	<u>8,773,966</u>
Total other government transfers	<u>10,601,000</u>	<u>10,699,000</u>	<u>10,776,728</u>

Women's Directorate

Other transfer payments

Women's equality fund	300,000	300,000	300,000
- The Victoria Faulkner Women's Centre			47,500
- The Yukon Status of Women Council			41,500
- Les EssentiElles			38,000
- Whitehorse Aboriginal Women's Circle			38,000
- Yukon Women in Trades and Technology			37,000
- Yukon Aboriginal Women's Council			35,000
- Elizabeth Fry Society of Yukon			33,000
- Liard Aboriginal Women's Society			30,000

GOVERNMENT OF YUKON

Schedule 9

Schedule of Other Government Transfers
for the year ended March 31, 2018

	Main Estimates	Revised Estimates	Actual
Women's Directorate			
<u>Other transfer payments (continued)</u>			
Prevention of violence against aboriginal women initiatives	\$ 200,000	\$ 200,000	\$ 175,681
- Food Bank Society of Whitehorse		\$ 25,000	
- Liard Aboriginal Women's Society		25,000	
- The Victoria Faulkner Women's Centre		25,000	
- Vuntut Gwitchin First Nation		25,000	
- Whitehorse Aboriginal Women's Circle		25,000	
- Champagne and Aishihik First Nations		22,370	
- Teen Parent Access to Education Society		15,795	
- Skookum Jim Friendship Centre		12,516	
Aboriginal women initiatives	150,000	150,000	142,716
- Liard Aboriginal Women's Society		50,000	
- Whitehorse Aboriginal Women's Circle		50,000	
- Yukon Aboriginal Women's Council		42,716	
The Victoria Faulkner Women's Centre			
- women's advocate	100,000	100,000	100,000
- A Safe Place	65,000	65,000	65,000
Skookum Jim Friendship Centre			
- Women's legal advocate services	93,000	93,000	88,687
Yukon Anti-Poverty Coalition			
- Program coordination/delivery			
- Whitehorse affordable family housing complex	42,000	42,000	66,000
Women's community projects - various recipients	10,000	10,000	8,000
Total other government transfers	960,000	960,000	946,084
Yukon Development Corporation (Transfer Payment)			
<u>Other transfer payments</u>			
Interim electrical rebate	3,500,000	3,500,000	3,500,000
Mayo B rate payer support	2,625,000	2,625,000	2,625,000
Innovative renewable energy initiative	1,500,000	1,500,000	-
Long-term financing	-	39,200,000	-
Total other government transfers	7,625,000	46,825,000	6,125,000
Yukon Housing Corporation (Transfer Payment)			
<u>Other transfer payments</u>			
Operations and maintenance	7,251,000	7,251,000	4,962,008
Capital	5,630,000	7,319,000	6,505,174
Total other government transfers	12,881,000	14,570,000	11,467,182

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2018**

	Main Estimates	Revised Estimates	Actual
Totals			
Funding programs	\$ 30,407,000	\$ 32,027,000	\$ 32,896,993
Other government transfers	238,153,000	291,248,000	253,774,100
	\$ 268,560,000	\$ 323,275,000	\$ 286,671,093

GOVERNMENT OF YUKON

Schedule 10

**Schedule of Special Warrants
for the year ended March 31, 2018**

Warrant Number	Purpose	Amount
		(thousands of dollars)
No. 1	Operations and maintenance	
	Yukon Legislative Assembly	\$ 3,426
	Elections Office	183
	Office of the Ombudsman	344
	Child and Youth Advocate	159
	Executive Council Office	9,993
	Community Services	45,320
	Economic Development	6,573
	Education	53,141
	Energy, Mines and Resources	23,187
	Environment	10,249
	Finance	2,781
	French Language Services Directorate	1,479
	Health and Social Services	100,985
	Highways and Public Works	35,258
	Justice	17,459
	Public Service Commission	6,975
	Tourism and Culture	7,794
	Women's Directorate	756
	Yukon Development Corporation	3,500
	Yukon Housing Corporation	4,878
		<u>334,440</u>
	Capital	
	Yukon Legislative Assembly	28
	Elections Office	2
	Office of the Ombudsman	3
	Child and Youth Advocate	1
	Community Services	17,207
	Economic Development	273
	Education	12,751
	Energy, Mines and Resources	1,418
	Environment	705
	Finance	140
	French Language Services Directorate	4
	Health and Social Services	31,039
	Highways and Public Works	21,259
	Justice	466
	Public Service Commission	183
	Tourism and Culture	423
	Women's Directorate	44
	Yukon Development Corporation	500
	Yukon Housing Corporation	6,089
		<u>92,535</u>
		<u><u>\$ 426,975</u></u>

The special warrant authorized spending for the purpose of financing government operations for the period April 1 to June 30, 2017. This warrant was subsequently approved by the *First Appropriation Act (Yukon) 2017-18*.

GOVERNMENT OF YUKON

Schedule 11

**Schedule of Bad Debt Write-offs
for the year ended March 31, 2018**

Department	Number of Accounts	Total
Health and Social Services	4	\$ 25,131
Highways and Public Works	7	10,965
Education	7	10,235
Community Services	13	2,423
Justice	1	2,230
Energy, Mines and Resources	3	1,473
		<hr/>
		\$ 52,457

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YUKON COLLEGE
FINANCIAL STATEMENTS
June 30, 2017

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YUKON COLLEGE
Management Responsibility

The consolidated financial statements are the responsibility of management and the Board of Governors of the College. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards with Section 4200 series for government not-for-profit organizations. The consolidated financial statements include estimates based on the experience and judgment of management.

Management is responsible for maintaining the books of account, financial and management controls, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of College objectives and that operations are carried out effectively.

Management is also responsible for designing these systems and practices to provide reasonable assurance that transactions are in accordance with the *Yukon College Act*, bylaws and policies of the College.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board meets on a periodic basis with management and the external auditor to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters. The Board of Governors has reviewed and approved the consolidated financial statements.

These consolidated financial statements for the years ended June 30, 2017 and comparative periods have been independently audited by the College's auditor, the Auditor General of Canada, and his report is included herein.



Dr. Karen Barnes
President



Michael Hale
Chief Administrative Officer

December 9, 2017



INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of the Yukon College

I have audited the accompanying consolidated financial statements of the Yukon College, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Yukon College as at 30 June 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

9 December 2017
Vancouver, Canada

YUKON COLLEGE
Consolidated Statement of Financial Position
As at June 30, 2017

ASSETS	<u>June 30, 2017</u>	<u>June 30, 2016</u> <i>Restated</i> <i>(note 2 b)</i>
Current Assets		
Cash (note 4)	\$ 6,522,714	\$ 4,945,172
Accounts receivable (note 3b)	3,405,396	3,011,501
Inventories	124,712	112,616
Prepaid expenses	<u>136,655</u>	<u>66,524</u>
	10,189,477	8,135,813
Other Assets		
Restricted cash (note 5)	3,767,533	3,718,647
Accrued pension benefit asset (note 6a)	16,653,900	15,476,200
Capital assets (note 7)	<u>8,842,581</u>	<u>8,025,705</u>
	<u>\$ 39,453,491</u>	<u>\$ 35,356,365</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,308,589	\$ 2,308,989
Deferred contributions (note 9)	2,838,691	2,358,063
Vacation leave and employee future benefits	<u>2,539,070</u>	<u>2,490,786</u>
	<u>8,686,350</u>	<u>7,157,838</u>
Long-term Liabilities		
Deferred capital contributions (note 10)	4,781,593	4,216,543
Other employee future benefits (note 6b)	<u>4,813,700</u>	<u>4,497,100</u>
	<u>9,595,293</u>	<u>8,713,643</u>
Net Assets		
Capital (note 7)	8,842,581	8,025,705
Externally restricted for endowments (note 8)	3,369,653	3,293,424
Externally restricted for pension (note 6a)	16,653,900	15,476,200
Unrestricted	<u>(7,694,286)</u>	<u>(7,310,445)</u>
	<u>21,171,848</u>	<u>19,484,884</u>
	<u>\$ 39,453,491</u>	<u>\$ 35,356,365</u>

Commitments (note 17)

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Governors



Chair



Member

YUKON COLLEGE
Consolidated Statement of Operations
For the year ended June 30

	<u>2017</u>	<u>2016</u> <i>Restated</i> <i>(note 2 b)</i>
Revenues		
Contributions, Government of Yukon (note 12)	\$ 25,704,304	\$ 23,203,356
Contracts (note 13 and 18)	16,489,115	18,615,178
Tuition (note 18)	1,668,977	1,403,284
Sales, rentals and services	1,563,381	1,668,934
Miscellaneous income (note 14)	1,268,074	1,360,257
Student assistance/scholarships (note 16)	715,776	694,158
Amortization of deferred capital contributions (note 10)	360,823	291,878
Interest income	55,299	50,845
	<u>\$ 47,825,749</u>	<u>\$ 47,287,890</u>
Expenses (note 11)		
Direct instruction	\$ 16,373,571	\$ 18,704,538
Direct instructional support	10,353,956	9,257,622
General administration	6,563,022	6,417,263
Research	4,586,512	4,190,529
Services received without charge (note 12)	3,706,611	3,677,187
Facility services and utilities	1,972,898	1,584,116
Cost of sales	1,686,070	1,809,663
Amortization of capital assets (note 7)	920,763	771,628
Student assistance/scholarships	714,765	695,158
Employee leave and termination benefits	364,884	424,944
Miscellaneous	149,662	100,781
	<u>\$ 47,392,714</u>	<u>\$ 47,633,429</u>
Net operating surplus (deficit)	\$ 433,035	\$ (345,539)
Increase in accrued pension benefit asset	<u>1,177,700</u>	<u>657,000</u>
Total surplus of revenues over expenses	<u>\$ 1,610,735</u>	<u>\$ 311,461</u>

The accompanying notes are an integral part of the consolidated financial statements.

YUKON COLLEGE
Consolidated Statement of Changes in Net Assets
For the year ended June 30

	<u>Unrestricted</u>	<u>Capital</u>	<u>Externally Restricted for Endowments</u>	<u>Externally Restricted for Pension</u>	<u>2017 Total</u>	<u>2016 Total Restated (note 2 b)</u>
Balance, beginning of year	\$ (7,310,445)	\$ 8,025,705	\$ 3,293,424	\$ 15,476,200	\$ 19,484,884	\$ 17,866,285
Capital assets acquired - net of disposals (note 7)	-	1,737,639	-	-	1,737,639	1,718,926
Amortization of capital assets (note 7)	-	(920,763)	-	-	(920,763)	(771,628)
Change in net assets - Capital (note 7)	(816,876)	-	-	-	(816,876)	(947,298)
Endowment (transfer) contributions - net (note 8)	-	-	76,229	-	76,229	1,307,138
(Increase) decrease in pension benefit asset	(1,177,700)	-	-	1,177,700	-	-
Total surplus of revenues over expenses	1,610,735	-	-	-	1,610,735	311,461
Balance, end of year	<u>\$ (7,694,286)</u>	<u>\$ 8,842,581</u>	<u>\$ 3,369,653</u>	<u>\$ 16,653,900</u>	<u>\$ 21,171,848</u>	<u>\$ 19,484,884</u>

The accompanying notes are an integral part of the consolidated financial statements.

YUKON COLLEGE
Consolidated Statement of Cash Flows
For the year ended June 30

	<u>2017</u>	<u>2016</u> <i>Restated</i> <i>(note 2 b)</i>
Cash flows provided from operating activities:		
Total surplus of revenues over expenses	\$ 1,610,735	\$ 311,461
Items not affecting cash		
Amortization of capital assets (note 7)	920,763	771,628
Amortization of deferred capital contributions (note 10)	(360,823)	(291,878)
Increase in non-cash working capital balances	1,059,043	1,112,072
Increase in accrued pension benefit asset	(1,177,700)	(657,000)
Increase in other employee future benefits	316,600	114,800
Cash flows provided from operating activities	<u>2,368,618</u>	<u>1,361,083</u>
Cash flows used in investing activities:		
Increase in restricted cash	<u>(48,886)</u>	<u>(1,403,889)</u>
Cash flows used in investing activities	<u>(48,886)</u>	<u>(1,403,889)</u>
Cash flows used in capital activities:		
Capital assets acquired (note 7)	<u>(1,744,292)</u>	<u>(1,718,926)</u>
Cash flows used in capital activities	<u>(1,744,292)</u>	<u>(1,718,926)</u>
Cash flows provided from (used in) financing activities:		
Net investment income (loss) from endowments (note 8)	20,046	(11,905)
Endowment contributions (including transfers)	56,183	1,319,043
Increase in deferred capital contributions (note 10)	925,873	1,056,079
Cash flows provided from financing activities	<u>1,002,102</u>	<u>2,363,217</u>
Change in cash:		
Net increase in cash	1,577,542	601,485
Cash		
Beginning of year	<u>4,945,172</u>	<u>4,343,687</u>
End of year	<u>\$ 6,522,714</u>	<u>\$ 4,945,172</u>

The accompanying notes are an integral part of the consolidated financial statements.

YUKON COLLEGE
Notes to the Consolidated Financial Statements
Year ended June 30, 2017

1. Purpose

a) Yukon College (the College) is a post-secondary educational institution and is incorporated under the *Yukon College Act*. The College is a not-for-profit organization and is a registered charity under the *Income Tax Act*. A significant portion of its funding is provided by the Government of Yukon. The purpose of the College is to provide excellent, relevant and accessible learning opportunities.

b) The Yukon College Foundation (the Foundation) is incorporated as a not-for-profit organization under the *Canada Not-For-Profit Corporations Act*. The Foundation is a registered charity under the *Income Tax Act*. The Foundation was established:

- to fund, facilitate, promote and carry out activities which are consistent with the objectives of Yukon College and to provide support for its educational facilities, educational programs and education services;
- to fund the provision of bursaries, scholarships and prizes granted by Yukon College for any purpose for students in attendance at facilities owned and/or operated by Yukon College;
- to receive bequests, legacies, donations, gifts, funds and property from all sources and to hold and invest such funds and property and to administer and distribute such funds and property for the purposes of the Foundation;
- to do all such other things as are incidental and ancillary to the attainment of the foregoing purposes and the exercise of the power of the Foundation.

2. Significant accounting policies

a) Basis of presentation

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The College has elected to apply the Section 4200 series for government-not-for-profit organizations.

b) Basis of consolidation and change in accounting policy

The consolidated financial statements include the accounts of the College and its controlled entity, the Foundation. All significant inter-organization transactions and balances have been eliminated on consolidation.

The College controls the Foundation as the Board of Governors of the College have the ability to be appointed as the majority of the members of the Board of Directors of the Foundation. The Foundation's Board of Directors does not currently include any members of the Board of Governors of the College. The Foundation operates out of the College's main campus building with the assistance of College employees in the advancement office. The Foundation has a year end of June 30 and its financial statements are presented in accordance with Canadian public sector accounting standards. The Foundation has elected to apply the Section 4200 series for government-not-for-profit organizations.

In 2016, the results and financial position of the Foundation were not consolidated in the College's financial statements. Financial information for the Foundation was provided in note 1 of the College's 2016 financial statements. The change to consolidate the Foundation was made to provide more appropriate presentation of transactions in the financial statements of the College.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

2. Significant accounting policies (continued)

This change in accounting policy is applied retroactively with restatements of prior-year amounts. Effects of this change are as follows:

	<u>2016</u> As previously stated	<u>2016</u> Foundation amount	<u>2016</u> Restated
<u>Statement of financial position</u>			
Restricted cash	\$295,961	\$3,422,686	\$3,718,647
Accounts payable and accrued liabilities	\$2,309,248	(\$259)	\$2,308,989
Deferred contributions	\$2,227,542	\$130,521	\$2,358,063
Net assets - externally restricted for endowments	\$ -	\$3,293,424	\$3,293,424
Net assets - unrestricted	(\$7,309,445)	(\$1,000)	(\$7,310,445)
<u>Statement of operations</u>			
Student assistance/scholarships expense	\$694,158	\$1,000	\$695,158
Total surplus of revenue over expenses	\$312,461	(\$1,000)	\$311,461
<u>Statement of changes in net assets</u>			
Endowment (transfer) contributions - net	(\$1,986,286)	\$3,293,424	\$1,307,138
Total surplus of revenues over expenses	\$312,461	(\$1,000)	\$311,461
<u>Statement of cash flows</u>			
Increase in non-cash working capital balances	\$1,007,358	\$104,714	\$1,112,072
Increase in restricted cash	\$ -	(\$1,403,889)	(\$1,403,889)
Net investment income (loss) from endowments	\$6,963	(\$18,868)	(\$11,905)
Endowment contributions (including transfers)	\$ -	\$1,319,043	\$1,319,043

Notes 8, 9 and 11 have been restated.

c) Financial instruments

All financial instruments of the College are recorded at cost or amortized cost. The College does not have any financial instruments that are carried at fair value.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

2. Significant accounting policies (continued)

d) Accounts receivable

Accounts receivable is recorded at the principal amount less valuation allowances.

e) Capital assets

Purchased equipment and leasehold improvements are recorded at cost, net of accumulated amortization. The items are amortized on a straight-line basis over their estimated useful lives. The College has received contributed capital assets during the year which are disclosed in note 7.

	<u>Useful life (years)</u>
Equipment – general	10
Leasehold improvements	20
Equipment – electronic data processing	3
Furniture & fixtures	10
Mobile trailers	20
Vehicles	5

The Works of Art are capitalized at cost and no amortization is recorded.

f) Inventories

Inventories consist of items for resale in the bookstore and food service operations. These inventories are valued at the lower of cost and net realizable value. Inventories are determined on a first in - first out basis.

g) Contributed services

The College benefits from services provided by volunteers in assisting the institution in carrying out its activities. The fair value of these services is not determinable and accordingly is not included in the consolidated financial statements.

h) Employee future benefits

Pension benefits

The Yukon College Employees' Pension Plan is a contributory defined benefit pension plan. The pension plan provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees of the College after 24 months of continuous service. The College's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the federal *Pension Benefits Standards Act*, and is indexed in accordance with the change in Consumer Price Index for 12 months ending September 30th. For the solvency deficiency, the College obtained a letter of credit in lieu of making solvency payments up to December 2016 and made monthly solvency payments from January to June 2017. The amount of the letter of credit is equal to the amount of solvency payments required as determined by the actuary. Contributions by the College are recorded in the consolidated financial statements using an accrued benefit method. The College has contracted with external organizations to provide the services of trustee, administration, consulting and investment management for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

The College accrues its obligations under the pension plan and the related costs, net of plan assets.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

2. Significant accounting policies (continued)

The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, inflation rates, salary escalation, and retirement ages of employees.

For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Past service costs from plan amendments are accounted for in the period of the plan amendments.

The cost of the retirement benefits recognized during the period is comprised of the retirement benefits expense and the retirement benefits interest expense.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group, which is estimated to be 9 years.

Other non-pension benefits

The cost of the benefit plan, other than pension, including severance benefits, non-vesting but accumulating sick leave and special 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 using management's best estimate of inflation rates, salary escalation, retirement ages of employees, and is recognized over the period in which the benefits are earned (i.e. the period the employee renders service to the College). The College accrues other vacation and leave benefits for employees as earned. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group, which is estimated to be 9 years (2016 - 9 years).

i) Employee vacation leave

Employee vacation leave is expensed as the benefits accrue to employees under their respective terms of employment.

j) Revenue recognition

The College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue on the same basis and in the same periods as expenses under the terms of the restrictions. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted contributions, such as operating grants, are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in endowment net assets. Interest earned on endowment contributions where a portion of the interest can not be spent is added to the endowment principal. Interest earned on endowment contributions where the investment income can be spent is deferred until the interest is spent for the specified purposes.

Sales, rentals and services, miscellaneous income, and tuition and registration fees are reported as revenue at the time the services are substantially provided or the products are delivered. Tuition fees received in advance of courses being delivered are deferred and recognized when the courses are delivered.

The College provides education, rentals, research and services to private companies, federal and territorial government departments, agencies and corporations through contractual arrangements. Payments received under these contracts for which the development and delivery of courses and projects are not completed are recorded as deferred revenue until completion in accordance with the terms of the agreements (see note 9).

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

2. Significant accounting policies (continued)

k) Allocation of expenses

The College allocates the majority of its expenses by function. General administration expenses are not allocated to other functions but are disclosed separately. The College does not incur any significant expenses for fundraising except those disclosed in note 16 on behalf of the Yukon College Foundation. Administration related to fundraising is included in general administration expenses.

l) Restrictions on net assets

Invested in capital assets represents the amount the College has spent on capital assets using its own funding sources. The accrued pension benefit asset is restricted in order to meet future pension obligations.

m) Services received without charge

The free rental of the College's main campus and certain other facilities provided by the Government is recorded as contribution revenue and certain offsetting operating expenses (see note 12).

n) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards applicable for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of lease commitments at the date of the financial statements and the reported amount of revenue and expenses for the year. Significant areas requiring the use of management estimates relate to the determination of the defined benefit pension plan surplus and the liabilities for other employee future benefits, and the estimated useful lives of capital assets. Actual results could differ significantly from those estimated. Estimates are reviewed annually and as adjustments become necessary, they are recorded in the consolidated financial statements in the period which they become known.

o) Contingent liabilities

Contingent liabilities may arise from time to time in the normal course of operations. Liabilities on any litigation are recognized in the consolidated financial statements when it is likely that a future event will confirm that a liability has been incurred at the date of the consolidated financial statements and the amount can be reasonably estimated.

3. Financial risk management

(a) Fair value of financial instruments

The College's financial instruments consist of cash, accounts receivable, restricted cash and accounts payable and accrued liabilities. The fair values of the College's financial instruments approximate their carrying values.

(b) Financial risks

The College's financial instruments are exposed to the following risks: credit risk, interest rate risk, foreign exchange risk, and liquidity risk. The College manages these risk exposures on an ongoing basis. The College is not party to any financial derivatives.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The fair value of the College's financial instruments approximate their carrying values due to the short term nature of these instruments. It is management's opinion that the College is not exposed to significant interest rate risk on its cash and restricted cash, which are held in a Canadian chartered bank and a reputable investment firm.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

3. Financial risk management (continued)

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The College is not exposed to any significant foreign exchange risk because instruments held in foreign currency are not considered significant.

Credit risk

Credit risk arises from the possibility that the issuer of a financial instrument fails to meet its obligation. The carrying amount of cash, restricted cash and accounts receivable represents the maximum credit exposure. The credit risk associated with these instruments is considered to be minimal due to the nature of the instruments and the fact that the majority of the accounts receivable are due from the federal, territorial, first nation and municipal governments.

Credit risk on cash and restricted cash is minimized as these assets are held with a Canadian Chartered bank and a reputable investment firm.

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

	<u>2017</u>	<u>2016</u>
Carrying value	\$ 3,405,396	\$ 3,011,501
Allowance for doubtful accounts	\$ 67,495	\$ 40,587
Accounts receivable % less than 30 days	69%	75%
Accounts receivable % over 90 days	4%	10%

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they become due. The College monitors its cash balance and cash flows from operations to ensure that it has sufficient liquidity on hand to meet its liabilities when due.

The College manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the College's reputation. As at June 30, 2017 and 2016, substantially all of the College's accounts payable and accrued liabilities is due within 6 months of year-end.

4. Cash

The College has, if needed, an operating demand line of credit with its banker that allows the College to borrow up to \$500,000 at bank prime. The credit line was unused at June 30, 2017. The College's credit facility interest rates are subject to fluctuations in the prime rate.

5. Restricted cash

Restricted cash consists of \$3,534,552 (2016 restated - note 2b- \$3,422,686) for Foundation endowment and deferred contributions and \$232,981 (2016 - \$295,961) for prepaid leave.

Restricted cash for Foundation endowment and deferred contributions consists of investments and cash invested in accordance with the articles of incorporation of the Foundation. Annual investment returns will vary from year to year. Restricted cash for prepaid leave consists of high interest savings accounts and the average annual return was 0.9% (2016 - 0.9 %).

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

6. Employee future benefits

a) Pension benefits

Assets in the Yukon College Employees' Pension Plan are based on fair values as reported by the custodian of the funds as at June 30, 2017. No adjustment is made for contributions/payments in transit at that date.

An actuarial valuation for accounting purposes was performed as of June 30, 2017 using the projected benefits method prorated on services. Estimates of the pension income for the year ending June 30, 2018 were made as part of the June 30, 2017 valuation. The next actuarial valuation for accounting purposes will be performed as of June 30, 2019.

An actuarial valuation for funding purposes was performed as of June 30, 2017 and the next actuarial valuation for funding purposes will be performed as of June 30, 2018. The actuarial valuation for funding purposes performed by the actuary in 2017 established the College's required current service contributions as 132.3% (2016 – 142.3%) of employee contributions. Under economic and demographic assumptions used in these calculations, this level of College contributions together with the employee contributions is sufficient to fund the current service costs of the pension plan benefits.

Total benefit payments were \$3,553,200 (2016 - \$2,674,000).

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

6. Employee future benefits (continued)

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimates of these future events. Key assumptions are summarized below:

	<u>2017</u>	<u>2016</u>
Weighted-average assumptions for benefit costs		
Discount rate	5.80 %	5.80 %
Expected long-term rate of return on plan assets	5.80 %	5.80 %
Rate of compensation increase	4.25 %	4.25 %
Inflation rate	2.30 %	2.30 %
Weighted-average assumptions of accrued benefit obligation		
Discount rate	5.80 %	5.80 %
Rate of compensation increase	4.25 %	4.25 %
Inflation rate	2.30 %	2.30 %
Change in accrued benefit obligation:		
	<u>2017</u>	<u>2016</u>
Accrued benefit obligation - beginning of year	\$ 78,164,100	\$ 72,543,200
Current service cost	2,319,300	2,457,900
Interest cost	4,546,600	4,247,300
Employee contributions	1,684,000	1,589,700
Benefits paid	(3,553,200)	(2,674,000)
Actuarial losses	579,300	-
Accrued benefit obligation - end of year	<u>\$ 83,740,100</u>	<u>\$ 78,164,100</u>
Change in plan assets:		
Fair value of plan assets - beginning of year	\$ 89,780,700	\$ 86,946,400
Actual return on plan assets	9,795,500	1,460,700
Employer contributions	3,373,500	2,457,900
Employee contributions	1,684,000	1,589,700
Benefits paid	(3,553,200)	(2,674,000)
Fair value of plan assets - end of year	<u>\$ 101,080,500</u>	<u>\$ 89,780,700</u>
Reconciliation of funded status:		
	<u>2017</u>	<u>2016</u>
Accrued benefit obligation - end of year	\$ (83,740,100)	\$ (78,164,100)
Fair value of plan assets	<u>101,080,500</u>	<u>89,780,700</u>
Funding surplus	17,340,400	11,616,600
Unamortized net actuarial loss	(686,500)	3,859,600
Accrued pension benefit asset	<u>\$ 16,653,900</u>	<u>\$ 15,476,200</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

6. Employee future benefits (continued)

	<u>2017</u>	<u>2016</u>
Elements of defined pension plan benefit costs recognized in the year:		
Current service cost, net of employee contributions	\$ 2,319,300	\$ 2,457,900
Interest cost on benefit obligation	4,546,600	4,247,300
Actual return on plan assets	(9,795,500)	(1,460,700)
Actuarial loss on accrued benefit obligation	<u>579,300</u>	<u>-</u>
 Elements of employee future benefit costs before adjustments to recognize the long-term nature of employee future benefit costs	 (2,350,300)	 5,244,500
 Adjustment to recognize the long-term nature of employee future benefit costs:		
Difference between expected return and actual return on plan assets for year	4,544,600	(3,622,000)
Difference between actuarial (gain) loss recognized for the year and actual actuarial benefit (gain) loss on accrued benefit obligation for the year	<u>1,500</u>	<u>178,400</u>
Net periodic pension cost recognized	<u>\$ 2,195,800</u>	<u>\$ 1,800,900</u>
 Based on fair value of plan assets held as at June 30, the assets were composed of:		
Equity securities	<u>2017</u> 56%	<u>2016</u> 57%
Debt securities	41%	41%
Other	<u>3%</u>	<u>2%</u>
Total	100%	100%

The accrued benefit asset has been recorded on the College's books of account and is included on the consolidated statement of financial position as at June 30, 2017.

The funded status of the pension plan, a surplus of \$11,237,000 as at June 30, 2017 (June 30, 2016 - \$8,044,300), has been determined on the basis that the pension plan remains a going concern. As at June 30, 2017, the date of the most recent actuarial valuation for funding purposes, the pension plan had a deficit of \$9,346,600 (June 30, 2016 - \$19,310,100) if valued on the basis that the pension plan were terminated/wound up as at June 30, 2017.

The solvency ratio of the pension plan was 92.5% at June 30, 2017 (2016 – 84.1%). During the fiscal year the College contributed \$3,373,500 (2016 - \$2,457,900) to the pension plan. The Government of Yukon provided pension funding to the College during the year as described in note 12. All required contributions to the pension plan have been made.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

6. Employee future benefits (continued)

a) Pension benefits (continued)

In May 2011, the College acquired a letter of credit for the pension plan. The *Pension Benefits Standards Act* permits that letters of credit can be obtained in lieu of making special solvency payments. The letter of credit is an escalating letter of credit that increases by \$202,958 (2016 - \$202,958) per month up to an amount of \$15,787,127 which was the estimated amount of solvency payments required to June 30, 2018 based on the June 30, 2016 valuation. The amount of the letter of credit will be revised in January 2018 as a result of the funding valuation results for June 30, 2017 and the monthly increases will be \$207,108. The maximum amount of the letter of credit is \$18,639,390 based on the June 30, 2017 funding valuation. The maximum letter of credit for 2016 was \$13,554,585, which was based on 15% of the market value of the plan assets as of June 30, 2016. The maximum amount of the letter of credit was exceeded in January 2017 at which time the College made monthly solvency payments of \$202,958 up to and including June 2017. The Government of Yukon covered the cost of the solvency payments. Federal pension regulations changed during the year allowing for the letter of credit limit to be based on 15% of solvency liabilities instead of the market value of plan assets. This enabled the College to cease making solvency payments after June 30, 2017 and to continue using the letter of credit as solvency liabilities are greater than the market value of plan assets. The value of the letter of credit at June 30, 2017 was \$13,554,585 (2016 - \$12,325,863). The letter of credit expires on July 31, 2018 but the College plans to renew the letter of credit no later than May 2018 as required by the legislation and in the amount determined by the actuarial valuation for June 30, 2017. The letter of credit is guaranteed by the Government of Yukon.

b) Other non-pension employee future benefits

The non-pension benefit plan is not funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The benefits include severance, prorated sick leave, special leave and other outstanding leave entitlements and will be paid from future sources of revenue. The actuarial valuation of the accrued benefit liability as at June 30, 2017 is:

	<u>2017</u>	<u>2016</u>
Accrued benefit obligation, end of year	\$ 5,785,600	\$ 5,508,800
Unamortized actuarial loss	<u>(301,900)</u>	<u>(341,700)</u>
Actuarially determined other employee future benefits, end of year	5,483,700	5,167,100
Less: Current portion included in vacation leave and employee future benefits	<u>(670,000)</u>	<u>(670,000)</u>
Long-term portion other employee future benefits, end of year	<u>\$ 4,813,700</u>	<u>\$ 4,497,100</u>

The annual benefit plan cost and change in accrued benefit liability are as follows:

	<u>2017</u>	<u>2016</u>
Accrued benefit liability, beginning of year	\$ 5,167,100	\$ 4,882,300
Add: Annual benefit plan cost:		
Current service cost	783,000	753,800
Interest on accrued benefit obligation	163,800	176,600
Amortization of net actuarial loss (gain)	<u>39,800</u>	<u>14,400</u>
Total annual benefit plan cost	986,600	944,800
Less: Benefits paid by College	<u>(670,000)</u>	<u>(660,000)</u>
Actuarially determined other employee future benefits, end of year	5,483,700	5,167,100
Less: Current portion included in vacation leave and employee future benefits	<u>(670,000)</u>	<u>(670,000)</u>
Long-term portion other employee future benefits, end of year	<u>\$ 4,813,700</u>	<u>\$ 4,497,100</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

6. Employee future benefits (continued)

b) Other non-pension employee future benefits (continued)

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligation are as follows:

	<u>2017</u>	<u>2016</u>
Weighted average assumptions for benefit costs:		
Discount rate	2.75%	3.25%
Rate of compensation increase		
for 10 years	4.25%	4.25%
thereafter	4.75%	4.75%
Weighted average assumptions for accrued benefit obligation:		
Discount rate	2.75%	2.75%
Rate of compensation increase		
for 10 years	4.25%	4.25%
thereafter	4.75%	4.75%

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

7. Capital assets

	Beginning of Year	Additions	Disposals	Transfer to Capital Assets	End of Year
June 30, 2017					
Cost:					
Leasehold Improvements	\$ 4,221,990	\$ 27,234	\$ (127,192)	\$ 371,991	\$ 4,494,023
Equipment General	2,711,653	792,409	(54,349)	-	3,449,713
Equipment EDP	413,970	114,848	-	-	528,818
Mobile Trailers	2,247,200	26,083	-	-	2,273,283
Furniture and Fixtures	266,536	28,678	(24,925)	-	270,289
Works of Art	52,349	15,599	-	-	67,948
Vehicles	446,710	-	-	-	446,710
Work in Progress	474,592	739,441	-	(371,991)	842,042
Total	\$ 10,835,000	\$ 1,744,292	\$ (206,466)	\$ -	\$ 12,372,826
Accumulated Amortization:					
Leasehold Improvements	\$ 1,294,700	\$ 231,501	\$ (127,192)	\$ -	\$ 1,399,009
Equipment General	795,692	307,466	(47,696)	-	1,055,462
Equipment EDP	100,190	156,166	-	-	256,356
Mobile Trailers	318,808	113,067	-	-	431,875
Furniture and Fixtures	91,397	27,448	(24,925)	-	93,920
Works of Art	-	-	-	-	-
Vehicles	208,508	85,115	-	-	293,623
Work in Progress	-	-	-	-	-
Total	\$ 2,809,295	\$ 920,763	\$ (199,813)	\$ -	\$ 3,530,245
Carrying Amounts:	\$ 8,025,705	\$ 823,529	\$ (6,653)	\$ -	\$ 8,842,581

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

7. Capital assets (continued)

	Beginning of Year	Additions	Disposals	Transfer to Capital Assets	End of Year
June 30, 2016					
Cost:					
Leasehold Improvements	\$ 3,927,955	\$ 277,371	\$ (55,279)	\$ 71,943	\$ 4,221,990
Equipment General	2,134,859	634,492	(57,698)	-	2,711,653
Equipment EDP	148,388	306,897	(41,315)	-	413,970
Mobile Trailers	2,247,200	-	-	-	2,247,200
Furniture and Fixtures	258,234	16,278	(7,976)	-	266,536
Works of Art	52,349	-	-	-	52,349
Vehicles	452,150	9,296	(14,736)	-	446,710
Work in Progress	71,943	474,592	-	(71,943)	474,592
Total	<u>\$ 9,293,078</u>	<u>\$ 1,718,926</u>	<u>\$ (177,004)</u>	<u>\$ -</u>	<u>\$ 10,835,000</u>
Accumulated Amortization:					
Leasehold Improvements	\$ 1,132,416	\$ 217,563	\$ (55,279)	\$ -	\$ 1,294,700
Equipment General	596,867	256,523	(57,698)	-	795,692
Equipment EDP	66,029	75,476	(41,315)	-	100,190
Mobile Trailers	206,448	112,360	-	-	318,808
Furniture and Fixtures	73,387	25,986	(7,976)	-	91,397
Works of Art	-	-	-	-	-
Vehicles	139,524	83,720	(14,736)	-	208,508
Work in Progress	-	-	-	-	-
Total	<u>\$ 2,214,671</u>	<u>\$ 771,628</u>	<u>\$ (177,004)</u>	<u>\$ -</u>	<u>\$ 2,809,295</u>
Carrying Amounts:	<u>\$ 7,078,407</u>	<u>\$ 947,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,025,705</u>

The land and buildings at Ayamdigut Campus and some community campuses are owned by the Government of Yukon and leased to the College at no charge. The Government of Yukon is responsible for major maintenance and upkeep of the building and grounds, and the College is responsible for minor interior maintenance and repairs (note 12). The College received contributed capital assets during the year. The assets consisted of two donated lathes to be used in trades. The appraised amount of \$123,165 was added to the value of equipment.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

8. Endowments

	<u>2017</u>	<u>2016</u> <u>Restated</u> <u>(note 2b)</u>
Endowment balance, beginning of year	\$ 3,293,424	\$ 1,986,286
Investment income (loss) added (deducted) to (from) net assets	20,046	(11,905)
Contributions from donors	45,601	1,319,043
Transfer of deferred contributions to endowments	10,582	-
Endowment balance, end of year	<u>\$ 3,369,653</u>	<u>\$ 3,293,424</u>
Investment income (loss) added (deducted) to (from) net assets	\$ 20,046	\$ (11,905)
Net income on investments recognized as revenue	1,260	7,666
Total investment income (loss) on endowments and trusts	<u>\$ 21,306</u>	<u>\$ (4,239)</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

9. Deferred contributions

These represent unspent externally restricted resources which have been received and relate to expenses that will occur in subsequent periods, and are therefore not recognized as revenue until the related expenses are incurred. These contributions may only be used in certain programs or in the completion of specific work. The Foundation endowment accounts consist of funds that can be used for student awards, scholarships and programs. The College trust accounts consist of funds used for employee benefits, emergency disbursements to students and the student training allowance. Deferred contributions are comprised of funds restricted for the following purposes:

	<u>2017</u>	<u>2016</u> <u>Restated</u> <u>(note 2b)</u>
Contracts	\$ 2,094,083	\$ 1,595,744
Tuition	254,570	248,880
Endowment and trust accounts	490,038	513,439
Total deferred contributions	<u>\$ 2,838,691</u>	<u>\$ 2,358,063</u>

Change in Deferred Contributions:

	<u>2017</u>	<u>2016</u>				
	Contracts	Tuition & Registration Fees	Endowments & Trusts	Yukon Government Operating Contributions	Total	2016 Total Restated (note 2b)
Balance, beginning of year	\$ 1,595,744	\$ 248,880	\$ 513,439	\$ -	\$ 2,358,063	\$ 1,861,057
Investment income on trusts & endowments	-	-	10,216	-	10,216	9,229
Contributions	16,987,454	1,674,667	688,300	20,664,500	40,014,921	40,726,566
Revenue recognized	(16,489,115)	(1,668,977)	(711,335)	(20,664,500)	(39,533,927)	(40,238,789)
Transfer to endowments	-	-	(10,582)	-	(10,582)	-
Balance, end of year	<u>\$ 2,094,083</u>	<u>\$ 254,570</u>	<u>\$ 490,038</u>	<u>\$ -</u>	<u>\$ 2,838,691</u>	<u>\$ 2,358,063</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

10. Deferred capital contributions

Deferred capital contributions represent restricted contributions received or receivable to purchase capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 4,216,543	\$ 3,452,342
Restricted government contributions	925,873	1,056,079
Amount amortized to revenue	(360,823)	(291,878)
Balance, end of year	<u>\$ 4,781,593</u>	<u>\$ 4,216,543</u>

11. Expenditures by object

	<u>2017</u>	<u>2016</u> <u>Restated</u> <u>(note 2b)</u>
Salaries, wages and benefits	\$ 29,272,945	\$ 26,959,896
Contract services	7,078,058	10,650,048
Material and supplies	2,093,576	1,587,856
Cost of sales and ancillary services	1,686,070	1,809,663
Utilities and communications	1,644,088	1,632,931
Rental of facilities and equipment	1,032,821	959,071
Travel	1,027,083	843,131
Amortization of capital assets	920,763	771,628
Student assistance/scholarships	714,765	695,158
Promotion, events and advertising	520,513	516,964
Licenses, permits, and memberships	487,971	320,460
Employee leave and termination benefits	364,884	424,944
Other	208,715	111,685
Bank fees and credit card commissions	187,803	172,154
Books and subscriptions	107,928	124,062
Postage and freight	44,731	53,778
	<u>\$ 47,392,714</u>	<u>\$ 47,633,429</u>

12. Government of Yukon contributions

	<u>2017</u>	<u>2016</u>
Operating contributions	\$ 20,664,500	\$ 19,526,169
Pension funding	1,333,193	-
Services received without charge	3,706,611	3,677,187
	<u>\$ 25,704,304</u>	<u>\$ 23,203,356</u>

A significant portion of the College's income is received from the Government of Yukon in the form of annual operating contributions and services received without charge. In 2017 Government of Yukon core funding contributions, including pension solvency and letter of credit costs, and services received without charge made up 54% of total revenues (2016 - 49%). In 2017, the College received \$1,333,193 in funding for pension solvency and letter of credit costs. No funds were received for pension employer service cost or solvency deficiency in 2016.

