




Yukon

Yukon Public Accounts

2018–19



GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis for the year ended March 31, 2019

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.

2018-19 Highlights

- The Government reported an annual surplus of \$2 million compared to a \$53 million surplus in 2017-18. Total revenues increased by \$72 million (5%), while expenses increased by \$123 million (10%), from the previous year. Sixty-seven percent of the \$123 million increase in expenses was in the community and transportation function.
- The annual surplus of \$2 million was \$9 million (79%) lower than the initially planned surplus of \$11 million. Higher than expected revenues of \$4 million (0.3%), were offset with higher than expected expenses of \$14 million (1%) contributing to a lower than expected surplus. Revenues were higher than budgeted largely due to higher than expected taxes and general revenues while expenses were higher than budget largely due to higher than expected expenses in the community and transportation function.
- The Government continues to be in a positive net financial asset position, with a balance at March 31, 2019 of \$218 million. To have net financial assets means the government's financial assets exceed its financial liabilities.
- In 2018-19, the Government recorded tangible capital asset additions for the development of assets such as buildings and transportation infrastructure of \$108 million, compared to \$146 million in the previous year. In 2018-19, the Government started the construction of the new Francophone high school which has a forecasted cost of \$35 million. The high school is scheduled to be completed in the winter of 2020-21. In addition, the Government has begun a number of transportation infrastructure projects such as upgrades to the Dawson City Airport which has a forecasted cost of \$11 million and an anticipated completion date in the summer of 2019 as well as the construction of the Nares Lake Bridge which has a forecasted cost of \$8 million and a completion date in the spring of 2020.
- In 2018-19, the Whitehorse Emergency Shelter (formerly the Salvation Army Centre of Hope) was transferred back to the Government which is now managing the shelter's programs and activities. The fair value of the land and building, a total of \$14.5 million, is included in tangible capital asset additions.
- On September 17, 2019, 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 substantial liquidity, very manageable debt burden, low contingent liabilities, sound financial management and continued strong economic growth in the near term.

GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis
for the year ended March 31, 2019

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:

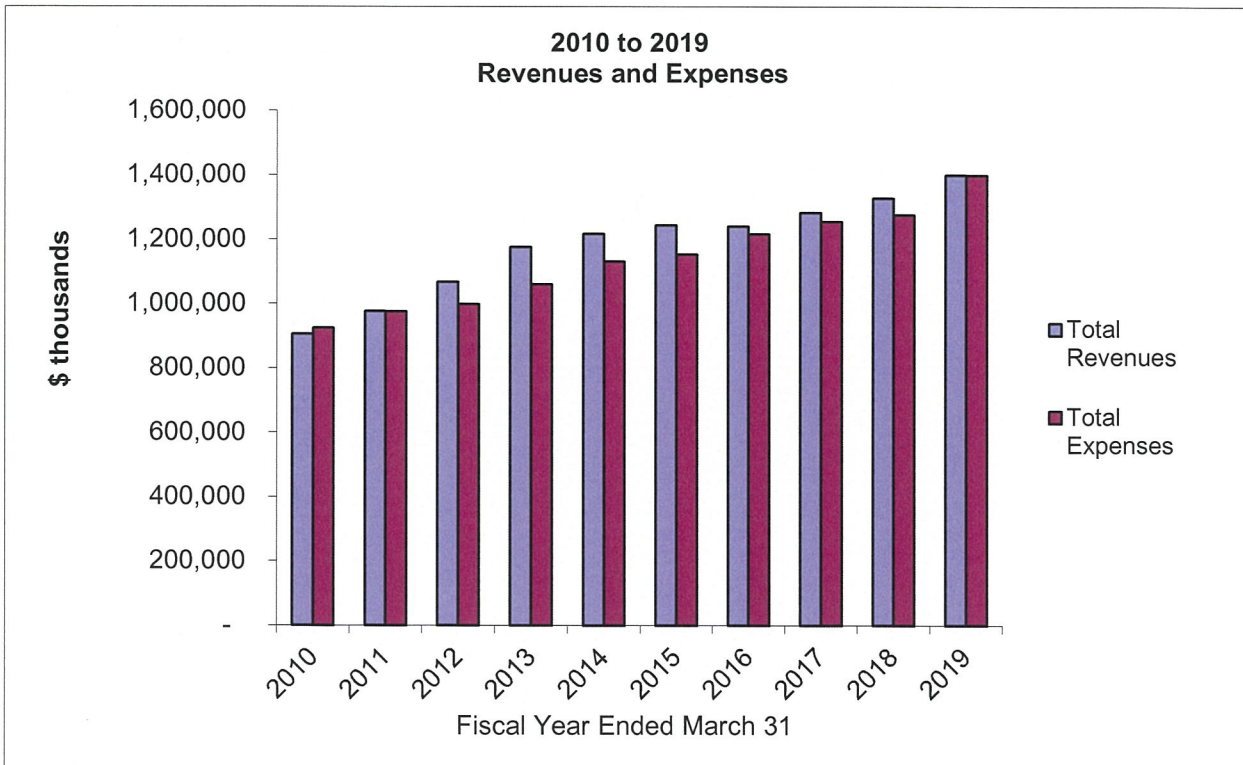
- total revenues, of which the Formula Financing grant from the Government of Canada makes up the largest share; and
- direct government spending and operating transfers to individuals and other public organizations, such as municipalities.

The surplus of \$2 million for the year was a decrease of \$51 million (96%) from the previous year's surplus of \$53 million and \$9 million (79%) less than the initially planned surplus of \$11 million. Revenues increased by \$72 million from the previous year's actual and were \$4 million higher than initially planned. Actual expenses (net of prior years' expense recoveries) of \$1.40 billion for the year were higher than the initially budgeted amount of \$1.38 billion.

Major revenue variances between the current and prior year include a \$31 million (3%) increase in the Formula Financing grant from the Government of Canada, and a \$31 million (19%) increase in taxation and general revenues.

Expenses increased by \$123 million (10%) with expenditures for community and transportation contributing to the majority of the increase. Health and social services, general government, justice and business, tourism and culture also had increased expenditures while education and 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

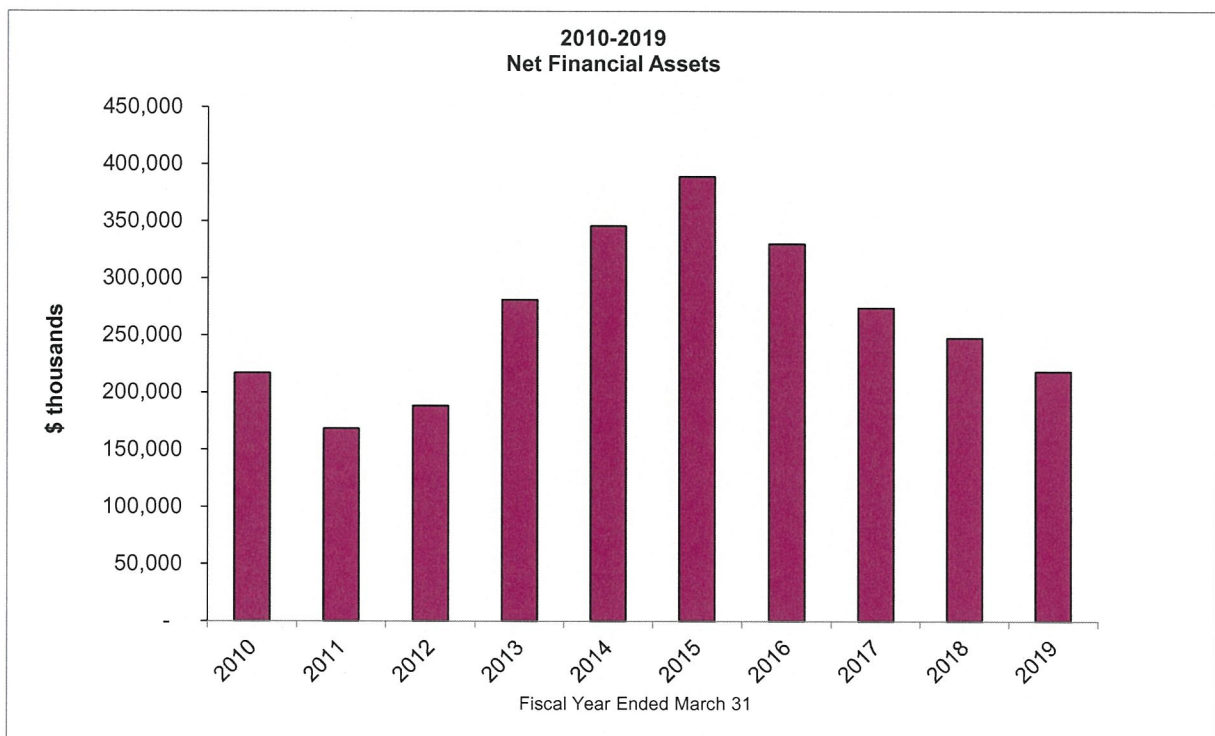
Financial Statement Discussion and Analysis
for the year ended March 31, 2019

Net Financial Assets and Accumulated Surplus

At March 31, 2019, the Government's financial assets exceeded its liabilities, resulting in net financial assets of \$218 million (\$248 million at March 31, 2018). 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 \$30 million in 2018-19. This decrease was largely due to the acquisition of tangible capital assets. In 2018-19, the net effect of tangible capital assets related activities on net financial assets was a decrease of \$34 million (decrease of \$79 million in 2017-18).