The majority of the services received without charge represent costs associated with facilities provided by the Government of Yukon at a reduced, or no, charge. The estimated value of these services is based on the Government's amortization expense (for the main campus), and on an estimated value for other spaces, plus any related operating expenses.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

13. Contracts

Revenue from contracts consists of revenue from third party contracts, non-credit program revenues, training provided to federal, territorial and municipal governments and to first nations, not for profit, private and public organizations.

Contract revenue is comprised of the following:

	<u>2017</u>	<u>2016</u>
Third party funded projects and programs	\$ 14,568,893	\$ 16,857,205
Training and non-credit course fees	1,920,222	1,757,974
	<u>\$ 16,489,115</u>	<u>\$ 18,615,179</u>

14. Miscellaneous income:

	<u>2017</u>	<u>2016</u>
Pension contract recovery	\$ 564,406	\$ 502,360
Salary, travel and other expense recovery	358,212	476,728
Computer lab usage fees	126,530	123,432
General student fees	104,117	83,554
Facilities and equipment rental	58,472	60,641
Other miscellaneous revenue	29,227	56,462
Book, publication and supply sales	18,470	21,579
Course materials recovery	8,640	27,949
Conference fees	-	7,552
	<u>\$ 1,268,074</u>	<u>\$ 1,360,257</u>

15. Centre for Northern Innovation in Mining

The Government of Yukon and the Canadian Northern Economic Development Agency (CANNOR) provided funds to the College for the purpose of constructing and operating the Centre for Northern Innovation in Mining (CNIM). The Government of Yukon provided \$4,146,975 and CANNOR provided \$4,146,975 over three years for the construction of the building. The CNIM building was completed during the year and is owned by the Government of Yukon and is designed to provide training and research, through the delivery of accredited programming in mining, trades and technologies as well as relevant applied research projects and through industry partnerships.

The following amounts pertain to the CNIM building and have been included in the consolidated statement of operations:

	<u>2017</u>	<u>2016</u>
<u>Revenues</u>		
Government of Yukon (note 16)	\$ 775,098	\$ 2,316,812
CANNOR	775,098	2,316,812
	<u>1,550,196</u>	<u>4,633,624</u>
<u>Expenses</u>		
Project management	41,431	72,656
Building construction and design	1,508,765	4,560,968
	<u>1,550,196</u>	<u>4,633,624</u>
Revenues less expenses	<u>\$ -</u>	<u>\$ -</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2017

16. Related party transactions

The College is related in terms of common ownership to all Government of Yukon departments, corporations and agencies. In addition to those related party transactions disclosed in note 12, the College enters into transactions with related entities in the normal course of business.

The College regularly enters into contracts for the provision of services to Departments of the Government of Yukon. These contracts, the value of which is \$9,164,052 (2016 - \$9,555,116) (note 15), are recorded as contract revenue on the Statement of Operations. The College also receives funds from the Government of Yukon for student training allowances, the value of which is \$495,046 (2016 - \$503,707) and this is recognized on the Statement of Operations as student assistance/scholarships. Included in the amortization of deferred capital contributions on the Statement of Operations is \$189,367 (2016 - \$126,416) related to the Government of Yukon. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At June 30, 2017 there was \$76,282 (2016 - \$103,656) of accounts payable and \$1,109,323 (2016 - \$1,154,600) of accounts receivable related to the Government of Yukon. At June 30, 2017 there was \$942,058 (2016 - \$594,554) of deferred contributions and \$3,249,890 (2016 - \$2,809,618) of deferred capital contributions related to the Government of Yukon.

17. Commitments

Leases

The College has operating leases and maintenance service agreements for classroom space, telecommunication, the information system and course curriculum and is committed to basic payments as follows:

	<u>Maintenance Service Agreements</u>	<u>Facility Leases</u>	<u>Telecommunication, Course Curriculum and Other Contracts</u>
2017-18	169,036	39,835	363,885
2018-19	175,797	39,835	312,999
2019-20	150,499	39,835	280,451
2020-21	156,519	39,835	207,599
2021-22	162,780	-	-
2022-23	169,291	-	-
2023-24	176,064	-	-
	<u>\$ 1,159,986</u>	<u>\$ 159,340</u>	<u>\$ 1,164,934</u>

18. Reclassification of international tuition revenue

In the prior year, international student tuition revenue of \$264,504 was classified as contract revenue. In the current year, international student tuition revenue has been included in tuition revenue and the prior year figures have been reclassified to reflect this change in classification.

YUKON DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2017

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Yukon Development Corporation
PO Box 2703 (D-1), Whitehorse, Yukon Y1A 2C6

May 22, 2018

Management's Responsibility for Financial Reporting

Management is responsible for the preparation of these consolidated financial statements in conformity with International Financial Reporting Standards and all other financial information relating to the Corporation contained in this annual report. These consolidated financial statements have been prepared by management using methods appropriate for the industry in which the Corporation operates and necessarily include some amounts that are based on judgements and best estimates of management. The financial information contained elsewhere in this annual report is consistent with that in the consolidated financial statements. The Auditor General of Canada is the external auditor of the Corporation.

Management has established internal accounting control systems to meet its responsibilities for reliable and accurate reporting. These systems include policies and procedures, the careful selection and training of qualified personnel and an organizational structure that provides for the appropriate delegation of authority and segregation of responsibilities.

The Board of Directors, through its Audit Committee, oversees management's responsibilities for financial reporting. The Audit Committee meets regularly with management and the independent auditor to discuss auditing and financial matters to ensure that management is carrying out its responsibilities and to review the consolidated financial statements. The auditors have full and free access to the Audit Committee and management.



Justin Ferbey
President and CEO



Blaine Anderson
Chief Financial Officer

Whitehorse, Yukon

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INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Development Corporation

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Yukon Development Corporation, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of operations and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Yukon Development Corporation as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the *Yukon Development Corporation Act*, I report that, in my opinion, the accounting principles in International Financial Reporting Standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Yukon Development Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Yukon Development Corporation that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* of Yukon and regulations, the *Yukon Development Corporation Act* and regulations, the *Public Utilities Act* and regulations, the *Business Corporations Act* and regulations, and the articles and by-laws of the Yukon Development Corporation.



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

22 May 2018
Vancouver, Canada

Yukon Development Corporation

Consolidated Statement of Financial Position (in thousands of Canadian dollars)


As at December 31,	2017	2016
Assets		
Current		
Cash	\$ 2,704	\$ 3,239
Accounts receivable (Note 5)	8,520	7,030
Inventories (Note 6)	3,783	3,598
Prepaid expenses	678	754
Current portion of lease receivable (Note 7)	32	-
	15,717	14,621
Non-current		
Finance lease receivable (Note 7)	85	117
Property, plant and equipment (Note 8)	439,811	438,802
Intangible assets (Note 9)	8,476	7,281
Total assets	464,089	460,821
Regulatory deferral account debit balances (Note 10)	33,163	27,880
Total assets and regulatory deferral account debit balances	\$ 497,252	\$ 488,701
Liabilities		
Current		
Bank indebtedness (Note 11)	\$ 7,294	\$ -
Accounts payable and accrued liabilities (Note 12)	9,735	9,166
Construction financing (Note 13)	39,200	-
Derivative related liability (Note 25)	56	429
Current portion of long-term debt (Note 14)	1,395	3,667
	57,680	13,262
Non-current		
Post-employment benefits (Note 15)	6,116	5,867
Contributions in aid of construction (Note 16)	93,495	95,780
Decommissioning fund (Note 17)	2,665	2,636
Construction financing (Note 13)	-	39,200
Long-term debt (Note 14)	133,177	134,535
Total liabilities	293,133	291,280
Equity		
Contributed capital	41,501	41,501
Retained earnings	143,819	136,128
Total equity	185,320	177,629
Total liabilities and equity	478,453	468,909
Regulatory deferral account credit balances (Note 10)	18,799	19,792
Total liabilities, equity and regulatory deferral account credit balances	\$ 497,252	\$ 488,701

Commitments and Contingencies (Notes 22 and 23)

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board:

 , Chair

 , Director

Yukon Development Corporation

Consolidated Statement of Operations and Other Comprehensive Income (in thousands of Canadian dollars)

For the year ended December 31,	2017	2016
Revenues		
Sales of power (Note 18)	\$ 44,681	\$ 39,738
Yukon Government contributions (Note 21)	6,902	7,380
Other	371	316
	51,954	47,434
Operating expenses		
Operations and maintenance (Note 19)	18,329	19,325
Depreciation and amortization (Notes 8 and 9)	13,133	11,112
Administration (Note 20)	11,646	12,964
	43,108	43,401
Income before other income and other expenses	8,846	4,033
Other income		
Amortization of contributions in aid of construction (Note 16)	2,617	2,604
Allowance for funds used during construction	461	815
Unrealized gain on interest rate swaps (Note 25)	374	231
Interest income	41	69
	3,493	3,719
Other expenses		
Interest on borrowings	7,545	7,520
Interim electrical rebate program subsidies (Note 1)	3,251	3,121
	10,796	10,641
Net income (loss) for the year before net movement in regulatory deferral account balances	1,543	(2,889)
Net movement in regulatory deferral account balances related to net income (Note 10(d))	6,276	7,895
Net income for the year and net movement in regulatory deferral account balances	7,819	5,006
Other comprehensive (loss) income		
Item that will not be reclassified to net income in subsequent periods		
Remeasurement of defined benefit pension plans (Note 15)	(128)	(483)
Total comprehensive income for the year	\$ 7,691	\$ 4,523

The accompanying notes are an integral part of the consolidated financial statements.

Yukon Development Corporation

Consolidated Statement of Changes in Equity (in thousands of Canadian dollars)

	Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2015	\$ 41,501	\$ 131,605	\$ -	\$ 173,106
Net income for the year and net movement in regulatory deferral account balances	-	5,006	-	5,006
Other comprehensive loss	-	-	(483)	(483)
Transfer of remeasurement of defined benefit pension plans to retained earnings	-	(483)	483	-
Balance at December 31, 2016	\$ 41,501	\$ 136,128	\$ -	\$ 177,629
Net income for the year and net movement in regulatory deferral account balances	-	7,819	-	7,819
Other comprehensive loss	-	-	(128)	(128)
Transfer of remeasurement of defined benefit pension plans to retained earnings	-	(128)	128	-
Balance at December 31, 2017	\$ 41,501	\$ 143,819	\$ -	\$ 185,320

The accompanying notes are an integral part of the consolidated financial statements.

Yukon Development Corporation

Consolidated Statement of Cash Flows (in thousands of Canadian dollars)

For the year ended December 31,	2017	2016
Operating activities		
Cash receipts from customers	\$ 43,391	\$ 40,510
Cash receipts from Yukon Government	6,491	7,019
Cash receipts from contributions in aid of construction	334	332
Cash paid to suppliers	(22,779)	(20,406)
Cash paid to employees	(12,126)	(12,349)
Interest paid	(6,920)	(7,493)
Interest received	41	105
Cash provided by operating activities	8,432	7,718
Financing activities		
Repayment of long-term debt	(3,667)	(5,249)
Cash used in financing activities	(3,667)	(5,249)
Investing activities		
Additions to property, plant and equipment	(10,346)	(11,546)
Additions to intangible assets	(2,248)	(1,318)
Cash used in investing activities	(12,594)	(12,864)
Net decrease in cash	(7,829)	(10,395)
Cash, beginning of year	3,239	13,634
Cash, end of year	\$ (4,590)	\$ 3,239
Cash includes:		
Cash	\$ 2,704	\$ 3,239
Bank indebtedness (note 11)	(7,294)	-
Total	\$ (4,590)	\$ 3,239

The accompanying notes are an integral part of the consolidated financial statements.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations

a) General

Yukon Development Corporation was originally established under the *Yukon Development Corporation Act* to participate with the private sector in the economic development of the Yukon, to make strategic investments to the benefit of the territory and to acquire and operate the assets of Northern Canada Power Commission in the Yukon. In 1993, the Yukon Development Corporation's mandate was changed to restrict its new initiatives to energy-related activities designed to promote the economic development of the Yukon. The Yukon Development Corporation's principal place of business is located at 3106 Third Avenue, Suite 204 Whitehorse, YT Y1A 1H6.

Yukon Development Corporation's wholly-owned subsidiary, Yukon Energy Corporation (the "Utility") was incorporated under the *Yukon Business Corporations Act*. The Utility generates, transmits, distributes and sells electrical energy in the Yukon and is subject to overall regulation by the Yukon Utilities Board (YUB) and specific regulation by the Yukon Water Board. Both boards are consolidated by the Yukon Government and are related parties for accounting purposes to the Yukon Development Corporation and the Utility. Management has assessed that these boards operate independently from the Yukon Development Corporation and the Utility from a rate setting and operating perspective. The Utility's principal place of business is located at #2 Miles Canyon Road, Whitehorse, Yukon, Y1A 6S7.

Yukon Development Corporation and the Utility are not subject to income taxes.

Yukon Development Corporation consolidates the financial statements of its subsidiary, the Utility. All intercompany transactions, balances, income and expenses are eliminated on consolidation. References in these consolidated financial statements to "Corporation" refer to the consolidated entity.

b) Rate regulation

The operations of the Corporation are regulated by the YUB pursuant to the *Public Utilities Act*. The Corporation is subject to a cost of service regulatory mechanism under which the YUB establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization, of providing the regulated service, and (ii) to provide a fair and reasonable return on Corporation investment in rate base. There is no minimum requirement for the Corporation to appear before the YUB to review rates. However, the Corporation is not permitted to charge any rate for the supply of power that is not approved by an Order of the YUB. As actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

The regulatory hearing process used to establish or change rates typically begins when the Corporation files a General Rate Application (GRA) for its proposed electricity rate changes over the next one or two forecast years. The YUB must ensure that its decision, which fixes electricity rates, complies with appropriate principles of rate making, all relevant legislation including the *Public Utilities Act* and directives issued by Yukon Government through Orders-In-Council (OIC) that specify how the interests of the customer and Corporation are to be balanced.

The YUB typically follows a two-stage decision process. In the first stage, the total costs that the Corporation expects it will incur to provide electricity to its customers over the immediate future are reviewed and approved. The approval of these costs determines the total revenues the Corporation is allowed to collect from its customers. It is the responsibility of the YUB to examine the legitimacy of three classes of costs:

- the costs to the Corporation to run its operations and maintain its equipment (personnel and materials);
- the cost associated with the depreciation of all capital equipment; and
- the return on rate base (the costs related to borrowing that portion of rate base which is financed with debt, plus the costs to provide a reasonable rate of return on that portion of rate base which is financed with equity).

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations - continued

The YUB assesses the prudence of costs added to rate base, which includes an allowance for funds used during construction (AFUDC) charged to capital projects. The YUB also reviews the appropriateness of property, plant and equipment depreciation rates, which are periodically updated by the Corporation through depreciation studies. In the second stage, the YUB approves how the revenue will be raised. This stage essentially determines the electricity rates for the various customer classes in the Yukon: residential, government, commercial and industrial.

This process is guided mainly by requirements of OIC 1995/90 and can include a cost-of-service study which allocates the Corporation's overall cost of service to the various customer classes on the basis of appropriate costing principles.

In June 2017, the Corporation filed a GRA for the years 2017 and 2018 requesting a number of board orders.

The GRA requested rate increases of 9.04% and 2.07% for the years 2017 and 2018 respectively. A refundable interim rider (5.50%) was approved effective September 1, 2017. The interim rate will be replaced by final rates, if approved by the YUB.

The GRA also included requested board orders related to the regulatory deferral accounts, specifically an increase of the annual appropriation for uninsured losses and change to the rate of amortization; elimination of the requirement to defer vegetation management costs in excess of the 2011 actual brushing costs and amortization of previously deferred costs; change to the long-term average for fuel costs to better reflect current market conditions; and decrease of the annual appropriation for the hearing reserve and change to the rate of amortization.

These consolidated financial statements reflect the requested rate increase for 2017 and all other YUB board orders requested in the GRA which affect the Corporation's consolidated financial statements for 2017. All of these requested board orders are subject to approval by the YUB as part of the regulatory proceeding to approve the GRA. Refer to Note 4 Regulatory deferral account balances.

c) Water regulation

The Yukon Water Board, pursuant to the *Yukon Waters Act*, decides if and for how long the Corporation will have a water license for the purposes of operating hydro generation stations in the Yukon. The licenses will also indicate terms and conditions for the operation of these facilities.

d) Capital structure

The Utility's policy which has been approved by the YUB is to maintain a capital structure of 60% debt and 40% equity (Note 26).

e) Yukon Government

In March 2017, the Yukon Government authorized the continuation of the Interim Electrical Rebate program (the "rebate") for 12 months at current levels, to March 31, 2018. The rebate provides subsidies to non-government residential and municipal customers. It was implemented in 1998 after the Faro mine closed to protect customers from significant bill increases that would have resulted from that shutdown. The Yukon Government is providing funding for the rebate to a maximum of \$3.5 million per fiscal year.

The Corporation and the Yukon Government signed a Memorandum of Understanding for the accounting period starting April 1, 2011 to March 31, 2042 regarding the Mayo B and Carmacks-Stewart Transmission line projects. The Yukon Government will assist in funding the repayment of a portion of the bond interest costs of up to \$2.625 million annually, subject to the Corporation meeting specified terms set out in the agreement.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations - continued

The Corporation was directed to conduct Hydro-Electric Power planning studies.

The Corporation signed two agreements with the Yukon Government for total funding of up to \$5.3 million to conduct feasibility studies related to upgrading the transmission facilities between Stewart Crossing and Keno City.

2. Basis of presentation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements were authorized for issue by the Board of Directors on May 22, 2018.

b) Basis of measurement

The financial information included in the consolidated financial statements has been prepared on a historical cost basis, except for some financial instruments, as described in note 3(f), which are measured at fair value.

3. Significant accounting policies

The accounting policies set out below have been applied to all periods presented in these consolidated financial statements.

a) Revenue recognition

All revenues are recognized in the period earned. Revenue from the sale of power is recognized based on cyclical meter readings. Sales of power includes an accrual for electricity deliveries not yet billed at year end.

b) Translation of foreign currencies

The functional currency of the Corporation is the Canadian Dollar. Revenue and expense items denominated in foreign currencies are translated at exchange rates prevailing during the period. Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates. Non-monetary assets and liabilities are translated at exchange rates in effect when the assets are acquired or the obligations are incurred. Foreign exchange gains and losses are reflected in net income for the period.

c) Allowance for funds used during construction

The cost of the Corporation's property, plant and equipment and deferred charges includes an allowance for funds used during construction (AFUDC). The AFUDC rate is based on the Corporation's weighted average cost of debt.

d) Cash

Cash is comprised of bank account balances (net of outstanding cheques).

e) Inventories

Inventories consist of materials and supplies, diesel fuel and liquefied natural gas. Inventories are carried at the lesser of weighted average cost and net realizable value. Cost includes all expenditures incurred in acquiring the items and bringing them to their existing condition and location. Critical spare parts are recognized in the Corporation's property, plant and equipment.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

The recoverable value of inventory considers its net realizable value, including required processing costs, and is impacted by estimates and assumptions on price, quality, recovery and exchange rates. Obsolete materials and supplies are recorded at salvage value in the period when obsolescence is determined.

f) Financial instruments

Financial assets and financial liabilities are recognized on the Corporation's Consolidated Statement of Financial Position when the Corporation becomes party to the contractual provisions of the instrument. Cash, finance lease receivable, and accounts receivable, classified as loans and receivables, are initially measured at fair value. Subsequent to initial recognition, accounts receivable are measured at amortized cost using the effective interest rate method less any impairment.

A provision for impairment of accounts receivable is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or require financial reorganization, and default or delinquency in payments are considered indicators that the related accounts receivable are impaired. The accounts receivable carrying amount is reduced through the use of an allowance account and the loss is recognized in net income.

Bank indebtedness, accounts payable and accrued liabilities, construction financing and long-term debt are classified as other financial liabilities and they are initially recognized at fair value. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

Transaction costs are presented as a reduction from the carrying value of the related debt and are amortized using the effective interest rate method over the terms of the debts to which they relate. Transaction costs include fees paid to agents, brokers and advisors but exclude debt discounts and lender financing costs.

Derivative financial instruments are financial contracts that derive their value from changes in an underlying variable. The Corporation has entered into interest rate swaps to manage interest rate risk. The Corporation's interest rate swaps are classified as held for trading and are thus recognized at fair value on the date the contract has been entered into with any subsequent unrealized and realized gains and losses recognized in net income during the period in which the fair value movement occurred.

g) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Corporation's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Corporation's net investment outstanding in respect of the leases.

h) Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and any asset impairment charges. Cost includes the direct costs of acquisition and materials, direct labour, and, if applicable, an allocation of directly attributable overhead costs (AFUDC) and any asset retirement costs associated with the property, plant and equipment.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

AFUDC is applied to actual costs in work-in-progress less any contributions in aid of construction. For items of property, plant and equipment acquired prior to January 1, 2011, the AFUDC rate also included a regulatory cost of equity component as allowed by the YUB. Capitalization of AFUDC ceases when the asset being constructed is substantially ready for its intended purpose.

Assets under construction are recognized as in construction work in progress until they are operational and available for use, at which time they are transferred to the applicable component of property, plant and equipment.

Depreciation is recognized in net income based on the straight-line method over the estimated useful life of each major component of property, plant and equipment. The range of estimated useful lives of the major classes and subclasses of property, plant and equipment is as follows:

Generation	
Hydroelectric plants	30 to 103 years
Thermal plants	12 to 72 years
Wind Turbines	30 years
Transmission	20 to 65 years
Distribution	12 to 55 years
Buildings	20 to 55 years
Transportation	9 to 31 years
Other equipment	5 to 20 years

Depreciation commences when an asset is available for use. The estimated useful lives of the assets are based upon depreciation studies conducted periodically by the Corporation and any changes in the estimated useful life are accounted for prospectively.

Major overhaul costs are capitalized and depreciated on a straight-line basis over the period of the expected useful life (until the next major overhaul) which varies from 5 to 10 years. Repairs and maintenance costs of property plant and equipment are expensed as incurred unless they meet the criteria of a betterment.

i) Intangible assets

Intangible assets are carried at cost less accumulated amortization and any asset impairment charges. Cost includes the direct costs of acquisition and materials, direct labour, and, if applicable, an allocation of directly attributable overhead costs and AFUDC.

Amortization is recognized in net income on a straight-line basis over the estimated useful lives as follows:

Software	5 years
Deferred customer service costs	12 years
Financial software	10 years
Licensing costs	
Hydro generation	17 to 25 years
Diesel generation	3 years

j) Impairment of non-financial and financial assets

Property, plant and equipment, regulatory deferral account debit account balances and intangible assets with finite lives are reviewed for impairment on an annual basis if there is an indication that the carrying amount may not be recoverable. Impairment is assessed at the level of cash-generating units, identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use and fair value less costs to sell (FVLCS) for non-financial assets and objective evidence of impairment in the case of financial assets. Value in use is the net present value of expected future cash flows of the relevant cash-generating unit in its current condition. The best evidence of FVLCS is the value obtained from an active market or binding sale agreement. Where neither exists, FVLCS is based on the best information available to reflect the amount the Corporation could receive for the cash-generating unit in an arm's length transaction. This is often estimated using discounted cash flow techniques and where unobservable inputs are material to the measurement of the recoverable amount, the measurement is classified as level 3 in the fair value hierarchy. The cash flow forecasts for FVLCS purposes are based on management's best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, closure, restoration and environmental cleanup. For regulatory deferral account debit balances the impairment review focuses on whether the amount is considered collectible based on the expected cash flows from the rates approved by the YUB.

These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. Changes in these assumptions may alter the results of non-financial asset and financial asset impairment testing, impairment charges recognized in net income and the resulting carrying amounts of the assets.

k) Rate regulated accounting policies

Regulatory deferral accounts

Regulatory deferral accounts in these consolidated financial statements are accounted for differently than they would be in the absence of rate regulation. The Corporation defers certain costs or revenues as regulatory deferral account debit balances or regulatory deferral account credit balances on the Consolidated Statement of Financial Position and recognizes them in the net movement in regulatory deferral account balances in the Consolidated Statement of Operations and Other Comprehensive Income. The amounts recognized as regulatory deferral account balances are expected to be recovered or refunded in future rates, based on approvals by the YUB. The recovery or settlement of regulatory deferral account balances through future rates is impacted by demand risk and regulatory risks (e.g. potential future decisions of the YUB which could result in material adjustments to these regulatory deferral account debit balances and regulatory deferral account credit balances as described in Note 1(b)).

i) Regulatory deferral account debit balances

Regulatory deferral account debit balances represent costs which are expected to be recovered from customers in future periods through the rate-setting process. In the absence of rate regulation and the Corporation's adoption of IFRS 14, such costs would be expensed as incurred.

ii) Regulatory deferral account credit balances

Regulatory deferral account credit balances represent future reductions or limitations of increases in revenues associated with amounts that are expected to be refunded to customers as a result of the rate-setting process. In the absence of rate regulation and the Corporation's adoption of IFRS 14, such amounts would be recorded in income as earned.

Note 10 describes the individual regulatory deferral accounts, the Corporation's related regulatory deferral and amortization policies and describes the related account activity in the relevant periods.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

l) Provision for asset retirement obligations

The Corporation has legal obligations related to the closure and restoration of property, plant and equipment, which includes the costs of dismantling, demolition of infrastructure and the removal of residual materials and remediation of the disturbed areas.

Where a reliable estimate of the present value of these obligations can be determined, the total retirement costs are recognized as a provision in the accounting period when the obligation arises. There is also a corresponding increase to property, plant and equipment upon recognition of the obligation. Management estimates its costs based on feasibility and engineering studies and assessments using current restoration standards and techniques.

m) Provision for environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. The Corporation will accrue a provision when it has a present obligation as a result of a past event to remediate the contaminated site, it is expected that future economic benefits will be given up to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

If the likelihood of the Corporation's obligation to incur these costs is either not determinable or the amount of the obligation cannot be reliably estimated, the contingency is disclosed in the notes to the consolidated financial statements.

The Corporation reviews its provision for environmental liabilities on an ongoing basis and any changes are recognized in net income for the current period.

n) Contributions in aid of construction

Certain property, plant and equipment additions are made with the assistance of cash contributions from customers or capital assistance from the Yukon Government or the Government of Canada. These contributions are deferred upon receipt and amortized to income on the same basis as the assets to which they relate.

o) Decommissioning fund

The decommissioning fund represents monies paid in advance by an industrial customer to decommission the spur line that connects its operation to the Corporation's grid. Under a power purchase agreement, the customer has the financial responsibility for decommissioning expenses to be performed by the Corporation on its behalf. Any amounts not required for decommissioning will be refunded to the customer. This money accrues interest at the rate equal to the three month Canadian Dealer Offered Rate (CDOR).

p) Post-employment benefits and other comprehensive income

The Corporation sponsors an employee defined benefit pension plan for employees joining the Corporation before January 1, 2002. The Corporation also sponsors an executive defined benefit pension plan and supplemental executive retirement plan for a former executive. Benefits provided are calculated based on length of pensionable service, pensionable salary at retirement age and negotiated rates. The Corporation contributes amounts to the pension plans as recommended by an independent actuary.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

For the defined benefit pension plans, the cost of pension benefits is actuarially determined using the projected benefits method, prorated on service, and reflects management's best estimates of investment returns, wage and salary increases, and age at retirement. Remeasurements of the net defined benefit liability, including actuarial gains and losses and return on plan assets, are recognized in other comprehensive income (OCI) and are not reclassified to net income in a subsequent period. The Corporation's policy is to immediately transfer actuarial gains and losses recognized in OCI to retained earnings. The expected return on plan assets is based on the fair value of these assets.

Employees joining the Corporation after January 1, 2002 are eligible for a defined contribution retirement plan and are not eligible to participate in the defined benefit pension plan. The Corporation has no legal or constructive obligation to pay further contributions with respect to this plan. Contributions are recognized as an expense in the year when employees have rendered service and represents the obligation of the Corporation.

q) Changes in accounting policies and disclosures

An amendment to IAS 7 *Statement of Cash Flows* requires the Corporation to provide disclosures to separately identify cash and non-cash changes in liabilities arising from financing activities. This additional disclosure has been reflected in Notes 13 and 14.

r) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2017, and have not been applied in preparing these consolidated financial statements. There are three standards that management has assessed as having a potential impact and is in the process of assessing IFRS 15, *Revenue from Contracts with Customers*, IFRS 9, *Financial Instruments* and IFRS 16, *Leases*.

i) IFRS 15, *Revenue from Contracts with Customers*, is effective for fiscal years commencing on or after January 1, 2018 and will replace IAS 18, *Revenue* and a number of revenue related standards and interpretations. IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgemental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Corporation will adopt IFRS 15 on January 1, 2018 and will apply the cumulative effect method, under which comparative periods would not be restated and the cumulative impact of applying the standard would be recognized at the date of initial adoption January 1, 2018.

While the Corporation is completing its assessment of the adoption of IFRS 15, it expects no significant impacts to the Corporation's consolidated financial statements. The adoption of this standard will also impact the Corporation's revenue disclosures as the Corporation will be required to disclose the judgements, and changes in judgements made in applying IFRS 15 and a reconciliation of certain balances.

ii) IFRS 9, *Financial Instruments*, will replace the multiple classification and measurement models in IAS 39, *Financial Instruments: Recognition and Measurement* with a single model that has only two classification categories: amortized cost and fair value. The new standard provides additional guidance on the classification and measurement of financial instruments, introduces a new "expected credit loss model" for the impairment of financial assets and provides new guidance on the application of hedge accounting.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

The standard becomes effective for annual periods beginning on or after January 1, 2018, which is the date the Corporation will adopt IFRS 9 retrospectively without restatement of comparative amounts. While the Corporation is completing its assessment of the adoption of IFRS 9 it expects no significant impacts to the Corporation's consolidated financial statements.

iii) IFRS 16, *Leases*, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Corporation continues to assess the impact of adopting this standard on its consolidated financial statements.

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of judgement in applying accounting policies and in making critical accounting estimates that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of any contingent assets and liabilities. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the consolidated financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the consolidated financial statements, and the key areas are summarized below. Areas of significant judgements and estimates made by management in preparing these consolidated financial statements include:

Impairment of long-lived assets - Notes 3h) and 8

An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Management continually monitors the Corporation's operations and makes judgements and assessments about conditions and events in order to conclude whether possible impairment exists.

Asset retirement obligations - Notes 3l) and 23

In determining the present value of the obligation, the Corporation must estimate the amount and timing of the future cash payments and then apply an appropriate risk-free interest rate. Any change to the anticipated amount, timing of future payments or risk-free interest rate can result in a change to the obligation.

Depreciation and amortization - Notes 3h), 3i), 8 and 9

Significant components of property, plant and equipment are depreciated over their estimated useful lives. Useful lives are determined based on current facts and past experience and the results of depreciation studies. While these useful life estimates are reviewed on a regular basis and depreciation calculations are revised accordingly, actual lives may differ from the estimates. As such, assets may continue in use after being fully depreciated, or may be retired or disposed of before being fully depreciated. The latter could result in additional depreciation expense in the period of disposition.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

4. Significant accounting judgements, estimates and assumptions - continued

Intangible assets - Notes 3i) and 9

In determining whether to recognize costs as intangible assets, management makes judgements about when the criteria for recognition are met. Changes to management's judgements would affect the carrying amount of the Corporation's intangible assets and amortization recognition.

Regulatory deferral account debit and credit balances - Notes 3k)(i,ii) and 10

The Corporation accounts for its regulatory deferral accounts in accordance with IFRS 14 *Regulatory Deferral Accounts* and the decisions of the YUB. As discussed in Note 1(b) the recovery of these balances will be determined by the YUB as part of the regulatory proceeding to approve the GRA. Management is required to make judgements as to the timing of recognition and probability that the YUB will approve the Corporation to collect deferred costs through future rates.

Post-employment benefits - Notes 3p) and 15

The Corporation accrues for its obligations under defined benefit pension plans using actuarial valuation methods and other assumptions to estimate the projected benefit obligation and the associated expense related to the current period. The key assumptions utilized include the long-term rate of inflation, rates of future compensation, liability discount rates and the expected return on plan assets. The Corporation consults with qualified actuaries when setting the assumptions used to estimate benefit obligations. Actual rates could vary significantly from the assumptions and estimates used.

Revenue - Note 18

The Corporation estimates usage not yet billed at year end, which is included in revenues from sales of power. This accrual is based on an assessment of unbilled electricity supplied to customers between the date of the last meter reading and the year end. Management applies judgement to the measurement of the estimated consumption.

Provisions and contingencies - Notes 3l), 3m), 22 and 23

Management is required to make judgements to assess if the criteria for recognition of provisions and contingencies are met, in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Key judgements are whether a present obligation exists and the probability of an outflow being required to settle that obligation. Key assumptions in measuring recognized provisions include the timing and amount of future payments and the discount rate applied in measuring the provision.

Where the Corporation is defending certain lawsuits management must make judgements, estimates and assumptions about the final outcome, timing of trial activities and future costs as at the period end date. Management will obtain the advice of its external counsel in determining the likely outcome and estimating the expected obligations associated with these lawsuits; however, the ultimate outcome or settlement costs may differ from management's estimates.

Financial instruments - Notes 3f) and 25

The Corporation enters into financial instrument arrangements which may require management to make judgements to determine if such arrangements are derivative instruments in their entirety or contain embedded derivatives, including whether those embedded derivatives meet the criteria to be separated from their host contract, in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

4. Significant accounting judgements, estimates and assumptions - continued

Key judgements are whether certain non-financial items are readily convertible to cash, whether similar contracts are routinely settled net in cash or delivery of the underlying commodity taken and then resold within a short period, whether the value of a contract changes in response to a change in an underlying rate, price, index or other variable, and for embedded derivatives, whether the economic risks and characteristics are not closely related to the host contract and a separate instrument with the same terms would meet the definition of a derivative on a standalone basis.