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, 2019 was \$1.9 billion (\$1.9 billion at March 31, 2018).

GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis for the year ended March 31, 2019

Revenues

In 2018-19, the Government's total revenues increased from the previous year by \$72 million (5%) to \$1.40 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 2018-19, the Government received \$950 million as the Formula Financing grant. This was an increase of \$31 million (3%) from the previous year. The Canada Health transfer was \$43 million and the Canada Social transfer was \$16 million. These transfers increased from the previous year by a total of \$5 million (10%).

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 remained largely the same as the previous year at \$126 million.

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 increased from the previous year by \$31 million (19%) to \$188 million. This was largely due to a \$17 million increase in income taxes and a \$10 million increase in the sale of land.

Funding and service agreements with other parties increased from the previous year by \$9 million (15%) to \$65 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 \$3 million, or 19%, to \$12 million.

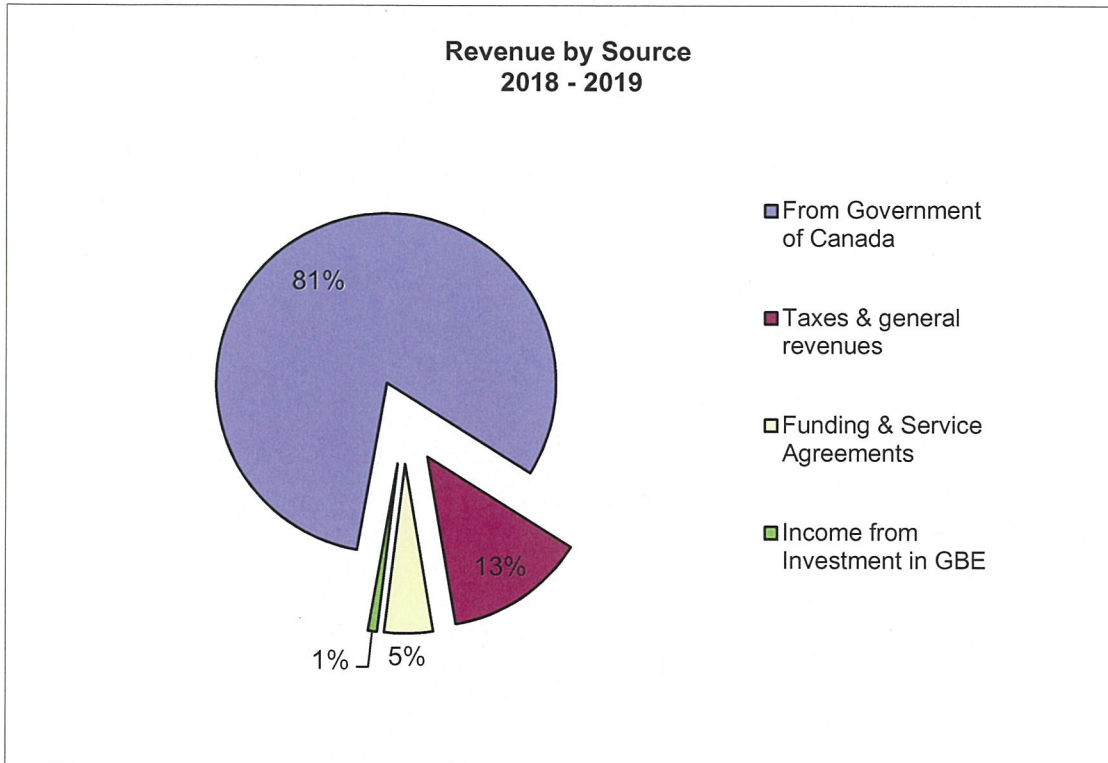
Revenues were more than the initially budgeted amounts by \$4 million. This was primarily due to higher than forecast revenues from taxation and general revenue.

In 2018-19, 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, 2019

Revenue by source is illustrated in the chart below:



GOVERNMENT OF YUKON

**Financial Statement Discussion and Analysis
for the year ended March 31, 2019**

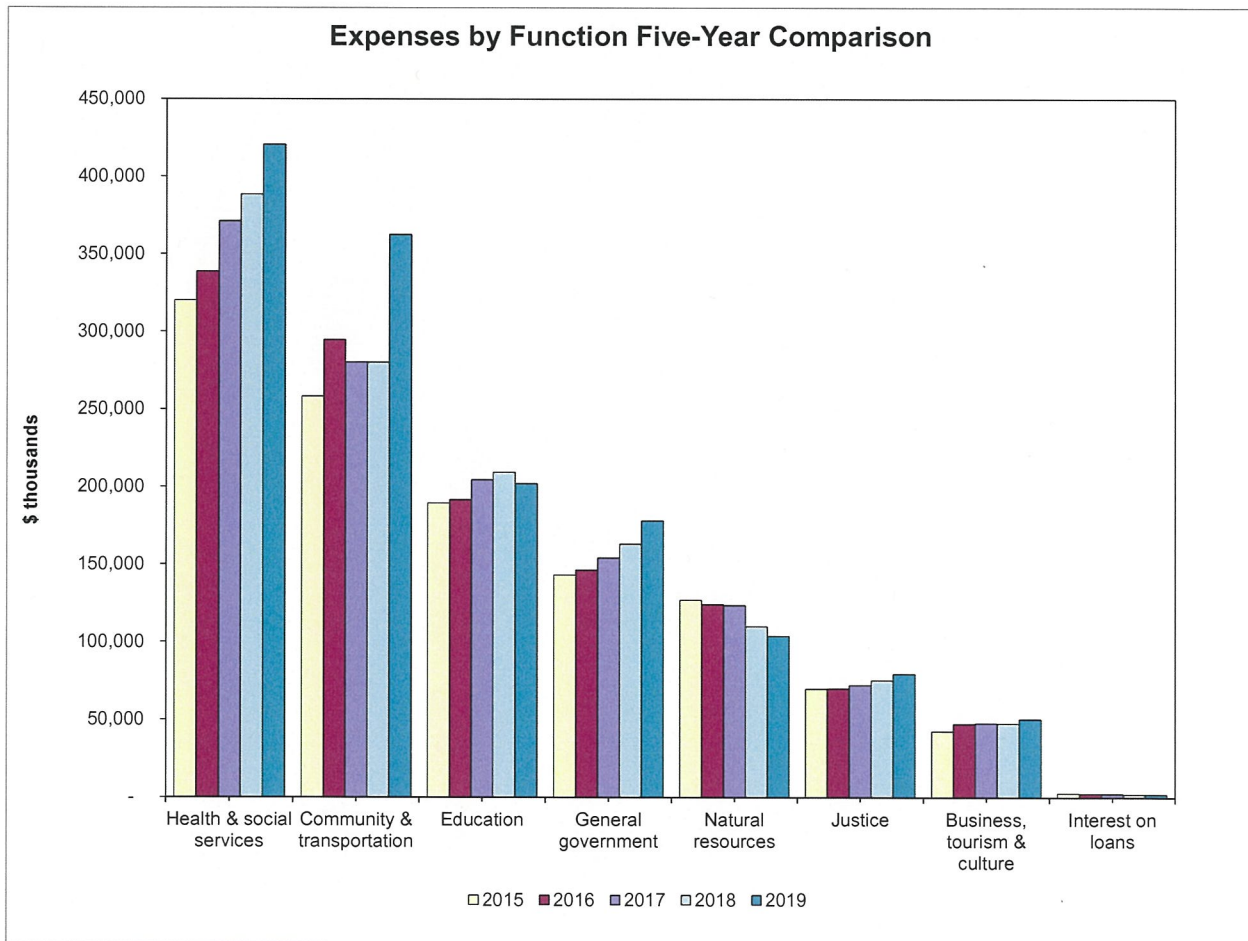
Expenses

Overall, expenses increased from the previous year by \$123 million (10%) to \$1.40 billion. The largest increase was in the community and transportation function, with an increase of \$82 million, followed by a \$32 million increase in health and social services while the education function decreased by \$7 million.

As for the type of expenses, the highest percentage was in wages and benefits (43%), followed by procurement of goods and services (33%), transfer payments (19%) and amortization expenses (5%). These percentages are consistent with those in previous years.

In 2018-19, the ratio of expenses by function remained consistent with the previous year, with health and social services, community and transportation, and education comprising 70% of total expenses (69% in 2017-18).

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).