5. Accounts receivable

	2017	2016
Wholesale energy sales	\$ 4,227	\$ 3,734
Retail energy sales	2,366	1,441
Due from related parties (Note 21)	1,358	1,159
Other	569	696
	\$ 8,520	\$ 7,030

At December 31, 2017, the aging of accounts receivable is as follows:

	Current	31 - 90 Days	Over 90 Days	Total
Accounts receivable	\$ 7,297	\$ 1,169	\$ 64	\$ 8,530
Allowance for doubtful accounts	-	-	(10)	(10)
	\$ 7,297	\$ 1,169	\$ 54	\$ 8,520

At December 31, 2016, the aging of accounts receivable is as follows:

	Current	31 - 90 Days	Over 90 Days	Total
Accounts receivable	\$ 6,717	\$ 207	\$ 116	\$ 7,040
Allowance for doubtful accounts	-	-	(10)	(10)
	\$ 6,717	\$ 207	\$ 106	\$ 7,030

A reconciliation of the beginning and ending amount of allowance for doubtful accounts is as follows:

	2017	2016
Allowance for doubtful accounts at beginning of year	\$ (10)	\$ (10)
Amounts written off as uncollectable	-	-
Allowance for doubtful accounts at end of year	\$ (10)	\$ (10)

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

6. Inventories

	2017	2016
Materials and supplies	\$ 3,343	\$ 3,088
Diesel fuel	337	299
Liquefied natural gas	103	211
	\$ 3,783	\$ 3,598

7. Direct financing lease

The Corporation's investments in direct financing leases are summarized as follows:

	2017	2016
Direct financing leases	\$ 117	\$ 117
Less: current portion	32	-
	\$ 85	\$ 117

In 2003, the Corporation financed an electric boiler system for the Yukon Hospital Corporation at a cost of \$595,898. The repayment terms on this lease stipulate that one half of the realized energy cost savings resulting from the boiler usage during the year will be repaid against the investment. Interest on this investment is earned at the rate of 7.5% per annum and recognized as interest income.

8. Property, plant and equipment

A reconciliation of the changes in the carrying amount of property, plant and equipment is as follows:

	Generation	Transmission & Distribution	Land & Buildings	Transportation & Other	Construction Work-in Progress	Total
Cost:						
At December 31, 2015	\$ 274,847	\$ 155,348	\$ 15,357	\$ 3,481	\$ 7,507	\$ 456,540
Additions	680	-	138	784	10,667	12,269
Transfers	3,100	2,834	882	-	(6,816)	-
Disposals	-	-	(635)	(311)	-	(946)
At December 31, 2016	278,627	158,182	15,742	3,954	11,358	\$ 467,863
Additions	-	-	-	553	12,590	13,143
Transfers	16,274	2,604	1,295	-	(20,173)	-
Disposals	-	-	(189)	(238)	-	(427)
At December 31, 2017	\$ 294,901	\$ 160,786	\$ 16,848	\$ 4,269	\$ 3,775	\$ 480,579

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

8. Property, plant and equipment - continued

	Generation	Transmission & Distribution	Land & Buildings	Transportation & Other	Construction Work-in Progress	Total
Accumulated depreciation:						
At December 31, 2015	\$ 9,022	\$ 7,944	\$ 1,561	\$ 521	\$ -	\$ 19,048
Depreciation	5,525	4,260	823	285	-	10,893
Disposals	-	-	(635)	(245)	-	(880)
At December 31, 2016	14,547	12,204	1,749	561	-	\$ 29,061
Depreciation	6,260	4,288	1,229	306	-	12,083
Disposals	-	-	(189)	(187)	-	(376)
At December 31, 2017	\$ 20,807	\$ 16,492	\$ 2,789	\$ 680	\$ -	\$ 40,768
Net book value:						
At December 31, 2016	\$ 264,080	\$ 145,978	\$ 13,993	\$ 3,393	\$ 11,358	\$ 438,802
At December 31, 2017	\$ 274,094	\$ 144,294	\$ 14,059	\$ 3,589	\$ 3,775	\$ 439,811

Included in generation depreciation is the annual depreciation for overhauls of \$0 (2016 - \$802,000) which is recorded in regulatory account expenses in Note 19. The AFUDC capitalized for 2017 was \$466,000 (2016 - \$819,000). The AFUDC rate estimate was 2.36% for 2017 (2016 - 2.4%)

9. Intangible assets

A reconciliation of the changes in the carrying amount of intangible assets is as follows:

	Software	Deferred Customer Service Costs	Financial Software	Aishihik Water License	Thermal and Water Licensing	Subtotal see next page
Cost:						
At December 31, 2015	\$ 462	\$ 443	\$ 2,406	\$ 3,032	\$ 2,516	\$ 8,859
Additions	66	-	-	955	297	1,318
Disposals	(8)	-	-	-	-	(8)
At December 31, 2016	520	443	2,406	3,987	2,813	10,169
Additions	170	-	-	1,969	109	2,248
Disposals	-	-	-	(12)	(97)	(109)
At December 31, 2017	\$ 690	\$ 443	\$ 2,406	\$ 5,944	\$ 2,825	\$ 12,308
Accumulated amortization:						
At December 31, 2015	\$ 61	\$ 128	\$ 568	\$ 1,038	\$ 72	\$ 1,867
Amortization	92	64	283	524	58	1,021
At December 31, 2016	153	192	851	1,562	130	2,888
Amortization	124	64	283	518	64	1,053
Disposals	-	-	-	(12)	(97)	(109)
At December 31, 2017	\$ 277	\$ 256	\$ 1,134	\$ 2,068	\$ 97	\$ 3,832

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

9. Intangible assets - continued

Net book value:

At December 31, 2016	\$ 367	\$ 251	\$ 1,555	\$ 2,425	\$ 2,683	\$ 7,281
At December 31, 2017	\$ 413	\$ 187	\$ 1,272	\$ 3,876	\$ 2,728	\$ 8,476

The internally generated costs and externally purchased costs for Software and Financial Software are approximately 50% internal and 50% external at December 31, 2017 and December 31, 2016. All other categories are almost exclusively internally generated.

10. Regulatory accounts

Regulatory deferral account debit balances

	Feasibility Studies (i)	IFRS Planning (ii)	Regulatory Costs (iii)	Vegetation Management (iv)	Dam Safety (v)	Uninsured Losses (vi)	Subtotal see next page
Cost:							
At December 31, 2015	\$ 18,555	\$ 566	\$ 4,360	\$ 1,644	\$ 144	\$ 267	\$ 25,536
Costs incurred	4,869	-	695	1,074	4	1,018	7,660
Regulatory provision	-	-	-	(502)	-	(226)	(728)
Disposals	(2,051)	(566)	(794)	-	-	-	(3,411)
Contributions received	(825)	-	(1)	-	-	-	(826)
At December 31, 2016	20,548	-	4,260	2,216	148	1,059	28,231
Costs incurred	2,265	-	912	-	-	687	3,844
Regulatory provision	-	-	-	-	-	(267)	(267)
Disposals	(243)	-	(643)	-	-	-	(886)
Contributions received	(715)	-	(100)	-	-	-	(815)
At December 31, 2017	\$ 21,855	\$ -	\$ 4,429	\$ 2,216	\$ 148	\$ 1,459	\$ 30,107
Accumulated amortization:							
At December 31, 2015	\$ 4,344	\$ 453	\$ 1,345	\$ -	\$ -	\$ -	\$ 6,142
Amortization	25	113	248	-	-	-	386
Disposals	(2,051)	(566)	(794)	-	-	-	(3,411)
At December 31, 2016	2,318	-	799	-	-	-	3,117
Amortization	1,282	-	440	222	30	212	2,186
Disposals	(243)	-	(643)	-	-	-	(886)
At December 31, 2017	\$ 3,357	\$ -	\$ 596	\$ 222	\$ 30	\$ 212	\$ 4,417
Net book value:							
At December 31, 2016	\$ 18,230	\$ -	\$ 3,461	\$ 2,216	\$ 148	\$ 1,059	\$ 25,114
At December 31, 2017	\$ 18,498	\$ -	\$ 3,833	\$ 1,994	\$ 118	\$ 1,247	\$ 25,690
Net increase (decrease) in regulatory deferral account debit balances (which are recognized in the net movement in regulatory deferral account balances related to net income on the Consolidated Statement of Operations and Other Comprehensive Income):							
December 31, 2016	\$ 4,019	\$ (113)	\$ 446	\$ 572	\$ 4	\$ 792	\$ 5,720
December 31, 2017	\$ 268	\$ -	\$ 372	\$ (222)	\$ (30)	\$ 188	\$ 576
Remaining recovery years							
At December 31, 2016	5 to 10 years	0 years	10 to 45 years	Indeterminate	4 years	Indeterminate	-
At December 31, 2017	5 to 10 years	0 years	10 to 45 years	Indeterminate	3 years	Indeterminate	-
Absent rate regulation, net income for the year and net movement in regulatory deferral account balances on the Consolidated Statement of Operations and Other Comprehensive Income would increase (decrease) by:							
December 31, 2016	\$ (4,019)	\$ 113	\$ (446)	\$ (572)	\$ (4)	\$ (792)	\$ (5,720)
December 31, 2017	\$ (268)	\$ -	\$ (372)	\$ 222	\$ 30	\$ (188)	\$ (576)

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

10. Regulatory accounts - continued

Regulatory deferral account debit balances - continued

	Carry Forward	Deferred Overhauls (vii)	Fuel Price Adjustment (viii)	2017 GRA (ix)	Total
Cost:					
At December 31, 2015	\$ 25,536	\$ 1,843	\$ 4	\$ -	\$ 27,383
Costs incurred	7,660	925	-	-	8,585
Regulatory provision	(728)	-	-	-	(728)
Disposals	(3,411)	-	-	-	(3,411)
Contributions received	(826)	-	(6)	-	(832)
At December 31, 2016	28,231	2,768	(2)	-	\$ 30,997
Cost incurred	3,844	-	-	-	3,844
Regulatory provision	(267)	-	500	4,319	4,552
Disposals	(886)	-	-	-	(886)
Contributions received	(815)	-	-	-	(815)
At December 31, 2017	\$ 30,107	\$ 2,768	\$ 498	\$ 4,319	\$ 37,692
Accumulated amortization:					
At December 31, 2015	\$ 6,142	\$ -	\$ -	\$ -	\$ 6,142
Amortization	386	-	-	-	386
Disposals	(3,411)	-	-	-	(3,411)
At December 31, 2016	3,117	-	-	-	3,117
Amortization	2,186	112	-	-	2,298
Disposals	(886)	-	-	-	(886)
At December 31, 2017	\$ 4,417	\$ 112	\$ -	\$ -	\$ 4,529
Net book value:					
At December 31, 2016	\$ 25,114	\$ 2,768	\$ (2)	\$ -	\$ 27,880
At December 31, 2017	\$ 25,690	\$ 2,656	\$ 498	\$ 4,319	\$ 33,163
Net increase (decrease) in regulatory deferral account debit balances (which are recognized in the net movement in regulatory deferral account balances related to net income on the Consolidated Statement of Operations and Other Comprehensive Income):					
December 31, 2016	\$ 5,720	\$ 925	\$ (6)	\$ -	\$ 6,639
December 31, 2017	\$ 576	\$ (112)	\$ 500	\$ 4,319	\$ 5,283
Remaining recovery years					
At December 31, 2016		Indeterminate	1 year	-	
At December 31, 2017		Indeterminate	1 year	1 year	
Absent rate regulation, net income for the year and net movement in regulatory deferral account balances on the Consolidated Statement of Operations and Other Comprehensive Income would increase (decrease) by:					
December 31, 2016	\$ (5,720)	\$ (925)	\$ 6	\$ -	\$ (6,639)
December 31, 2017	\$ (576)	\$ 112	\$ (500)	\$ (4,319)	\$ (5,283)

(a) Regulatory deferral account debit balances

(i) Feasibility studies and infrastructure planning

The Corporation undertakes certain studies to determine the feasibility of a range of projects and infrastructure proposals. While in progress, the costs of these studies are deferred within this account. The Corporation is directed to defer and amortize the costs over terms (between five and ten years) at the discretion of the YUB. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

10. Regulatory accounts - continued

(ii) IFRS planning

These deferred costs are associated with the conversion from previous GAAP to IFRS and are amortized over a term of five years. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(iii) Regulatory costs

These costs are associated with the YUB regulatory proceedings. The costs consist primarily of various rate and project review proceedings but also include resource plans, hearing costs from before 2012 and demand side management costs (consumer energy conservation program). The Corporation is directed to defer and amortize the costs over terms at the discretion of the YUB. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(iv) Vegetation management

Prior to 2017, the Corporation was deferring annual brushing costs in excess of a prescribed maximum annual amount based on a review of prior year brushing costs. In 2017, the Corporation established a vegetation management policy and as a result of expected annual costs, deferral is no longer required. The Corporation completes a full cycle of all its brushing requirements every 10 years and is amortizing previously deferred costs over a 10 year period. The impact of this change in estimate resulted in no additional amounts being recorded as additions to this regulatory deferral debit account and \$222,000 being recognized through the net movement in regulatory deferral account balances related to net income during the year. This change is consistent with the YUB board order requested as part of the 2017-2018 GRA. Refer to Note 1(b).

(v) Dam safety review

The Corporation has a program of conducting safety reviews of its dams in accordance with standards set by the Canadian Dam Association. External consultants are hired every five years with intermittent costs incurred in the interim periods. These costs are being amortized over five years. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(vi) Uninsured losses

Uninsured losses is an account maintained to address uninsured and uninsurable losses as well as the deductible portion of insured losses. The account is maintained through an annual provision and collected through customer rates. In 2017 the Corporation adjusted the annual provision based on past experience. Furthermore, since the account is in a debit balance, the under accrual of the provision will be amortized over a five year period. The impact of this change in estimate resulted in a \$41,000 increase to the regulatory provision and amortization of the prior year accumulated balance of \$212,000. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred. This change is consistent with the YUB board order requested as part of the 2017-2018 GRA. Refer to Note 1(b).

(vii) Deferred overhauls

YUB Order 2013-01 restricted inclusion of property, plant and equipment overhaul depreciation expense in rates charged to customers until the Corporation comes before the YUB for a prudence review. As such, starting in 2013 the Corporation deferred depreciation expense related to overhauls. In 2017, the Corporation came before the YUB for a prudence review. As such, the Corporation began to recognize these costs during the year. The impact of this change in estimate resulted in \$111,000 of amortization of the accumulated balance. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

10. Regulatory accounts - continued

(viii) Fuel price adjustment

OIC 1995/90 directs the YUB to permit the Corporation to adjust electricity rates to reflect fluctuations in the price of diesel fuel. The amount by which actual fuel prices vary from the long term average prices is deferred and recovered from or refunded to customers in a future period. In 2017 the Corporation updated the long term average cost to better reflect current market conditions. The impact of this change resulted in an additional \$450,000 regulatory provision for this regulatory deferral debit account. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred. This change is consistent with the YUB board order requested as part of the 2017-2018 GRA. Refer to Note 1(b).

(ix) 2017 GRA for proposed rate increase

The Corporation recognizes a regulatory deferral account debit balance when the Corporation has the right, as a result of the actual or expected actions of the rate regulator, to increase rates in future periods in order to recover its allowable costs. The amount recognized represents the Corporation's 2017 revenue shortfall based on 2017 forecasted costs plus a fair rate of return and represents management's best judgement and estimate of the expected approval by the YUB. This change is consistent with the YUB board order requested as part of the 2017-2018 GRA. Refer to Note 1(b) and Note 4.

(x) Deferred gains and losses

Deferred gains and losses represent amounts from disposals of property, plant and equipment. There are no deferred gains or losses during any of the reporting years.

Regulatory deferral account credit balances

	Deferred Insurance Proceeds (i)	Hearing Reserve (ii)	Diesel Contingency Fund (iii)	Future Removal and Site Restoration Costs (iv)	Total
Cost:					
At December 31, 2015	\$ 11,122	\$ 561	\$ 10,895	\$ 4,367	\$ 26,945
Costs incurred	-	(138)	-	(8)	(146)
Regulatory provision	-	550	-	-	550
Cash received	-	-	1,054	-	1,054
Cash refunded	-	-	(2,464)	-	(2,464)
At December 31, 2016	11,122	973	9,485	4,359	25,939
Costs incurred	-	(3)	-	(56)	(59)
Regulatory provision	-	250	-	-	250
Cash received	-	-	2,118	-	2,118
Cash refunded	-	-	(2,861)	-	(2,861)
At December 31, 2017	\$ 11,122	\$ 1,220	\$ 8,742	\$ 4,303	\$ 25,387
Accumulated amortization:					
At December 31, 2015	\$ 5,897	\$ -	\$ -	\$ -	\$ 5,897
Amortization	250	-	-	-	250
Disposals	-	-	-	-	-
At December 31, 2016	6,147	-	-	-	6,147
Amortization	247	194	-	-	441
Disposals	-	-	-	-	-
At December 31, 2017	\$ 6,394	\$ 194	\$ -	\$ -	\$ 6,588

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

10. Regulatory accounts - continued

Regulatory deferral account credit balances

Net book value:					
At December 31, 2016	\$ 4,975	\$ 973	\$ 9,485	\$ 4,359	\$ 19,792
At December 31, 2017	\$ 4,728	\$ 1,026	\$ 8,742	\$ 4,303	\$ 18,799
Net (increase) decrease in regulatory deferral account credit balances (which are recognized in the net movement of regulatory deferral account balances related to net income on the Consolidated Statement of Operations and Other Comprehensive Income):					
December 31, 2016	\$ 250	\$ (412)	\$ 1,410	\$ 8	\$ 1,256
December 31, 2017	\$ 247	\$ (53)	\$ 743	\$ 56	\$ 993
Remaining recovery years					
At December 31, 2016	20 years	Indeterminate	Indeterminate	Indeterminate	
At December 31, 2017	19 years	Indeterminate	Indeterminate	Indeterminate	
Absent rate regulation, net income for the year and net movement in regulatory deferral account balances on the Consolidated Statement of Operations and Other Comprehensive Income would increase (decrease) by:					
December 31, 2016	\$ (250)	\$ 412	\$ (1,410)	\$ (8)	\$ (1,256)
December 31, 2017	\$ (247)	\$ 53	\$ (743)	\$ (56)	\$ (993)

(b) Regulatory deferral account credit balances

(i) Deferred insurance proceeds

The deferred insurance proceeds represents a gain on fire insurance proceeds related to a fire at the Whitehorse Rapids Generating Station in 1997 which, pursuant to YUB Order 2000-3, is being amortized to income at the same rate as depreciation of the related replacement assets. In the absence of rate regulation, IFRS requires the gain to have been fully recognized as income in the year received.

(ii) Hearing reserve

The Corporation has established a deferral account for future regulatory hearing costs. In 2017 the Corporation adjusted the annual provision and recognition of the accumulated balance to more accurately reflect expected hearing costs. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred. This change is consistent with the YUB board order requested as part of the 2017-2018 GRA. Refer to Note 1(b).

(iii) Diesel Contingency Fund and Energy Reconciliation Adjustment

The Diesel Contingency Fund (DCF) was established by YUB Order 1996-6. The DCF is used to reimburse the Corporation for costs associated with diesel generation required when there is a diesel cost variance due solely to water-related hydro and wind generation variances from YUB approved GRA forecasts.

The DCF attracts interest based upon short/intermediate term bond rates. Any negative balance attracts interest at the lowest short-term bond rates available to the Corporation through its line of credit. The Corporation is required to file quarterly reports with the YUB on the DCF's activity.

In accordance with YUB Order 2015-01, the Corporation defers recognition of the additional amounts collected from rate payers when the cost of diesel consumed in the period is less than the long-term average diesel requirements estimated for the actual annual generation load. These deferred revenues are recognized as revenue in the period when the cost of diesel fuel incurred for the period is greater than the long-term average diesel requirements and the reason for the shortfall is a shortage of water in the hydro system. The YUB has set a cap of +/- \$8 million for the DCF. If the balance falls outside of this range, the Corporation is to make an application to the YUB requesting recovery or a refund to customers. In accordance with YUB Order 2015-06, the Corporation is providing a refund to the customers of 0.68 cents/kWh effective September 1, 2015.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

10. Regulatory accounts - continued

In the absence of rate regulation, IFRS requires any amounts earned or incurred related to the DCF to be included in the Corporation's net income in the year incurred.

(iv) Future removal and site restoration costs

The Corporation maintains a regulatory provision for future removal and site restoration costs related to property, plant and equipment, which is incremental to that required to be recognized as an asset retirement provision under IAS 37. The reserve has been established through amortization rates based upon depreciation studies conducted periodically by the Corporation. As a result of the YUB Order 2005-12, effective January 1, 2005, the provision is not to exceed the cumulative value of the provision at December 31, 2004 of \$5,757,000.

Costs of dismantling capital assets, including site remediation, will be applied to this regulatory deferral account credit balance if they do not otherwise relate to an asset retirement provision. The period over which the provision will be reduced is dependent on the timing of future costs of demolishing, dismantling, tearing down, site restoration or otherwise disposing of the asset net of actual recoveries, and is therefore indeterminate. In the absence of rate regulation, IFRS requires these costs to be expensed or included in the gain or loss on disposal of the related property, plant and equipment, as applicable.

(c) Regulatory account expenses

Regulatory account expenses represent costs incurred related to regulatory account debit balances of \$3,844,000 (2016 - \$8,585,000) and regulatory account credit balances of \$59,000 (2016 - \$146,000).

(d) Net movement in regulatory deferral account balances related to net income

Net movement in regulatory deferral account balances related to net income is \$6,276,000 (2016 - \$7,895,000) and represents the adjustment to net income for the year before net movement in regulatory deferral account balances for the effects of rate regulation in accordance with IFRS 14. The net movement figure of \$6,276,000 is comprised of an increase of \$5,283,000 for regulatory account debit balances and a decrease of \$993,000 for regulatory account credit balances for rate regulation compared to the amounts that would be recorded under IFRS absent rate regulation. The net movement figure of \$7,895,000 for 2016 is comprised of an increase of \$6,639,000 and \$1,256,000 for regulatory account debit balances and regulatory account credit balances respectively for rate regulation compared to the amounts that would be recorded under IFRS absent rate regulation.

11. Bank indebtedness

The line of credit accrues interest on withdrawals at prime rate minus 0.75% per annum.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

12. Accounts payable and accrued liabilities

	2017	2016
Trade payables	\$ 7,794	\$ 7,473
Employee compensation	1,328	989
Due to related parties (Note 21)	551	654
Other	62	50
	\$ 9,735	\$ 9,166

13. Construction financing

	2017	2016
Construction financing due March 31, 2018, bearing interest at 1.51% (2016 - 1.44%), interest rate is adjusted annually on April 1 to be the one-year Canadian Dollar Offered Rate plus 30 basis points, approved to a maximum of \$21.2 million	\$ 21,200	\$ 21,200
Construction financing due March 31, 2018, bearing interest at 1.51% (2016 - 1.44%), interest rate is adjusted annually on April 1 to be the one-year Canadian Dollar Offered Rate plus 30 basis points, approved to a maximum of \$18 million	18,000	18,000
	\$ 39,200	\$ 39,200

The Corporation's construction financing is summarized as follows:

	2017	2016
Current portion of construction financing	\$ 39,200	\$ -
Long-term construction financing	-	39,200
	\$ 39,200	\$ 39,200

Construction financing balances are monies advanced from the Yukon Government to assist in the development of the Corporation's infrastructure. Interest is payable annually at December 31 and at the maturity date.

During the year the Corporation did not make any principal repayments. Construction financing due March 31, 2018 was refinanced subsequent to the year end for a term of five years. Annual principal payments of \$1,000,000 are due on March 31. The interest rate is adjusted annually on April 1 to be the one-year Canadian Dollar Offered Rate plus Yukon Government's borrowing premium.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt

The Corporation's long-term debt is summarized as follows:

	2017	2016
Bond		
The Corporation issued a bond at a fixed interest rate of 5.0% per annum. Interest is payable semi-annually. Principal payment is due when the bond expires on June 29, 2040 (i).	\$ 98,397	\$ 98,359
The Toronto Dominion Bank		
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 2.92% per annum. Principal drawdowns are monthly with the balance due on December 27, 2017.	-	2,000
The Toronto Dominion Bank		
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 4.82% per annum. Principal drawdowns are quarterly with the balance due on March 30, 2017.	-	280
The Toronto Dominion Bank		
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 2.69% per annum. Payable in monthly installments of \$50,407 interest and principal with the balance due on December 28, 2022 (ii).	9,348	9,697
Tr'ondek Hwech'in First Nation loan		
The loan from the First Nation is related to the construction of the Mayo Dawson Transmission Line and is repayable in equal annual principal repayments of \$125,000 with the final payment due in 2049. The interest rate at 7.406% (2016-7.19%) is a blended rate based on the cost of debt and the actual rate of return earned by the Utility.	4,000	4,125
Na-Cho Nyak Dun First Nation loan		
The loan from the First Nation is related to the construction of the Mayo B project and is repayable in equal annual principal repayments of \$43,264 with the final payment due in 2094. The interest rate of 8.69% (2016-8.14%) is based on the actual rate of return earned by the Utility.	3,331	3,375

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt - continued

Chu Niikwan Limited Partnership loan

The loan from the First Nation is related to the construction of the Liquid Natural Gas generation equipment and is repayable in equal annual principal repayments of \$839,376 with the final payment due in 2040. The interest rate of 4.736% (2016 - 4.47%) is based on a blended rate based on the cost of debt and the actual rate of return earned by the Utility.

	19,306	20,146
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Carmacks Stewart First Nation liability

Long-term liability payable to several First Nations related to the construction of the Carmacks Stewart Transmission Line. These are non interest bearing, repayable in varying installments, due in 2028.

	190	220
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Total

	134,572	138,202
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Less: current portion

	1,395	3,667
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	\$ 133,177	\$ 134,535
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(i) Bond

The Corporation issued a bond in 2010 for the face value of \$100 million. The interest rate is 5% and the bond matures June 29, 2040. There are no principal payments due until the bond matures and interest is payable semi-annually. The bond was issued at a discount of \$0.7 million which is being amortized over the period of the related debt using the effective interest rate. Transaction costs were \$1.2 million and includes fees paid to agents and advisors and are presented as a reduction from the carrying value of the related debt and are amortized over the period of the related debt using the effective interest rate.

(ii) Toronto Dominion Bank Loan and Interest Rate Swap

On December 28, 2012, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. The interest rate swap matures December 28, 2022.

Long-term debt repayment

Scheduled repayments for all long-term debt are as follows:

2018	\$ 1,395
2019	1,385
2020	1,395
2021	1,395
2022	8,865
Thereafter	120,137

	\$ 134,572
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Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt - continued

The change in long-term debt arising from financing activities during the year related to principal repayment of \$3,667. An amount of \$1,395 was reclassified from long-term debt to current portion of long-term debt due to the passage of time.

Fair value

The fair value of long-term debt at December 31, 2017 is \$168 million (December 31, 2016 - \$165 million). The fair value for all long-term debt including current portions was estimated using discounted cash flows based on an estimate of the Corporation's current borrowing rate for similar borrowing arrangements.

15. Post-employment benefits

Characteristics of benefit plans

The Corporation sponsors an employee defined benefit pension plan for employees joining the Corporation before January 1, 2002. The Corporation also sponsors an executive defined benefit pension plan and supplemental executive retirement plan for a former executive. Benefits provided are calculated based on length of pensionable service, pensionable salary at retirement age and negotiated rates.

Employees joining the Corporation after January 1, 2002 are not eligible to participate in the employee defined benefit pension plan. The Corporation makes contributions to a Registered Retirement Savings Plan ("RRSP") on behalf of these employees and employees hired before January 1, 2002 who belonged to the employee defined benefit pension plan and elected to opt out of that plan. The RRSP is a defined contribution retirement plan. The costs recognized for the period are equal to the Corporation's contribution to the plan. During 2017, these were \$454,000 (2016 - \$448,000).

The defined benefit pension plan for employees is regulated by the Office of the Superintendent of Financial Institutions (OSFI) through the *Pension Benefits Standards Act* and regulations. This Act and accompanying regulations impose, among other things, minimum funding requirements. The executive defined benefit pension plan and supplemental executive retirement plan are not registered with OSFI and are not subject to minimum funding requirements of the Act.

These minimum funding requirements require the Corporation make special payments as prescribed by the OSFI to repay any unfunded liability or deficit that may exist. For the employee defined benefit pension plan, the Corporation is required to pay \$87,300 as minimum annual payment in each of the next 12 years (2016 - \$225,300 in each of the next 12 years).

A committee of the Utility's Board of Directors oversees these plans and is responsible for the investment policy with regard to the assets of these funds.

Risks associated with defined benefit plans

The defined benefit pension plans expose the Corporation to risk such as investment risk and actuarial risk. Investment risk is the risk that the assets invested will be insufficient to meet expected benefits. Actuarial risk is the risk that benefits paid will be more than expected. There are no particular unusual, entity-specific or plan specific risks or any significant concentration of risk.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

Net defined benefit liability	2017	2016
Present value of benefit obligations		
Balance, beginning of year	\$ 22,980	\$ 20,793
Employee contributions	84	84
Current service cost	543	493
Interest cost	910	868
Benefits paid	(559)	(458)
Actuarial (gains) losses on experience	(755)	539
Actuarial losses on financial assumptions	1,572	661
Balance, end of year	\$ 24,775	\$ 22,980
Fair value of plan assets		
Balance, beginning of year	17,113	15,357
Interest income on plan assets	671	638
Gain (losses) on plan assets	688	716
Employee contributions	84	84
Employer contributions	674	781
Benefits paid	(521)	(421)
Administrative costs	(50)	(42)
Balance, end of year	18,659	17,113
Net defined benefit liability	\$ 6,116	\$ 5,867
Components of benefit plan cost		
	2017	2016
Current service cost	\$ 543	\$ 493
Interest cost	910	868
Interest income on plan assets	(671)	(638)
Administrative costs	50	42
Defined benefit expense in Consolidated Statement of Operations	832	765
Defined contribution expense	454	448
Total benefit expense in Consolidated Statement of Operations	\$ 1,286	\$ 1,213
Actuarial losses (gains) on obligation	816	1,200
Losses (gains) on plan assets	(688)	(717)
Total remeasurement included in Other Comprehensive Income	128	483
Total benefit cost recognized in the Consolidated Statement of Operations and Other Comprehensive Income	\$ 1,414	\$ 1,696

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

Distribution of plan assets of defined benefit pension plans:

The fair values of the defined benefit pension plans' assets are based on market values as reported by the plans' custodians as at each applicable Consolidated Statement of Financial Position date. The distribution of assets by major asset class is as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Equities	51.8%	54.9%
Fixed income securities	38.5%	35.9%
Real estate	9.7%	9.2%

Significant assumptions:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Discount rate - accrued benefit obligation	3.40% - 3.50%	3.90% - 4.00%
Assumed rate of salary escalation	2.80% - 3.50%	2.80% - 3.50%
Pension growth	2.00% - 2.50%	2.00% - 2.50%

Sensitivity Analysis:

The sensitivities of key assumptions used in measuring accrued benefit obligations at each Statement of Financial Position date have been calculated independently of changes in other key assumptions. Actual experience may result in changes in a number of assumptions simultaneously. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period. The mortality assumptions are based on the 2014 Canadian Pensioner Mortality Private Table projected with full generational mortality improvements using scale B.

Assumptions and sensitivity to the recognized post-employment benefits liability balance at December 31, 2017

Assumption	+1%	-1%	+1%	-1%
Discount rate	-14.29%	18.14%	\$(3,540)	\$4,494
Salary growth	2.18%	-2.07%	508	(483)
Pension growth	14.48%	-11.93%	3,378	(2,784)
Life expectancy (1 year movement)	2.63%	-2.64%	652	(655)

Assumptions and sensitivity to the recognized post-employment benefits liability balance at December 31, 2016

Assumption	+1%	-1%	+1%	-1%
Discount rate	-14.10%	17.97%	\$(3,241)	\$4,129
Salary growth	2.5%	-2.41%	550	(521)
Pension growth	14.25%	-11.74%	3,071	(2,537)
Life expectancy (1 year movement)	2.41%	-2.43%	555	(559)

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same that is applied in calculating the defined benefit obligation liability recognized in the Consolidated Statement of Financial Position.

The Corporation pays the balance of the cost of the employee benefit plan over the employee contributions, as determined by the actuary. Members are required to contribute 3.5% of earnings up to the Year's Maximum Pensionable Earnings (YMPE) plus 5% of earnings above the YMPE. Permanent part-time members will have required contributions as above multiplied by their permanent part-time service ratio. Employees can make additional contributions to purchase ancillary benefits. Members choose the ancillary benefit on termination of service or on retirement.

The average duration of the benefit obligation is 16.0 years (2016 - 16.0 years).

The Corporation expects to make payments of \$682,000 (2016 - \$706,000) to the defined benefit pension plans during the next financial year.

16. Contributions in aid of construction

	Government of Canada	Customers since 1998	Yukon Government since 1998	Pre - 1998 contributions	Total
Cost:					
At December 31, 2015	\$ 71,000	\$ 24,581	\$ 18,120	\$ 1,739	\$ 115,440
Additions	-	272	58	-	330
At December 31, 2016	\$ 71,000	\$ 24,853	\$ 18,178	\$ 1,739	\$ 115,770
Additions	-	40	292	-	332
At December 31, 2017	\$ 71,000	\$ 24,893	\$ 18,470	\$ 1,739	\$ 116,102
Accumulated amortization:					
At December 31, 2015	\$ 4,039	\$ 8,761	\$ 3,294	\$ 1,292	\$ 17,386
Additions	990	1,186	384	44	2,604
At December 31, 2016	\$ 5,029	\$ 9,947	\$ 3,678	\$ 1,336	\$ 19,990
Additions	991	1,188	394	44	2,617
At December 31, 2017	\$ 6,020	\$ 11,135	\$ 4,072	\$ 1,380	\$ 22,607
Net book value:					
At December 31, 2016	\$ 65,971	\$ 14,906	\$ 14,500	\$ 403	\$ 95,780
At December 31, 2017	\$ 64,980	\$ 13,758	\$ 14,398	\$ 359	\$ 93,495

The sources of contributions received prior to 1998 were not recorded separately.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

17. Decommissioning fund

	2017	2016
Opening balance	\$ 2,636	\$ 2,612
Interest	29	24
Closing balance	\$ 2,665	\$ 2,636

18. Sales of power

	2017	2016
Wholesale	\$ 31,516	\$ 28,641
Industrial	5,298	4,506
General service	4,924	4,359
Residential	2,204	1,765
Secondary sales	635	371
Sentinel and street lights	104	96
	\$ 44,681	\$ 39,738

19. Operations and maintenance expenses

	2017	2016
Wages and benefits	\$ 6,242	\$ 5,955
Regulatory account expenses (Note 10 (c))	3,903	8,731
Contractors	3,024	1,692
Fuel	2,911	1,168
Materials and consumables	1,335	1,173
Rent	492	234
Travel	352	311
Communication	70	61
	\$ 18,329	\$ 19,325

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

20. Administration expenses

	2017	2016
Wages and benefits	\$ 6,316	\$ 6,311
Insurance and taxes	1,828	1,824
Materials, consumables and general	1,285	2,408
External labour	1,231	1,451
Licences and fees	711	658
Travel	191	188
Board fees	84	124
	\$ 11,646	\$ 12,964

21. Related party transactions

The Corporation is related in terms of common ownership to all Yukon Government departments, agencies and Territorial Corporations. Transactions are entered into in the normal course of operations with these entities. All sales of power transactions are recorded at the rates approved by the YUB.

The finance lease with the Yukon Hospital Corporation is disclosed in Note 7.

The following table summarizes the Corporation's related party transactions with the Yukon Government for the year:

	2017	2016
Revenues		
Contributions for Interim Electrical Rebate program	\$ 3,540	\$ 3,194
Contributions for bond interest expense	2,625	2,625
Contributions for feasibility studies for transmission facilities	565	825
Contributions for Next Generation Hydro project expenses	171	907

At the end of the year, the amounts receivable from and due to the Yukon Government are as follows:

	2017	2016
Balances		
Construction financing	\$ 39,200	\$ 39,200
Accounts receivable	\$ 1,358	\$ 1,159
Accounts payable	\$ 551	\$ 654

These balances are non-interest bearing and payable on demand except for construction financing.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

21. Related party transactions - continued

Transactions with Key Management Personnel

The Corporation's key management personnel comprise of members of senior management and the board of directors, a total of 27 individuals (2016 - 27 individuals). Key management personnel compensation is as follows:

Year ended December 31,	2017	2016
Short-term employee benefits	\$ 1,631	\$ 1,653
Post-employment benefits	163	55
Retirement benefits	-	36
	\$ 1,794	\$ 1,744

22. Commitments

Aishihik water licence

The Yukon Water Board issued a water use licence in 2002, valid until December 31, 2019, for the Corporation's Aishihik Lake facility. In addition to maintaining a minimum and maximum water level, this licence commits the Corporation to meet a number of future requirements including annual fish monitoring programs.

Fish monitoring programs are also required under an authorization provided by the federal government Department of Fisheries and Oceans, which is valid until December 31, 2019. These costs of meeting these requirements are accounted for as water licence costs in the year they are paid.

Contractual obligations

The Corporation has entered into contracts to purchase products or services for which the liability has not been incurred as at December 31, 2017 as the product or service had not been provided. The total commitments at year end are \$4,813,000 (December 31, 2016 - \$1,754,000).

Power Purchase Agreement

On November 9, 2017, the Utility entered into a Power Purchase Agreement (PPA) with Victoria Gold Corporation and Stratagold Corporation (collectively known as VGC Group). The PPA details the rights and obligations of each party in an agreement to permit VGC Group to connect its industrial mine site in the Mayo district to the Utility's grid. Power sales to the industrial mine are estimated to contribute \$100 million in additional revenues to the Utility over the expected ten year mine life. The agreement commits VGC to covering the full costs of connecting to the Utility's main line, the Utility's negotiating expenses and required system improvements. The Utility is expected to incur \$118,621 in monthly fixed costs related to this agreement. These amounts will be collected through a monthly fixed rate charge from VGC.

The agreement was conditional on approval by the YUB and confirmation of VGC receipt of financing to move on to the next phase of construction. On March 6, 2018, the YUB accepted the PPA as presented and specifically approved those provisions related to required investment and rate schedule impacts. Additionally, on March 8, 2018, VGC Group advised the Utility that they had achieved the condition precedent related to the requirement for mine construction financing.