GOVERNMENT OF YUKON

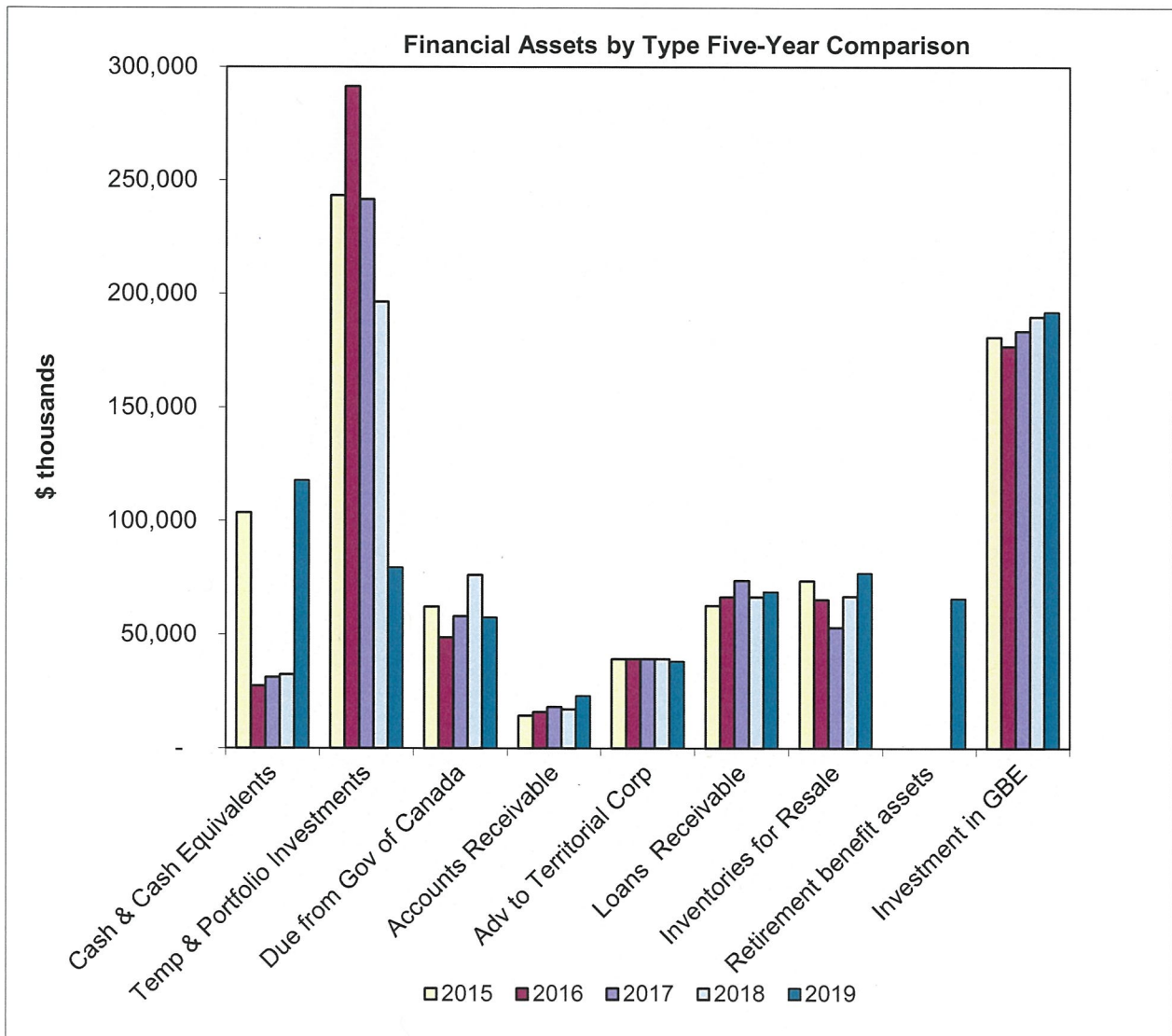
Financial Statement Discussion and Analysis
for the year ended March 31, 2019

Assets

Financial Assets

Financial assets consist of assets available to discharge existing liabilities or to fund future activities. At March 31, 2019, the value of total financial assets was \$720 million, which is a decrease of \$26 million from the previous year. Within financial assets, cash and cash equivalents increased by \$85 million from the previous year while temporary investments decreased by \$119 million. Cash and cash equivalents and temporary investments accounted for \$162 million, or 22% 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. In 2018-19 the Government reclassified its retirement benefit plans to present Retirement benefit assets and Retirement benefit liabilities separately).

GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis for the year ended March 31, 2019

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, 2019, the Government held \$118 million in cash and cash equivalents, which is an increase of \$85 million from the previous year.

Temporary and portfolio investments

Temporary investments include treasury bills, GICs, term deposits, and funds that include short-term debt securities of Canadian governments and corporate issuers with terms to maturity of 90 days or more but one year or less from the date of acquisition. At March 31, 2019, the Government held \$44 million in temporary investments compared to \$163 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, 2019, the government held \$36 million in portfolio investments compared to \$33 million in the previous year.

As of March 31, 2019, \$33 million of the temporary and portfolio investments were designated (\$32 million at March 31, 2018) 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, 2019, the Government had receivables from the Government of Canada in the amount of \$58 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 31, 2019 is 2.650%. The new loan agreement requires principal repayments of \$1 million on March 31 each year and full repayment of any principal outstanding at the end of each loan term if the loan is not extended. As of March 31, 2019 a balance of \$38 million was outstanding.

GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis for the year ended March 31, 2019

Loans receivable

The Government has loans receivable of \$69 million, of which \$42 million, or 60%, were Yukon Housing Corporation mortgages receivable, followed by \$11 million, or 16%, in land sale related loans receivable that are also administered by the Yukon Housing Corporation.

Inventories for resale

Inventories for resale totalled \$77 million as of March 31, 2019. This was an increase of \$10 million (15%) from the previous year. The inventories largely consist of lots that were developed by the Government for sale to the public. In 2018-19, the Government spent \$25 million to develop mainly residential lots. Of the \$25 million, \$24 million was spent on the Whistle Bend subdivision in the City of Whitehorse.

Retirement benefit assets

Retirement benefit assets totaled \$66 million at March 31, 2019 (\$62 million at March 31, 2018) and represent the Government's obligations for future pension benefits for employees of Yukon College and Yukon Hospital Corporation.

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 \$6 million and the Yukon Hospital Corporation had a deficit of \$26 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.

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 \$189 million at March 31, 2019 (2018 - \$188 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.

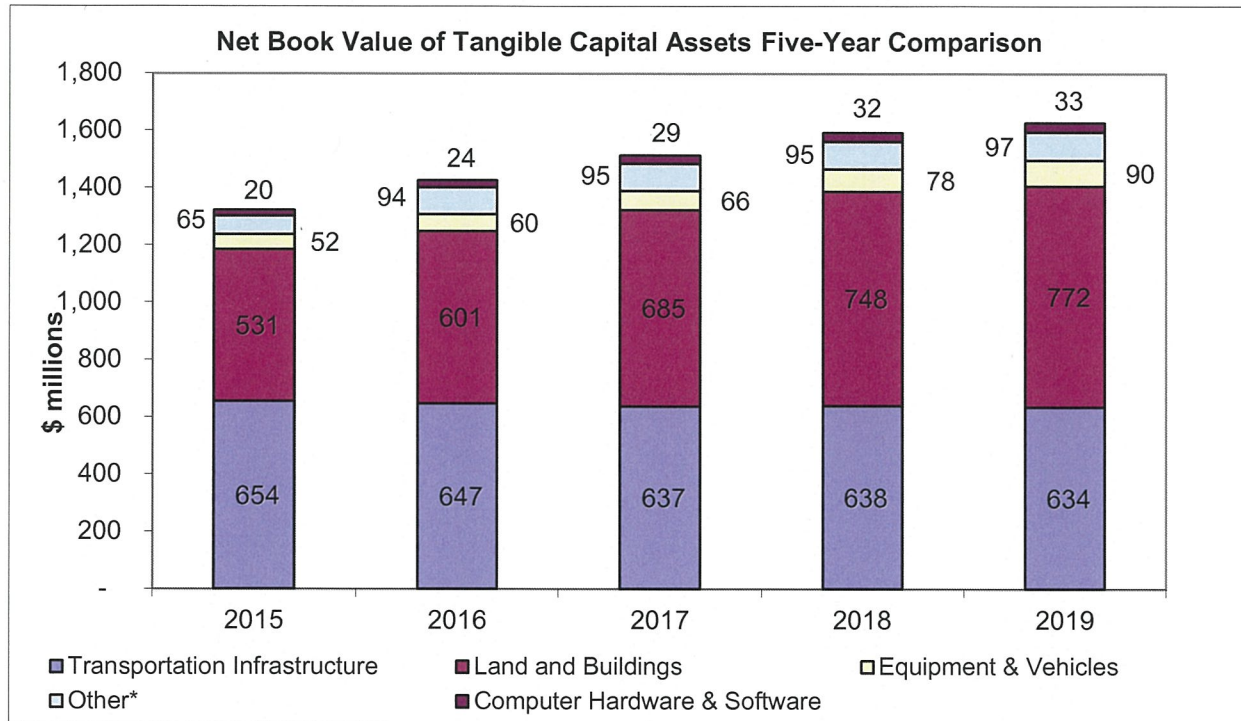
GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis
for the year ended March 31, 2019

Tangible capital assets

At March 31, 2019, the Government owned and used tangible capital assets with a net book value of \$1.626 billion for its program delivery, an increase of \$34 million from the previous year net book value of \$1.592 billion.