The mine is expected to connect to the grid by approximately mid 2019.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

23. Contingencies

Aishihik Third Turbine Project

This project was commissioned into service in December 2011. On March 2, 2012, the general contractor filed a claim with the Supreme Court of Yukon for \$4,000,000 plus interest and costs alleging the Utility has not paid for work performed. During 2016, the judge awarded the plaintiff \$1,682,000 of which \$1,308,000 had already been accrued for in the consolidated financial statements. The Utility was also required to reimburse the plaintiff for its legal costs and interest. The Utility recognized an estimate for this amount as a liability in the 2016 Consolidated Statement of Financial Position. Legal cost and interest were paid in 2017. The Utility has appealed the decision. The outcome of the appeal is not determinable at this time and no estimate of appeal settlement has been recognized in the consolidated financial statements.

Asset retirement obligations

The Corporation has not recognized a provision for the closure and restoration obligations for certain generation, transmission and distribution assets which the Corporation anticipates maintaining and operating these assets for an indefinite period, making the date of retirements of these assets indeterminate. These significant uncertainties around the timing of any potential future cash outflows are such that a reliable 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.

24. Provision for environmental liabilities

The Corporation's activities are subject to various federal and territorial laws and regulations governing the protection of the environment or to minimize any adverse impact thereon. The Corporation conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations.

The Corporation has conducted environmental site assessments at all its diesel plant sites. At sites where environmental contamination was found and a legal obligation to remediate the site existed, the Corporation has conducted a full remediation. As at December 31, 2017 no new provisions for environmental liabilities, for which a legal obligation exists to remediate, have been identified by the Corporation. The Corporation will continue to use its Environmental Management System to monitor and assess previous and potential existing environmental liabilities on an ongoing basis. The Corporation does not have a provision for environmental liabilities as there is no present obligation to remediate.

25. Risk management and financial instruments

At December 31, 2017, the Corporation's financial instruments included cash, accounts receivable, bank indebtedness, finance lease receivables, accounts payable and accrued liabilities, construction financing, long-term debt and interest rate swaps. The fair value of cash, bank indebtedness, accounts receivable, finance lease receivables, accounts payable and accrued liabilities and construction financing approximate their carrying value due to the immediate or short-term maturity of these financial instruments.

The long-term debt is accounted for at amortized cost using the effective interest rate method. The fair value of the long-term debt is estimated by discounting the future cash flows using current rates for debt instruments subject to similar risks and maturities as discussed in Note 14.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

25. Risk management and financial instruments - continued

Interest rate swaps are financial contracts that derive their value from changes in an underlying variable. The Corporation's interest rate swaps are classified as held for trading and are recognized at their fair value on the date the contract has been entered into. Any subsequent unrealized and realized gains and losses are reported in net income during the period in which the fair value movement occurred. The fair value of the interest rate swaps is estimated using standard market valuation techniques and is provided to the Corporation by the financial institution that is the counterparty to the transactions.

The Corporation did not engage in any other hedging transactions.

Interest rate risk

Interest rate risk is the risk that future cash flows or fair value of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's future cash flows are not exposed to significant interest rate risk due to its long-term debt having fixed interest rates, with the exception of the Bankers' Acceptances from the Toronto Dominion Bank. The Bankers' Acceptances have had the variable rate converted to a fixed rate using an interest rate swap to eliminate the interest rate risk.

As at December 31, 2017, the Corporation had an interest rate swap agreement in place with a notional principal amount of \$9.34 million (December 31, 2016 - \$9.7 million). The agreements effectively change the Corporation's interest rate exposure on this notional amount from a floating rate to a fixed rate of 2.69%.

The fair value of the interest rate swap agreement on December 31, 2017 was a liability of \$56,000 (December 31, 2016 - liability of \$429,000). The increase in the fair value in 2017 of \$374,000 (2016 - increase of \$231,000) is recognized on the Consolidated Statement of Operations and Other Comprehensive Income as an unrealized gain. A 100 basis point increase/decrease in the interest rate assumption would have resulted in an increase/decrease in the interest rate swap agreements fair value of \$401,000 (December 31, 2016 - \$519,000).

The Corporation has access to \$17.5 million in lines of credit. Effective August 25, 2017, the borrowing capacity under the lines of credit was increased temporarily to \$29.5 million. The temporary increase expires August 24, 2018. The account accrues interest on withdrawals at prime rate minus 0.75% per annum. By agreement the financial institution has a legally enforceable right to set off the outstanding balance under the lines of credit by cash balances in other accounts with the same bank. The amount outstanding on the lines of credit balance at year end was \$10.1 million (2016 - \$2.5 million). The Corporation has cash balances with the same financial institution with legal right of offset of \$2.8 million (2016 - \$2.8 million). Due to the short-term nature of the amount drawn on the lines of credit and the Corporation's cash balances with the same financial institution the interest rate risk is minimal.

Credit risk

Credit risk is the risk of failure of a debtor or counterparty to honour its contractual obligations resulting in financial loss to the Corporation.

The following table illustrates the maximum credit exposure to the Corporation if all counterparties defaulted:

	2017	2016
Cash	\$ 2,704	\$ 3,239
Accounts receivable	8,520	7,030
Finance lease receivables	117	117
	\$ 11,341	\$ 10,386

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

25. Risk management and financial instruments - continued

Credit risk on cash is considered minimal as the Corporation's cash deposits are held by a Canadian Schedule 1 Chartered bank.

Credit risk on accounts receivable is considered minimal as the Corporation has experienced insignificant bad debt in prior years. In addition, its primary customer is a rate regulated utility that purchases power from the Corporation for resale and as such these receivables are considered fully collectible. Included in the accounts receivable past due but not impaired at December 31, 2017 are \$1,223,000 (2016 - \$257,000) which management believes will be received in full.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through regular monitoring of cash and currency requirements by preparing cash flow forecasts to identify financing requirements. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The Corporation had \$19.4 million (December 31, 2016 - \$17.5 million) in undrawn credit facilities at its disposal to further reduce liquidity risk. See Note 14 for contractual maturity analysis of long-term debt.

Fair values

The following table illustrates the fair value hierarchy of the Corporation's financial instruments as at December 31, 2017:

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Derivative related liability	-	\$56	-	\$56
Long-term debt	-	-	\$134,572	\$134,572

The following table illustrates the fair value hierarchy of the Corporation's financial instruments as at December 31, 2016:

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Derivative related liability	-	\$429	-	\$429
Long-term debt	-	-	\$138,202	\$138,202

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

26. Capital management

The Utility, manages its equity by managing revenues, expenses, assets and liabilities to ensure the Utility effectively achieves its objectives while remaining a going concern. For the purpose of this calculation capital is the Utility's equity which is comprised of share capital, contributed capital and accumulated funds in the form of retained earnings.

The Utility monitors its capital on the basis of the ratio of total debt to total capitalization. Debt is calculated as total borrowings, which is comprised of long-term debt, including the portion of long-term debt due within one year. Short-term debt related to assets under construction at the Statement of Financial Position date is excluded from the calculation of total debt, as the assets are similarly excluded from the determination of rate base. In addition the provision for decommissioning of the Minto Mine spur line has been added (Note 17). Total capitalization is calculated as total debt plus total shareholder's equity as shown on the Utility's Statement of Financial Position. The Utility maintains a balance in retained earnings as an indicator of the Utility's equity position.

The Utility has a policy which defines its capital structure at a ratio of 60% debt and 40% equity. This policy has been reviewed and accepted by the YUB.

The table below summarizes the Utility's total debt to total capitalization position:

	2017	2016
Long-term debt due within one year	\$ 5,248	\$ 5,238
Long-term debt	142,523	147,771
Total debt	147,771	153,009
Add provision for decommissioning of industrial customer spur line	2,665	2,636
Total debt to include in the calculation	\$ 150,436	\$ 155,645
Share capital	\$ 39,000	\$ 39,000
Contributed surplus	14,600	14,600
Retained earnings	61,367	51,034
Total shareholder's equity	114,967	104,634
Total capitalization	\$ 265,403	\$ 260,279
Total debt to total capitalization	57 %	60 %

There were no changes in the Utility's approach to capital management during the period.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2017 (tabular amounts in thousands of Canadian dollars)

27. Non-consolidated financial information

The nature and size of operations of the non-consolidated Yukon Development Corporation and its wholly-owned subsidiary, Yukon Energy Corporation differ substantially. Unaudited non-consolidated financial statements of the Yukon Development Corporation and audited financial statements of Yukon Energy Corporation for the year ended December 31, 2017 are also prepared.

YUKON HOSPITAL CORPORATION

FINANCIAL STATEMENTS

March 31, 2018

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Yukon Hospital Corporation

Management Responsibility Statement

The accompanying consolidated financial statements of the Yukon Hospital Corporation are the responsibility of management and have been approved by the Executive Committee of the Board of Trustees.

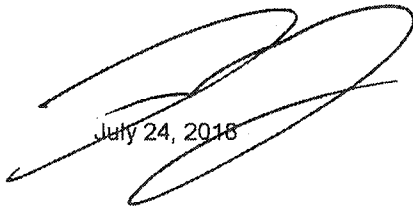
These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements include some amounts, such as the determination of amounts related to the estimated useful lives of capital assets, the defined benefit pension plan obligation, the calculation of allowance for doubtful accounts and the liabilities for accrued severance, retirement and sick leave benefits, that are necessarily based on management's best estimates and judgement. Management has determined such amounts on a reasonable basis.

Management maintains a system of internal accounting and administrative controls designed to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets.

The Board of Trustees of the Corporation is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board exercises this responsibility for financial reporting through the delegation of the approval of the consolidated financial statements by the Executive Committee consisting of three non-management members. The Executive Committee meets regularly with management and with the external auditors to review the scope, results of the annual audit, and to review and approve the consolidated financial statements and related financial reporting matters.

These consolidated financial statements have been independently audited in accordance with Canadian generally accepted auditing standards by the Auditor General of Canada, and his report is included with these consolidated financial statements.

Jason Bilsky
Chief Executive Officer



July 24, 2018

Kelly Steele
Chief Financial Officer



July 24, 2018



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Yukon Hospital Corporation

I have audited the accompanying consolidated financial statements of the Yukon Hospital Corporation, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of operations, consolidated statement of change in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Yukon Hospital Corporation as at 31 March 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

24 July 2018
Vancouver, Canada

Yukon Hospital Corporation
Consolidated Statement of Financial Position

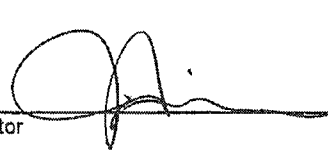
As at March 31
(in thousands of dollars)

	2018	2017
	\$	\$
ASSETS		
Current assets		
Cash	6,096	3,844
Accounts receivable	2,945	2,521
Inventory (note 3)	2,595	2,364
Prepaid expenses	709	582
Short-term contributions receivable (note 7)	3,309	3,203
	<u>15,654</u>	<u>12,514</u>
Non-current assets		
Restricted funds (note 4)	584	580
Accrued pension benefit (note 5)	44,949	41,145
Capital assets (note 6)	166,876	160,825
Long-term contributions receivable (note 7)	33,231	36,539
	<u>245,640</u>	<u>239,089</u>
	<u>261,294</u>	<u>251,603</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	6,213	10,425
Accrued payroll and benefits	5,326	4,706
Short-term debt (note 8)	36,539	39,742
Deferred revenue (note 9)	528	569
	<u>48,606</u>	<u>55,442</u>
Non-current liabilities		
Long-term debt (note 10)	85	117
Employee future benefits other than pensions (note 11)	2,711	2,890
Deferred capital contributions (note 12)	162,478	149,880
Asset retirement obligation	285	285
	<u>165,559</u>	<u>153,172</u>
	<u>214,165</u>	<u>208,614</u>
NET ASSETS		
Investment in capital assets (note 13)	5,164	11,601
Restricted for First Nations Health Program (note 14)	35	239
Restricted for capital purchases, internal	186	276
Restricted for pension	44,949	41,145
Unrestricted	(3,205)	(10,272)
	<u>47,129</u>	<u>42,989</u>
	<u>261,294</u>	<u>251,603</u>
Contractual obligations (note 17)		

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

On behalf of the Board,


Chairman


Director

Yukon Hospital Corporation

Consolidated Statement of Operations

For the year ended March 31

(in thousands of dollars)

	2018	2017
	\$	\$
Revenues		
Government of Yukon contribution (note 16)	70,269	67,350
Amortization of deferred capital contributions (note 12)	5,853	5,141
Patients	4,996	4,658
Other (note 2(p))	1,760	695
Thomson Centre service contracts (note 16)	750	629
Fundraising	594	634
Cafeteria	312	314
Interest	191	129
	<u>84,725</u>	<u>79,550</u>
Expenses		
Compensation and benefits	43,884	41,594
Supplies (note 2(p))	13,294	10,668
Amortization of capital assets (note 6)	6,915	5,944
Contracted services	5,970	5,670
Other (note 15)	5,198	4,570
Equipment and building services	2,599	2,373
Interest on short-term debt	1,920	2,054
Pension benefits cost (note 5)	673	588
Fundraising	309	215
Gain on disposal of capital assets	(177)	-
	<u>80,585</u>	<u>73,676</u>
Surplus of revenues over expenses	<u>4,140</u>	<u>5,874</u>

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

Yukon Hospital Corporation
Consolidated Statement of Change in Net Assets

For the year ended March 31
(in thousands of dollars)

	Investment in Capital Assets (note 13)	Restricted for First Nations Health Program (note 14)	Restricted for Capital Purchases Internal	Restricted for Pension	Unrestricted	2018 Total	2017 Total
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	11,601	239	276	41,145	(10,272)	42,989	37,115
Surplus (deficiency) of revenues over expenses	(1,062)	(204)	(90)	3,804	1,692	4,140	5,874
Net change in investment in capital assets (note 13)	(5,375)	-	-	-	5,375	-	-
Balance, end of year	<u>5,164</u>	<u>35</u>	<u>186</u>	<u>44,949</u>	<u>(3,205)</u>	<u>47,129</u>	<u>42,989</u>

The accompanying notes are an integral part of the consolidated financial statements.

Yukon Hospital Corporation

Consolidated Statement of Cash Flows

For the year ended March 31
(in thousands of dollars)

	2018 \$	2017 \$
Operating Activities		
Surplus of revenues over expenses	4,140	5,874
Items not involving cash		
Amortization of capital assets	6,915	5,944
Gain on disposal of capital assets	(177)	-
Amortization of deferred capital contributions	(5,853)	(5,141)
Bad debt expense	149	129
(Increase) decrease in prepaid expenses	(127)	85
Increase in accrued pension benefit asset	(3,804)	(5,912)
(Increase) decrease in non-cash working capital	(822)	1,260
Cash generated through operating activities	<u>421</u>	<u>2,239</u>
Capital Activities		
Purchases of capital assets	(16,699)	(31,460)
Proceeds on disposal of capital assets	225	-
Cash used in capital activities	<u>(16,474)</u>	<u>(31,460)</u>
Financing Activities		
Repayment of debt	(3,235)	(3,102)
Cash received for capital purchases	21,540	28,320
Cash generated through financing activities	<u>18,305</u>	<u>25,218</u>
Increase (decrease) in cash	2,252	(4,003)
Cash, beginning of year	3,844	7,847
Cash, end of year	<u>6,096</u>	<u>3,844</u>
Interest paid	1,920	2,054
Interest received	191	129

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

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

1. Purpose

- a) The Yukon Hospital Corporation ("Corporation") is a charitable organization established under the *Hospital Act* of the Yukon. The objectives of the Corporation are to provide hospital and medical services to meet the needs of people in the Yukon. The Corporation is a registered charity and accordingly is exempt from income taxes, provided certain requirements of the Federal *Income Tax Act* are met. The Corporation receives approximately 83% (2017 – 85%) of its income from the Government of Yukon.
- b) The Yukon Hospital Foundation ("Foundation") is a society incorporated under the *Societies Act* of the Yukon. The purpose of the Foundation is to promote health of people in the Yukon and to raise money for hospital and medical care and services, supervised residential care and continuing care, and rehabilitative care and services. The Foundation also grants funds and provides equipment, services and facilities to health facilities in the Yukon, and in particular to the Corporation.

2. Significant Accounting Policies

a) Basis of Accounting

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The Corporation has elected to apply the Section 4200 series for government not-for-profit organizations.

b) Basis of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, the Foundation. All significant inter-company transactions and balances have been eliminated on consolidation.

c) Cash

This balance includes cash held in Canadian bank accounts including amounts designated for the First Nations Health Program ("FNHP"). The FNHP is administered by the Corporation.

d) Inventory

Inventories are comprised of pharmacy, medical and general operating supplies, and are valued at the lower of cost and net realizable value. Inventories are determined on a first-in, first-out basis.

e) Capital Assets

Capital assets are recorded at cost except for contributed capital assets which are recorded at fair market value at the date of contribution. Except for land, all capital assets are recorded net of accumulated amortization. Interest on loans during construction of capital assets is capitalized. Amortization is calculated by the straight line method over the assets' expected useful lives.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

2. Significant Accounting Policies (continued)

e) Capital Assets (continued)

Capital Asset	Estimated Useful Life
Computer, hardware & systems development	2-10
Equipment & vehicles	5-15
Buildings	10-40
Building improvements	10-20
Land improvements	8-20

When a capital asset no longer has any long-term service potential to the Corporation, the excess of its net carrying amount over any residual value is recognized as an expense in the Consolidated Statement of Operations. Write-downs are not reversed.

f) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase and construction of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from other provinces and uninsured patients, operational revenue and ancillary services are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue for funded programs is recognized in the period expenses are incurred.

Interest income is recorded on an accrual basis and is recognized as revenue when earned.

g) Inter-entity Transactions

The Corporation is related in terms of common ownership to all Government of Yukon departments, corporations, and agencies. Inter-entity transactions are those occurring between commonly controlled entities.

The Corporation records inter-entity transactions undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length and inter-entity cost allocation and recovery transactions at the exchange amount. The exchange amount is the amount of consideration given for the item transferred or service provided as established and agreed to by the related parties.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

2. Significant Accounting Policies (continued)

g) Inter-entity Transactions (continued)

Inter-entity transfers of assets or liabilities for nominal or no consideration are measured at the carrying amount by the Corporation, as transferor, and at the carrying amount or fair value by the Corporation, as transferee. As transferor, any difference between the exchange amount and the carrying amount of the transferred asset or liability results in the recognition of a gain or loss in the Consolidated Statement of Operations.

h) Donated Services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, these donated services are not recognized in the consolidated financial statements.

i) Short-Term Debt

Short-term debt includes embedded interest rate swap derivatives. These embedded derivatives are not separated from the short-term debt agreement and are not accounted for as a standalone derivative instrument as management believes that the economic characteristics and risks associated with these embedded derivatives are closely related to those of the short-term debt agreements. Therefore, they are included in the measurement of the short-term debt.

j) Financial Instruments

The Corporation's financial instruments include cash, accounts receivable, contributions receivable, restricted funds, accounts payable and accrued liabilities, accrued payroll and benefits and short and long-term debt. The carrying value of cash, accounts receivable, restricted funds, accounts payable and accrued liabilities, accrued payroll and benefits approximate their fair values due to the short-term nature of these financial assets and liabilities.

The following is a list of the Corporation's financial instruments and their related measurement basis as at March 31, 2018.

Financial Assets	Measurement Basis
Cash	Cost
Accounts receivable	Cost
Contributions receivable	Cost
Restricted funds	Cost
Financial Liabilities	Measurement Basis
Accounts payable and accrued liabilities	Cost
Accrued payroll and benefits	Cost
Short-term debt	Amortized Cost
Long-term debt	Amortized Cost

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

2. Significant Accounting Policies (continued)

j) Financial Instruments (continued)

As all financial instruments are measured at cost or amortized cost, there have been no re-measurement gains or losses. Therefore, the Consolidated Statement of Re-measurement Gains and Losses has been excluded.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations.

Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability. Transaction costs are added to the carrying value of the instruments when they are initially recognized.

k) Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably determined.

l) Pensions

Eligible employees of the Corporation participate in the Yukon Hospital Corporation Employees' Pension Plan, a defined benefit plan administered by the Corporation's Board of Trustees. Contributions to the plan are required from both the employees and the Corporation.

In general, pensions are based on 2% of the best five years of continuous service minus any adjustments required by the Canada Pension Plan and provisions under the Special Reciprocal Transfer Agreement. The plan members can accumulate up to 30 years of continuous service. Cost of living increases are provided annually to pensioners, as well as upon retirement for deferred pensions.

The expected return on plan assets is based on the fair value of plan assets at the beginning of each fiscal year. Cumulative unrecognized actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service lifetime ("EARSL") of active employees expected to receive benefits under the plan. Past service credits and costs arising from retroactive plan amendments are recognized in the year of plan amendments.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

2. Significant Accounting Policies (continued)

m) Employee Future Benefits Other Than Pensions

Employees earn specified severances, sick leave and special leave benefits as provided for under union contracts and conditions of employment. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. The cost of the benefits has been determined based on management's best estimates using expected compensation levels and employee leave credits.

n) Asset Retirement Obligation

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion is included in the Consolidated Statement of Operations.

o) Use of Estimates and Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards applicable for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. By their nature, these estimates and assumptions are subject to measurement uncertainty. Significant areas requiring the use of management estimates relate to the estimated useful lives of capital assets, determination of the defined benefit pension plan obligation, calculation of allowance for doubtful accounts and actuarial gains or losses, and the liabilities for accrued severance, special leave, retirements and sick leave benefits. Financial results as determined by actual events could differ significantly from these estimates.

p) Accounting Standard Changes

The Public Sector Accounting Board has issued new standards PS 2200 related party disclosures, PS 3210 assets, PS 3320 contingent assets, and PS 3380 contractual rights. The Corporation has adopted these standards effective April 1, 2017. No significant changes were required as a result of implementing these new standards.

The Corporation also adopted PS 3420 inter-entity transactions, effective April 1, 2017, on a prospective basis. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The Corporation's policy is disclosed in note 2(g).

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

2. Significant Accounting Policies (continued)

p) Accounting Standard Changes (continued)

The impact upon adoption of PS 3420 is a change from net to gross presentation of the Corporation's cost recovery arrangement, described in note 16. The effect of the change on the Consolidated Financial Statements of the current period is an increase of the amounts reported for other revenue and for supplies expense of \$1,180 compared to what they would have been under the previous accounting policy.

3. Inventory

	2018	2017
	\$	\$
Pharmacy	1,121	918
Material Management	622	585
Operating Room	618	626
Laboratory	234	235
Total Inventory	<u>2,595</u>	<u>2,364</u>

4. Restricted Funds

	2018	2017
	\$	\$
Externally restricted – capital	475	480
Externally restricted – other	109	100
	<u>584</u>	<u>580</u>

a) Externally Restricted for Capital

The Corporation has control over restricted funds which have been contributed for specific capital purchases. The balance in the fund represents the difference between restricted contributions received for capital assets and the funds spent thus far based on the restrictions attached to the contributions.

	2018	2017
	\$	\$
Balance, beginning of year	480	312
Contributions received during the year	80	208
Amounts used for capital purchases during the year	(85)	(40)
Balance, end of year	<u>475</u>	<u>480</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

4. Restricted Funds (continued)

b) Externally Restricted for Other

The Corporation has control over restricted funds which have been contributed for specific disbursements to eligible Yukon residents. The balance in the fund represents the difference between restricted contributions received and the funds disbursed thus far based on the restrictions attached to the contributions.

	2018 \$	2017 \$
Balance, beginning of year	100	-
Contributions received during the year	19	100
Amounts disbursed during the year	(10)	-
Balance, end of year	<u>109</u>	<u>100</u>

5. Pension Costs and Obligations

The Corporation sponsors a defined benefit pension plan. The Corporation contributes amounts as prescribed by an independent actuary. Effective January 1, 2015 changes to the pension plan outlined below divides the Corporation's employees into two groups. In calendar 2018, Group 1 members were required to contribute to the plan at a rate of 8.10% (calendar 2017 – 7.10%) of annualized earnings up to the Year's Maximum Pensionable Earnings ("YMPE") plus 10.10% (calendar 2017 – 9.10%) of annualized earnings in excess of YMPE. Group 2 members were required to contribute to the plan at a rate of 7.00% (calendar 2017 – 6.00%) of annualized earnings up to the YMPE plus 9.00% (calendar 2017 – 8.00%) of annualized earnings in excess of YMPE.

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. Pension fund assets are invested in balanced pooled funds of the investment manager. The market value of plan assets was \$130,341 as at March 31, 2018 (2017 - \$121,883).

An actuarial valuation for accounting purposes was performed as of March 31, 2018, using the projected benefits method prorated on services. The actuarial valuation included services rendered by members under the Yukon Hospital Corporation Employees' Pension Plan since the inception of the plan in 1993, as well as service credits in respect of pre-1993 service transferred to the Yukon Hospital Corporation Employees' Pension Plan from the Public Service Pension Plan under the Special Reciprocal Transfer Agreement dated June 1995. The next actuarial valuation for accounting purposes will be performed as at March 31, 2019.

The Corporation has made changes to the Yukon Hospital Corporation Employees' Pension Plan to be consistent with changes made to the Public Service Superannuation Plan in January 2013. These changes affect all employees who are employed by the Corporation after January 1, 2015, with exception of the 50/50 cost sharing that will affect all employees enrolled in the pension plan. Changes include an increase to the early retirement age and the age of

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

5. Pension Costs and Obligations (continued)

eligibility for an unreduced pension as well as a gradual change in cost sharing of contributions to the plan.

Increases to the age of eligibility for an unreduced pension

The normal retirement age for all members is age 65. Existing plan members as of December 31, 2014 may retire with an unreduced pension at age 60, or after having completed 30 years of continuous service. Plan members who join the Corporation on or after January 1, 2015, will be able to retire with an unreduced pension at age 65, or after having completed 30 years of continuous service.

Increases to the early retirement age

Existing plan members as of December 31, 2014 may retire as early as age 50 with a reduced pension, if they have two years of continuous employment service. Plan members who join the Corporation on or after January 1, 2015, will be able to retire early with a reduced pension at age 55, if they have two years of continuous employment service.

Contributions

Historically, the contribution rates for employee and employer contributions were 40% and 60% respectively. Changes to the plan will see equal contributions from both the employee and employer. As such, starting January 1, 2015 and into 2018, contribution rates will gradually increase towards 50/50 cost-sharing.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases, employee turnover and mortality. The assumptions used reflect management's best estimate of these future events. Key assumptions are summarized below:

	2018	2017
Weighted Average Assumptions for Net Period Pension Cost for Fiscal Year		
Discount rate	6.00%	6.50%
Expected long-term rate of return on plan assets	6.00%	6.50%
Rate of compensation increase (exclusive of seniority, merit)	2.50%	2.50%
Expected average remaining service lifetime (EARSL)	8.4	8.3
Inflation rate	2.00%	2.00%
Weighted Average Assumptions for Benefit Obligation at Fiscal Year		
Discount rate	6.00%	6.00%
Rate of compensation increase (exclusive of seniority, merit)	2.50%	2.50%
Expected average remaining service lifetime (EARSL)	8.4	8.3

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

5. Pension Costs and Obligations (continued)

As at March 31, 2018, pension fund assets are valued at market value. No adjustment is made for benefits payable or contributions receivable.

	2018 \$	2017 \$
Change in Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	83,061	70,614
Current period benefit cost (employee and employer)	4,882	4,225
Transfers in/service buybacks	-	-
Interest cost	5,026	4,593
Benefits paid	(3,457)	(4,116)
Actuarial losses	(448)	7,745
Accrued benefit obligation, end of year	<u>89,064</u>	<u>83,061</u>
Change in Plan Assets		
Fair value of plan assets, beginning of year	121,883	100,809
Actual return on plan assets	5,392	16,588
Employer contributions	4,477	6,500
Employee contributions	2,272	2,256
Transfers in/service buybacks	-	-
Benefits paid	(3,457)	(4,116)
Actual plan expenses	(226)	(154)
Fair value of plan assets, end of year	<u>130,341</u>	<u>121,883</u>
Reconciliation of Funded Status		
Accrued benefit obligation	89,064	83,061
Fair value of plan assets	(130,341)	(121,883)
Funded surplus	(41,277)	(38,822)
Unamortized actuarial losses	(3,672)	(2,323)
Accrued pension benefit asset	<u>(44,949)</u>	<u>(41,145)</u>
Pension Benefits Cost		
Current period benefit cost	5,182	4,530
Amortization of actuarial gains	142	419
Employee contributions	(2,272)	(2,256)
Benefit expense	3,052	2,693
Interest on expected average accrued benefit obligation	5,026	4,593
Expected return on plan assets	(7,405)	(6,698)
Pension benefits cost	<u>673</u>	<u>588</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

5. Pension Costs and Obligations (continued)

As at December 31, 2017 the pension plan had a solvency deficit of \$24,006 (December 31, 2016 - \$32,481) if valued on the basis that the pension plan were terminated/wound up as at December 31, 2017. The solvency ratio of the plan is 86% (80% in 2016). In accordance with the *Pension Benefits Standards Act, 1985*, the Corporation is required to make special payments to eliminate the solvency shortfall. The payments have been actuarially determined as monthly payments of \$431 over the 2018 year. The Corporation will obtain a conforming letter of credit for a portion of the solvency shortfall for the calendar year and will contribute \$1,123 in cash payments. During the fiscal year, the Corporation entered into letters of credit totaling \$18,905 (2017 - \$14,826) related to solvency deficiency payments. The Corporation also received \$3,463 for calendar year 2017 and \$2,245 for calendar year 2018 from the Government of Yukon to fund its pension plan.

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

6. Capital Assets

	Land	Land Improvements	Buildings	Building Improvements	Equipment & Vehicles	Computer Hardware & Systems Development	Construction In Progress	2018 Total	2017 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	1,751	314	140,020	3,090	16,643	7,177	48,908	217,903	184,271
Acquisitions	-	-	-	166	1,949	41	10,857	13,013	33,645
Transfers	-	1,021	53,765	-	3,557	1,268	(59,611)	-	-
Disposals	-	-	-	-	(821)	(880)	-	(1,701)	(13)
Cost, end of year	1,751	1,335	193,785	3,256	21,328	7,606	154	229,215	217,903
Accumulated amortization, beginning of year	-	108	38,431	1,816	10,331	6,392	-	57,078	51,147
Amortization expense	-	74	4,786	157	1,445	453	-	6,915	5,944
Disposals	-	-	-	-	(774)	(880)	-	(1,654)	(13)
Accumulated amortization, end of year	-	182	43,217	1,973	11,002	5,965	-	62,339	57,078
Net book value	1,751	1,153	150,568	1,283	10,326	1,641	154	166,876	160,825

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

7. Contributions Receivable

The Corporation received financing from CIBC for the construction of the Crocus Ridge building, Watson Lake Hospital, and Dawson City Hospital (note 8). The Government of Yukon has committed funds since 2011-12 to repay these loans. As a result, the Corporation has recognized a contribution receivable for the amount committed by the Government of Yukon as outlined in the following tables.

	Commitment	Principal Payment	Total
	\$	\$	\$
March 31, 2018			
Crocus Ridge building	11,774	(813)	10,961
Watson Lake Hospital	14,668	(1,189)	13,479
Dawson City Hospital	13,300	(1,200)	12,100
	39,742	(3,202)	36,540

Short-term contributions receivable	3,309
Long-term contributions receivable	33,231
	36,540

	Commitment	Principal Payment	Total
	\$	\$	\$
March 31, 2017			
Crocus Ridge building	12,547	(773)	11,774
Watson Lake Hospital	15,797	(1,129)	14,668
Dawson City Hospital	14,500	(1,200)	13,300
	42,844	(3,102)	39,742

Short-term contributions receivable	3,203
Long-term contributions receivable	36,539
	39,742

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2018
(in thousands of dollars)

8. Short-Term Debt

	2018 \$	2017 \$
Demand term installment loan with CIBC with interest calculated at Bankers' Acceptance with stamping fees calculated at 85 bps per annum exchanged for fixed rate by way of interest rate swap fixed at 5.15% per annum for the Watson Lake Hospital construction project. Blended payments of \$160 due monthly beginning on December 30, 2011 with the final payment due on December 31, 2026.	13,478	14,668
Demand term installment loan with CIBC with interest calculated at Bankers' Acceptance with stamping fees calculated at 85 bps per annum exchanged for fixed rate by way of interest rate swap fixed at 4.525% per annum for the Dawson City Hospital construction project. Principal payments of \$100 due monthly beginning on May 1, 2013 with the final payment due on April 1, 2028.	12,100	13,300
Demand term installment loan with CIBC with interest calculated at Bankers' Acceptance with stamping fees calculated at 85 bps per annum exchanged for a fixed rate by way of interest rate swap fixed at 5.23% per annum for the Crocus Ridge construction project. Blended payments of \$117 due monthly beginning December 15, 2010 with the final payment due on March 15, 2028.	10,961	11,774
	36,539	39,742

Due to the conditions in the loans with CIBC, all debt has been classified as current as CIBC has the ability to call the debt at any time.

Principal Repayment Schedule

Principal repayment, for the three construction projects, on the indebtedness over the next five years and thereafter are as follows:

	\$
2019	3,309
2020	3,421
2021	3,539
2022	3,663
2023	3,793
2024 and thereafter	18,814
	36,539

8. Short-Term Debt (continued)

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

In addition to its repayment schedule, the demand term instalment loans with CIBC require that the Corporation exchange the variable interest payment with a fixed interest payment. Under these agreements, the Corporation exchanged with CIBC \$1,596 (2017 - \$1,747) of variable interest payments representing an average variable rate of 4.19% (2017 - 4.23%) to a fixed interest payment of \$1,901 (2017 - \$2,057), representing an average fixed rate of 4.98% (2017 - 4.87%). These exchanges were made on a net cash basis.

9. Deferred Revenue

The balance is comprised of \$419 (2017 - \$569) received from the Government of Yukon related to MRI warranty costs, and \$109 (2017 - \$0) of other externally restricted funds.

10. Long-Term Debt

In 2003, Yukon Development Corporation, a common control entity of the Government of Yukon, financed an electric boiler system for the Corporation for a total cost of \$596. The long-term debt bears interest of 7.5% which is payable in an annual installment. The principal is repayable based on 50% of the realized annual energy savings. The long-term debt is secured by a general security agreement on building improvements with a net book value of \$149 (2017 - \$179).

An initial payment on principal of \$200 was made by the Corporation in 2004 and since then \$311 has been repaid from the realized annual energy savings including \$32 repaid in the current year based on realized energy savings of \$64 (2017 - \$0). The final payment is due in 2023.

11. Employee Future Benefits Other Than Pensions

In addition to pension benefits, the Corporation provides severances, sick leave and special leave benefits to its employees. The cost of these benefits accrues either as employees render service or upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

	2018	2017
	\$	\$
Severance	2,265	2,575
Sick leave	658	605
Less: short-term portion (included in accrued payroll and benefits)	(212)	(290)
	2,711	2,890

12. Deferred Capital Contributions

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

Deferred capital contributions represent restricted contributions received or receivable to purchase capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	2018 \$	2017 \$
Balance, beginning of year	149,880	129,535
Restricted Government of Yukon contributions	18,247	25,218
Restricted non-government contributions	204	268
Amount amortized to revenue	(5,853)	(5,141)
Balance, end of year	<u>162,478</u>	<u>149,880</u>

13. Investment in Capital Assets

a) Net assets invested in capital assets is calculated as follows:

	2018 \$	2017 \$
Capital assets (note 6)	166,876	160,825
Amounts financed by deferred capital contributions (net of unexpended externally restricted contributions)	(161,712)	(149,224)
	<u>5,164</u>	<u>11,601</u>

b) Change in amortization

	2018 \$	2017 \$
Amortization of deferred capital contributions	5,853	5,141
Amortization of capital assets	(6,915)	(5,944)
	<u>(1,062)</u>	<u>(803)</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

13. Investment in Capital Assets (continued)

c) Net change in invested capital assets

	2018	2017
	\$	\$
Purchase of capital assets (net of contributed land)	13,013	33,645
Amounts funded by deferred capital contributions	(18,340)	(25,218)
Disposal of capital assets (net of accumulated amortization)	(48)	-
	<u>(5,375)</u>	<u>8,427</u>

Contributed Land

Certain assets in Whitehorse, including land were transferred from the Government of Canada and the Government of Yukon to the control of the Corporation on April 1, 1993 and January 19, 1994. Contributed land also includes land transferred from the Government of Yukon on May 14, 2010 in Watson Lake, in April 2011 in Dawson City, and on May 12, 2011 for the escarpment behind the existing Whitehorse General Hospital.

In fiscal 2012, the Government of Yukon transferred land and building in Dawson City, as well as land behind Whitehorse General Hospital to the Corporation at no cost. The value of this additional land and buildings is \$741. The land and buildings were recorded at fair value.

14. First Nations Health Program

Under an annual contribution agreement, the Government of Yukon provides funds to the Corporation for the purpose of operating the FNHP at the Whitehorse General Hospital. The FNHP includes a health liaison worker program, child life worker for the pediatric ward, traditional medicine, traditional diet, employment equity and training program, interpretation services and in-service training.

The FNHP was established in 1993 under the Whitehorse General Hospital Programs and First Nations Health Services and Community Health Transfer Agreement. Core funding was provided by the Government of Yukon. The programs could not all be implemented in the year which the funding was received and as a result a substantial surplus was realized. An agreement between the Government of Yukon and the First Nations Health Committee restricted this surplus to be used for First Nations programming only. The FNHP is outlined in the *Hospital Act*.

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

14. First Nations Health Program (continued)

The following amounts pertain to the FNHP and have been included in the Consolidated Statement of Operations.

	2018 \$	2017 \$
Revenues		
Government of Yukon contribution (note 16)	850	750
Interest	3	7
Other	-	16
	<u>853</u>	<u>773</u>
Expenses		
Payroll	967	933
Sundry	42	24
Travel	31	29
Material and supplies	9	14
Honoraria	8	27
	<u>1,057</u>	<u>1,027</u>
(Deficit) surplus of revenues over expenses	(204)	(254)
Opening surplus	239	493
Net surplus, restricted for FNHP	<u>35</u>	<u>239</u>

15. Other Expenses

	2018 \$	2017 \$
Property tax	1,245	1,096
Communications	651	601
Legal and professional fees	515	281
Delivery/courier/taxi	490	469
Software maintenance	450	477
Conference fees/travel	360	385
Miscellaneous	340	224
Insurance	323	309
Membership fees	268	244
Recruitment and relocation	190	225
Bad debt	149	60
Honorariums	114	111
Advertising	103	88
	<u>5,198</u>	<u>4,570</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

16. Related Party Transactions

	2018 \$	2017 \$
Government of Yukon Contribution		
Basic funding	63,541	59,595
First Nations Health Program (note 14)	850	750
Total basic funding	<u>64,391</u>	<u>60,345</u>
Other	5,878	7,005
Total Government of Yukon Contribution	<u>70,269</u>	<u>67,350</u>

Revenue received from the Government of Yukon for services was \$70,269 for 2018 (2017 - \$67,350). The 2018 contribution includes \$93 (2017 - \$93) flow through funding provided to the Foundation.

Services Without Charge

The Corporation leases space to the Government of Yukon. The leases for the ambulance station, #2 Hospital Road, #4 Hospital Road, and 24,510 square feet of office space located in the Thomson Centre building are at an annual nominal amount of \$1.

Other services are provided to related parties at no charge based on the agreement outlined in Appendix H of the 1994 Whitehorse General Hospital Transfer Agreement between the Corporation, the Government of Yukon and the Government of Canada. Appendix H outlines Whitehorse General Hospital's obligation to provide residual services to Yukon communities. The total cost of providing these services for 2018 was \$513 (2017 - \$470).

Other Related Party Transactions

In addition to those related party transactions disclosed elsewhere in these consolidated financial statements (notes 5, 7, 9, 10, 12, and 14) the Corporation entered into the following transactions with related entities on similar terms and conditions as entities at arm's length.

As at March 31, 2018 there were \$115 (2017 - \$113) of accounts payable and accrued liabilities and \$1,572 (2017 - \$1,261) of accounts receivable related to the Government of Yukon.

In fiscal 2018, the Corporation entered into one year agreements with the Government of Yukon to provide laundry and food services to the Thomson Centre. The revenue recognized from these agreements is included in Thomson Centre service contracts in the Consolidated Statement of Operations.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

16. Related Party Transactions (continued)

In fiscal 2015, the Corporation entered into a four year agreement with the Government of Yukon to provide funding for the Whitehorse General Hospital Expansion Project. During the year, the Corporation received \$17,811 of capital funding recorded as deferred capital contributions (note 12) (2017 - \$21,997) and \$2,176 of operations funding recorded as other Government of Yukon contributions (2017 - \$689).

In compliance with the Appendix H agreement, the Corporation provided goods in the amount of \$1,180 (2017 - \$1,037) to related parties which includes a 15% administration charge on material management supplies purchased in excess of \$80. The Corporation recovered only the cost of goods of \$1,123 (2017 - \$987). As this is a cost recovery arrangement, the revenues and cost of sales have been reported on a gross basis.

The Government of Yukon and the Corporation entered into an agreement transferring ownership of the Watson Lake Hospital to the Corporation effective April 1, 2010. The Watson Lake Hospital transfer included land, buildings and medical equipment worth \$2,424. The transaction was recorded at fair value. The Corporation agreed that it may transfer part of the old building back to the Government of Yukon at the request of, and subject to any conditions imposed by the Government of Yukon. In addition, the Corporation may be required to grant to the Government of Yukon a lease on such terms as the Government of Yukon may require. No transfers were made back to Government of Yukon in fiscal 2018.

In fiscal 2012 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 22,075 square feet of office space located on the 1st and 2nd floor of the Crocus Ridge building. This lease is recorded at the exchange amount which approximates fair value.

In fiscal 2014 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 2,540 square feet of clinical space located in the Dawson City Hospital. This lease is recorded at the exchange amount which approximates fair value.

In fiscal 2015 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 2,206 square feet of office space located in the Dawson City Hospital. This lease is recorded at the exchange amount which approximates fair value.

In fiscal 2016 the Corporation (the Lessor) amended a lease from fiscal 2014 with the Government of Yukon (the Lessee) for approximately 2,660 square feet of rentable space to add 2,858 square feet of space in the lower level of the Watson Lake Hospital. This lease is recorded at the exchange amount which approximates fair value.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

16. Related Party Transactions (continued)

Details of the leases are outlined as follows:

	Annual Lease Payments \$	Term Years
Crocus Ridge 1 st and 2 nd floor office space	825	10
Dawson City Hospital clinical space	95	15
Dawson City Hospital office space	69	12
Watson Lake Hospital rentable space	69	15
Watson Lake Hospital space	74	13
	<u>1,132</u>	

17. Contractual Obligations

The Corporation has contractual commitments whereby the minimum required payments for the next five years are as follows:

	\$
2019	1,260
2020	747
2021	406
2022	252
2023 and thereafter	91
	<u>2,756</u>

Contractual commitments fall under two major categories, contracts related to construction projects and contracts related to scheduled maintenance of medical equipment and other equipment. Contractual commitments over the next 5 years for each category are \$0 (2017 - \$17,069) and \$2,644 (2017 - \$2,361) respectively.

The Corporation has included in accounts payable and accrued liabilities holdbacks of \$847 (2017 - \$4,533) to be released to the contractor upon substantial completion of the Whitehorse General Hospital expansion project. These holdbacks are expected to be released in fiscal 2019.

18. Financial Risks

The Corporation has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk.

The Board of Trustees is responsible for ensuring that the Corporation has identified its major risks and ensures that management monitors and controls them. The Executive Committee oversees the Corporation's systems and practices of internal control, and ensures that these controls contribute to the assessment and mitigation of risk. The Executive Committee reports

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

18. Financial Risks (continued)

regularly to the Board of Trustees on its activities. The Corporation has experienced no change in its risk exposure and has not made any changes to its risk management policies and procedures.

a) Credit Risk

Credit risk is the risk of a financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Corporation consisting of cash, accounts receivables, restricted funds and contributions receivable.

Cash and Restricted Funds:

The Corporation's exposure to credit risk associated with cash and restricted funds is assessed as low because the Corporation's cash deposits are held by a Canadian Schedule 1 Chartered bank.

Accounts Receivable:

The Corporation's exposure to credit risk associated with accounts receivable is assessed as low because it is due largely from governments.

Allowances for doubtful accounts are provided for potential losses that have been incurred at the reporting date. The amounts disclosed on the Consolidated Statement of Financial Position are net of these allowances for doubtful accounts. All accounts receivable are considered for impairment based on the type of patient revenue and historical repayment information.

The maximum exposure to credit risk for accounts receivable by type of customer is as follows:

	2018 \$	2017 \$
Government of Yukon	1,572	1,261
Consumers	586	285
Other governments	508	458
Other	280	517
	<u>2,946</u>	<u>2,521</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

18. Financial Risks (continued)

The Corporation's accounts receivable has a carrying value of \$2,945 as at March 31, 2018 (2017 - \$2,521). As at March 31, 2018, approximately 25% (2017 - 40%) of accounts receivable were over 90 days past due, whereas 50% (2017 - 47%) were current or less than 30 days past due. The Corporation's allowance for doubtful accounts is \$105 as at March 31, 2018 (2017 - \$629).

Contributions Receivable:

The Corporation's exposure to credit risk associated with contributions receivable is assessed as low because the amount is due from the Government of Yukon.

b) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's objective is to have sufficient liquidity to meet these liabilities when due. The Corporation monitors its cash balance and cash flows generated from operations to meet its liquidity requirements.

The liquidity risk arises from the financial liabilities consisting of accounts payable and accrued liabilities, accrued payroll and benefits, short-term debt and long-term debt. The Corporation's accounts payable and accrued liabilities had a carrying value of \$6,213 as at March 31, 2018 (2017 - \$10,425). As at March 31, 2018, 100% of accounts payable and accrued liabilities (2017 - 100%) was current, or less than 30 days past due. The Corporation's accrued payroll and benefits has a carrying value of \$5,326 as at March 31, 2018 (2017 - \$4,706) and is payable in the next fiscal year.

The Corporation's short-term debt has remaining undiscounted contractual cash flows of \$45,758 as at March 31, 2018 (2017 - \$50,862) and may be repayable in the next fiscal year. The Government of Yukon has committed the funds to repay the short-term debt (note 7). The Corporation's long-term debt has remaining undiscounted contractual cash flows of \$100 as at March 31, 2018 (2017 - \$148).

c) Market Risk

Currency Risk

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The Corporation is not exposed to any significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Corporation is not exposed to any significant interest rate risk.

Long-term debt has interest rates fixed for long periods of time with the debt intended to be repaid in accordance with corresponding energy savings.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

(in thousands of dollars)

18. Financial Risks (continued)

For its short-term debt, the Corporation mitigates interest rate risk through interest rate swaps that exchange the variable rate inherent in the term debt for a fixed rate. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the short-term debt.

19. Capital Management

The Corporation is subject to the financial management and accountability provisions of the *Hospital Act* which imposes restrictions in relation to borrowings and acquisitions of investments. The Corporation receives its principal source of capital through funding received from the Government of Yukon. The Corporation's financial objectives are to comply with externally imposed restrictions and manage its capital as a by-product of managing revenues, expenses, assets and liabilities. The Corporation considers its capital to be its net assets related to restricted for capital purchases, internal; restricted for pension; and unrestricted. The Corporation's financial objectives as stated above have remained unchanged from the prior year. The Corporation has complied with the externally imposed restrictions on the funding provided.

Internally restricted capital purchases are used to cover commitment or obligations that are expected to arise in the future. The restricted for pension capital is the difference between the contributions to the pension plan and the actuarially determined pension expense and is recorded as an accrued pension benefit asset (non-current assets) and restricted for pension (net assets) on the Consolidated Statement of Financial Position. This entry reflects trapped capital as these contributions cannot be touched and remain in the plan.

The Corporation computes its capital as follows:

	2018 \$	2017 \$
Restricted for capital purchases, internal	186	276
Restricted for pension	44,949	41,145
Unrestricted	(3,205)	(10,272)
	<u>41,930</u>	<u>31,149</u>

20. Comparative Figures

Certain comparative figures for 2017 have been reclassified to conform with the 2018 presentation.

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YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2018

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YUKON HOUSING CORPORATION

Management's Responsibility for Financial Reporting

The financial statements contained in this annual report have been prepared by management in accordance with Canadian public sector accounting standards. The integrity and objectivity of the data in these financial statements are management's responsibility.

Management is responsible for developing and maintaining books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information; that assets are safeguarded and controlled; and that transactions are in accordance with the *Financial Administration Act* as well as the *Housing Corporation Act* and the by-laws of Yukon Housing Corporation ("the Corporation").

The Board of Directors ("the Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibility through the Finance Audit and Risk Management Committee, which meets on a periodic basis with management and the independent external auditor to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls, and other relevant financial matters. The Finance Audit and Risk Management Committee reviews the audited financial statements with the external auditor before making recommendations to the Board of Directors for their approval.

The Corporation's external auditor, the Auditor General of Canada, is responsible for auditing the financial statements and issuing his report thereon which is included with the audited financial statements. The Auditor General of Canada provides his report to the Minister responsible for the Yukon Housing Corporation.

Pamela J. Hine
President

F. Mark Davey, CPA CA
Director, Finance, Systems and Administration

September 27, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Housing Corporation

Report on the Financial Statements

I have audited the accompanying financial statements of the Yukon Housing Corporation, which comprise the statement of financial position as at 31 March 2018, and the statement of operations and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Yukon Housing Corporation as at 31 March 2018, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the *Housing Corporation Act*, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Yukon Housing Corporation and the financial statements are in agreement therewith. In addition, the transactions of the Yukon Housing Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* of Yukon and regulations, the *Housing Corporation Act* and regulations and the by-laws of the Yukon Housing Corporation.



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

27 September 2018
Vancouver, Canada



Yukon Housing Corporation
Statement of Financial Position
as at March 31, 2018

	2018	2017
	(thousands of dollars)	
Financial assets		
Cash (Note 3)	\$ 808	\$ 2,197
Accounts receivable (Note 4)	9,425	8,540
Due from the Government of Yukon (Note 15 (a))	1,104	1,172
Loans receivable (Note 5 and Note 14)	47,948	57,009
	<u>59,285</u>	<u>68,918</u>
Liabilities		
Accounts payable and accrued liabilities	2,170	1,936
Environmental liability (Note 6)	520	624
Deferred revenue (Note 7)	13,154	9,961
Long-term debt (Note 8 and Note 14)	20,670	29,524
Post-employment benefits (Note 9)	2,067	1,835
Advances - Government of Yukon (Note 11)	21,298	26,323
	<u>59,879</u>	<u>70,203</u>
Net debt	<u>(594)</u>	<u>(1,285)</u>
Non-financial assets		
Tangible capital assets (Note 12 and Schedule B)	83,217	82,183
Prepaid expenses	42	127
	<u>83,259</u>	<u>82,310</u>
Accumulated surplus	<u>\$ 82,665</u>	<u>\$ 81,025</u>
Contractual obligations and contingencies (Note 16)		
Contractual rights (Note 17)		

Approved by the Board of Directors

Director

Director

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



Yukon Housing Corporation
Statement of Operations and Accumulated Surplus
for the year ended March 31, 2018

	2018		2017
	Main Estimates (Note 1(c))	Actual (thousands of dollars)	Actual
Revenues			
Rental income	\$ 6,321	\$ 6,526	\$ 6,260
Funding from Canada Mortgage and Housing Corporation			
- Social Housing Agreement	3,875	3,875	4,005
- Social Infrastructure Fund	6,413	2,563	1,712
- Investment in Affordable Housing	1,575	1,207	304
- Affordable Housing Initiative	-	1,175	-
Interest income	1,423	1,754	2,017
Recovery of loan receivable allowances	-	244	36
Other	20	139	44
Tenant damage charge back recovery	100	55	74
Recovery of corporate services costs	-	-	244
	<u>19,727</u>	<u>17,538</u>	<u>14,696</u>
Expenses (Note 13 and Note 19)			
Social and staff housing operation costs (Schedule A)	11,741	11,294	10,834
Lending and grant programs (Schedule A)	7,302	6,690	5,024
Amortization (Note 13 and Schedule B)	3,089	3,209	3,111
Administration (Schedule A)	2,964	2,529	2,419
Corporate services costs (Schedule A)	2,553	2,330	2,331
Rent supplement programs	1,408	1,067	804
Subsidies - private social housing organizations	425	375	371
Loss on Flood Relief Assistance Program	-	373	-
	<u>29,482</u>	<u>27,867</u>	<u>24,894</u>
Deficit for the year before government funding	(9,755)	(10,329)	(10,198)
Government of Yukon funding			
Capital transfer payment	5,630	6,505	4,708
Operations and maintenance transfer payment	7,251	4,962	4,605
Rental assistance - in-kind (Note 15 (b))	-	502	502
	<u>12,881</u>	<u>11,969</u>	<u>9,815</u>
Surplus (deficit) for the year	3,126	1,640	(383)
Accumulated surplus at beginning of year	81,025	81,025	81,408
Accumulated surplus at end of year	\$ 84,151	\$ 82,665	\$ 81,025

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



Yukon Housing Corporation
Statement of Change in Net Debt
for the year ended March 31, 2018

	2018		2017
	Main Estimates (Note 1(c))	Actual	Actual
		(thousands of dollars)	
Surplus (deficit) for the year	\$ 3,126	\$ 1,640	\$ (383)
Effect of change in tangible capital assets			
Acquisitions	(5,610)	(4,270)	(1,991)
Amortization of tangible capital assets	3,089	3,209	3,111
Disposal of tangible capital assets (net book value)	-	27	15
	(2,521)	(1,034)	1,135
Effect of change in other non-financial assets			
Decrease (increase) in prepaid expenses	-	85	(10)
	-	85	(10)
Decrease in net debt	\$ 605	691	742
Net debt at beginning of year	(1,285)	(1,285)	(2,027)
Net debt at end of year	\$ (680)	\$ (594)	\$ (1,285)

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



Yukon Housing Corporation
Statement of Cash Flow
for the year ended March 31, 2018

	2018	2017
	(thousands of dollars)	
Operating transactions		
Surplus (deficit) for the year	\$ 1,640	\$ (383)
Adjustments for non-cash items		
Operations and maintenance and capital transfer payments (Note 11)	(5,025)	-
Amortization of tangible capital assets (Note 13 and Schedule B)	3,209	3,111
Post employment benefits expense (Note 9)	341	147
Bad debt expense (Schedule A)	32	30
Loss on disposals of tangible capital assets (Schedule B)	27	15
Mortgages receivable allowances (Note 5)	(319)	63
	<u>(95)</u>	<u>2,983</u>
Changes in accruals of operating cash receipts or payments	<u>2,530</u>	<u>413</u>
Cash provided by operating transactions	<u>2,435</u>	<u>3,396</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(4,350)</u>	<u>(2,420)</u>
Cash used for capital transactions	<u>(4,350)</u>	<u>(2,420)</u>
Investing transactions		
Issuances of mortgages receivable	(2,508)	(7,643)
Repayments of mortgages receivable	7,034	5,226
Repayments of land sales agreements receivable	7,100	10,353
Cash provided by investing transactions	<u>11,626</u>	<u>7,936</u>
Financing transactions		
Repayments of long-term debt	(855)	(1,202)
Repayments of land sales agreements payable	(10,245)	(5,767)
Advances from the Government of Yukon (Note 11)	-	2,133
Cash used for financing transactions	<u>(11,100)</u>	<u>(4,836)</u>
(Decrease) increase in cash	(1,389)	4,076
Cash (net of bank indebtedness) at beginning of year (Note 3)	<u>2,197</u>	<u>(1,879)</u>
Cash at end of year (Note 3)	\$ 808	\$ 2,197
Interest received in the year	1,810	1,778
Interest paid in the year	131	209

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2018

1. Authority and operations

(a) Authority

Yukon Housing Corporation (the Corporation) was established in 1972 by the Housing Corporation Act of Yukon to undertake, carry to completion, or assist in the provision, development, maintenance and management of housing. The Corporation is subject to the *Financial Administration Act* of Yukon. Disbursements for operations and loans are authorized by the Yukon Legislative Assembly through the *Appropriation Acts*.

(b) Mission

The mission of the Corporation is to improve the quality of housing in Yukon and help Yukoners resolve their housing needs.

In carrying out its mission, the Corporation provides rental housing at below market rents to applicants who qualify for social housing. Rental income received from housing tenants is less than the associated costs of supplying these rental units. The Corporation also provides loans for the purpose of housing. The Corporation is dependent on the Government of Yukon for funding its operations.

Pursuant to Section 45(1) of the *Housing Corporation Act*, the Commissioner in Executive Council has established Housing Advisory Boards in the communities of Carcross, Carmacks, Dawson City, Faro, Haines Junction, Mayo, Ross River, Teslin, Watson Lake and Whitehorse. Local Housing Advisory Boards are established for the purpose of involving local community members in the decision making process regarding housing in their community. They provide advisory, regulatory and adjudicative services to the Corporation.

(c) Main estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Yukon Legislative Assembly in 2017. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Yukon Legislative Assembly.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards. Significant accounting policies are as follows:

(a) Reporting entity

The Corporation's financial results include the transactions of the Housing Advisory Boards.

(b) Funding and advances from the Government of Yukon

A funding agreement between the Corporation and the Government of Yukon authorizes the Government of Yukon to provide the Corporation with an annual operations and maintenance transfer payment and a capital transfer payment. The transfer payments are equal to the Corporation's actual net operating deficit and net capital expenditures calculated in accordance with the funding agreement and reported to the Government of Yukon in the Corporation's final Period 12 Variance Report. The transfer payments are recognized in accordance with the Corporation's policy for the recognition of government transfers (Note 2(j)). Advances provided by the Government of Yukon in excess of the transfer payments are recorded as a liability of the Corporation (Note 11).

The free rental of a social housing building provided by the Government of Yukon to the Corporation is recorded as rental assistance in-kind revenue and offsetting building services in-kind expenses (Note 15 (b) and Schedule A).

(c) Cash

Cash includes cash on hand, bank balances and bank indebtedness repayable on demand.



2. Significant accounting policies (continued)

(d) Housing inventory

The Corporation recognizes a house for sale as inventory when all of the following criteria are met prior to the date of the financial statements: sale of the asset is approved; the asset is in a condition to be sold; the asset is publicly seen to be for sale; there is an active market for the asset; there is a plan in place for selling the asset; and it is reasonably anticipated that the sale to the third party will be completed within one year. The asset held for sale is measured at the lower of its carrying amount or fair value less cost to sell.

(e) Loans receivable

Mortgages receivable are fully secured and recorded at cost less any amount for valuation allowances.

Based on historical loss experience, management establishes a valuation allowance for impaired loans. Mortgages are classified as impaired when the Corporation no longer has reasonable assurance of timely collection of the full amount of principal and interest due. The valuation allowance adjusts a mortgage's carrying value to its net recoverable value.

Under the Social Housing Agreement signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation may be required to subsidize a debtor's repayment of a Rural and Native Housing Home Ownership Program mortgage. These subsidies vary in amount depending on the income of the recipients and are expensed when incurred. CMHC funding provided to the Corporation includes an amount for subsidies.

Under the Home Repair Program, the Corporation may subsidize a debtor's repayment. These subsidies, reviewed annually, are based on the debtor's ability to pay. Each year, the Corporation records an allowance for Home Repair Program subsidies based on loans receiving a subsidy at year end.

Loans with significant concessionary terms are reviewed annually. Each year the Corporation records an allowance based on the present value of the loans at the average borrowing rate.

Loans receivable from lots sold to purchasers for residential, commercial and recreational purposes under land sales agreements, are recorded at the lower of cost or net recoverable value.

(f) Tangible capital assets

Tangible capital assets are recorded at cost, net of accumulated amortization. Interest on loans during construction of capital assets is capitalized. Assets under construction are not amortized until available for use.

Amortization is calculated using the straight-line method, over the estimated useful lives of assets.

Social housing projects	40 years
Social housing betterment	15 years
Staff housing projects and other facilities:	
Standard construction	40 years
Mobile home units	20 years
Office building	40 years
Other facilities	15 years
Furnishings and equipment	5 to 15 years
Vehicles	6 years
Computer systems	3 years
Leasehold improvements	remaining lease term

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide services. The write-downs are accounted for as expenses in the Statement of Operations and Accumulated Surplus.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2018

2. Significant accounting policies (continued)

(g) Environmental liabilities

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. The Corporation recognizes a provision for environmental cleanup when all of the following conditions are prevalent: an environmental standard exists; the level of contamination has been determined to exceed the environmental standard; the Corporation is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made at that time. A liability is recognized net of expected recoveries and the costs associated with the clean-up are expensed during the year when the Corporation is obligated to incur such costs. The estimate of a liability includes costs directly attributable to remediation activities. Costs would include post-remediation operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(h) Post-employment benefits

Post-employment benefits are expected to be provided to employees of the Corporation after employment but before retirement. These benefits include severance benefits and accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. The Corporation recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned. The accrued benefit liability for these benefits is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses. Net actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the active employees commencing with the period following the determination of the net actuarial gains or losses.

(i) Retirement benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost as employer. This amount is currently based on a multiple of the employees' required contributions, and may change over time depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

(j) Revenue recognition

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

Interest income on mortgages is recognized using the effective interest method. When a mortgage becomes impaired, recognition of interest ceases; thereafter, interest income for impaired loans is recognized on a cash basis.

Rental income is recorded on an accrual basis.

(k) Expenses

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2018

2. Significant accounting policies (continued)

(l) Measurement uncertainty

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

Significant management estimates include: valuation of loans receivable, valuation of Home Repair Program subsidies, valuation of loans receivable with concessionary terms, valuation of accounts receivable, determination of amortization, valuation of post-employment benefits, estimation of contingencies and environmental liabilities.

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

(m) Related party transactions

The Corporation is related to all Government of Yukon departments, territorial corporations and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation. Significant transactions with related parties and balances at year-end are disclosed separately in the financial statements and notes thereto.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following: when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

Related party transactions other than inter-entity transactions are recorded at the exchange amount.

The Corporation receives certain services provided by the Government of Yukon without charge (Note 15(b)).

(n) Adoption of new accounting standards

Effective April 1, 2017, the Corporation adopted Public Sector Accounting Handbook Sections PS 2200 – Related party disclosures, PS 3210 – Assets, PS 3320 – Contingent assets, PS 3380 – Contractual rights, and PS 3420 – Inter-entity transactions. The adoption of PS 3380 required additional information to be disclosed; refer to Note 17 for Contractual rights disclosure. There was no significant impact on the financial statements as a result of adopting the remaining standards.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2018

3. Cash

	2018	2017
	(thousands of dollars)	
Cash		
Bank balances	\$ 805	\$ 2,194
Cash on hand	3	3
	<u>\$ 808</u>	<u>\$ 2,197</u>

The Corporation has an overdraft facility with its banker of up to \$11,000,000 at bank prime less 0.75% (2017 - bank prime less 0.75%). At year end, the bank prime rate was 3.45% (2017 - 2.70%). The overdraft is guaranteed by the Government of Yukon.

4. Accounts receivable

	2018	2017
	(thousands of dollars)	
Due from Canada Mortgage and Housing Corporation		
- Social Infrastructure Fund	\$ 6,413	\$ 7,229
- Investment in Affordable Housing	1,575	350
- Social Housing Agreement	248	261
Other receivables	971	637
Receivable from tenants	759	571
Less: valuation allowance for receivable from tenants	(500)	(464)
Less: valuation allowance for other receivables	(41)	(44)
	<u>\$ 9,425</u>	<u>\$ 8,540</u>

On August 14, 1998 the Corporation entered into an agreement with CMHC to access funding under the Social Housing Agreement (SHA). Under this thirty one year agreement (1999/2000 to 2029/2030) CMHC agreed to contribute up to \$114,379,000 for the Corporation to assume full responsibility for the management of various public housing programs specified in the SHA. As at March 31, 2018 the amount receivable under the SHA is \$248,000 (2017 - \$261,000).

On April 1, 2014 the Corporation entered into an agreement with CMHC to access funding under the Investment in Affordable Housing (IAH). Under this five year agreement (2014/2015 to 2018/2019) CMHC agreed to contribute up to \$7,875,000 (\$1,575,000 each year) for project commitments made by the Corporation to improve access to affordable, sound, suitable and sustainable housing for households in need. The funding was fully cost matched by the Corporation. As at March 31, 2018 the amount receivable under the IAH is \$1,575,000 (2017 - \$350,000).

On April 1, 2016 the Corporation entered into an agreement with CMHC under the Social Infrastructure Fund (SIF), which was made under the IAH agreement. Under this two year agreement (2016/2017 to 2017/2018) CMHC agreed to contribute up to \$13,642,000 (\$7,229,000 in 2016/2017 and \$6,413,000 in 2017/2018) for project commitments made by the Corporation to improve the quality and increase the supply of affordable housing and to support economic growth in the Yukon. The funding is partially cost matched by the Corporation; the amount of the funding that was required to be matched is \$3,300,000 over the term of the agreement. As at March 31, 2018 the amount receivable under the SIF is \$6,413,000 (2017 - \$7,229,000).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2018

5. Loans receivable

	Stated % interest rates	2018	2017
		(thousands of dollars)	
Mortgages receivable			
Home Ownership	0.00 - 4.50	\$ 30,932	\$ 33,038
Loans with terms up to five years, secured by registered charges against real property, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest and with maturities up to 2023. Rural and Native Home Ownership mortgages receiving subsidies (Note 2(e)) at March 31, 2018 were \$65,000 (2017 - \$89,000).			
Owner Build	2.76 - 4.50	4,881	6,201
Loans are advanced during the construction phase of a home for a maximum period of two years with interest of 1% below posted average 5 year rate of major banks. Repayment terms are up to five years, commencing upon completion of construction, secured by registered charges against real property with maturities up to 2023.			
Repair and Upgrade	0.00 - 4.50	4,334	5,344
Loans with terms up to 12 years, secured by registered charges against real property or chattel mortgages, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest with maturities up to 2029. Mortgages receiving subsidies (Note 2(e)) and forgiveness at March 31, 2018 were \$86,000 (2017 - \$66,000).			
Energy Management	0.00	16	23
Loans with terms up to 17 years, secured by registered charges against real property or chattel mortgages, repayable in periodic instalments without interest with maturities up to 2020.			
Housing Industry Loans	0.00 - 4.45	3,022	3,105
Loans with terms up to 25 years, secured by registered charges against real property or general security agreements, repayable in blended bi-weekly or monthly payments at fixed rates of interest with maturities up to 2027.			
Subtotal mortgages receivable		43,185	47,711
Less: allowance for Home Repair Program subsidies		(50)	(46)
Less: allowance for loans receivable with concessionary terms		(435)	(694)
Less: allowance for impaired loans		(227)	(291)
Net mortgages receivable		42,473	46,680
Land sales agreements receivable	5.00	5,475	10,329
Unsecured loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2022.			
Total loans receivable		\$ 47,948	\$ 57,009



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2018

5. Loans receivable (continued)

These loans receivable earn interest at the following weighted average rates:

	2018	2017
Mortgages receivable	3.29%	3.19%
Land sales agreements receivable	5.00%	5.00%

6. Environmental liability

Changes in the environmental liability are as follows:

	2018	2017
	(thousands of dollars)	
Balance at beginning of year	\$ 624	\$ 797
Actual expenditures in current year relating to fuel oil spills	(104)	(173)
Balance at end of year	<u>\$ 520</u>	<u>\$ 624</u>

Notable sites within the Environmental liability include:

In fall 2010, it was confirmed that approximately 20,000 liters of fuel oil spilled under two Yukon Housing Corporation properties in Dawson City. The remediation plan and projected future costs were prepared by independent consultants, and the remediation procedures started in the summer of 2011. To facilitate remediation the apartment building was demolished and removed. In fall 2012, it was determined that the residence adjacent to the apartment building would need to be removed to complete remediation of the site. The projected future expenditures at year end associated with this spill are estimated at \$247,500 (2017 - \$266,000).

In the summer of 2015, a split fuel line occurred under a house in Dawson City. Approximately 800 liters of fuel leaked from the oil storage tank. The projected future expenditures at year end associated with this spill are estimated at \$121,600 (2017 - \$140,000).

Projected future expenditures at year end for site monitoring of \$73,000 (2017 - \$95,000) are for ongoing ground water and soils monitoring for remediated oil spill sites in Old Crow, Mayo and Watson Lake.

7. Deferred revenue

	2018	2017
	(thousands of dollars)	
Canada Mortgage and Housing Corporation (CMHC) funding		
- Social Infrastructure Fund	\$ 9,348	\$ 5,517
- Investment in Affordable Housing	3,588	3,201
- Affordable Housing Initiative	-	1,175
Unearned revenue	117	-
Unearned rent	101	68
	<u>\$ 13,154</u>	<u>\$ 9,961</u>

Under the above CMHC funding agreements \$nil was received during the fiscal year (2017 - \$2,800,000), \$7,988,000 was receivable at March 31, 2018 (2017 - \$7,579,000) and \$4,945,000 was recognized as revenue during the fiscal year (2017 - \$2,016,000).

Unearned revenue relates to government funding for future workshops and other expenditures.

Unearned rent relates to prepayments made by tenants for future months.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2018

8. Long-term debt

	Stated % <u>interest rates</u>	2018	2017
		(thousands of dollars)	
Mortgages payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	1.01 - 11.25	\$ 2,278	\$ 2,750
Loans with a variety of terms, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2023, secured by fixed charges against housing projects with net book value of \$2,279,366 (2017 - \$1,218,097).			
Loans payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	5 - 9.875	906	1,023
Unsecured loans repayable in blended periodic installments at fixed rates of interest to maturity and with maturities up to 2028.			
Loans payable to the Government of Yukon	0.00	9,949	10,215
Repayable without interest in periodic instalments to 2027.			
Land sales agreements due to the Government of Yukon, unsecured	0.00	7,537	15,536
Repayable without interest in periodic instalments to 2023.			
Total long-term debt		<u>\$ 20,670</u>	<u>\$ 29,524</u>

The mortgages and loans payable bear interest at the following weighted average interest rates:

	2018	2017
Mortgages payable to chartered banks and CMHC	2.59%	2.79%
Loans payable to chartered banks and CMHC	7.86%	7.83%

Principal repayments required over the next five years are as follows:

	Loans Payable				Total
	Mortgages Payable	Banks and CMHC	Government of Yukon	Land Sales Agreements	
	(thousands of dollars)				
2019	\$ 421	\$ 99	\$ 265	\$ 3,411	\$ 4,196
2020	396	88	265	2,034	2,783
2021	373	95	265	2,016	2,749
2022	355	102	253	37	747
2023	331	110	250	39	730
Thereafter	402	412	8,651	-	9,465
Total	<u>2,278</u>	<u>906</u>	<u>9,949</u>	<u>7,537</u>	<u>20,670</u>

At March 31, 2018, the Corporation owed the Government of Yukon a Land Sales Agreements principal payment of \$2,061,821 (2017 - \$5,199,365) for principal amounts collected during the year. The amount was subsequently paid to the Government of Yukon in May 2018.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2018

9. Post-employment benefits

The Corporation provides post-employment benefits to its employees based on years of service and salary. These benefits consist of severance benefits and unused sick and vacation leave.

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method prorated on service. Post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations or other sources of revenue.

The results measured at March 31 are summarized as follows:

	2018	2017
	(thousands of dollars)	
Accrued benefit liability, beginning of year	\$ 1,835	\$ 1,970
Receipt from (payment to) Government departments for staff transfers	58	(224)
Add: Post employment benefits expenses		
Current service costs	199	240
Interest on accrued benefit liability	69	87
Amortization of net actuarial losses	15	44
Less: Benefits paid during the year	(109)	(282)
Accrued benefit liability, end of year	<u>\$ 2,067</u>	<u>\$ 1,835</u>
Unamortized net actuarial gain	<u>(140)</u>	<u>(61)</u>
Accrued benefit obligation, end of year	<u>\$ 1,927</u>	<u>\$ 1,774</u>

The significant actuarial assumptions were:

	2018	2017
Discount rate	3.50%	3.70%
Salary escalation rate (per annum)	2.00%	2.00%
Expected average remaining service life of active employees	11.1 years	11.1 years

The most recent actuarial valuation made for these post-employment benefits was as of April 1, 2016, and updated March 31, 2018. The next required valuation would be as of April 1, 2019.

Included in the total accrued benefit obligation at March 31, 2018 are vacation leave of \$453,000 (2017 - \$414,000) and accumulated sick leave of \$391,000 (2017 - \$369,000).

10. Retirement benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution effective at year end was \$1.01 (2017 - \$1.01) for every dollar contributed by the employee, and \$3.20 (2017 - \$7.74) for every dollar contributed by the employee for the portion of the employee's salary above \$165,000 (2017 - \$163,000). For new employees who are participating in the Plan on or after January 1, 2013, the Corporation contributes \$1.00 (2017 - \$1.00) for every dollar contributed by the employee, and \$3.20 (2017 - \$7.74) for every dollar contributed by the employee for the portion of the employee's salary above \$165,000 (2017 - \$163,000).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2018

10. Retirement benefits (continued)

Contributions during the year were as follows:

	2018	2017
	(thousands of dollars)	
Employer's contribution	\$ 561	\$ 609
Employees' contribution	512	512

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan benefits and they are indexed to inflation.

11. Advances - Government of Yukon

Advances from the Government of Yukon represent a series of working capital advances by the Government of Yukon to the Corporation. These advances are repayable on demand and without interest.

	2018	2017
	(thousands of dollars)	
Balance at beginning of year	\$ 26,323	\$ 24,190
Cash advanced during the year	6,442	11,446
Operations and maintenance transfer payment	(4,962)	(4,605)
Capital transfer payment	(6,505)	(4,708)
	(5,025)	2,133
Balance at end of year	\$ 21,298	\$ 26,323

12. Tangible capital assets

			2018	2017
			(thousands of dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 4,928	\$ -	4,928	\$ 4,928
Social housing	105,821	39,405	66,416	67,678
Staff housing	21,563	12,377	9,186	7,160
Office building	1,954	1,373	581	618
Other facilities	739	733	6	7
Furnishings and equipment	3,150	1,210	1,940	1,765
Computer systems	548	388	160	27
(Schedule B)	\$ 138,703	\$ 55,486	\$ 83,217	\$ 82,183

At March 31, 2018, there were construction projects in progress in the amount of \$200,000 (2017 - \$184,000). There was no interest incurred for the construction of tangible capital assets in the current year or previous year.

In addition, at March 31, 2018, the Corporation held title to 25 vacant lots. These lots have no carrying value as they were transferred to the Corporation from a related party at a nominal value in prior years.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2018

13. Expenses by object

	2018	2017
	(thousands of dollars)	
Personnel, training and post employment benefits	\$ 7,329	\$ 7,458
Materials, supplies and utilities	7,827	7,249
Transfer payments	6,224	4,151
Amortization expenses	3,209	3,111
Other	2,228	1,797
Communication and transportation	563	485
Contract and special services	344	436
Interest on long-term debt	143	207
	<u>\$ 27,867</u>	<u>\$ 24,894</u>

14. Financial instruments

The balances in Cash, Accounts receivable, Due from the Government of Yukon, and Accounts payable and accrued liabilities have fair values that approximate their carrying amount due to their short term to maturity.

Fair value information is not disclosed for Advances - Government of Yukon (Note 11) because it arose as a result of related party transactions and bears no interest. There is no active market for such instruments.