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



* For additional detail see schedule C

In 2018-19, the Government made the following investment in tangible capital assets:

Opening balance at April 1, 2018	\$ 1,592 million
Additions during the year	108 million
Less: Amortization	(74) million
Balance at March 31, 2019	\$ 1,626 million

The Government's \$108 million investment was largely spent on buildings, transportation infrastructure and equipment and vehicles.

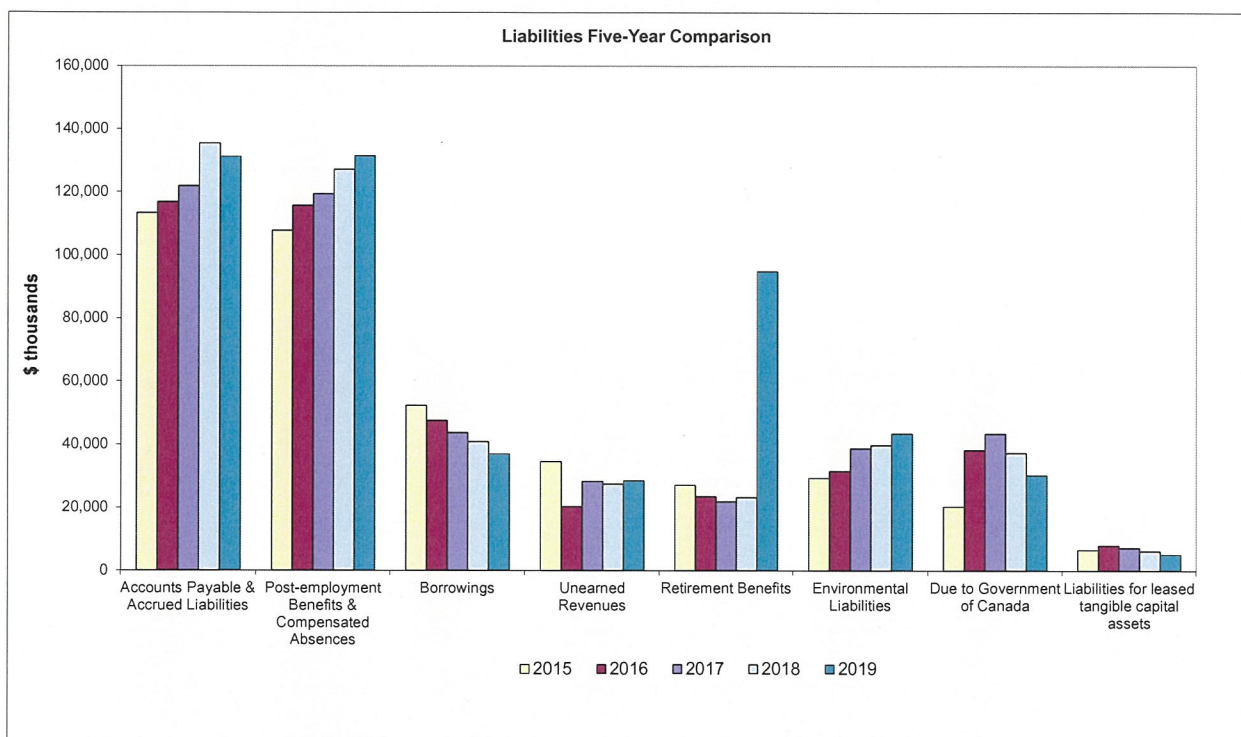
In accordance with the recommendations of the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, the value of transferred Crown land is not reported as a tangible capital asset.

GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis
for the year ended March 31, 2019

Liabilities

At March 31, 2019, the liabilities of the Government totaled \$502 million (\$499 million at March 31, 2018), which is equivalent to 70% 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. In 2018-19 the Government reclassified its retirement benefit plans to present Retirement benefit assets and Retirement benefit liabilities separately).

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 \$131 million is a decrease of 3% from the previous year's total of \$135 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, 2019 were \$131 million (\$127 million at March 31, 2018).

GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis for the year ended March 31, 2019

Borrowings

The largest portion of the \$37 million reported as borrowings relates to the Yukon Hospital Corporation's demand term installment loans totaling \$33 million (\$37 million at March 31, 2018). 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 2018-19 the Yukon Hospital Corporation paid down these loans by \$4 million.

Mortgages and loans payable by the Yukon Housing Corporation represent a further \$3 million (\$3 million at March 31, 2018) of the Government's borrowings.

Unearned revenues

Unearned revenues of \$28 million reported as of March 31, 2019 (\$27 million at March 31, 2018) are mostly comprised of funding received from the Government of Canada that has not yet been expended in accordance with funding agreements.

Retirement benefits liabilities

Retirement benefits liabilities totaled \$95 million at March 31, 2019 (\$85 million at March 31, 2018) 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, and Territorial Court judges.

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 \$37 million to the Public Service Pension Plan in 2018-19 as the employer's share (\$36 million in 2017-18).

Environmental liabilities

At March 31, 2019, the Government has recorded \$43 million (\$40 million at March 31, 2018) as a liability for the costs related to the remediation of contaminated sites for which the Government is responsible. Of the liabilities, \$12 million (27%) is for highway maintenance camps and airports and \$9 million (21%) 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, 2019 were \$30 million (\$37 million at March 31, 2018). 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 2019.

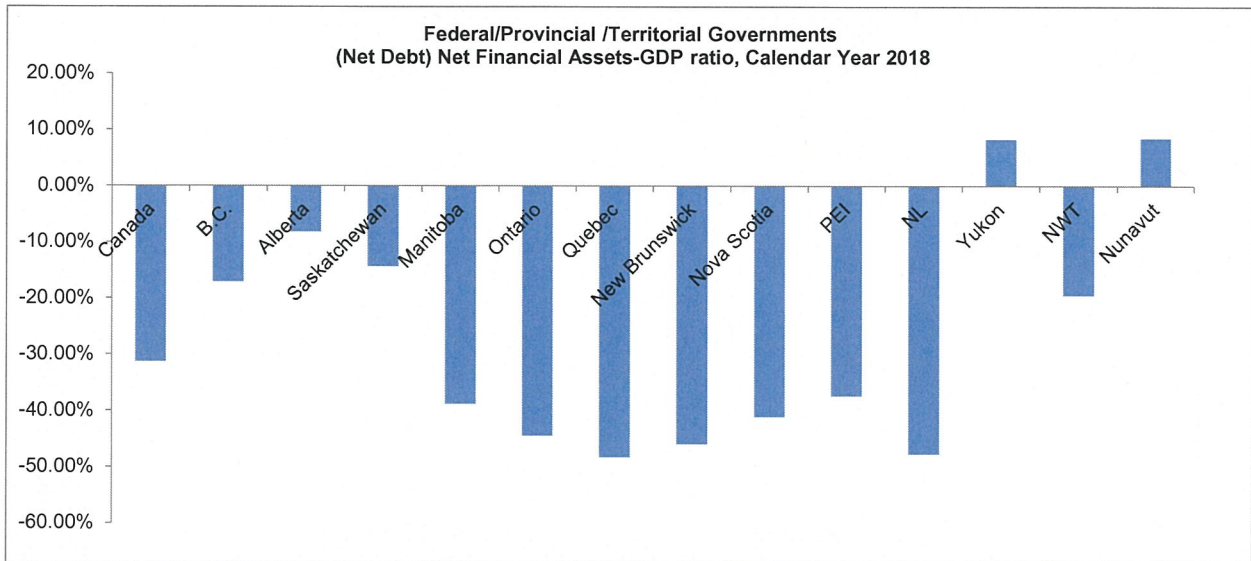
GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis
for the year ended March 31, 2019

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 2018 based on preliminary estimates. Net Debt/Net Financial assets – as at March 31, 2019 based on released Public Accounts (March 31, 2018 if the information was not available at the time of publication).

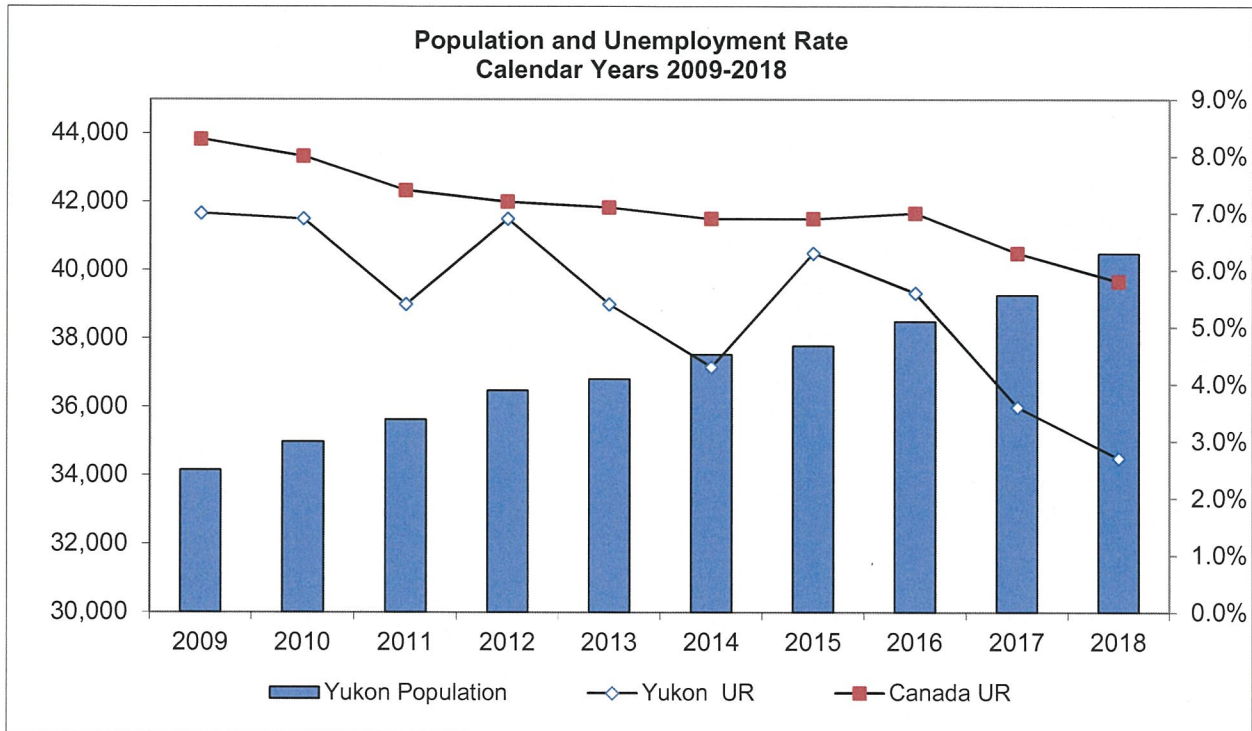
GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis
for the year ended March 31, 2019

Population and Unemployment rate (Calendar Year 2018)

With growth in 2018, Yukon's population has posted gains for 15 consecutive years. In 2018, total population exceeded 40,000 for the first time.

Yukon's unemployment rate averaged 2.7% in 2018, which was below the national average of 5.8%. As noted in the chart below, over the ten years in question, Yukon's unemployment rate has been below the Canadian average.



Source: Yukon Bureau of Statistics/Statistics Canada

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

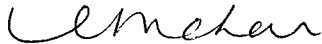
The preparation of the consolidated financial statements of the Government of Yukon is the responsibility of management of the Department of Finance.

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.



Christine Mahar
A/Deputy Minister of Finance

October 23, 2019



INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Yukon

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Government of Yukon and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2019, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2019, and the consolidated results of its operations, consolidated changes in its net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the *Yukon Public Accounts - Part One - Financial Statement Discussion and Analysis*, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to

provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Government of Yukon and its controlled entities coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are 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.

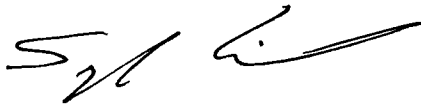
In our opinion, the transactions of the Government of Yukon and its controlled entities that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Government of Yukon and its controlled entities' compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Government of Yukon and its controlled entities to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.



Sylvain Ricard, CPA, CA
Interim Auditor General of Canada

Ottawa, Canada
23 October 2019

GOVERNMENT OF YUKON

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

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

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

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

Approved:



Christine Mahar

A/Deputy Minister of Finance



Sandy Silver

Minister of Finance

GOVERNMENT OF YUKON

**Consolidated Statement of Operations and Accumulated Surplus
for the year ended March 31, 2019**

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

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

GOVERNMENT OF YUKON

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

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

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

GOVERNMENT OF YUKON

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

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

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

GOVERNMENT OF YUKON

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

1. **Authority and operations**

(a) Authority

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

(b) Budget

The Budget figures are based on the Consolidated Budget of the Government Reporting Entity as published in the Government's 2018/2019 Operation & Maintenance and Capital Estimates. Budget adjustments include estimated lapses and unallocated budget estimates.

(c) Investments

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

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

2. **Significant accounting policies**

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

(a) Reporting entity and method of consolidation

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

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2019

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

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

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

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

Full consolidation:

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

Authority for operations:

Financial Administration Act
Yukon College Act
Hospital Act
Housing Corporation Act

Modified equity:

Yukon Development Corporation
Yukon Liquor Corporation

Yukon Development Corporation Act
Liquor Act
Cannabis Control and Regulation Act

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2019

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

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

Expenses

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

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

Assets

Financial assets

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

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2019

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

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

Non-financial assets

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

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

Liabilities

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

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

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

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

GOVERNMENT OF YUKON

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

(c) Tangible capital assets

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

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

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

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

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

GOVERNMENT OF YUKON

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

(d) Post-employment benefits and compensated absences

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

(e) Retirement benefits

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

Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet certain criteria. Liabilities for these benefits are valued on an actuarial basis.

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

(f) Environmental liabilities

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

GOVERNMENT OF YUKON

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

(g) Measurement uncertainty

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

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

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

3. **Cash and cash equivalents**

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

4. **Temporary investments**

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

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

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

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

6. **Accounts receivable**

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

7. **Portfolio investments**

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

Marketable Securities

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

Other

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

8. **Designated assets**

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

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

9. **Loans receivable**

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

10. **Inventories for resale**

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

11. Investment in government business enterprises

(a) Summary financial statements

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

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

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

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

GOVERNMENT OF YUKON

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

(b) Inter-entity balances and transactions

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

¹ Includes cost of electricity of \$11,920,000 (2018 – \$11,510,000) purchased by the Government from an unrelated third party. This unrelated party buys electricity from the Yukon Development Corporation's wholly owned subsidiary, Yukon Energy Corporation.

(c) Advance receivable

Yukon Development Corporation

The Government entered into loan agreements with the Yukon Development Corporation ("YDC") and advanced a total of \$39,200,000 in order to assist in the development of the Whitehorse diesel – natural gas conversion project, which was completed by the Yukon Energy Corporation, YDC's wholly owned subsidiary. The loan term that commenced on April 1, 2016 ended on March 31, 2018. The per annum interest rate was set based on the one-year CDOR plus 30 basis points in effect on April 1 each year. The rate of interest on the loans was 1.514%. The Government and YDC entered into a new loan agreement effective March 30, 2018. The initial term of the loan is to March 31, 2023 and pursuant to the agreement, the loan may be extended for two additional five year terms upon mutual consent of the parties. The per annum interest rate will be set based on one-year CDOR plus 40 basis points in effect on April 1 each year. The rate of interest effective March 30, 2019 is 2.650% (2018 – 2.501%). The new loan agreement requires principal repayments of \$1 million on March 31 each year and full repayment of any principal outstanding at the end of each loan term if the loan is not extended.

GOVERNMENT OF YUKON

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

(d) Commitments

Yukon Development Corporation

In June 2010, the Yukon Development Corporation ("YDC") issued 30-year bonds in the amount of \$100 million at a fixed coupon rate of 5.0% per annum in part to finance the grant from the Yukon Development Corporation Fund and ratepayers' future contributions towards the construction of the Mayo B hydro enhancement and the Carmacks-Stewart transmission phase II projects. In the Memorandum of Understanding ("the MOU") between the Government and YDC dated March 10, 2011, the Government agreed to provide YDC with financial assistance to a maximum of \$2,625,000 annually from April 1, 2011, to March 31, 2042, based on a prescribed formula where, depending on the annual financial results of YDC, the Government funding will be reduced or eliminated. In 2018/2019, the Government paid \$2,625,000 (2018 – \$2,625,000) to YDC based on the MOU.

The Government authorized the continuation of the Interim Electrical Rebate program to March 31, 2020. This rebate program provides subsidies to non-government residential customers. It was initially implemented in 2009 as an interim replacement of the Rate Stabilization Fund. During the fiscal year 2018/2019, the Government provided \$3,500,000 (2018 – \$3,500,000) to YDC for this purpose. The Government is committed to fund up to \$3,500,000 in the fiscal year 2019/2020.

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

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

The mine connected to the grid in May 2019.

Yukon Liquor Corporation

In the normal course of operations, the Yukon Liquor Corporation enters into multi-year arrangements for the provision of freight and other services. The total commitments as at March 31, 2019 for future years ending on March 31, 2020 are \$1,055,000 (March 31, 2018 for 2019 – \$1,012,000).