The fair values of the Corporation's loans receivable and long-term debt were based on management's best estimates and were determined using the present value of future cash flows discounted at the March 31, 2018 estimated market rate for mortgages and loans with similar maturities.

The carrying amount and estimated fair values of loans receivable and long term debt are as follows:

	2018		2017	
	(thousands of dollars)			
	Carrying	Fair Value	Carrying	Fair Value
Loans receivable				
Mortgages receivable net of allowances	\$ 42,473	\$ 41,926	\$ 46,680	\$ 45,709
Land sales agreements receivable	5,475	5,958	10,329	11,101
	<u>\$ 47,948</u>	<u>\$ 47,884</u>	<u>\$ 57,009</u>	<u>\$ 56,810</u>
Long-term debt				
Mortgages payable to chartered banks and CMHC	\$ 2,278	\$ 1,921	\$ 2,750	\$ 2,326
Loans payable to chartered banks and CMHC	906	985	1,023	1,090
Loans payable to the Government of Yukon	9,949	6,405	10,215	6,289
Land sales agreements due to the Government of Yukon	7,537	7,098	15,536	14,676
	<u>\$ 20,670</u>	<u>\$ 16,409</u>	<u>\$ 29,524</u>	<u>\$ 24,381</u>

These financial instruments do not have active markets.

Until settled, the fair value of loans receivable and long-term debt will fluctuate with changes in interest rates.

Management believes the carrying amount of loans receivable will be fully recovered.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2018

15. Related party transactions and balances

In addition to those related party transactions disclosed elsewhere in these financial statements (Notes 8 & 11), the Corporation enters into transactions with related entities in the normal course of business.

(a) Due from the Government of Yukon

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Accounts payable	\$ (895)	\$ (1,086)
Accounts receivable	167	53
Amount due from Community Services - Disaster Financial Assistance	<u>1,832</u>	<u>2,205</u>
Net amount Due from the Government of Yukon	<u>\$ 1,104</u>	<u>\$ 1,172</u>

(b) Other transactions

The Government of Yukon provides life insurance and medical benefits to the Corporation's retired personnel, which are provided without charge and not recorded in the financial statements.

The value of administrative services provided by the Government of Yukon to the Corporation is estimated in 2018 to be \$25,700 (2017 - \$34,200). The value of territorial agent services provided by the Corporation to the Government of Yukon for 2018 is estimated to be \$44,700 (2017 - \$59,300). These services are provided without charge and not recorded in the financial statements.

The employees of the Corporation are paid by the Government of Yukon. The Corporation reimbursed the Government for personnel expenses (Note 13 and Schedule A) paid of \$7,184,000 during 2018 (2017 - \$7,378,000) which are recorded at the exchange amount.

In 2008, the Corporation entered into an agreement with the Government of Yukon for the use of a 48 unit seniors' social housing constructed as part of the Athletes' Village in Whitehorse. The Corporation is responsible for the operation and maintenance of the facility. The value of services provided without charge, relating to the use of this building by the Corporation, is estimated in 2018 to be \$502,000 (2017 - \$502,000) based on the Government of Yukon's amortization expense.

During 2018, the Corporation was charged \$312,000 (2017 - \$355,000) by the Government for information technology support services, office rental, office supplies, computer software licensing and vehicle rental services. These charges are recorded at the exchange amount.

16. Contractual obligations and contingencies

	<u>2018</u>	<u>2017</u>
	(thousands of dollars)	
Outstanding contractual obligations to complete the funding of mortgages receivable as at end of year	\$ 1,214	\$ 1,169
Outstanding contractual obligations to complete agreements and contract commitments as at end of year	2,258	4,505
Annual subsidies to private social housing organizations	375	375



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2018

16. Contractual obligations and contingencies (continued)

In the normal course of operations, the Corporation is subject to legal claims and possible claims. While the outcome of legal claims or possible claims is subject to future resolution, management's evaluation and analysis of such matters indicates that, individually or in the aggregate, the probable ultimate resolution of all legal claims and possible claims will not have a material financial impact on the Corporation's financial position, results of operations or its cash flows.

Pursuant to an agreement signed with CMHC in 1998, the Corporation is liable for a mortgage payable by the Whitehorse Housing Co-operative Association Limited (the Co-operative) in the event of a default. The mortgage matures on July 1, 2025 and the amount payable as at March 31, 2018 was \$629,000 (2017 - \$695,000).

Management believes that the Corporation would be able to repay the mortgage in full through the sale of the Co-operative's assets (against which the mortgage is made) in the event of a default.

17. Contractual rights

The Corporation has contractual rights for the following payments subsequent to March 31, 2018.

	Expiry Date	2019	2020-2030	Total
(thousands of dollars)				
CMHC Social Housing Agreement	2030	\$ 3,786	\$ 25,576	\$ 29,362
CMHC Investment in Affordable Housing	2019	1,575	-	1,575
CMHC Northern Funding	2019	2,400	-	2,400
Office space lease (Government of Yukon)	2021	96	192	288
		<u>\$ 7,857</u>	<u>\$ 25,768</u>	<u>\$ 33,625</u>

18. Bad debts write-offs

Section 14(4) of the *Financial Administration Act* of Yukon requires accounts written off during the fiscal year to be reported in the Public Accounts of Yukon. Bad debts written off during the current year and past four years are as follows:

Year	Amount
2018	\$ -
2017	-
2016	-
2015	110,909
2014	-

19. Comparative figures

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



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses
for the year ended March 31, 2018

Schedule A

	2018	2017
	(thousands of dollars)	
Social and staff housing operating costs		
General maintenance	\$ 3,540	\$ 3,297
Personnel	3,252	3,205
Utilities	2,619	2,422
Property taxes	1,005	1,012
Building services - in-kind (Note 15(b))	502	502
Interest on long term debt	135	173
Housing program administration	150	145
Property rentals	32	33
Bad debts - tenant receivable	32	30
Write-down of / loss on disposal of tangible capital assets	27	15
	<u>\$ 11,294</u>	<u>\$ 10,834</u>
Lending and grant programs		
Affordable housing contributions	\$ 3,429	\$ 814
Northern housing trust grants and contracts	2,477	2,973
Personnel	770	836
Community partnering contributions	52	178
Program materials	26	54
Bad debts - loans receivable	(64)	169
	<u>\$ 6,690</u>	<u>\$ 5,024</u>
Corporate services costs (Note 19)		
Personnel	\$ 1,992	\$ 2,073
Information technology systems and support	203	192
Professional fees	135	66
	<u>\$ 2,330</u>	<u>\$ 2,331</u>
Administration expenses (Note 19)		
Personnel, training and post employment benefits	\$ 1,315	\$ 1,344
Travel and transportation	290	226
Communications	273	216
Office space costs	207	195
Office and sundry	122	162
Rentals - office and equipment	92	93
Boards and committees	91	91
Program promotion	98	70
Professional fees	41	22
	<u>\$ 2,529</u>	<u>\$ 2,419</u>



Yukon Housing Corporation
 Schedule of Tangible Capital Assets
 for the year ended March 31, 2018

Schedule B

	Land	Social Housing	Staff Housing	Office Building	Other Facilities	Furnishings and Equipment	Computer Systems	2018 Total	2017 Total
(thousands of dollars)									
Cost of tangible capital assets, opening ¹	\$ 4,928	\$ 104,561	\$ 19,232	\$ 1,954	\$ 796	\$ 2,783	\$ 415	\$ 134,669	\$ 132,701
Acquisitions ¹	-	1,260	2,506	-	-	371	133	4,270	1,991
Disposals	-	-	(175)	-	(57)	(4)	-	(236)	(23)
Cost of tangible capital assets, closing ¹	4,928	105,821	21,563	1,954	739	3,150	548	138,703	134,669
Accumulated amortization, opening	-	36,883	12,072	1,336	789	1,018	388	52,486	49,383
Amortization	-	2,522	455	37	1	194	-	3,209	3,111
Disposals	-	-	(150)	-	(57)	(2)	-	(209)	(8)
Accumulated amortization, closing	-	39,405	12,377	1,373	733	1,210	388	55,486	52,486
Net book value ¹	\$ 4,928	\$ 66,416	\$ 9,186	\$ 581	\$ 6	\$ 1,940	\$ 160	\$ 83,217	\$ 82,183
Construction in progress	\$ -	\$ 94	\$ 106	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ 184

¹ Includes construction in progress

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YUKON LIQUOR CORPORATION

FINANCIAL STATEMENTS

March 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the Yukon Liquor Corporation is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; the assets of the Corporation are safeguarded and controlled; the transactions of the Corporation are in accordance with the relevant legislation, regulations and by-laws of the Corporation; the resources of the Corporation are managed efficiently and economically; and the operations of the Corporation are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Corporation. The accompanying financial statements as at March 31, 2018 include amounts based on management's best estimates as determined through experience and judgment, are prepared in accordance with International Financial Reporting Standards. Other financial information included in the Annual Report is consistent with these financial statements.

These financial statements have been independently audited by the Corporation's external auditor, the Auditor General of Canada, and the audit report is included in this report.

Matt King
President

Susan Russell
A/Director, Finance & Information Management

June 28, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Liquor Corporation

Report on the Financial Statements

I have audited the accompanying financial statements of the Yukon Liquor Corporation, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

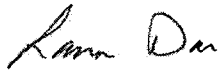
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Yukon Liquor Corporation as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the *Liquor Act*, I report that, in my opinion, the accounting principles in International Financial Reporting Standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Yukon Liquor Corporation and the financial statements are in agreement therewith. In addition, the transactions of the Yukon Liquor Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* of Yukon and regulations, the *Liquor Act* and regulations, the *Liquor Tax Act* and regulations, and the by-laws of the Yukon Liquor Corporation.



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

28 June 2018
Vancouver, Canada

YUKON LIQUOR CORPORATION
STATEMENT OF FINANCIAL POSITION
as at March 31

ASSETS

	<u>2018</u>	<u>2017</u>
	(in thousands of Cdn \$)	
Current		
Cash	\$ 2,447	\$ 963
Inventories		
Beer	1,198	1,413
Spirits	1,122	1,241
Wine	932	1,059
Accounts receivable (Note 4)	72	204
Prepaid expenses	23	23
	<u>5,794</u>	<u>4,903</u>
Property, plant and equipment (Notes 5, 8 and Schedule)	<u>2,077</u>	<u>1,557</u>
	<u>\$ 7,871</u>	<u>\$ 6,460</u>

LIABILITIES & EQUITY

Current		
Accounts payable and accrued liabilities (Notes 4 and 6)	\$ 2,079	\$ 2,588
Due to the Government of Yukon (Notes 4 and 7)	2,268	926
Deferred revenue	92	90
	<u>4,439</u>	<u>3,604</u>
Non-pension benefit liability (Note 11)	<u>1,355</u>	<u>1,299</u>
	5,794	4,903
Equity (Note 8)	<u>2,077</u>	<u>1,557</u>
	<u>\$ 7,871</u>	<u>\$ 6,460</u>
Commitments (Note 13)		

Approved by Management and authorized for issue on June 28, 2018



President



A/Director, Finance & Information Management

The accompanying notes and schedule are an integral part of the financial statements.

YUKON LIQUOR CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
for the year ended March 31

	2018	2017
	(in thousands of Cdn \$)	
Revenue		
Beer	\$ 19,253	\$ 18,723
Spirits	11,744	11,186
Wine	8,420	8,031
	39,417	37,940
Cost of goods sold		
Beer	11,955	11,707
Spirits	5,330	5,044
Wine	4,072	3,756
	21,357	20,507
Gross profit	18,060	17,433
Expenses		
Salaries, wages and benefits	6,677	5,951
Rent, utilities and maintenance	1,078	1,033
Bank expenses	486	380
Professional services	430	122
Travel and communications	287	261
Other	264	360
Depreciation	207	107
General and office supplies	108	125
Shared corporate services costs (Note 10c)	-	247
	9,537	8,586
Operating profit	8,523	8,847
Other income		
Fees, permits and licences	148	131
Miscellaneous	25	31
	173	162
Profit before other comprehensive income	8,696	9,009
Other comprehensive income (loss)		
Amounts not to be reclassified subsequently to net income		
Actuarial gain (loss) (Note 11)	46	(190)
Comprehensive income	\$ 8,742	\$ 8,819

The accompanying notes and schedule are an integral part of the financial statements.

YUKON LIQUOR CORPORATION
 STATEMENT OF CHANGES IN EQUITY
 for the year ended March 31

	2018	2017
	(in thousands of Cdn \$)	
Equity, beginning of year	\$ 1,557	\$ 1,231
Profit before other comprehensive income	8,696	9,009
Other comprehensive income (loss)	46	(190)
Current year's profit to be remitted to the Government of Yukon (Note 10a)	(8,222)	(8,493)
Equity, end of year (Note 8)	\$ 2,077	\$ 1,557

The accompanying notes and schedule are an integral part of the financial statements.

YUKON LIQUOR CORPORATION
STATEMENT OF CASH FLOWS
for the year ended March 31

	2018	2017
	(in thousands of Cdn \$)	
Cash flows from operating activities		
Cash receipts:		
Revenue - beer, spirits and wine	\$ 39,549	\$ 37,809
Fees, permits and licences	175	171
Cash disbursements:		
Purchases of inventories	(21,396)	(20,522)
Salaries, wages and benefits	(6,017)	(6,469)
General and administrative expenses	(2,360)	(1,924)
Shared corporate services costs (Note 10c)	-	(528)
Net cash generated by operating activities	9,951	8,537
Cash flows from investing activities		
Acquisition of property, plant and equipment (Schedule)	(625)	(450)
Disposal of property, plant and equipment (Schedule)	-	18
Net cash used in investing activities	(625)	(432)
Cash flows from financing activities		
Remittance of profit to the Government of Yukon (Note 10a)	(7,842)	(8,732)
Net cash used in financing activities	(7,842)	(8,732)
Increase (Decrease) in cash for the year	1,484	(627)
Cash, beginning of year	963	1,590
Cash, end of year	\$ 2,447	\$ 963

The accompanying notes and schedule are an integral part of the financial statements.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

1. Authority and operations

Yukon Liquor Corporation (the Corporation) was established in 1977 under the *Liquor Act* by the Government of Yukon in Canada. It is not a "corporation" under the *Business Corporations Act*, but a government entity and is significantly influenced by the Government of Yukon. As a government entity, the Corporation is exempt from income taxes under Section 149(1)(d) of the Canadian *Income Tax Act*.

The Corporation is responsible for the purchase, distribution and sale of liquor within the Yukon, controlling the sale of liquor through licensed outlets and enforcing all matters related to the *Liquor Act*. The Corporation operates a central warehouse and distribution centre in Whitehorse and six liquor stores. The rural liquor stores also provide specific government services on behalf of the Government of Yukon.

In accordance with the *Liquor Act*, the profit for the year, before depreciation, less amounts expended on property, plant and equipment, is remitted to the Government of Yukon on a monthly basis.

The Corporation is required by the *Liquor Tax Act* to collect liquor taxes on behalf of the Government of Yukon and to remit these taxes on a monthly basis. The current rate is 12% (2017 - 12%) and is applied to selling prices of all liquor products.

In accordance with the provisions of the *Beverage Container Regulations* under the *Environment Act*, the Corporation collects various beverage container deposits and recycling surcharges on the sale of its products. These amounts are remitted to the Recycling Fund on a monthly basis after deducting deposit refunds paid and fees earned under the program.

The Corporation's registered office is 9031 Quartz Road, Whitehorse, Yukon, Canada Y1A 4P9.

2. Basis of presentation

These financial statements have been prepared on a historical cost basis, in accordance with International Financial Reporting Standards (IFRS). The statements are presented in Canadian dollars and are rounded to the nearest thousand (\$000) where indicated.

3. Significant accounting policies

The significant accounting policies are as follows:

a) Inventories

Inventories are comprised of alcoholic beverages for resale and are valued at the lower of cost and net realizable value. Inventory costs are determined on a first-in, first-out basis. Cost is comprised of supplier-invoiced value and freight. Net realizable value represents the estimated selling price for inventories less the cost to sell.

b) Financial instruments

The Corporation's financial instruments consist of Cash, Accounts receivable, Accounts payable and accrued liabilities, and Due to the Government of Yukon. Accounts payable and accrued liabilities and Due to the Government of Yukon are due on demand and are non-interest bearing. These financial instruments are accounted for as follows:

YUKON LIQUOR CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended March 31, 2018

Loans and receivables

The Corporation has classified the following financial asset as loans and receivables: Accounts receivable. Accounts receivable are initially recognized at fair value, which is approximated by the instrument's initial cost in a transaction between knowledgeable, willing parties in an arm's length transaction. Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in profit or loss when the loan or receivable is settled or upon impairment. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Other financial liabilities

The Corporation has classified the following financial liabilities as other financial liabilities: Accounts payable and accrued liabilities and Due to the Government of Yukon. Accounts payable and accrued liabilities and Due to the Government of Yukon are initially recognized at their fair value, which is approximated by the instrument's initial cost in a transaction between knowledgeable, willing parties in an arm's length transaction. Other financial liabilities are subsequently measured at their amortized cost, using the effective interest method. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expire.

c) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

<u>Classification</u>	<u>Estimated Useful Life</u>
Land	Indefinite
Buildings	20 years
Furniture and office equipment	5 years
Operating equipment	5 years
Heavy equipment	15 years
Systems development	5 years
Systems equipment	5 years
Leasehold improvements	remaining term of lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other income - Miscellaneous' in the statement of comprehensive income.

Assets are assessed for indications of impairment at each reporting date. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units), which are based on the Corporation's individual stores basis.

At each reporting date, assets are assessed for indications that prior impairment losses should be reversed. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. This reversal would be recognized immediately in the statement of comprehensive income.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

d) Revenue recognition

Revenue represents the fair value of consideration received or receivable in exchange for goods and services provided to third parties. Revenue is recognized when the risks and rewards of ownership are substantially transferred. Revenue is presented net of price discounts and promotional discounts. Revenue also does not include container recycling fees which are immediately remitted to suppliers.

e) Expense

Expenses are recognized as incurred, on an accrual basis, in the period to which they relate.

f) Employee benefits

Non-pension benefits

Under their conditions of employment, employees may qualify for and earn employment benefits for vacation, sick, and special leave, and severance benefits. The benefit obligation is determined on an actuarial basis. The costs of these benefits are accrued as employees render the services required to earn them and are calculated using the projected benefit method pro-rated on service. Actuarial gains and losses are recognized immediately in other comprehensive income. Extended health care and insurance plan employee future benefit liabilities are paid by and accrued in the consolidated financial statements of the Government of Yukon.

Pension benefits

Substantially all of the employees of the Corporation are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

g) Leases

The Corporation assesses all leases to determine their classification. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are treated as operating leases.

h) Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used when accounting for matters such as depreciation based on management's estimate of the useful lives of property, plant and equipment, and the non-pension benefit liability based on the actuary's valuation. Actual results could differ materially from these estimates.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

The estimates and underlying assumptions made by management may have a significant effect on the financial statements including determining the present value of the non-pension benefit liability on an actuarial basis using management's best estimates and assumptions. Any changes in these estimates and assumptions, which include the discount rate, will impact the carrying amount of the non-pension benefit liability. The discount rate used to determine the present value of the non-pension benefit liability is based on interest rates of high-quality corporate bonds of the same currency and with similar terms to maturity.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

i) Accounting standards issued but not yet effective

IFRS 9: Financial instruments

IFRS 9, as issued in July 2014, will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 addresses classification and measurement of financial instruments, impairment of financial assets, as well as hedge accounting, and is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted. IFRS 9 adopts a single approach to classification and measurement, which determines whether a financial asset is measured at amortized cost or fair value based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 introduces an expected loss impairment model that requires more timely recognition of expected credit losses. Finally, IFRS 9 introduces a substantially reformed model for hedge accounting and enhanced disclosures about risk management activity. Management has performed an evaluation as to the effects of adopting IFRS 9, and has concluded that IFRS 9 is expected to be immaterial to the Corporation's financial statements. The Corporation will adopt IFRS 9 on a retrospective basis without restatement of prior periods.

IFRS 15: Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers which will supersede IAS 18 Revenue and related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is required to be applied to annual reporting periods beginning on or after January 1, 2018. Early adoption is permitted. In April 2016, the IASB has issued narrow-scope amendments to the revenue standard to clarify some requirements and provide additional transitional relief for companies implementing the new standard. The amendments are effective for annual reporting periods beginning on or after January 1, 2018 with earlier application permitted. Management has performed an evaluation as to the effects of adopting IFRS 15, and has concluded that IFRS 15 is expected to be immaterial to the Corporation's financial statements. The Corporation will adopt IFRS 15 on a retrospective basis.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

IFRS 16: Leases

IFRS 16 Leases was issued on January 13, 2016 to replace IAS 17 Leases. The new standard increases the scope of which leases must be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. IFRS 16 removes the classification of leases as either operating leases or finance leases (for the lessee-the lease customer), treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) will have an optional exemption from the requirements. The new standard is effective January 1, 2019. Early adoption is permitted (as long as the recently issued revenue Standard, IFRS 15 Revenue from Contracts with Customers is also adopted). Management has performed an evaluation as to the effects of adopting IFRS 16 and has concluded that all of the Corporation's operating leases will be classified as finance leases. As a result of this change the Corporation's property leases will be recognized on the statement of financial position, and the pattern of expense recognition will change from being consistent over the lease period to being greater in the initial period as compared to the end, given the finance charge on the leases are higher in the earlier periods. The impact of the initial application of IFRS 16 on the Corporation's financial statements cannot be reasonably estimated and is not expected to have a material impact.

4. Financial instruments

Risk

The Corporation, through its financial assets and liabilities, is exposed to the following risks from its use of financial instruments: credit risk and liquidity risk. The Corporation manages these risk exposures on an ongoing basis. The Corporation has no significant exposure to interest rate risk and foreign exchange risk. The Corporation is not party to any derivative financial instruments.

Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a financial instrument fails to meet its obligation.

The carrying amount of Cash and Accounts receivable represents the maximum credit risk exposure.

The Corporation's Accounts receivable has a carrying value of \$72,000 as of March 31, 2018 (2017 - \$204,000). There is a 74.5% (2017 - 27%) concentration of Accounts receivable with one customer. As at March 31, 2018, approximately 4.8% (2017 - 1.1%) of Accounts receivable were over 90 days past due. Historically, the Corporation has not incurred any significant losses with respect to bad debts. The Corporation's allowance for doubtful accounts is nil at March 31, 2018 (2017 - nil).

The risk on cash is minimized as these assets are held with a Canadian chartered bank.

Liquidity

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's objective is to have sufficient liquidity to meet these liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements by regularly checking bank balances and accounts payable reports.

The carrying amount of Accounts payable and accrued liabilities and Due to the Government of Yukon represents the maximum exposure to liquidity risk.

The Corporation does not have long-term financial liabilities. The Corporation's Accounts payable and accrued liabilities had a carrying value of \$2,079,000 as at March 31, 2018 (2017 - \$2,588,000). As at March 31, 2018, approximately 6.3% (2017 - 3.5%) of Accounts payable were over 90 days past due. Due to the Government of Yukon had a carrying value of \$2,268,000 as of March 31, 2018 (2017 - \$926,000). As at March 31, 2018, approximately 33.7% (2017 - 0%) of Due to the Government of Yukon were over 90 days past due.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

5. Property, plant and equipment

Net book value of self insured property, plant and equipment purchased by the Corporation after March 31, 1990 is as follows:

	2018	2017
	(in thousands of Cdn \$)	
Land	\$ 202	\$ 202
Buildings	659	656
Furniture and office equipment	283	94
Operating equipment	59	27
Heavy equipment	468	318
Systems development	114	146
Systems equipment	287	108
Leasehold improvements	5	6
(Schedule)	<u>\$ 2,077</u>	<u>\$ 1,557</u>

6. Accounts payable and accrued liabilities

	2018	2017
	(in thousands of Cdn \$)	
Trade payables	\$ 1,380	\$ 1,894
Accrued liabilities	538	524
Non-pension benefit liability current portion (Note 11)	161	170
	<u>\$ 2,079</u>	<u>\$ 2,588</u>

7. Due to the Government of Yukon

	2018	2017
	(in thousands of Cdn \$)	
Reimbursements due for salaries to employees, and other costs paid on behalf of the Corporation	\$ 844	\$ 856
Remittances due to (from) the Government of Yukon pursuant to <i>Liquor Act</i> (Note 10a)	7	(373)
<i>Liquor Tax Act</i> (Note 10b)	613	327
Net remittances due to the Recycling Fund	804	116
Net due at the end of the year	<u>\$ 2,268</u>	<u>\$ 926</u>

8. Equity

This amount represents the sum of the net book value of property, plant and equipment purchased by the Corporation after March 31, 1990, of which \$2,077,000 (2017 - \$1,557,000) was purchased prior to remitting funds to the Government of Yukon (Note 1). The annual change in equity represents additions and disposals of property, plant and equipment less depreciation expense for the year.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

9. **Capital management**

The Corporation manages its capital in order to purchase a range of liquor products and make them available to consumers, and to regulate the sale and consumption of liquor products, while optimizing the net proceeds to the Government of Yukon realized from the sale and control of liquor.

The Corporation defines capital as net assets. It is subject to the financial management and accountability provisions of the *Financial Administration Act* of Yukon, the *Corporate Governance Act*, and the *Liquor Act*, which specifies that net assets of the Corporation are the property of the Government of Yukon.

The Corporation manages its net assets through its five year capital plan and as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings to ensure that its objectives are achieved effectively. The five year capital plan and revenue projections are approved annually by the Management Board of the Government of Yukon. The Corporation is required to provide regular variance reporting to the Government of Yukon to ensure that the Corporation effectively achieves its objectives whilst remaining a going concern.

The Corporation is not subject to external capital requirements. There has been no change to its capital management during the year.

10. **Related party transactions**

The Corporation is related to all departments and public agencies of the Government of Yukon. The Corporation enters transactions with these entities in the normal course of business.

(a) **Profit due to (from) the Government of Yukon pursuant to the *Liquor Act***

Calculation of adjusted profit due to (from) the Government of Yukon for the year (Note 1):

	2018	2017
	(in thousands of Cdn \$)	
Balance due from the Government of Yukon at the beginning of the year	\$ (373)	\$ (133)
Comprehensive income for the year	8,742	8,819
Property, plant and equipment additions, net of disposals	(727)	(434)
Depreciation (Schedule)	207	107
Current year's profit to be remitted	8,222	8,492
Less: remitted during the year	(7,842)	(8,732)
Balance due to (from) the Government of Yukon at the end of the year	\$ 7	\$ (373)

(b) **Liquor tax**

Liquor tax collected and due to the Government of Yukon for the year (Note 1):

	2018	2017
	(in thousands of Cdn \$)	
Balance due at the beginning of the year	\$ 327	\$ 441
Liquor tax collected during the year	4,710	4,483
Less: remitted during the year	(4,424)	(4,597)
Balance due at the end of the year	\$ 613	\$ 327

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

(c) **Shared services costs**

The Corporation had a shared services arrangement with Yukon Housing Corporation which consolidated functions such as the President's office, finance, systems and administration, policy and communications and human resource services. The amount charged by the Yukon Housing Corporation to the Corporation for shared services for the year was \$nil (2017 - \$244,000).

The shared services agreement was dissolved effective July 1, 2016. Several Corporate Services staff transferred to the Corporation to perform said functions.

(d) **Other transactions**

The Government of Yukon and the Corporation provide services to each other without compensation. These transactions are not recorded in the financial statements of the Corporation. The Government of Yukon provides rent-free occupation of several government buildings to the Corporation with an estimated value of \$526,950 (2017 - \$526,801). The Corporation provides Territorial Agent services in rural community liquor stores on behalf of the Government of Yukon with an estimated value of \$448,560 (2017 - \$487,759).

The Corporation reimburses the Government of Yukon on a monthly basis for salaries and benefits expense paid on its behalf by the Government of Yukon.

The Corporation has entered into lease agreements for two community liquor stores and service level agreements for the three owned community liquor stores in the amount of \$251,000 (2017 - \$247,000) with the Government of Yukon.

The Government of Yukon provides certain property management services to the Corporation. During 2018 the Corporation was charged \$14,400 (2017 - \$nil) for work done on its properties.

The Corporation has entered into service agreements with the Government of Yukon for the provision of information, communication and technology services. During the year the Corporation was charged \$310,000 (2017 - \$33,300) for these services provided.

(e) **Key management compensation**

As a result of the Corporation's re-organization in fiscal 2017 (see Note 10(c)), there were several changes to the key management personnel positions.

For fiscal 2017, prior to July 1, 2016, key management personnel included the following positions: Vice-President; Director - Retail Sales and Territorial Agent Services; Director - Purchasing and Distribution; and Director - Licensing and Inspections. The shared services (see Note 10(c)) staff considered to be key management personnel include the President and the Director - Finance, Systems and Administration, and their compensation is disclosed proportionately. Effective July 1, 2016, key management personnel include the following positions: President; Director - Operations; Director - Licensing and Inspections; Director - Corporate Services; Manager - Community Store Operations and Territorial Agent Services; Manager - Finance; and Manager - Human Resources.

For fiscal 2018, key management personnel include the following positions: President; Director - Operations; Director - Licensing and Inspections; Manager, Warehouse; Manager, Social Responsibility, Policy & Planning; Manager - Community Store Operations and Territorial Agent Services; Manager - Finance; and Manager - Human Resources.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

	2018	2017
	(in thousands of Cdn \$)	
Salaries and short-term employee benefits	\$ 963	\$ 818
Post-employment benefits	127	83
Other long-term employee benefits	19	23
Pre-retirement and severance benefits	66	198

11. Employee benefits

Pension plan

Substantially all of the employees of the Corporation are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution effective at year end was \$1.01 (2017 - \$1.00) for every dollar contributed by the employee, and \$3.20 (2017 - \$7.74) for every dollar contributed by the employee for the portion of the employee's salary above \$164,700 (2017 - \$163,100). And, for new employees who are participating in the plan on or after January 1, 2013, the Corporation contributes \$1.00 (2017 - \$1.00) for every dollar contributed by the employee, and \$3.20 (2017 - \$7.74) for every dollar contributed by the employee for the portion of the employee's salary above \$164,700 (2017 - \$163,100). Total contributions of \$874,507 (2017 - \$739,336) were recognized as expense in the current year.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Non-pension benefits

The Corporation provides non-pension benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The results measured at March 31 are summarized as follows:

	2018	2017
	(in thousands of Cdn \$)	
Reconciliation of accrued benefit obligation		
Accrued benefit obligation, beginning of year	\$ 1,469	\$ 1,237
Components recognized in Salaries, wages and benefits		
Current service cost	137	109
Interest cost on accrued benefit obligation	57	51
Actuarial loss (gain) recognized in Other comprehensive income	(46)	477
Benefits paid	(101)	(405)
Accrued benefit obligation, end of year	<u>\$ 1,516</u>	<u>\$ 1,469</u>
Classification of accrued benefit obligation		
Current portion	\$ 161	\$ 170
Non-current portion	1,355	1,299
	<u>\$ 1,516</u>	<u>\$ 1,469</u>

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

	2018	2017
	(in thousands of Cdn \$)	
Reconciliation of actuarial gains recognized in Other comprehensive income (OCI):		
Cumulative actuarial (gain) loss recognized in OCI, beginning of year	\$ (168)	\$ (358)
Actuarial loss (gain) from member experiences	(70)	477
Actuarial (gain) loss from economic assumption changes	24	-
Actuarial (gain) loss from reimbursement right	-	(287)
	\$ (214)	\$ (168)
Cumulative actuarial (gain) loss recognized in OCI, ending of year	\$ (214)	\$ (168)

A reimbursement right was recognized in OCI in relation to a reimbursement received from Yukon Housing Corporation and the Government of Yukon for the non-pension benefit liability attributable to employees transferred to the Corporation in the prior year.

The significant assumptions used in the actuarial valuation of the obligation were as follows:

Discount rate	3.50%	3.70%
Salary escalation rate per annum	2.00%	2.00%

A quantitative sensitivity analysis as at March 31, 2018 shows the impact of the change in the significant actuarial assumptions on the non-pension defined liability obligation:

	1% increase	1% decrease
	(in thousands of Cdn \$)	
Discount rate	(111)	129
Salary escalation rate per annum	151	(132)

The most recent full actuarial valuation in respect of this non-pension post-employment benefits plan was prepared as of March 31, 2016 and extrapolated to March 31, 2018. The weighted average of the maturity plan as at March 31, 2018 is 7.8 years.

12. Operating lease arrangements

a) Leasing arrangements

Operating leases relate to leases of Whitehorse, Haines Junction and Mayo liquor stores with lease terms up to 3 years. The Corporation does not have an option to purchase the buildings at the expiry of the lease periods.

b) Payments recognized as an expense

	2018	2017
Minimum lease payments	\$ 421,115	\$ 422,134

c) Non-cancellable operating lease commitments at March 31

	2018	2017
Not later than 1 year	\$ 333,687	\$ 333,687
Later than 1 year and not later than 5 years	88,560	442,247
	\$ 422,247	\$ 775,934

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

13. Commitments

In the normal course of operations, the Corporation enters into multi-year agreements for the provision of freight and other goods and services. The total of these commitments as at March 31, 2018 for future years ending on March 31, 2019 is \$1,011,543 (March 31, 2017 for 2018 - \$322,779). Included in these commitments is \$90,629 (2017 - \$249,579) for the acquisition of property, plant and equipment.

14. Subsequent Event

Yukon's *Cannabis Control and Regulation Act* (the Act) received assent on April 24, 2018. The Act complements the federal legal framework, and governs the distribution, retail, consumption, and personal cultivation and possession of non-medical cannabis in the Yukon. The Act designates the Corporation as the distributor corporation, to act as the principal supplier of cannabis for sale in the Yukon. The Act will not come into force until Bill C-45, the federal *Cannabis Act*, comes into force. An estimate of the financial impact of this legislation on the Corporation for fiscal 2019 cannot be made at this time.

15. Reclassification of Comparative Figures

In the current year statement of comprehensive income, the Corporation has disaggregated Other expenses as Other and Professional services. This additional level of detail on these two different types of expenses may be useful to readers in assessing expenses incurred by the Corporation. As a result, the prior year figures have also been reclassified. The effect on the statement of comprehensive income for the year ended March 31, 2017 is that Other expenses has been disaggregated and presented as Other of \$360,000 and Professional services of \$122,000.

YUKON LIQUOR CORPORATION
SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Leasehold improvements	Furniture and office equipment	Operating equipment	Heavy equipment	Systems development	Systems equipment	Total
	(in thousands of Cdn \$)								
March 31, 2016									
Cost	202	4,904	365	401	247	475	283	250	7,127
Accumulated depreciation	-	4,450	358	346	208	159	216	159	5,896
Net book value	202	454	7	55	39	316	67	91	1,231
March 31, 2017									
Additions	-	229	-	53	-	50	93	27	452
Disposals - cost	-	-	-	-	-	(30)	-	-	(30)
Disposals - accumulated depreciation	-	-	-	-	-	12	-	-	12
Depreciation	-	(27)	(1)	(14)	(12)	(30)	(13)	(10)	(107)
Cost	202	5,133	365	454	247	495	376	277	7,549
Accumulated depreciation	-	4,477	359	360	220	177	229	169	5,991
Net book value	202	656	6	94	27	318	146	108	1,557
March 31, 2018									
Additions	-	41	-	218	44	185	-	239	727
Disposals - cost	-	-	-	(12)	(17)	(35)	-	(14)	(78)
Disposals - accumulated depreciation	-	-	-	12	17	35	-	14	78
Depreciation	-	(38)	(1)	(29)	(12)	(35)	(32)	(60)	(207)
Cost	202	5,174	365	660	274	645	376	502	8,198
Accumulated depreciation	-	4,515	360	377	215	177	261	215	6,120
Net book value	202	659	5	283	59	468	114	287	2,077

COMPENSATION FUND (YUKON)

FINANCIAL STATEMENTS

December 31, 2017

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Management's Discussion and Analysis

The Management's Discussion and Analysis provides further insight into the financial performance of the Compensation Fund (the Fund) for the year ended December 31, 2017. The audited financial statements and supporting notes are integral to this analysis and should be read in conjunction with it. Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been derived from the Fund's annual financial statements prepared in accordance with International Financial Reporting Standards.

Forward-looking statements

Any forward-looking statements in this document represent the views of management. Forward-looking information is subject to many risks and uncertainties, and may contain significant assumptions about the future. These statements are presented to help stakeholders understand the Fund's financial position, priorities and anticipated financial performance.

Risk and uncertainties about future assumptions include, but are not limited to, the changing financial markets, the industry mix of the Yukon workforce, the general economy, legislation, accounting standards, appeals and court decisions, and other known or unknown risks. Readers are cautioned not to place undue reliance on forward-looking information as our actual results may differ materially from those expressed or implied.

Operating results

The 2017 operating surplus (prior to the funding surplus distribution) was higher than the previous year: \$3.1 million versus \$1.7 million in 2016. Higher-than-anticipated revenues were the main contributors to the increased surplus in 2017.

A surplus distribution of \$9.9 million was issued to employers in 2017 due to the Fund's strong financial position. This payout created a net deficit of \$6.9 million. In 2016, the surplus distribution was \$9.6 million, contributing to a net deficit of \$7.9 million.

Total comprehensive loss, which includes the operating loss less the funding policy surplus distributions plus the actuarial loss on post-employment benefits, was \$7.0 million (loss) in 2017 versus \$8.1 million (loss) in 2016.

Revenues

The Fund's revenue and income totalled \$40.6 million in 2017 versus \$32.0 million in 2016. The increase in overall revenue was directly attributable to an increase in both assessment revenue and net investment income.

Assessment revenue in 2017 was \$22.9 million, up 13.4% from \$20.2 million in 2016. The increase in assessment revenue can be attributed partially to the overall increase in assessable payroll in the Resources and Transportation Sector rate group as a result of the increase in mining-related activity during 2017.

Net investment income in 2017 was \$15.5 million versus \$10.8 million in 2016, an increase of \$4.7 million. In 2017 the Fund earned an overall return of 7.8%, meeting the targeted benchmark return. The overall return for the past five years has been 9.2%. The investment portfolio's asset mix is 46.6% fixed income and 53.4% equities. The Yukon Workers' Compensation Health and Safety Board's disciplined, structured, conservative approach to managing its investment portfolio continues to help the Fund maintain a very strong financial position. 2017 was the ninth consecutive year of positive investment returns.

Expenses

Total claims expenses increased to \$25.6 million in 2017 from \$18.5 million in 2016. Claims costs were higher in 2017 due mainly to higher than expected costs associated with prior years' injuries.

Administration costs increased to \$11.5 million in 2017 from \$11.3 million in 2016, mainly due to costs associated with legislative amendments and an increase in system development expenses.

Balance sheet

At the end of each fiscal year, the Board's actuary calculates the benefits liability for all injuries that have occurred to date. This liability represents the actuarial present value of all future benefits and related administration costs. As at December 31, 2017, this liability was \$151.2 million, an increase of approximately 5.6% over the previous year. The increase was created from actuarial adjustments relating to higher than expected costs associated with prior year claims, and a change in the discount rate. The discount rate was adjusted to better reflect the future expected investment returns of the Fund based on the conservative makeup of the portfolio.

The total assets of the Fund increased by \$1.5 million in 2017. The increase in total assets is related mainly to a larger cash balance at year end, primarily related to the performance of the investments and the timing of cash flows around year end.

Funding position

The funding ratio is calculated by dividing the total assets by the total liabilities. Like a pension plan, the Fund must have adequate assets to ensure that benefits can be provided to workers both now and well into the future. Reserves are necessary to ensure that the Board can minimize rate volatility, protect the Fund from unforeseen catastrophic events, and preserve capital during large downturns in financial markets.

At the end of 2017, the funding ratio was 143%, down from 150% in 2016. According to the Board's funding policy, when the funding ratio is outside the target range

of 121% to 129%, the Fund is considered to be in a surplus position. The current surplus is being reduced in two ways. First, the surplus is being drawn down via a reduction in rates. The average estimated premium rate was set at \$1.87 per \$100 of payroll in 2017 (up from \$1.85 in 2016), which is well below the actual cost of approximately \$2.30 per \$100 of payroll. Second, in late 2017 the Board distributed \$9.9 million of its surplus reserves to employers. These actions continued a multi-year effort to reduce the reserves to their target level. Between 2012 and 2017, approximately \$51 million has been distributed to Yukon employers through lower assessment rates and rebate payments.

Outlook

As noted in the story pages of this year's annual report, change is inevitable over time. The 2017 operating environment is very different from that of 1917. In fact, today's environment is very different from even five years ago. And it is not only the changes themselves, but the ever-accelerating speed of change that poses challenges for organizations such as ours. But within those challenges lie opportunities. Responding to these challenges and opportunities requires a strong financial position. Fortunately, we are in such a position. All our stakeholders benefit in a number of ways from this position of strength. It allows the Compensation Fund to weather future economic downturns, it helps reduce volatility in the rates paid by employers, it provides adequate resourcing to prevent injuries in the workplace, and it provides assurance that future financial commitments to injured workers and their families will be met.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Yukon Workers' Compensation Health and Safety Board (the "Board") is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced on a timely basis; Compensation Fund assets are safeguarded and controlled; transactions of the Compensation Fund are in accordance with relevant legislation, regulations and board policies; and that the Board's resources are managed efficiently and economically and the operations of the Board are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Compensation Fund, including any amounts that must of necessity be based on management's best estimates, experience and judgement. The accompanying financial statements as at December 31, 2017 are prepared in accordance with International Financial Reporting Standards. Other financial information included in the Annual Report is consistent with these financial statements.

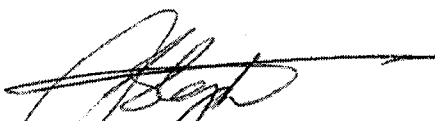
Members of the Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors exercises its responsibilities through the Finance, Investment, and Audit Committee (the "Committee"). The Committee meets with management and the external auditors on a regular basis. The Committee has reviewed the financial statements and has submitted its report to the Board of Directors, which has approved these financial statements.

The Auditor General of Canada conducts an independent audit for the purpose of expressing his opinion on the financial statements. He also considers whether the transactions that come to his notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

Morneau Shepell, an independent consulting actuarial firm, has completed an actuarial valuation of the benefits liability included in the financial statements of the Compensation Fund and reported thereon in accordance with accepted actuarial practice.



Kurt Dieckmann, MBA, CRSP
President and Chief Executive Officer



Jim Stephens, CPA, CMA, CGA
Vice President, Operations and Chief Financial Officer

April 17, 2018



40 Crowther Lane, Suite 300, Knowledge Park
Fredericton, New Brunswick E3C 0J1

ACTUARIAL STATEMENT OF OPINION

I have completed the actuarial valuation of the benefits liability of the Yukon Workers' Compensation Health and Safety Board (the "board") as at December 31, 2017 (the "valuation date"). Details of the data, actuarial assumptions, valuation methods and results are included in the actuarial valuation report as at the valuation date, of which this statement of opinion forms part. In my opinion:

1. The data on which the valuation is based were supplied by the board in accordance with specifications provided by us. We applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the benefits liability.
2. The actuarial assumptions adopted in computing the benefits liability are adequate and appropriate for the purpose of the valuation. The economic assumptions are consistent with the funding and investment policies of the board.
3. The methods used are appropriate for the purpose of the valuation and are in accordance with accepted actuarial practice for workers' compensation organizations in Canada.
4. The estimate of the actuarial liabilities as at the valuation date is \$151,152,000. This includes provisions for benefits expected to be paid after the valuation date for claims that occurred on or before the valuation date. A provision for future claims arising from long latency occupational diseases is included in this valuation. This liability includes future administrative expenses for all benefits, with the exception of the Annuity benefit. It does not include any accrued liability for claims arising from self-insured accounts.
5. The liability as at the valuation date for Annuity contributions and interest already set aside by the board up to the valuation date for purposes of providing pension benefits to injured workers was obtained from the board's finance division and is included in item 4 above.
6. The amount of the actuarial liabilities makes appropriate provision for all personal injury compensation obligations and the financial statements fairly present the results of the valuation.
7. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.
8. The valuation is based on the provisions of the Workers' Compensation Act of the Yukon Territory and on the board's policies and practices in effect on the valuation date.

A handwritten signature in black ink, appearing to read "Thane MacKay".

Thane MacKay, F.C.I.A.

This report has been peer reviewed by Mark Simpson, FCIA.



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Compensation Fund

Report on the Financial Statements

I have audited the accompanying financial statements of the Compensation Fund, which comprise the statement of financial position as at 31 December 2017, and the statement of operations and comprehensive income, statement of changes in funded position (equity) and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

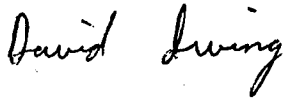
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the *Workers' Compensation Act*, I report that, in my opinion, the accounting principles in International Financial Reporting Standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Compensation Fund and the financial statements are in agreement therewith. In addition, the transactions of the Compensation Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Workers' Compensation Act* and regulations, the *Occupational Health and Safety Act* and regulations and the *Financial Administration Act* of Yukon and regulations.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

17 April 2018
Edmonton, Canada

Compensation Fund
Statement of Financial Position
As at December 31
(In Canadian Dollars)

	Note	2017 (\$000s)	2016 (\$000s)
ASSETS			
Cash		\$ 2,232	\$ 178
Accounts receivable	6	1,932	1,934
Prepaid expenses		203	250
Investments	7	209,439	209,502
Property and equipment	8	9,217	9,430
Intangible assets	9	3,011	3,289
Total assets		\$ 226,034	\$ 224,583
LIABILITIES			
Accounts payable and accrued liabilities	10	4,062	3,483
Surplus distributions payable	14	215	117
Deferred portion of government grant	11	146	183
Benefits liability	12	151,152	143,109
Employee benefits	13	2,722	2,992
Total liabilities		158,297	149,884
FUNDED POSITION (EQUITY)			
Reserves	14	67,737	74,699
Total equity		67,737	74,699
Total liabilities and equity		\$ 226,034	\$ 224,583

Commitments and Contingencies (notes 16 and 18)

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

Approved by the Yukon Workers' Compensation Health and Safety Board



Mark Pike
Chair

Compensation Fund
Statement of Operations and Comprehensive Income
For the year ended December 31

(In Canadian Dollars)

	Note	2017 (\$000s)	2016 (\$000s)
Revenue and Income			
Assessment revenue		\$ 22,912	\$ 20,210
Net investment income	7	15,521	10,761
Recoveries and other receipts		2,135	1,030
		<u>40,568</u>	<u>32,001</u>
Expenses			
Claims expenses	12	25,600	18,530
Administration	17		
General and Administration		8,344	8,214
Occupational Health and Safety		2,223	2,321
Workers' Advocate		454	492
Act Amendments		153	-
Yukon Chamber		151	142
Appeal Tribunal		130	114
Prevention		450	455
		<u>37,505</u>	<u>30,268</u>
Operating surplus		<u>3,063</u>	<u>1,733</u>
Funding policy surplus distributions	14	<u>(9,945)</u>	<u>(9,618)</u>
Net deficit		(6,882)	(7,885)
Other comprehensive loss			
All items presented in other comprehensive loss will not be reclassified to operating surplus in subsequent periods:			
Actuarial loss on post-employment benefits	13	<u>(80)</u>	<u>(204)</u>
Total comprehensive loss		<u>\$ (6,962)</u>	<u>\$ (8,089)</u>

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

Compensation Fund
Statement of Changes in Funded Position (Equity)
For the year ended December 31

(In Canadian Dollars)

	Stabilization Reserve	Adverse Events Reserve	Total
	(\$000s)	(\$000s)	(\$000s)
Balance at January 1, 2016	\$ 60,208	\$ 22,580	\$ 82,788
Net deficit for 2016	(7,885)	-	(7,885)
Other comprehensive loss	(204)	-	(204)
Total comprehensive loss for 2016	(8,089)	-	(8,089)
Transfer to / from Adverse Events Reserve	(215)	215	-
Balance at December 31, 2016	\$ 51,904	\$ 22,795	\$ 74,699
Net deficit for 2017	(6,882)	-	(6,882)
Other comprehensive loss	(80)	-	(80)
Total comprehensive loss for 2017	(6,962)	-	(6,962)
Transfer to / from Adverse Events Reserve	(880)	880	-
Balance at December 31, 2017	\$ 44,062	\$ 23,675	\$ 67,737

Capital Management and Reserves (note 14)

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

Compensation Fund
Statement of Cash Flows
For the year ended December 31
(In Canadian Dollars)

	2017	2016
	(\$000s)	(\$000s)
Operating activities		
Cash received from:		
Employers, for assessments	\$ 22,557	\$ 19,922
Investment revenue - interest	2,793	2,897
Investment revenue - dividends	2,888	3,210
Recoveries and other receipts	2,092	960
	<u>30,330</u>	<u>26,989</u>
Cash paid:		
To employers, for surplus distributions	(9,847)	(9,873)
For claims	(17,242)	(16,675)
To employees and suppliers, for administration and prevention	(11,051)	(11,386)
	<u>(38,140)</u>	<u>(37,934)</u>
Total cash used by operating activities	<u>(7,810)</u>	<u>(10,945)</u>
Investing activities		
Net sale of investments	10,622	14,705
Purchases of property and equipment	(301)	(671)
Purchases of intangible assets	(415)	(257)
Total cash provided (used) by investing activities	<u>9,906</u>	<u>13,777</u>
Foreign exchange loss on cash held in foreign currency	(42)	-
Increase in cash	2,054	2,832
Cash (bank overdraft), beginning of year	178	(2,654)
Cash, end of year	\$ 2,232	\$ 178

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

Compensation Fund

Notes to the Financial Statements

December 31, 2017

(In Canadian Dollars)

1. Reporting Entity

The Compensation Fund (the "Fund") was established by the *Workers' Compensation Act* of Yukon (the "Act") and is administered by the Yukon Workers' Compensation Health and Safety Board (the "Board") pursuant to the Act. In 2008, the Act was amended and received assent in the Legislative Assembly. The effective date of the new Act was July 1, 2008. The Board is exempt from income tax and the Goods and Services Tax.

The Fund, as administered by the Board, provides compensation for injury or death by accidents arising out of and in the course of employment. Annual assessments are levied upon employers by applying their industry assessment rate to their actual or estimated payrolls for the year. The assessment and investment revenue pays for all claims, administration and prevention expenses.

Since 1992, the Board has also been responsible for the administration of the *Occupational Health and Safety Act* and regulations to advance strategies for preventing workplace injuries in the territory.

The Board, a territorial entity, is domiciled in Canada and has its office at 401 Strickland Street, Whitehorse, Yukon, Canada.

2. Statement of Compliance and Basis of Preparation

These financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS").

The Board of Directors approved and authorized for issue the 2017 financial statements on April 17, 2018.

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for investments classified as held-for-trading that are measured at fair value. The Fund's functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the Fund operates, which is also the presentation currency of the financial statements.

All financial information is presented in Canadian dollars and tabular financial information has been rounded to the nearest thousand dollars, unless otherwise stated.

Critical Accounting Estimates and Judgements

The Board makes estimates and judgements in respect of certain key assets and liabilities of the Fund. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

The significant areas of estimation uncertainties which have a significant risk of resulting in a material adjustment within the next financial year are the following:

- Note 7 Investments – Valuation of financial instruments
- Note 12 Benefits liability – Determination of discount rates and other assumptions
- Note 12 Benefits liability – Determination of latent occupational disease provision
- Note 13 Employee benefits – Determination of discount rates and other assumptions

The major areas of judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are the following:

- Note 7 Investments – Classification of financial instruments
- Note 8 Property and equipment – The degree of componentization
- Note 9 Intangible assets – The determination of development costs eligible for capitalization

3. Application of New and Revised IFRS

(a) Amendments to IFRS effective for the current year

The Board has applied amendments to IFRS that are mandatorily effective for the current year.

Amendments to IAS 7 *Statement of Cash Flows*

In January 2016, the IASB issued amendments to IAS 7 to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments are effective for annual periods beginning on or after January 1, 2017. The adoption of these amendments had no impact on the Fund's financial statements.

(b) New and revised IFRS issued but not yet effective

Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*

In September 2016, the IASB issued amendments to IFRS 4 *Insurance Contracts* which permits insurers that meet specified criteria to apply a temporary exemption from IFRS 9, for annual periods beginning on or after January 1, 2018. The Board is eligible for the temporary exemption, and will be applying this amendment for annual periods beginning January 1, 2018 until the temporary exemption expires for annual reporting periods after January 1, 2021.

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Board is eligible and will be using the temporary exemption

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

allowed for based on amendments to IFRS 4 issued in September 2016 which delays implementation of IFRS 9 to 2021.

IFRS 16 Leases

The IASB issued a new standard on leases in January 2016. The scope of the new standard includes leases of all assets, with certain exemptions. A lease would be defined as a contract that conveys the right to use an asset for a period of time in exchange for consideration. IFRS 16 requires all leases to be reported on the lessee's statement of financial position. There are also changes in accounting over the life of the lease. In particular, the lessee will now recognize a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. Lessors' accounting treatment remains similar to current practice. They continue to classify leases as finance or operating leases. The standard is effective for annual periods beginning on or after January 1, 2019. The Board is currently evaluating the impact the standard is expected to have on the Fund's financial statements and therefore the extent of the impact of the adoption of this standard is unknown.

IFRS 17 Insurance Contracts

IFRS 17 *Insurance Contracts* was issued in May 2017 and is effective for years beginning on or after January 1, 2021, to be applied retrospectively. If full retrospective application is impractical, the modified retrospective or fair value methods may be used. IFRS 17 will replace IFRS 4 *Insurance Contracts* and is expected to change the way insurance contract liabilities are recognized and measured. It will also change the presentation and disclosures of the Fund's Financial Statements. The Board is assessing the impact of this standard and expects that it could potentially have a significant impact on the Fund's Financial Statements.

4. Significant Accounting Policies

The following is a summary of the significant accounting policies:

(a) Cash

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash includes cash on hand and bank balances net of any bank overdrafts. Foreign currency transactions incurred within operating activities are translated based on the exchange rate at the time of the transaction. Any gains or losses incurred as result of translation are recorded in the Statement of Operations and Comprehensive Income. The cash balance remaining in the account at year end is translated at the exchange rate in effect as of December 31, 2017.

Cash and short-term investments held by custodians for investment purposes are not available for general use and are included in investments.

(b) Assessments and recoveries and other receipts

Assessment revenue is calculated monthly on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the Board. Separate rates of assessment are established for each industry classification. At year end, assessments

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receivable and payable are adjusted based on the difference between estimated and actual payrolls.

The Government of Yukon pays certain claims costs to the Compensation Fund for claims prior to 1993 and reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance. Supplementary compensation benefits are granted, pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon Consolidated Revenue Fund. Effective January 1, 1993, all Government employees were covered by the Fund. The Government also reimburses the Compensation Fund for all claims costs associated with those injured workers, who are designated as workers employed by the Government under section 6 of the Act. These amounts are recorded in recoveries and other receipts in the year in which the related expenses are incurred (note 15(a)).

(c) Recoveries from third parties

Since July 1, 2008, under section 51 of the *Workers' Compensation Act*, the Board is deemed to be an assignee of a cause of action in respect of a worker's injury that arose out of a work-related injury. If settled, or as a result of a Court decision, the legal costs and costs associated with the claim create the settlement. Out of the settlement are paid the legal costs, and legal disbursements, and all past, present and future costs. Any funds remaining will be paid to the worker. The amount recovered for past, present and future costs is used to pay for future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Recoveries from third parties are recognized when their receipt is virtually certain and the amount can be reliably measured. They are recorded as a recovery in the year they are recognized. No provision is made in the benefits liability for possible future third party recoveries because of their contingent nature.

(d) Financial instruments

Investments

Investments are classified as held-for-trading because they are acquired for the purpose of selling or repurchasing in the near term and are measured at fair value through profit or loss. The fair value of publicly traded investments is the quoted market price which approximates the bid price at the end of the reporting period. Pooled fund units are valued at their year end net asset value, as determined by the fund manager. Purchases and sales of investments are recognized on the trade date. Short-term investments held by the investment managers for investment purposes are included in Investments.

Net investment income is comprised of realized gains and losses earned in the period arising on the sale of investments; unrealized gains and losses arising from fluctuations in fair value in the period; and dividends and interest earned in the period; net of investment management fees and transaction costs.

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Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income from investments is translated at the rate in effect at the time it is earned. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are recognized in net investment income in the period in which they arise.

The Board does not enter into any financial derivative instruments as part of managing the Fund's investment portfolio.

Other financial assets and liabilities

Accounts receivable are classified as loans and receivables. Bank overdraft, accounts payable and accrued liabilities, and surplus distributions payable are classified as other financial liabilities. All are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method. Due to the short-term nature of accounts receivable, bank overdraft, accounts payable and accrued liabilities, and surplus distributions payable, their carrying values approximate their fair values, which are classified as Level 2 in the fair value hierarchy.

Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of its financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Changes in valuation methods may result in transfers into or out of an instrument's assigned level. The Board's policy is to recognize transfers into or out of the fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no such transfers between levels in 2017 (2016 – No transfers).

Impairment of financial assets

The carrying amount of accounts receivable is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. The Board assesses at each reporting date whether a financial asset or group of financial assets is impaired. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Derecognition of financial assets and liabilities

A financial asset is derecognized when the contractual right to the cash flows from the asset expires or if the Board transfers the financial asset and substantially all risk and rewards of ownership to another entity.

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Financial liabilities are derecognized when the contractual obligations are discharged, cancelled, or expire.

(e) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment. Depreciation is calculated based on the straight-line method, using rates based on the estimated useful lives of the assets as follows:

Buildings and fixtures	10 – 50 years
Furniture and equipment	5 – 15 years
Computer equipment	5 years

Where an item of property and equipment is comprised of significant components with different useful lives, the components are accounted for separately.

The estimated useful life, residual value and depreciation method is reviewed at each year end and any change in estimate is made on a prospective basis.

(f) Intangible assets

Intangible assets are comprised of purchased software and internally developed software systems.

Research costs are expensed as incurred. Development costs of internally developed software systems are capitalized when the system is technically feasible, resources are available, costs can be measured reliably, management intends to use the asset and future economic benefits are probable. The asset is derecognized when it no longer meets these criteria. Salaries, wages and benefits directly related to internally developed software systems are included in the asset's cost. When the asset is substantially complete and is available for use, development costs capitalization ceases and the costs are transferred to the related asset category and amortized.

Intangible assets are recorded at cost less accumulated amortization and accumulated impairment. Amortization is calculated based on the straight-line method, using rates based on the estimated useful lives of the assets as follows:

Systems and software	5 – 19 years
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The estimated useful life and amortization period is reviewed at each year end and any change in estimate is made on a prospective basis.

(g) Impairment of non-financial assets

IAS 36 *Impairment of Assets* requires an entity to test assets for impairment if indicators of impairment exist. The impairment review must be conducted for an individual asset, an asset group, or the cash-generating unit level, which is the smallest identifiable group of assets that generates cash inflows independent of cash inflows from other assets or groups of assets.

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Based on an analysis of cash flows, the Board has established that the appropriate cash generating unit for impairment review is the entity. The Board has statutory power under the Act to increase premiums and/or charge a premium surcharge to ensure full funding into the foreseeable future and therefore, the likelihood of impairment at the entity level is remote.

Individual assets that may have experienced impairment due to loss, damage, obsolescence or curtailed service potential will be reviewed and the estimated useful life, depreciation method and residual value adjusted.

The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Board estimates the asset's recoverable amount. As at December 31, 2017, management conducted an impairment review at the entity level, which confirmed that there were no indicators of impairment—changes in the legislative, economic or business environment—that would have a material impact on the Board's ability to generate future economic benefits from its operating (non-financial) assets.

(h) Government grants

There are two types of government grants which include government grants related to expenses and government grants related to assets. Government grants related to expenses are recognized as income when there is reasonable assurance that the conditions attached to the grant will be complied with and the grant will be received. When the grant relates to an asset, it is recognized as deferred income and is released into income in equal amounts over the expected useful life of the related asset.

In 2005, the Government of Yukon approved the reinstatement of ongoing funding for the Mine Safety Program (the "Program") through an annual grant to the Fund. The Program, which was transferred to the Board in 1993, provides mine rescue training and support services as well as mine safety inspection services. The funding is to be reviewed by the Government, at a minimum, every five years. The grant is accounted for as income in the period in which the related expenses are incurred (note 11).

In 2011, the Board signed an agreement with the Government of Yukon which provides the Fund with funding for the purpose of upgrading mine safety equipment. The grant is accounted for as deferred income and released into income over the expected useful life of the equipment (note 11).

(i) Benefits liability

The benefits liability is determined annually and represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefits liability includes a provision for future payments on claims that have not been finalized to date. It also includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims as well as future claims management costs. A provision has been made for claims related to known latent occupational diseases which may have

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occurred in the current or previous years, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Due to the nature of the estimated liability for long latent occupational diseases and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefits liabilities (note 12).

The benefits liability is comprised of four liabilities—medical aid, compensation, pension, and annuity:

- Medical aid includes benefits for medical aid, emergency transportation, traditional aboriginal healing, death and funeral expenses, lump sum payments for permanent impairment, and rehabilitation assistance.
- Compensation includes income amounts that are paid to all eligible workers who suffer a work-related injury, incapacity or occupational disease that has resulted in a loss of earnings.
- The pension liability includes monthly pension benefits indexed annually that are paid to spouses, dependent children and guardians of dependent children of those who die from a work-related injury.
- The annuity liability is for workers who have received compensation for the same disability for at least 24 months. An amount equal to ten percent of the total compensation payments, plus interest, is set aside to provide a retirement annuity when a worker becomes entitled to apply for Old Age Security benefits.

Many assumptions are required to calculate the benefits liability, including estimates of future inflation, interest rates, and mortality rates. The benefits liability is determined annually by an independent actuarial valuation. The Actuarial Statement of Opinion on the adequacy and appropriateness of the benefits liability is attached to these financial statements.

A portion of administration and general expenses is allocated as claims management costs to the current year's claims and the prior years' claims. The amount allocated to claims is reviewed by the independent actuary for reasonableness as part of the annual actuarial valuation of the benefits liability.

(j) Employee benefits

Short-term employee benefits

Employee benefits that are expected to be settled within twelve months of the reporting date are measured on an undiscounted basis. These benefits include annual vacation leave earned but not yet used.

Other long-term employee benefits

Benefits that are expected to be settled beyond twelve months are determined based on an actuarial valuation as the best estimate of future cash flows discounted to present value with actuarial gains and losses recognized in profit and loss as incurred. These

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benefits include long service vacation leave, sick leave, and special leave benefits earned but not used.

Post employment benefits**(i) Retirement and severance benefits**

Retirement or severance benefits are available to employees who have completed five years of service with the Board. Payments are made upon retirement or termination, with benefits increasing with additional length of service. The benefit obligation is determined based on an actuarial valuation using estimates of future inflation and interest rates. Actuarial gains and losses are recognized in other comprehensive income as incurred. The obligation is calculated using the projected unit credit method prorated on service.

(ii) Public Service Pension Plan

Substantially all of the employees of the Board are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Fund to cover current service cost. Pursuant to legislation currently in place, the Fund has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Fund.

(k) Leases

Leases, which do not transfer substantially all the risks and benefits of ownership of the asset to the Fund, are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

The Board has entered into operating leases for office space, rental accommodation for travel, and vehicles. The leases have an average life of 1 year (2016 – 1 year).

(l) Funding policy surplus distributions

The Board may issue surplus distributions in accordance with its Funding Policy. These are recorded as an expense in the period in which they are approved by the Board of Directors and issued. Surplus distributions that are approved but not issued are recorded as payable when the amount of such distributions can be reliably estimated and when it is probable a payment will be issued in the future to settle the obligation.

5. Risk Management

The Fund has exposure to the following financial risks: credit risk, liquidity risk, and market risk (which also includes inflation risk, interest rate risk and currency risk). The Fund's exposure to these risks arises primarily in relation to its investment portfolio, but also in relation to its other financial assets and financial liabilities.

The Board's management is responsible for monitoring performance and recommending changes to the Investment Policy. The Board of Directors is ultimately responsible for

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governance and strategic direction of the investment portfolio through its review and approval of the Investment Policy and selection of investment managers. The investment managers' compliance with this Investment Policy is monitored on a regular basis. Quarterly, independent consultants benchmark the performance of the Fund's investment managers and advise on the appropriateness and effectiveness of the Fund's Investment Policy and practices.

The following sections present information about the Fund's exposure to each of the above risks and the Board's objectives, policies and processes for measuring and managing each risk. There were no changes to these risks or the Board's objectives, policies and process for managing them during the year ended December 31, 2017.

Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. Excess cash is held on deposit with the Government of Yukon's banker. Short-term deposits with this bank are rated as R-1 (high). To manage this risk, the Board, as prescribed in the Investment Policy, has determined that cash and cash equivalents held in the investment portfolio and short-term investments must have a credit rating of at least R1L, and long-term investments require a rating of BBB or higher by the Dominion Bond Rating Service or the equivalent rating by Moody's, in order to be eligible for consideration as an investment. Diversification of credit risk is managed by limiting the exposure in a single private institution to 15% of the portfolio. The Board has stayed within these guidelines during the year.

Fixed Income Portfolio Credit Ratings

Ratings					31-Dec-17	31-Dec-16
	AAA	AA	A	BBB	(\$000's)	(\$000's)
Fixed Income Securities	\$ 35,409	\$ 15,488	\$ 27,902	\$ 8,132	\$ 86,931	\$ 87,579

The Fund's exposure to credit risk associated with its accounts receivable is the risk that an employer or a cost recovery customer (the "customer") will be unable to pay amounts due to the Fund. The Fund's maximum exposure to credit risk associated with its accounts receivable is \$1,932,000 (2016 – \$1,934,000). Allowances for doubtful accounts are provided for potential losses that have been incurred at the reporting date. The amounts disclosed on the Statement of Financial Position are net of these allowances for bad debts. Accounts receivable are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer may default. At December 31, 2017, there were no accounts receivable that were past due but not impaired. The Board takes into consideration the customer's payment history, their credit worthiness and the current economic environment in which the customer operates to assess impairment. The Board recognizes a bad debt provision when management considers that the expected recovery is less than the carrying amount receivable.

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The Board believes that the credit risk of accounts receivable is mitigated by the following:

- i. The employer base is dispersed across various industries, with government comprising a significant concentration. The non-government based employers may be affected by any downturns due to prevailing economic conditions.
- ii. As at December 31, 2017, approximately 92% (2016 – 84%) of accounts receivable were outstanding for less than 90 days. The Board does not require collateral or other security from employers or customers for accounts receivable.
- iii. The Board has the power and remedies to enforce payment owing to the Fund.

Liquidity risk

Liquidity risk is the risk that the Fund is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Fund's operations are financed through a combination of the cash flows from operations and investments. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows.

The Fund's accounts payable and accrued liabilities had a carrying value of \$4,062,000 as at December 31, 2017 (2016 – \$3,483,000) and were all payable within a year.

The Fund's surplus distributions payable had a carrying value of \$215,000 as at December 31, 2017 (2016 - \$117,000) and are expected to be paid in 2018 (note 14).

Liquidity risk related to the Benefits liability is included in note 12 (f).

Management estimates that approximately \$9 million will be withdrawn from the investment fund during 2018 to fund the difference between operating revenues and expenses. The amount withdrawn will be a combination of maturing fixed income securities, sales of equities, and interest and dividend income earned.

Market risk

The Fund is exposed to market risk, which is the risk that the fair value or future cash flows of its investments will fluctuate in the future because of economic conditions. Market risk is managed through diversification between different asset classes and geographic diversification and by limiting the concentration in any single entity to 15% or less of the fair value of the investment fund (note 7).

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The table below presents the Fund's investment targets and actual asset mix at fair value:

	Target		Actual	
	Minimum	Maximum	31-Dec-17	31-Dec-16
Equities				
Canadian	0%	25%	16.6%	18.1%
United States	0%	25%	17.3%	18.6%
International	0%	25%	19.5%	19.2%
Fixed Income				
Short-term investments	0%	10%	5.1%	2.3%
Bonds	35%	85%	41.5%	41.8%
			<u>100.0%</u>	<u>100.0%</u>

The table below presents the effect of a material adverse change in the fair value of each of the categories of equities in the Fund's investments portfolio on operating results and equity:

Percentage decrease in fair value	31-Dec-17 (\$000's)		31-Dec-16 (\$000's)	
	-10%	-20%	-10%	-20%
Equities				
Canadian	\$ (3,482)	\$ (6,963)	\$ (3,782)	\$ (7,564)
United States	(3,629)	(7,259)	(3,899)	(7,799)
International	(4,081)	(8,163)	(4,024)	(8,048)
Total impact on operating results and equity	<u>\$ (11,192)</u>	<u>\$ (22,385)</u>	<u>\$ (11,705)</u>	<u>\$ (23,411)</u>

Inflation risk

Inflation risk is the risk that a general increase in price level may result in loss of future purchasing power of current monetary assets. The Board manages inflation risk through its investment allocation between equities and fixed income investments.

Interest rate risk

Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Fund's investment portfolio is exposed to interest rate risk through its holdings of short and long-term fixed income investments. Interest rate risk is minimized by actively managing the duration of the fixed income investments.

The table below presents the effects of a 50 and 100 basis point ("bp")¹ adverse change in the nominal interest rate on the fair value of the bond portfolio on operating results and equity:

Positive bp change in nominal interest rate	31-Dec-17 (\$000's)		31-Dec-16 (\$000's)	
	+50bp	+100bp	+50bp	+100bp
Bonds	\$ (3,079)	\$ (6,158)	\$ (3,142)	\$ (6,283)
Total impact on operating results and equity	<u>\$ (3,079)</u>	<u>\$ (6,158)</u>	<u>\$ (3,142)</u>	<u>\$ (6,283)</u>

(1) One basis point (bp) equals 1/100 of 1%; 50 bps = 50/100 of 1%, or 0.5%.

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The table below presents the remaining terms to maturity at fair value, along with the average effective yields for each maturity, for fixed income investments exposed to inflation and interest rate risk:

	Remaining term to maturity ⁽¹⁾				31-Dec-17	31-Dec-16
	< 1 year	1 - 5 years	5 - 10 years	> 10 years	(\$000's)	(\$000's)
					Total	Total
Bonds	\$ 2,549	\$ 34,603	\$ 26,953	\$ 22,826	\$ 86,931	\$ 87,579
Average effective yield	1.75%	2.31%	2.70%	2.97%	2.59%	2.45%

(1) Maturity is defined as the earliest a bond can be redeemed without penalty by the bond issuer.

The Fund is also exposed to the risk that interest rate movements may materially impact the value of its benefits liability (note 12(e)).

Currency risk

Currency risk is the risk that the value of financial assets and financial liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates relative to the Canadian dollar.

Within its pooled investments, the Fund is exposed to exchange rate volatility that is managed by the contracted fund managers. The Board does not undertake long-term hedging strategies for the currency risk of foreign investments. The Fund's most significant exposure is to the US Dollar, Euro, British Pound, Japanese Yen, and the Swiss Franc. At December 31, the Fund held foreign currency denominated holdings, at fair value as follows:

Currency	31-Dec-17	31-Dec-16
	(\$000's)	(\$000's)
US Dollar	\$ 39,100	\$ 41,900
Euro	\$ 15,200	\$ 16,600
Pound	\$ 8,000	\$ 6,800
Yen	\$ 5,500	\$ 4,700
Swiss Franc	\$ 3,900	\$ 3,700

The following table presents the effect of a ten percent appreciation in the Canadian dollar as compared to the US Dollar, Euro, British Pound, Japanese Yen, and the Swiss Franc on operating results and equity:

Currency	31-Dec-17	31-Dec-16
	(\$000's)	(\$000's)
US Dollar	\$ (3,556)	\$ (3,813)
Euro	\$ (1,381)	\$ (1,506)
Pound	\$ (728)	\$ (622)
Yen	\$ (503)	\$ (425)
Swiss Franc	\$ (354)	\$ (341)

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6. Accounts Receivable

	31-Dec-17	31-Dec-16
	(\$000s)	(\$000s)
Assessments		
Assessed and due from employers	\$ 1,895	\$ 1,694
Allowance for doubtful accounts	(93)	(250)
	<u>\$ 1,801</u>	<u>\$ 1,444</u>
Other		
Other receivables and recoveries	\$ 161	\$ 513
Allowance for doubtful accounts	(31)	(23)
	<u>\$ 130</u>	<u>\$ 490</u>
	<u>\$ 1,932</u>	<u>\$ 1,934</u>

Included in other receivables and recoveries are amounts due from the Government of Yukon, which are disclosed in note 15.

Reconciliation of allowance for doubtful accounts

	31-Dec-17	31-Dec-16
	(\$000's)	(\$000's)
Balance, beginning of year	\$ 273	\$ 254
Accounts written off	(217)	(57)
Recoveries and other adjustments	(21)	(9)
Current year provision	89	85
Balance, end of year	<u>\$ 124</u>	<u>\$ 273</u>

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7. Investments

The Board of Directors has established an Investment Policy for the management of the investment process, utilizing external investment managers. The investment managers' compliance with this Investment Policy is monitored on a regular basis.

	31-Dec-17	31-Dec-16
	(\$000s)	(\$000s)
	<u>Fair Value</u>	<u>Fair Value</u>
Fixed-term securities		
Federal bonds	\$ 24,709	\$ 18,611
Provincial bonds	13,383	13,483
Corporate bonds	48,839	55,485
	<u>86,931</u>	<u>87,579</u>
Equities		
Canadian	34,817	37,819
United States	36,293	38,993
International	40,814	40,240
	<u>111,924</u>	<u>117,052</u>
Other investments		
Cash on account	392	133
Short-term investments	9,709	4,223
Accrued interest receivable	570	599
	<u>10,671</u>	<u>4,955</u>
Investments, sub-total	209,526	209,586
Management fee accrual	(87)	(84)
	<u>\$ 209,439</u>	<u>\$ 209,502</u>

Net investment income for the year ended December 31 consisted of the following:

	2017	2016
	(\$000s)	(\$000s)
Interest	\$ 2,772	\$ 2,900
Dividends	2,888	3,210
Realized gains in the year	12,091	6,965
Unrealized loss in fair value in the year	(1,508)	(1,553)
Investment management fees	(722)	(761)
	<u>\$ 15,521</u>	<u>\$ 10,761</u>

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Fair Value Hierarchy

The Fund's investments are categorized into the fair value hierarchy based on type, frequency and visibility of pricing, source of pricing and liquidity. There are three levels of classification:

A Level 1 classification reflects public daily market or quote pricing with a good volume level.

A Level 2 classification is used when pricing is:

- a) model or matrix based (using observable inputs and/or market information);
- b) based on closely-related securities;
- c) derived pricing (when no public quote exists); or
- d) from a broker quote on less active markets.

A Level 3 security would have no public pricing and poor to non-existent liquidity.