GOVERNMENT OF YUKON

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

(e) Contingencies

Yukon Development Corporation

At March 31, 2016, the Yukon Energy Corporation ("YEC"), Yukon Development Corporations' wholly owned subsidiary, had a claim from a contractor in the amount of \$4,000,000 plus interest and legal costs. During 2017, the Yukon Supreme Court issued an award in favour of the contractor. YEC successfully appealed the award in 2018. A re-trial was tentatively scheduled for September 2019 and has subsequently been rescheduled for November 2019. The matter is before the courts. Legal costs are being expensed as incurred. The outcome of the appeal is not determinable at this time and no estimate of appeal settlement has been recognized in the financial statements.

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

(f) Regulatory Deferral Accounts

Yukon Development Corporation

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

12. **Accounts payable and accrued liabilities**

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

13. **Environmental liabilities**

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$29,117,000 (2018 – \$25,386,000). These liabilities consist of estimated costs related to the remediation of contaminated sites as well as estimated costs associated with other liabilities related to these sites. The liabilities are determined on a site-by-site basis and are based on preliminary environmental assessments or estimation for those sites where an assessment has not been conducted. The amount recorded is based on management's best estimates utilizing the information available at the financial statement date. The amount of liabilities becomes determinable over a continuum of events and activities as information becomes available. As a result, the actual amount of liabilities to remediate these sites could vary significantly.

As at March 31, 2019, the Government was aware of 99 sites (2018 – 98 sites) where the Government is obligated or is likely obligated to incur such costs. During the year remediation work was undertaken at 12 sites, including the Marwell Tar Pit.

One of the 99 sites, Marwell Tar Pit, has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a "responsible party" as defined by the *Environment Act* (Yukon) and determined by the *Contaminated Sites Regulation*. The Government of Canada was the landowner when the contamination occurred. In September 2010, the Government and the Government of Canada entered into an agreement to remediate the site over 11 years with a total estimated cost of \$6,800,000, of which the Government is to fund 30% or \$2,040,000 and the Government of Canada \$4,760,000. As at March 31, 2019, \$810,000 (2018 – \$1,489,000) was recorded as a liability for this site, which is part of the \$29,117,000 noted above.

(b) Landfill sites

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

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

In calculation of the above liability, the remaining landfill life was estimated to be from zero to 49 years. Solid waste permits issued under the *Solid Waste Regulations* specify 25 years of post-closure monitoring; therefore, 25 years is used as an estimated length of time needed for post-closure care. A discount rate of 3.32% (2018 – 3.32%) was used for the net present value calculation for active and closed landfill sites.

(c) Type II sites

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

On April 10, 2015 Veris Gold Corporation abandoned the Ketz River mine site (“the site”). The site is identified as a Type II mine site in the DTA between the Government and the Government of Canada. The Government has provided notice to the Government of Canada pursuant to the DTA that the site has been abandoned by its owner/operator. Once a Type II site becomes abandoned the DTA requires that an Independent Assessor assess the condition of the site and develop a remediation plan. The Government is responsible for the cost of this assessment. Under the DTA, the Government of Canada accepted financial responsibility for the remediation of impacts attributable to activities that were permitted by the Government of Canada. The Government will be financially responsible for remediation of impacts of activities it permitted after devolution. The Government's costs, if any, may be offset by the security bond it holds. The financial obligations related to the assessment required under the DTA are estimated to be \$4,944,000 (2018 - \$5,000,000) and remediation costs, if any, which are the Government's responsibility, are currently undeterminable.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

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

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

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

14. **Unearned revenues**

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

GOVERNMENT OF YUKON

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

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

(a) The Government of Yukon and Yukon Housing Corporation

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

The actuarial obligation for sick and vacation leave payouts and severance benefits is calculated using the projected benefit method prorated on service. The Government and the Yukon Housing Corporation have conducted actuarial valuations of post-employment benefits at March 31, 2016. March 31, 2019 amounts are based on an extrapolation of March 31, 2016 amounts. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

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

Effective June 30, 2018 all current and retirement severance accruals have been frozen for certain employees of the Government. All employees in this group are entitled to receive severance payouts based on service accrued prior to June 30, 2018. Based on an actuarial evaluation, the plan amendment resulted in a gain to the plan of \$6,881,000. Existing unamortized losses in the amount of \$6,881,000 were immediately recognized so the plan amendment did not impact current year net benefit cost.

Members of the Yukon Legislative Assembly receive a severance benefit in accordance with the *Legislative Assembly Retirement Allowance Act, 2007* (Yukon). The accrued benefit obligation is calculated actuarially using the projected benefit method prorated on service. The accrued benefit liability at March 31, 2019 is based on an extrapolation of an actuarial valuation that was performed as at March 31, 2017. The Government has designated a portion of its assets for the purpose of meeting this obligation (Note 8).

(b) Yukon College

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

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

GOVERNMENT OF YUKON

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

(c) Yukon Hospital Corporation

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

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

The accrued liabilities for the above benefits as of March 31, 2019 were as follows:

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

16. **Retirement benefits**

(a) Public Service Pension Plan

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

The above changes also resulted in the two groups paying different rates of contributions to the plan. In the calendar year 2018, the Government contributed \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$164,700, the Government contributed \$3.20 for every dollar contributed by both groups of plan members. In the calendar year 2019, the Government contributes \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$169,300, the Government contributes \$3.79 for every dollar contributed by both groups of plan members.

The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$37,293,000 (2018 – \$36,054,000).

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

(b) Legislative Assembly Retirement Allowances Plan

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

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

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

(c) Territorial Court Judiciary Pension Plan

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

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

(d) Yukon College Employees' Pension Plan

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

An actuarial valuation for accounting purposes was performed as of June 30, 2017 following Canadian public sector accounting standards. An actuarial valuation for funding purposes was performed as of June 30, 2018, which established Yukon College's required contributions as 101.8% (2018 – 132.3%) of employee contributions.

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

For any unfunded pension liability, the College has obtained a letter of credit in lieu of making solvency payments. The amount of the letter of credit is equal to the amount of solvency payments required as determined by the actuary. The Government has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letters of credit required by Yukon College to address its solvency deficit in its pension plan, the Government will provide the necessary financial support to address any resulting debt, interest and costs that may be required under the federal pension legislation. This guarantee remains in effect from December 30, 2018 to July 31, 2020. The maximum amount of letters of credit to which this guarantee applies will be \$19,416,000 (2018 – \$18,318,000).

(e) Yukon Hospital Corporation Employees' Pension Plan

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

In accordance with the *Pension Benefits Standards Act, 1985* (Canada), the Corporation is required to make special payments to eliminate the solvency shortfall. The payments have been actuarially determined as \$4,524,000 over the 2019 calendar year (2018 - \$5,177,000). The Corporation is permitted to cover up to a specified maximum of 15% of the solvency liability with a conforming letter of credit. During the fiscal year, the Corporation entered into letters of credit totaling \$24,081,000 (2018 – \$18,905,000) related to solvency deficiency payments. The Government has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letters of credit required by Yukon Hospital Corporation to address its solvency deficit in its pension plan, the Government will provide the necessary financial support to address any resulting debt, interest and costs that may be required under the federal pension legislation. This guarantee remains in effect from June 30, 2018 to June 30, 2019 and the maximum amount of letters of credit to which this guarantee applies will be \$26,057,000 (2018 – \$21,506,000). This guarantee has been renewed in the amount of \$26,508,000 for June 30, 2019 to June 30, 2020.

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

(f) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both non-pension defined benefit plans. The extended health care plan is self-insured. The accrued benefit obligation as at March 31, 2019 is based on an extrapolation of an actuarial valuation conducted as at March 31, 2016. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Effective for all employees retiring after January 1, 2019 the cost sharing arrangement for extended health benefits was revised. Existing retirees and those retiring prior to January 1, 2019 are not impacted by the change. Based on an actuarial valuation, the plan amendment resulted in a gain to the plan of \$16,295,000. Existing unamortized losses in the amount of \$16,295,000 were immediately recognized so the plan amendment did not impact current year net benefit cost.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

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

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

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

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

17. **Borrowings**

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Yukon Hospital Corporation – loans with a chartered bank. (see below)	\$ 33,231	\$ 36,539
Yukon Housing Corporation – mortgages payable to chartered banks and Canada Mortgage and Housing Corporation (CMHC), secured by fixed charges against housing projects, with net book value of \$2,374,000 (2018 – \$2,279,000), repayable in blended monthly payments with maturities up to the year 2023, bearing fixed interest rates ranging from 1.01% to 8.50%.	1,858	2,278
Yukon College – non-interest bearing loan repayable on demand within 90 days.	996	996
Yukon Housing Corporation – loans payable to chartered banks and CMHC, repayable in blended periodic instalments with maturities up to the year 2028, bearing fixed interest rates ranging from 7.50% to 9.50%.	806	905
Yukon Hospital Corporation – flexible term note payable to the Yukon Development Corporation, bearing interest rate at 7.50% repayable in annual instalments, based on the annual energy savings realized, secured by a general security agreement on building improvements with a net book value of \$119,000 (2018 – \$149,000).	85	85
	<u>\$ 36,976</u>	<u>\$ 40,803</u>