As at December 31, 2017, the Fund held the following financial instruments measured at fair value:

	Level 1 (\$000s)	Level 2 (\$000s)	Level 3 (\$000s)	Total (\$000s)
Cash and Cash Equivalents	\$ 10,584	\$ -	\$ -	\$ 10,584
Bonds	12,217	74,714	-	86,931
Equities	52,985	-	-	52,985
Pooled Funds	-	58,939	-	58,939
Total Investments	<u>\$ 75,786</u>	<u>\$ 133,653</u>	<u>\$ -</u>	<u>\$ 209,439</u>

As at December 31, 2016, the Fund held the following financial instruments measured at fair value:

	Level 1 (\$000s)	Level 2 (\$000s)	Level 3 (\$000s)	Total (\$000s)
Cash and Cash Equivalents	\$ 4,871	\$ -	\$ -	\$ 4,871
Bonds	5,973	81,606	-	87,579
Equities	58,102	-	-	58,102
Pooled Funds	-	58,950	-	58,950
Total Investments	<u>\$ 68,946</u>	<u>\$ 140,556</u>	<u>\$ -</u>	<u>\$ 209,502</u>

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8. Property and Equipment

	Land (\$000s)	Buildings and Fixtures (\$000s)	Furniture and Equipment (\$000s)	Computer and Equipment (\$000s)	Assets under construction (\$000s)	Total (\$000s)
Cost						
At January 1, 2016	\$ 1,045	\$ 9,496	\$ 1,372	\$ 729	\$ -	\$ 12,642
Additions	-	266	172	104	39	581
Disposals	-	-	(12)	(61)	-	(73)
Transfers	-	144	(144)	-	-	-
At December 31, 2016	\$ 1,045	\$ 9,906	\$ 1,388	\$ 772	\$ 39	\$ 13,150
Depreciation and impairment						
At January 1, 2016	\$ -	\$ 2,147	\$ 717	\$ 517	\$ -	\$ 3,381
Depreciation	-	203	111	98	-	412
Disposals	-	-	(12)	(61)	-	(73)
Impairment	-	-	-	-	-	-
At December 31, 2016	\$ -	\$ 2,350	\$ 816	\$ 554	\$ -	\$ 3,720
Net book value						
At December 31, 2016	\$ 1,045	\$ 7,556	\$ 572	\$ 218	\$ 39	\$ 9,430
Cost						
At January 1, 2017	\$ 1,045	\$ 9,906	\$ 1,388	\$ 772	\$ 39	\$ 13,150
Additions	-	-	133	104	79	316
Disposals	-	(24)	(46)	(58)	-	(128)
Transfers	-	102	-	-	(102)	-
At December 31, 2017	\$ 1,045	\$ 9,984	\$ 1,475	\$ 818	\$ 16	\$ 13,338
Depreciation and impairment						
At January 1, 2017	\$ -	\$ 2,350	\$ 816	\$ 554	\$ -	\$ 3,720
Depreciation	-	299	111	107	-	517
Disposals	-	(12)	(46)	(58)	-	(116)
Impairment	-	-	-	-	-	-
At December 31, 2017	\$ -	\$ 2,637	\$ 881	\$ 603	\$ -	\$ 4,121
Net book value						
At December 31, 2017	\$ 1,045	\$ 7,347	\$ 594	\$ 215	\$ 16	\$ 9,217

During the year ended December 31, 2017 the Board reviewed all capital assets and using judgement determined if any changes in useful life were required. This review resulted in changes to the expected useful life of certain items included in buildings and fixtures. The effect of these changes on depreciation expenses in current and future periods is as follows:

	2017 (\$000s)	2018 (\$000s)	2019 (\$000s)	2020 (\$000s)	2021 (\$000s)
Increase in depreciation expense	67	67	2	2	2

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9. Intangible Assets

	Internal Software Development Costs ⁽¹⁾ (\$000s)	Software Systems Under Development (\$000s)	Software Costs (\$000s)	Total (\$000s)
Cost				
At January 1, 2016	\$ 8,731	\$ -	\$ 1,017	\$ 9,748
Additions	253	29	16	298
Disposals	(206)	-	(37)	(243)
At December 31, 2016	<u>\$ 8,778</u>	<u>\$ 29</u>	<u>\$ 996</u>	<u>\$ 9,803</u>
Amortization and impairment				
At January 1, 2016	\$ 5,286	\$ -	\$ 755	\$ 6,041
Amortization	619	-	56	675
Disposals	(165)	-	(37)	(202)
Impairment	-	-	-	-
At December 31, 2016	<u>\$ 5,740</u>	<u>\$ -</u>	<u>\$ 774</u>	<u>\$ 6,514</u>
Net book value				
At December 31, 2016	<u>\$ 3,038</u>	<u>\$ 29</u>	<u>\$ 222</u>	<u>\$ 3,289</u>
Cost				
At January 1, 2017	\$ 8,778	\$ 29	\$ 996	\$ 9,803
Additions	254	108	49	411
Disposals	-	-	(49)	(49)
Transfer systems to production	22	(29)	7	-
At December 31, 2017	<u>\$ 9,054</u>	<u>\$ 108</u>	<u>\$ 1,003</u>	<u>\$ 10,165</u>
Amortization and impairment				
At January 1, 2017	\$ 5,740	\$ -	\$ 774	\$ 6,514
Amortization	629	-	60	689
Disposals	-	-	(49)	(49)
Impairment	-	-	-	-
At December 31, 2017	<u>\$ 6,369</u>	<u>\$ -</u>	<u>\$ 785</u>	<u>\$ 7,154</u>
Net book value				
At December 31, 2017	<u>\$ 2,685</u>	<u>\$ 108</u>	<u>\$ 218</u>	<u>\$ 3,011</u>

(1) Included in internal software development costs is the claims management system which has a net book value of \$1,276,000 (2016 – \$1,531,000) and a remaining amortization period of 5 years.

System research and analysis costs expensed in 2017 were \$150,000 (2016 – \$23,000).

During the year ended December 31, 2017 the Board reviewed all intangible assets and using judgement determined if any changes in useful life were required. This review resulted in changes to the expected useful life of certain items included in internal software development costs. The effect of these changes on amortization expenses in current and future periods is as follows:

	2017 (\$000s)	2018 (\$000s)	2019 (\$000s)	2020 (\$000s)	2021 (\$000s)
Increase/(decrease) in amortization expense	<u>(71)</u>	<u>(71)</u>	<u>35</u>	<u>35</u>	<u>35</u>

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10. Accounts Payable and Accrued Liabilities

	31-Dec-17	31-Dec-16
	(\$000s)	(\$000s)
Payable		
Assessments refundable	\$ 1,753	\$ 1,676
Other payables and accrued liabilities	2,309	1,807
	<u>\$ 4,062</u>	<u>\$ 3,483</u>

Included in other payables and accrued liabilities are amounts due to the Government of Yukon, which are disclosed in note 15.

11. Government Grants

In 2017, the Fund received \$330,000 for the Mine Safety Program Grant (2016 – \$330,000). This was accounted for as income in the period.

The Fund did not receive any funds in 2017 for the purpose of upgrading mine safety equipment (2016 – nil). The deferred portion of the government grant as at December 31, 2017 was \$146,000 (2016 – \$183,000) and \$37,000 (2016 – \$42,000) was expensed and released into income during the year.

There are no unfulfilled conditions or contingencies attached to these grants.

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12. Benefits Liability

	2017 (\$000s)					
	Medical Aid	Compensation	Pension	Annuity	Occupational Disease Provision	Total
Balance, beginning of year	\$ 23,651	\$ 67,819	\$ 31,115	\$ 7,811	\$ 12,713	\$ 143,109
Add claims costs incurred:						
Current year injuries	6,881	7,982	-	-	-	14,863
Prior years' injuries	3,349	3,572	3,101	-	-	10,022
Latent occupational disease provision	-	-	-	-	715	715
	<u>10,230</u>	<u>11,554</u>	<u>3,101</u>	<u>-</u>	<u>715</u>	<u>25,600</u>
Less claims payments made:						
Current year injuries	3,006	1,335	-	-	-	4,341
Claims management	451	200	-	-	-	651
Prior years' injuries	3,018	6,412	2,490	(970)	-	10,950
Claims management	453	788	374	-	-	1,615
	<u>6,928</u>	<u>8,735</u>	<u>2,864</u>	<u>(970)</u>	<u>-</u>	<u>17,557</u>
Balance, end of year	<u>\$ 26,953</u>	<u>\$ 70,638</u>	<u>\$ 31,352</u>	<u>\$ 8,781</u>	<u>\$ 13,428</u>	<u>\$ 151,152</u>

	2016 (\$000s)					
	Medical Aid	Compensation	Pension	Annuity	Occupational Disease Provision	Total
Balance, beginning of year	\$ 22,727	\$ 68,905	\$ 29,269	\$ 7,535	\$ 12,522	\$ 140,958
Add claims costs incurred:						
Current year injuries	5,725	7,459	-	-	-	13,184
Prior years' injuries	922	(299)	4,532	-	-	5,155
Latent occupational disease provision	-	-	-	-	191	191
	<u>6,647</u>	<u>7,160</u>	<u>4,532</u>	<u>-</u>	<u>191</u>	<u>18,530</u>
Less claims payments made:						
Current year injuries	2,648	1,433	-	-	-	4,081
Claims management	397	215	-	-	-	612
Prior years' injuries	2,329	5,799	2,336	(276)	-	10,188
Claims management	349	799	350	-	-	1,498
	<u>5,723</u>	<u>8,246</u>	<u>2,686</u>	<u>(276)</u>	<u>-</u>	<u>16,379</u>
Balance, end of year	<u>\$ 23,651</u>	<u>\$ 67,819</u>	<u>\$ 31,115</u>	<u>\$ 7,811</u>	<u>\$ 12,713</u>	<u>\$ 143,109</u>

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The following is an actuarial reconciliation of the changes in the benefits liability during the years ended December 31:

	2017	2016
	(\$ 000's)	(\$ 000's)
Balance, beginning of year	<u>\$ 143,109</u>	<u>\$ 140,958</u>
Add:		
Provision for current year's claims	9,871	8,492
Interest allocated	7,570	7,464
Experience (gain) loss	<u>3,167</u>	<u>(2,119)</u>
	<u>20,608</u>	<u>13,837</u>
Deduct:		
Payments for prior years' claims	12,565	11,686
Balance, end of year	<u><u>\$151,152</u></u>	<u><u>\$ 143,109</u></u>

(a) Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The Board has an objective to control insurance risk, thus reducing the volatility of operating results. In addition, due to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, operating results from the Fund's workers' compensation business are affected by market factors, particularly movements in asset values. Short-term variability is, to some extent, a feature of the workers' compensation business.

Key aspects of processes established to mitigate insurance risks include:

- The maintenance and use of management information systems, which provide data on the risks to which the Fund is exposed to at any point in time;
- Actuarial models, using information from the management information system, are used to monitor claims patterns and calculate assessment premiums. Past experience and statistical methods are used as part of the process; and
- The asset mix of the Fund investments is driven by the nature and term of insurance liabilities. The management of assets and liabilities is closely monitored to attempt to match maturity dates of assets with the expected pattern of claim payments.

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(b) Terms and conditions of the Act

The terms and conditions attaching to the Act affect the level of insurance risk accepted by the Fund. All workers' compensation coverage entered into is subject to substantially the same terms and conditions under the Act.

(c) Concentration of insurance risk

The Fund's exposure to insurance risk is due to workplace injury caused through an event or disaster that occurred during the reporting period, and/or occupational diseases diagnosed during the reporting period. The Fund's benefits liability includes an amount estimated to cover any such occurrences. This figure is reviewed on an annual basis. The Fund's risk is concentrated by industry as some industries have higher claims experience costs than other industries and is mitigated by higher assessments being charged to industries with proven higher experience costs.

(d) Development of claims

There is a possibility that changes may occur in the estimate of the Fund's obligations over time. The tables in part (i) of this note show the estimates of total net and gross claims outstanding for each underwriting year at successive year ends.

(e) Interest rate risk

The Fund is exposed to the risk that interest rate movements may materially impact the value of the benefits liability. The financial impact of changing interest rates on the benefits liability is expected to be offset in the longer term by similar changes in claims inflation.

The discount rate being applied to future claims payments in determining the valuation of the benefits liability is disclosed in part (g) of this note.

The exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets is set out in note 5.

(f) Liquidity risk

The Fund's exposure to liquidity risk is set out in note 5.

The following table estimates the expected amounts and timing of future benefit payments for the provision of outstanding claims. The expected timing of payments from the provision for outstanding claims involves considerable uncertainty. The projections presented below do not include a provision for future administration expenses or latent occupational diseases.

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Expected timing of future payments for outstanding claims:

	<u>2017</u>	<u>2016</u>
Up to 1 year	5%	5%
Over 1 year and up to 5 years	15%	16%
Over 5 years and up to 10 years	18%	20%
Over 10 years	62%	59%
Total	<u>100%</u>	<u>100%</u>

(g) Actuarial assumptions and methods

The key actuarial assumptions used to value the benefits liability are as follows:

	<u>31-Dec-17</u>	<u>31-Dec-16</u>
Discount rate for medical aid benefits - net ^(1,3)	0.80%	1.00%
Discount rate for compensation benefits - net ^(2,3)	3.25%	3.40%
Discount rate for survivor and other pension benefits - net ⁽²⁾	3.25%	3.40%

(1) Net of a discount rate attributable to inflation of 4.75% (2016 – 4.75%).

(2) Net of a discount rate attributable to inflation of 2.25% (2016 – 2.25%).

(3) The same discount rates are attributable to the applicable components of the occupational disease provision.

The benefits liability was determined using accepted actuarial practice in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefits reflects management's and the actuary's best estimates of long-term economic and actuarial assumptions.

The overall valuation approach is designed to reflect emerging trends without placing too much emphasis on temporary fluctuations. The factors used in the valuation have been developed on a best estimate basis, without margins for adverse deviations, by taking the Board's historical experience into consideration along with recent trends in that experience. The general philosophy is to avoid reacting too strongly to temporary fluctuations until there is sufficient evidence that a change in assumption is required. By waiting until a clear trend has emerged, this reduces the likelihood of larger liability adjustments than warranted, both positive and negative, and unstable financial results.

The degree to which the valuation reflects trends is partly impacted by formulas intended to place the appropriate amount of weight on observed experience for each recent year and partly impacted by professional judgment based on observation of payment and claiming trends, including discussions with the Board's staff about the underlying factors that might be causing an observed trend.

The Medical Aid liability represents the present value of expected future benefit payments for medical services in respect of all claims arising from injuries that occurred on or before December 31, 2017. Medical services include hospital and physician services, prescription drugs, travel expenses, and other eligible medical services under the Act.

The Short Term Compensation liability represents the present value of expected future short-term loss of earnings payments in the first seven years of a claim for injuries that

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occurred on or before December 31, 2017. The Short Term Compensation liability is included in the Compensation liability category for financial reporting purposes.

The Medical Aid and Short Term Compensation liabilities are calculated using the loss development method also known as the "claims run-off" approach. In this method, historical paid claims data are summarized by injury year and payment year in order to observe the relationships between payments at different durations for each injury year. Historical factors, at each duration, are developed from prior injury years and are applied to injury years that are not yet fully mature in order to estimate the future timing and amount of remaining benefit payments. A provision with respect to the ten percent annuity contribution required on loss of earnings benefits paid beyond 24 months is included in the Short Term Compensation liability.

The Long Term Compensation liability represents the present value of expected future long-term loss of earnings payments for injury years 2011 and prior, including future inflationary adjustments, for individuals still in receipt of a long-term loss of earnings award at December 31, 2017. The Long Term Compensation liability is calculated on a seriatim, or individual basis using the discounted cash flow method. Loss of earnings benefits are indexed annually in the month following the anniversary of the date of when the injured worker's loss of earnings began. Mortality rates are used to determine the future life expectancy of individuals in receipt of a long-term loss of earnings award. A provision with respect to the ten percent annuity contribution required on loss of earnings benefits paid beyond 24 months is included in the Long Term Compensation liability. The Long Term Compensation is included in the Compensation liability for financial reporting purposes.

The Pension liability represents the present value of expected future pension payments, including future inflationary adjustments, to individuals who have been approved for a pension or survivor award at December 31, 2017. The Pension liability is calculated on a seriatim basis using the discounted cash flow method. Pension benefits are indexed annually on January 1st of each year. Mortality rates are used to determine the future life expectancy of individuals in receipt of a pension award.

The Future Long Term Compensation liability represents the present value of future long-term loss of earnings awards that have not yet reached long-term status as of December 31, 2017. These future awards are in respect of all claims arising from injuries which occurred on or before December 31, 2017. The estimated number and timing of these future awards has been developed based on the historical emergence of claims. In addition, the expected cost of each claim has been developed based on actual long-term awards approved prior to December 31, 2017. A provision with respect to the ten percent annuity contribution required on future loss of earnings benefits paid beyond 24 months following injury is included in the Future Long Term Compensation liability. The Future Long Term Compensation liability is included in the Compensation liability category for financial reporting purposes.

The Occupational Disease provision represents a portion of the present value of the expected future cost of claims that have not yet been filed but are expected to manifest themselves in the future as a result of cumulative exposure to a causative agent in the workplace (i.e. long latency cases). Only a portion of the total provision is held based on

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the accumulated exposure up to the valuation date relative to total exposure before an occupational disease manifests itself. Occupational diseases differ from occupational injuries in that there can be a considerable time lag between the exposure, the manifestation of the disease and the identification of the ensuing disability as a workers' compensation claim. Furthermore, while the circumstances of an injury usually make it clear whether it is work related or not, the link between an occupational disease and the workplace may be difficult to establish.

The discount rate is used to calculate the present value of expected future payments.

The administration rate represents the present value of the expected future costs required to provide administrative services for the continuation of claims management and maintenance of existing claims. The administration rate applied at December 31, 2017 is 15% (15% for December 31, 2016), and is applied to all liability components with the exception of the Annuity liability.

As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments.

The significant changes in the benefits liability for experience gains or losses as at December 31 were:

	Increase (decrease) in benefits liability	
	2017 (\$000s)	2016 (\$000s)
Change in runoff factors	\$ 1,118	\$ (99)
Update of first year inflation	(449)	(631)
Change in mortality table	-	4,368
Change in discount rate	1,697	-
Other changes in actuarial assumptions	2,092	649
	<u>\$ 4,458</u>	<u>\$ 4,287</u>
Change in old age security	-	(4,519)
Annuity top up	-	747
(Favourable) unfavourable claims experience during year	(2,707)	(3,320)
	<u>\$ 1,751</u>	<u>\$ (2,805)</u>
Actual versus expected claims paid on prior years' injuries	1,416	686
	<u>\$ 3,167</u>	<u>\$ (2,119)</u>

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On March 22, 2016, the Government of Canada announced during the Budget Speech that the eligibility age for Old Age Security pension benefits would decrease from age 67 to 65. This change was passed into law and received Assent on June 22, 2016, and it had an effect on the benefits liability by decreasing it as the loss of earning benefits for those workers affected by the change will no longer be paid beyond age 65. This decrease resulted in a \$4,519,000 experience gain in 2016 which is included in the significant changes in the benefits liability as at December 31, 2016 for experience gains or losses.

(h) Liability sensitivity

The most significant assumption in the determination of the benefits liability is the net discount rate. The net discount rate is the assumed rate of return in excess of the assumed inflation rate. A reduction in the net discount rate would increase the actuarial present value of the benefits liability resulting in an increase in claims expense and benefits liability. An increase in the discount rate would decrease the actuarial present value, resulting in a decrease in claims expense and benefits liability.

Medical benefits represent approximately 20% (2016 – 20%) of the benefits liability. A change in the assumed excess medical inflation rate (above the assumed inflation rate) and the net discount rate would result in a change in claims expense and the benefits liability as follows:

Percentage change in assumed rates	31-Dec-17 (\$000s)		31-Dec-16 (\$000s)	
	+1%	-1%	+1%	-1%
Increase (decrease) in claims expense and benefits liability from change in net discount rate	\$ (12,449)	\$ 14,682	\$ (11,191)	\$ 13,094
Increase (decrease) in claims expense and benefits liability from change in excess medical inflation rate	3,341	(2,785)	2,945	(2,458)

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(i) Claims Development

The following table shows the development of claims cost estimates for the nine most recent injury years:

Estimate of Ultimate Claim Payments	2008 (\$000s)	2009 (\$000s)	2010 (\$000s)	2011 (\$000s)	2012 (\$000s)	2013 (\$000s)	2014 (\$000s)	2015 (\$000s)	2016 (\$000s)	2017 (\$000s)	Total (\$000s)
At end of accident year	24,593	21,560	26,001	28,402	24,192	24,513	24,789	19,067	18,600	21,347	
One year later	19,487	18,820	23,288	26,111	25,187	20,973	25,327	19,126	25,298		
Two years later	17,116	18,092	23,006	25,087	22,366	20,821	25,644	20,206			
Three years later	16,422	17,895	21,645	21,837	22,418	20,327	25,866				
Four years later	15,667	17,497	17,971	20,488	22,386	20,675					
Five years later	15,248	14,601	16,857	20,024	23,706						
Six years later	11,284	12,098	14,205	21,596							
Seven years later	11,147	11,855	14,410								
Eight years later	10,925	11,082									
Nine years later	11,251										
Cumulative Payments											
At end of accident year	3,082	2,454	3,182	3,721	4,433	3,438	3,757	3,801	3,879	4,129	
One year later	4,707	3,963	4,787	5,618	7,404	5,113	6,590	6,081	6,673		
Two years later	5,198	4,500	5,394	6,222	8,277	5,910	7,890	6,773			
Three years later	5,371	4,880	5,635	6,648	8,999	6,394	9,018				
Four years later	5,469	5,067	5,833	6,910	9,540	6,719					
Five years later	5,653	5,254	6,085	7,211	10,073						
Six years later	5,453	5,408	6,318	7,450							
Seven years later	5,590	5,581	6,462								
Eight years later	5,697	5,708									
Nine years later	5,837										
Estimate of Future Payments	5,414	5,374	7,948	14,146	13,633	13,956	16,848	13,433	18,625	17,218	126,595
2007 and prior claims											106,168
Effect of Discounting											(111,133)
Effect of Admin Expenses											16,094
Effect of Occupational Disease Liability											<u>13,428</u>
Balance Sheet Liability											<u>151,152</u>

During the year ended December 31, 2017, the investigations unit continued to monitor ongoing investigations. The outcome of the investigations is not determinable at this time and therefore, the potential future effect of these claims is not reflected in the benefits liability.

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13. Employee Benefits

	31-Dec-17	31-Dec-16
	(\$000s)	(\$000s)
Short-term employee benefits	\$ 432	\$ 583
Other long-term employee benefits (a)	883	854
Post-employment benefits (b)	1,407	1,555
	<u>\$ 2,722</u>	<u>\$ 2,992</u>

Short-term benefits included in the above amounts are expected to be paid within the next twelve months.

(a) Other Long-term Employee Benefits

Long service vacation leave is an additional five days of vacation leave available to employees who have completed five years of continuous service with the Board and on each five year anniversary date thereafter.

Employees receive six days of special leave credits for each year of service up to a maximum of 30 days. Unused special leave is not payable upon termination or retirement.

Unused sick leave credits accumulate and are carried forward to a maximum of 180 days. A retiring employee may convert up to one third as pre-retirement leave.

The balance in the liability accrual for accumulating sick and special leave benefits and long service vacation for the year was:

	31-Dec-17	31-Dec-16
	(\$000s)	(\$000s)
Long service vacation benefits	\$ 59	\$ 38
Accumulating sick and special leave benefits	824	816
Total	<u>\$ 883</u>	<u>\$ 854</u>

The movement in the accrual for other long-term benefits for the year was:

	2017	2016
	(\$000s)	(\$000s)
Benefits, beginning of the year	\$ 854	\$ 856
Current service cost	66	67
Payments made during the year	(123)	(94)
Interest cost	29	27
Actuarial (gain) loss and other changes	57	(2)
Benefits, end of the year	<u>\$ 883</u>	<u>\$ 854</u>

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Actuarial (gain) loss remeasurements:

	2017	2016
	(\$000s)	(\$000s)
Effect of changes in financial assumptions	\$ (2)	\$ (22)
Effect of changes in demographic assumptions	59	20
Remeasurements (gain) loss in profit or loss	<u>\$ 57</u>	<u>\$ (2)</u>

(b) Post-employment Benefits

(i) Retirement and Severance Benefit

Retirement or severance benefits are available to employees who have completed five years of service with the Board. Retirement benefits are one week of pay for each year of service. Severance benefits are half a week of pay for each year of service to a maximum of twenty-eight weeks.

Management employees have a graded retirement and severance benefits per service year arrangement with no maximum payout limit.

The movement in the accrual for retirement and severance benefits for the year was:

	2017	2016
	(\$000s)	(\$000s)
Benefits, beginning of the year	\$ 1,555	\$ 1,338
Current service cost	86	90
Payments made during the year	(365)	(121)
Interest cost	51	44
Actuarial loss and other changes	80	204
Benefits, end of the year	<u>\$ 1,407</u>	<u>\$ 1,555</u>

Actuarial loss remeasurements:

	2017	2016
	(\$000s)	(\$000s)
Effect of changes in financial assumptions	\$ (3)	\$ (37)
Effect of changes in demographic assumptions	83	241
Remeasurements loss in other comprehensive income	<u>\$ 80</u>	<u>\$ 204</u>

The plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The risk of default is low as the Fund is in a strong financial position.

The key assumptions used to calculate the retirement and severance benefit are the discount rate and the wage inflation rate. The discount rate of 3.10% (2016 – 3.50%) is selected by reference to a spot curve at the valuation date of high-quality corporate and provincial debt instruments with cash flows that match the timing and amount of the expected benefit payments. The annual rate of general escalation in wages is 1.5% for

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2018 based on negotiated wage increases, and 1.5% for 2019 and beyond (2016 – 1.5% in 2017) based on management's best estimate.

The expected Fund contributions for retirement and severance for the next year are \$255,000 (2017 – \$491,000). The weighted average duration of the retirement and severance benefit is 6.7 years (2016 – 6.6 years).

(ii) Retirement and Severance Benefit Risks and Sensitivity

The retirement and severance benefit is indirectly exposed to measurement risk from assumptions based on economic factors and uncertainty of future economic conditions, such as discount rates affected by volatile bond markets and inflation risk due to payment timing uncertainty. Demographic factors such as workforce average age and earnings levels, attrition and retirement rates affect current and future benefit costs due to the amount and timing of expected payments.

A change in the key assumptions used to calculate these benefits would result in a change in the obligation and benefit expense as follows:

Percentage change in assumed rates	31-Dec-17 (\$000s)		31-Dec-16 (\$000s)	
	+1%	-1%	+1%	-1%
Discount rate	\$ (87)	\$ 97	\$ (93)	\$ 105
Wage Inflation rate	\$ 98	\$ (89)	\$ 81	\$ (73)

The above sensitivity analysis is based on a change in an assumption while keeping all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. The same method of calculation has been applied to the sensitivity analysis as to the calculation of the retirement and severance benefit obligation, the projected unit credit method, and did not change compared to the prior year.

(iii) Public Service Pension Plan

Substantially all of the employees of the Board are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Fund. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution.

The employer contribution rates effective for the year were as follows:

Contribution rate for the year	2017		2016	
	Up to Maximum	Above Maximum	Up to Maximum	Above Maximum
For employees eligible before January 1, 2013	1.01	7.74	1.15	6.67
For employees eligible after January 1, 2013	1.00	7.74	1.11	6.67
Maximum salary limit	\$ 163,100	No limit	\$ 161,700	No limit

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The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation. For employees joining the plan after January 1, 2013, the normal retirement age has been raised from age 60 to age 65.

Contributions made to the Public Service Pension Plan by the Fund and the employees for the year were as follows:

	2017	2016
	(\$000s)	(\$000s)
Employees' contributions	\$ 640	\$ 614
Fund contributions	\$ 663	\$ 724

The expected contributions to the Plan for the next year are \$636,000 (2017 – \$604,000) employee contributions and \$624,000 (2017 – \$622,000) Fund contributions.

(c) Benefit Expense

Benefit expense recognized in salaries and benefits within administration expenses in the Statement of Operations and Comprehensive Income for other long-term employee benefits and post-employment benefits was \$952,000 in 2017 (2016 - \$950,000).

14. Capital Management, Surplus Distributions and Reserves

(a) Capital Management

The *Workers' Compensation Act* establishes that one of the purposes of the Act is to maintain a solvent Compensation Fund managed in the interest of workers and employers. To ensure that the Fund is able to meet its financial obligations, premiums charged to employers over time must be sufficient to cover current and future costs of all claims incurred by injured workers. These assessment revenues, combined with investment returns from the Fund's assets, are designed to provide the foundation for the Fund to meet all current and future obligations for injured workers.

The Board of Directors considers that capital is the net difference between assets and liabilities. There have been no changes in the objectives and definition of capital from the previous period. The Fund does not have any external capital requirements. The reserves are established to protect the fully funded position of the Fund and to stabilize the effect of fluctuations in the employer assessment rates and investment returns. At the end of the fiscal year, once the benefits liability is determined, the net difference between the Fund's assets and liabilities is allocated to reserves.

The Board of Directors uses the Funding Ratio (Assets/Liabilities) to manage capital. At December 31, 2017, the Funding Ratio was 143% (2016 – 150%). Management's funding target ratio is between 121% and 129%, which ensures that the Fund remains fully funded plus sustains the Adverse Events and Stabilization Reserves' target funding

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levels. The Fund is considered fully funded when there are sufficient funds for the payment of all present and future compensation, including the cost of administration.

(b) Surplus Distributions

In 2017, in order to bring the Funding Ratio closer to target, the Board of Directors approved a surplus distribution of \$9,997,000 (2016 - \$10,030,000) to be paid out to eligible employers.

Reconciliation of funding policy surplus distributions:

	31-Dec-17 (\$000s)	31-Dec-16 (\$000s)
Current year surplus distributions released	\$ 9,763	\$ 9,746
Current year surplus distributions withheld	234	284
	9,997	10,030
Prior year surplus distribution adjustments	(33)	(245)
Current year surplus distribution adjustment	(19)	(167)
Funding policy surplus distributions	<u>\$ 9,945</u>	<u>\$ 9,618</u>

An amount of \$9,763,000 was paid relating to the 2017 approved surplus distribution (2016 – \$9,746,000). Distributions paid are conditional upon employers being compliant with the *Workers' Compensation Act* and *Occupational Health and Safety Act*. At December 31, 2017, \$234,000 (2016 - \$284,000) in surplus distributions were withheld due to non-compliance by employers.

Reconciliation of surplus distributions payable:

	31-Dec-17 (\$000s)	31-Dec-16 (\$000s)
Surplus distributions payable, beginning of year	\$ 117	\$ 372
Amounts paid for prior year surplus distributions	(84)	(127)
Prior year surplus distribution adjustments	(33)	(245)
Current year surplus distributions withheld	234	284
Current year surplus distribution adjustment	(19)	(167)
Surplus distributions payable, end of year	<u>\$ 215</u>	<u>\$ 117</u>

(c) Reserves

Under the current Funding Policy, two reserves are established as follows:

(i) Stabilization Reserve

The Stabilization Reserve is to protect the fully funded position of the Fund and to stabilize the effect of fluctuations on employer assessment rates. The target level for this reserve is equal to ten percent of the benefits liability. In 2017 the benefits liability was \$151,152,000 (2016 – \$143,109,000). The target was \$15,115,000 as at December 31,

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2017 (2016 – \$14,311,000). The operating range for this reserve is determined as the target level balance plus or minus three and a half percent of the benefits liability. At December 31, 2017, the Stabilization Reserve has a balance of \$44,062,000 (2016 – \$51,904,000).

This reserve is considered to have a surplus when its balance exceeds the top of the operating range and a deficit if the reserve balance is below its target level. The funding policy requires that any deficiency or surplus at the end of a fiscal year be amortized over a period not exceeding ten years from the year in which the deficiency or surplus arose.

A rebate in 2017 was included in the assessment rates as required by the Funding Policy based on the 2016 funded position.

(ii) Adverse Events Reserve

The Adverse Events Reserve is to provide funding for infrequent, unexpected adverse claims experience and catastrophic events to protect employers from the sudden impact of the costs of these types of events. The target level for this reserve is \$23,675,000 (2016 – \$22,795,000), which has been set at 100 times the maximum wage rate plus ten percent of the benefits liability and is calculated annually upon completion of the actuarial valuation of the benefits liability. Costs related to catastrophic and adverse events and latent occupational diseases are charged to this reserve, resulting in a charge of nil for 2017 (2016 – nil). This reserve is limited to its target level. Funds in excess of the target level are transferred to the Stabilization Reserve, with nil funds transferred in 2017 (2016 – nil). At December 31, 2017, the Adverse Events Reserve has a balance of \$23,675,000 (2016 – \$22,795,000).

Transfers cannot be made from this reserve to any other temporary fund or reserve if the transfer will reduce this reserve below its target level.

15. Related Party Transactions**(a) Government of Yukon**

The Board is a territorial entity with delegated powers on behalf of the Government of Yukon (the “Government”), and is related to all Government departments, agencies and Government corporations.

During 2017, the Compensation Fund paid the Government \$220,000 (2016 – \$226,000) for computer, office supplies, payroll processing, recruitment, and vehicle services. The Fund also reimbursed the Government for payroll costs of \$8,986,000 (2016 – \$8,740,000).

Reimbursements for claims costs received from the Government were \$366,000 in 2017 (2016 – \$512,000) (note 4(b)).

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The Board enters into transactions with the Government and entities related to the Government in the normal course of business and the transactions are recorded at fair value.

Revenues and recoveries from the Government for the year ended December 31, 2017 totalled \$6,290,000 (2016 – \$6,079,000), including the Mine Safety Program Grant (note 11).

During 2017, the Board issued a \$2,446,000 (2016 – \$2,331,000) surplus distribution to the Government.

Balances due to and from Government of Yukon were as follows:

	31-Dec-17	31-Dec-16
	(\$000s)	(\$000s)
Due to the Government of Yukon	\$ (1,602)	\$ (1,038)
Due from the Government of Yukon - Recoveries	109	129
Due from the Government of Yukon - Assessments	265	257
Net amount due	<u>\$ (1,228)</u>	<u>\$ (652)</u>

The Workers' Advocate Office operates independently from the Board and assists workers or dependants of workers in respect of claims for compensation. The approved budget of the Workers' Advocate shall be paid out of the compensation fund. In 2017, the Fund reimbursed the Government \$454,000 (2016 – \$492,000) for the Workers' Advocate Office expenses.

(b) Key Management Personnel

The remuneration of key management personnel, which includes the members of the Board of Directors and the senior management team, recognized as an expense during the period was:

	2017	2016
	(\$000s)	(\$000s)
Short-term employee compensation and benefits	\$ 1,053	\$ 1,335
Other long-term employee benefits	28	24
Post employment benefits	168	316
Total remuneration	<u>\$ 1,249</u>	<u>\$ 1,675</u>

Contributions made to the Public Service Pension Plan by the Fund for key management personnel was \$112,000 (2016 – \$153,000) and are included in post employment benefits.

Transactions with responsible key management personnel are negotiated on a commercial basis. Conflicts are overcome by directors declaring their interests and abstaining from voting at Board of Directors meetings.

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16. Commitments

The Fund has entered into the following contractual commitments for the next five years:

	Contribution agreements (\$000s)	Computer systems support (\$000s)	Professional services (\$000s)	Building maintenance (\$000s)	Other (\$000s)	Total (\$000s)
2018	\$ 801	\$ 28	\$ 303	\$ 57	\$ 38	\$ 1,227
2019	559	-	252	-	21	832
2020	570	-	260	-	12	842
2021	581	-	-	-	-	581
2022	593	-	-	-	-	593
	<u>\$ 3,104</u>	<u>\$ 28</u>	<u>\$ 815</u>	<u>\$ 57</u>	<u>\$ 71</u>	<u>\$ 4,075</u>

17. Administration Expenses

	2017 (\$000s)	2016 (\$000s)
Salaries and benefits	\$ 8,322	\$ 8,626
Consulting and professional	1,287	1,076
Amortization - intangible assets	689	675
Statutory funding obligations	584	606
Depreciation - property and equipment	518	412
Buildings	435	413
General administration	416	316
Computer systems	352	309
Automobile and travel	246	244
Communications	215	217
Staffing and recruitment	200	155
System development analysis expense	150	23
Board expenses	117	95
Printing and publications	61	77
Supplies and stationery	51	48
Furniture and equipment	42	44
Lease expense	36	57
	<u>\$ 13,721</u>	<u>\$ 13,393</u>
Less: claims administration expense transferred to claims expenses (note 12)	<u>(2,266)</u>	<u>(2,110)</u>
	<u>\$ 11,455</u>	<u>\$ 11,283</u>

Certain comparative figures have been reclassified to conform to the current year's presentation (note 19).

18. Contingencies

Due to the nature of the Board's operations, various legal matters are pending. In the opinion of management, these matters will not have a material effect on the Fund's financial position or results of operations.

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19. Reclassification

In the administration expenses note, statutory funding obligation is now identified as a separate expense category to provide clarity where previously the costs were included in each of the categories. Statutory funding obligations are defined as costs related to the Workers Advocate Office and the Appeal Tribunal.

	Revised 2016 (\$000s)	2016 (\$000s)
Salaries and benefits	\$ 8,626	\$ 9,073
Consulting and professional	1,076	1,078
Amortization - intangible assets	675	675
Statutory funding obligations	606	-
Buildings	413	424
Depreciation - property and equipment	412	412
General administration	316	364
Computer systems	309	309
Automobile and travel	244	255
Communications	217	222
Staffing and recruitment	155	164
Board expenses	95	127
Printing and publications	77	78
Lease expense	57	92
Supplies and stationery	48	52
Furniture and equipment	44	45
System development analysis expense	23	23
	<u>\$ 13,393</u>	<u>\$ 13,393</u>
Less: claims administration expense transferred to claims expenses (note 12)	<u>(2,110)</u>	<u>(2,110)</u>
	<u>\$ 11,283</u>	<u>\$ 11,283</u>