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

Yukon Hospital Corporation – loans with a chartered bank

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.15% per annum for the Watson Lake Hospital construction project. Blended payments of \$160,000 due monthly with the final payment due on December 31, 2026.	\$ 12,227	\$ 13,478
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 4.525% per annum for the Dawson City Hospital construction project. Principal payments of \$100,000 due monthly with the final payment due on April 1, 2028.	10,900	12,100
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.23% per annum for the Crocus Ridge construction project. Blended payments of \$117,000 due monthly with the final payment due on March 15, 2028.	10,104	10,961
	<u>\$ 33,231</u>	<u>\$ 36,539</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

Borrowing Limit

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

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Authorized borrowing limit	\$ 400,000	\$ 400,000
Loans of money by government reporting entity:		
Government business enterprises		
Yukon Development Corporation, bonds	100,000	100,000
Yukon Development Corporation, other long-term debt	<u>57,789</u>	<u>35,897</u>
	<u>157,789</u>	<u>135,897</u>
Fully consolidated entities		
Yukon Hospital Corporation, bank loans	33,231	36,539
Yukon Housing Corporation, mortgages payable	1,858	2,278
Yukon College, loan payable	996	996
Yukon Housing Corporation, loans payable	<u>806</u>	<u>905</u>
	<u>36,891</u>	<u>40,718</u>
Accrued interest payable	1,268	1,272
Credit facilities used	8,330	10,473
Capital lease obligation	<u>5,201</u>	<u>6,220</u>
Total debt	<u>209,479</u>	<u>194,580</u>
Available borrowing capacity	<u>\$ 190,521</u>	<u>\$ 205,420</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

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

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

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

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

19. **Financial instruments**

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

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

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

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

Since the above valuation is based on market information available at March 31, 2019, the fair value of the investments may change materially in future periods as a result of fluctuations in the market. However, these changes are not expected to result in a significant impact on the Government's future operations.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

The estimated fair values of loans receivable were determined using the present value of future cash flows discounted at the March 31, 2019 average market rate for mortgages and loans with similar maturities. Until settled, the fair value of loans receivable will fluctuate based on changes in interest rates. The Government believes the carrying amount of loans receivable will be fully recovered.

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

20. **Tangible capital assets**

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

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

Leased tangible capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was \$1,038,000 (2018 – \$1,038,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

21. **Expenses by object**

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

22. **Trust assets**

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

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year-end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. At March 31, 2019, the remaining trust assets were held in bank accounts or invested in term deposits and GICs.

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

23. **Contractual rights**

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

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

24. **Contractual obligations**

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

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

GOVERNMENT OF YUKON

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

25. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$8,330,000 (2018 – \$10,473,000). At March 31, 2019, on a consolidated basis, the Yukon Development Corporation had borrowings of \$194,600,000 (2018 – \$134,500,000) and a credit facility of up to \$26,000,000. While the Government has not issued guarantees for all of these instruments, as the Yukon Development Corporation is an agent of the Government, lenders may have recourse to the Government. Except for the amounts committed as described in note 11(d), it is expected that no significant costs will be incurred by the Government with respect to these guarantees and debts.

26. **Land claims**

Between February 1995 and March 31, 2019, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2019

27. **Contingencies**

In the normal course of operations, the Government is subject to legal claims. These claims include items with pleading amounts and items where an amount is not specified. At March 31, 2019, the amounts claimed, excluding the claims from Commission scolaire francophone du Yukon and Northern Cross (Yukon) Ltd., which are described below, is \$6,459,000 (2018 – \$6,487,000). No provision for these claims has been made as it is unlikely or undeterminable that a liability has been incurred at the date of the financial statements.

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

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

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

The Government established a Risk Management Revolving Fund in December 2004, with a limit of \$5,000,000, which is to be used for providing limited insurance and risk management services to Government departments. Expenses relating to some of the property and liability losses incurred by the Government are to be paid out of this fund. The Government purchases legal liability and property insurance with a \$2,000,000 deductible. In 2018/2019, the Government paid \$67,000 (2018 – \$1,057,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$1,593,000 as at March 31, 2019 (2018 – \$2,133,000). This amount is reported as part of the Government’s accrued liabilities. The fund balance at March 31, 2019 was \$4,800,000 (2018 – \$4,400,000).

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

28. **Comparative figures**

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

GOVERNMENT OF YUKON

Schedule A

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

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

GOVERNMENT OF YUKON

Schedule B

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

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

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

GOVERNMENT OF YUKON

Schedule B
Continued

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

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

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

Government of Yukon

Schedule C

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2019**

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

¹ Included in net book value.

GOVERNMENT OF YUKON

Schedule D

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

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

GOVERNMENT OF YUKON

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

Schedule D
Continued

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

¹ For 10 years 4.25%, thereafter 4.75%

GOVERNMENT OF YUKON

Schedule E

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

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

GOVERNMENT OF YUKON

Schedule E
Continued

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

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

Key Assumptions

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

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

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

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

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

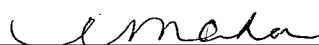
GOVERNMENT OF YUKON
Statement of Financial Position
as at March 31, 2019

	2019	2018
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 3)	\$ 100,483	\$ 17,420
Temporary investments (Note 4)	43,766	163,158
Due from Government of Canada (Note 5)	56,890	66,733
Accounts receivable (Note 6)	18,375	15,131
Portfolio investments (Note 7)	32,102	29,704
Advances to Territorial corporations (Note 9)	72,821	70,398
Loans receivable (Note 10)	28,808	25,922
Land inventory (Note 11)	76,950	66,668
	430,195	455,134
 Liabilities		
Due to Government of Canada (Note 5)	30,183	37,146
Accounts payable and accrued liabilities (Note 12)	118,070	123,525
Environmental liabilities (Note 13)	42,979	39,152
Unearned revenues (Note 14)	20,300	12,146
Post-employment benefits and compensated absences (Note 15)	119,065	115,000
Retirement benefits (Note 16)	94,805	84,708
Liabilities for leased tangible capital assets (Note 17)	5,201	6,220
	430,603	417,897
 (Net debt) / net financial assets	(408)	37,237
 Non-financial assets		
Tangible capital assets (Note 19)	1,365,834	1,332,003
Inventories of supplies	6,194	9,081
Prepaid expenses	2,201	1,328
	1,374,229	1,342,412
 Accumulated surplus	\$ 1,373,821	\$ 1,379,649

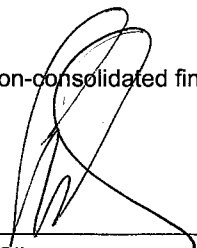
Contingencies, commitments, contractual rights and obligations and guarantees
(Notes 13, 22, 23, 24, 25, 26, and 27)

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

Approved:



Christine Mahar
A/Deputy Minister of Finance



Sandy Silver
Minister of Finance

GOVERNMENT OF YUKON

**Statement of Operations and Accumulated Surplus
for the year ended March 31, 2019**

	2019		2018
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada			
Formula Financing grant	\$ 950,220	\$ 950,220	\$ 919,443
Other grants	54,855	59,365	54,172
Contributions and service agreements	140,616	121,961	126,023
Taxes and general revenues	161,581	189,448	156,121
Funding and service agreements with other parties	26,136	44,698	34,709
	<u>1,333,408</u>	<u>1,365,692</u>	<u>1,290,468</u>
Expenses (Note 20 and Schedule B)	<u>1,337,950</u>	<u>1,372,298</u>	<u>1,272,498</u>
Recovery of prior years' expenses	-	778	719
(Deficit) surplus for the year	<u><u>\$ (4,542)</u></u>	(5,828)	18,689
Accumulated surplus at beginning of year		<u>1,379,649</u>	<u>1,360,960</u>
Accumulated surplus at end of year		<u><u>\$ 1,373,821</u></u>	<u><u>\$ 1,379,649</u></u>

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

GOVERNMENT OF YUKON

Statement of Change in (Net Debt) / Net Financial Assets
for the year ended March 31, 2019

	2019		2018
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
(Deficit) surplus for the year	\$ (4,542)	\$ (5,828)	\$ 18,689
Effect of change in tangible capital assets			
Acquisitions	(124,527)	(95,210)	(125,115)
Amortization of tangible capital assets	63,208	60,664	54,706
(Gain)/loss on disposal of tangible capital assets	4	(319)	(17)
Proceeds on disposal of tangible capital assets	111	444	244
Write-down of tangible capital assets	-	590	385
Other budgetary adjustments	4,882	-	-
	<u>(56,322)</u>	<u>(33,831)</u>	<u>(69,797)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(11,912)	(10,911)
Decrease in inventories of supplies	-	14,799	10,629
(Increase) decrease in prepaid expenses	-	(873)	447
	<u>-</u>	<u>2,014</u>	<u>165</u>
Decrease in net financial assets	<u>\$ (60,864)</u>	<u>(37,645)</u>	<u>(50,943)</u>
Net financial assets at beginning of year		<u>37,237</u>	<u>88,180</u>
(Net debt) / net financial assets at end of year		<u>\$ (408)</u>	<u>\$ 37,237</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, 2019**

	2019	2018
	(thousands of dollars)	
Operating transactions		
(Deficit) Surplus for the year	\$ (5,828)	\$ 18,689
Non-cash items included in (deficit) surplus for the year:		
Amortization of tangible capital assets	60,664	54,706
Loans receivable valuation adjustment	88	-
Write-down of tangible capital assets	590	385
Gain on sale of land inventory	(540)	(832)
Gain on disposal of tangible capital assets	(319)	(17)
Contributed tangible capital assets (Note 19)	(13,300)	-
Change in non-cash assets and liabilities	22,338	4,234
Cash provided by operating transactions	<u>63,693</u>	<u>77,165</u>
Capital transactions		
Acquisition of tangible capital assets	(81,910)	(125,115)
Proceeds on disposal of tangible capital assets	444	244
Cash used for capital transactions	<u>(81,466)</u>	<u>(124,871)</u>
Investing transactions		
Net proceeds from temporary investments	119,392	51,339
Proceeds from portfolio investments	1,654	26,463
Acquisition of portfolio investments	(4,052)	(29,081)
Repayment of advances from Territorial corporations	1,250	250
(Advances) repayment to Territorial corporations	(3,673)	5,025
Repayment of loans receivable	15,841	13,285
Issuance of loans receivable	(3,632)	(2,183)
Investment in land inventory	(24,925)	(17,691)
Cash provided by investing transactions	<u>101,855</u>	<u>47,407</u>
Financing transactions		
Repayment of liabilities for leased tangible capital assets	(1,019)	(972)
Cash used for financing transactions	<u>(1,019)</u>	<u>(972)</u>
Cash and cash equivalents (decrease) increase	83,063	(1,271)
Cash and cash equivalents at beginning of year	17,420	18,691
Cash and cash equivalents at end of year (Note 3)	\$ 100,483	\$ 17,420
Interest received in the year	\$ 8,411	\$ 9,215
Interest paid in the year	\$ 218	\$ 236

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

GOVERNMENT OF YUKON

Notes to Financial Statements March 31, 2019

1. **Authority and operations**

(a) Authority

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

(b) Main Estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2018. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Yukon Legislative Assembly. Budget adjustments include estimated lapses and unallocated budget estimates.

(c) Investments

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

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

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, 2019

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

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

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

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 or less from the dates of acquisition.

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

GOVERNMENT OF YUKON

Notes to Financial Statements March 31, 2019

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

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, 2019

(c) Tangible capital assets

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

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, 2019

(d) Post-employment benefits and compensated absences

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits, accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. Compensated absences are benefits such as sick leave and vacation leave that are paid to employees during their employment. The Government recognizes the obligation for these benefits as a liability and uses actuaries to estimate the amount of the obligation. Expenses related to post-employment benefits and compensated absences are recognized in the period in which the employee's service is rendered and the benefits are earned. The accrued benefit liability for these 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, 2019**

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

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

3. **Cash and cash equivalents**

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Bank balances	\$ 100,415	\$ 17,352
Cash on hand	<u>68</u>	<u>68</u>
	<u>\$ 100,483</u>	<u>\$ 17,420</u>

4. **Temporary investments**

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

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

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2019

5. Due from/to Government of Canada

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 56,887	\$ 66,730
Other	<u>3</u>	<u>3</u>
	<u>\$ 56,890</u>	<u>\$ 66,733</u>
Due to Government of Canada		
RCMP	\$ 8,633	\$ 7,843
Payroll taxes payable	8,453	7,490
Public Service Pension Plan contribution payable	6,613	6,308
Income tax payable	3,863	12,158
Type II mine sites	797	1,852
Other	<u>1,824</u>	<u>1,495</u>
	<u>\$ 30,183</u>	<u>\$ 37,146</u>

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

6. Accounts receivable

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 12,857	\$ 10,641
Less valuation allowances	<u>(841)</u>	<u>(586)</u>
	12,016	10,055
Due from Territorial corporations	<u>6,359</u>	<u>5,076</u>
	<u>\$ 18,375</u>	<u>\$ 15,131</u>

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2019

7. Portfolio investments

	2019		2018	
	Face Value	Carrying Value	Face Value	Carrying Value
	(thousands of dollars)			
Marketable securities	\$ 32,102	\$ 32,102	\$ 29,700	\$ 29,700
Other	-	-	265	4
	<u>\$ 32,102</u>	<u>\$ 32,102</u>	<u>\$ 29,965</u>	<u>\$ 29,704</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, 2019 the Government held portfolio investments in Master Asset Vehicle II Class C floating rate notes with a carrying value of \$0 (2018 - \$4,000) as a result of a restructuring process related to previous investments. During the year, \$4,000 of the Class C floating rate notes were redeemed.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2019

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

9. **Advances to Territorial corporations**

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Yukon Development Corporation Infrastructure loan	\$ 38,200	\$ 39,200
Yukon Housing Corporation Working capital advances	<u>34,621</u>	<u>31,198</u>
	<u>\$ 72,821</u>	<u>\$ 70,398</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%. 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 31, 2019 is 2.650% (2018 - 2.501%). The new loan agreement requires principal repayments of \$1 million on March 31 each year and full repayment of any principal outstanding at the end of each loan term if the loan is not extended.

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, 2019

10. Loans receivable

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2023 (2018 – 2023), bearing interest at 0.00% (2018 – 0.00%).	\$ 9,336	\$ 7,248
Local improvement loans, due in varying annual amounts to the year 2041 (2018 – 2041), bearing interest rates ranging from 0.50% to 5.25% (2018 – 0.50% to 5.25%).	6,914	5,597
Domestic well loans, due in varying annual amounts to the year 2033 (2018 – 2033), bearing interest rates ranging from 0.50% to 4.50% (2018 – 0.50% to 4.50%).	5,478	5,436
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2024 (2018 – 2023), bearing interest at 5.00% (2018 – 5.00%).	3,780	4,299
Debenture loans to municipalities, due in varying annual amounts to the year 2034 (2018 – 2030), bearing interest rates ranging from 2.72% to 6.38% (2018 – 2.72% to 6.38%).	3,308	3,343
Energy infrastructure development loan due in periodic instalments bearing interest at 6.40% (2018 – 6.40%).	205	205
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.00% to 5.20% (2018 – 0.00% to 6.00%).	75	222
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2021 (2018 – 2021), bearing interest at 0.00% (2018 – 0.00%).	34	48
Less valuation allowances	<u>(322)</u>	<u>(476)</u>
	<u>\$ 28,808</u>	<u>\$ 25,922</u>

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2019

11. Land inventory

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

12. Accounts payable and accrued liabilities

	2019	2018
	(thousands of dollars)	
Accounts payable	\$ 62,339	\$ 59,654
Accrued liabilities	37,006	39,663
Contractors' holdbacks and security deposits	10,396	16,669
Due to Territorial corporations	8,329	7,539
	<u>\$ 118,070</u>	<u>\$ 123,525</u>

13. Environmental liabilities

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$28,749,000 (2018 - \$24,866,000). These liabilities consist of estimated costs related to the remediation of contaminated sites as well as estimated costs associated with other liabilities related to these sites. The liabilities are determined on a site-by-site basis and are based on preliminary environmental assessments or estimation for those sites where an assessment has not been conducted. The amount recorded is based on management's best estimates utilizing the information available at the financial statement date. The amount of liabilities becomes determinable over a continuum of events and activities as information becomes available. As a result, the actual amount of liabilities to remediate these sites could vary significantly.

As at March 31, 2019, the Government was aware of 94 sites (2018 – 93 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 94 sites. During the year, remediation work was undertaken at nine sites, including the Marwell Tar Pit.

One of the 94 sites, Marwell Tar Pit, has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a "responsible party" as defined by the *Environment Act* (Yukon) and determined by the *Contaminated Sites Regulation*. The Government of Canada was the landowner when the contamination occurred. In September 2010, the Government and the Government of Canada entered into an agreement to remediate the site over 11 years with a total estimated cost of \$6,800,000, of which the Government is to fund 30% or \$2,040,000 and the Government of Canada \$4,760,000. As at March 31, 2019, \$810,000 (2018 - \$1,489,000) was recorded as a liability for this site, which is part of the \$28,749,000 noted above.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2019

(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, 2019, the net present value of total expenditures for closure and post-closure care is estimated to be \$10,765,000 (2018 – \$10,765,000) and a liability in the amount of \$9,286,000 (2018 - \$9,286,000) has been recorded for these sites. The amount remaining to be recognized in the future is \$1,479,000 (2018 – \$1,479,000). No assets are designated for settling these liabilities.

In calculation of the above liability, the remaining landfill life was estimated to be from zero to 49 years. Solid waste permits issued under the *Solid Waste Regulations* specify 25 years of post-closure monitoring; therefore, 25 years is used as an estimated length of time needed for post-closure care. A discount rate of 3.32% (2018 – 3.32%) was used for the net present value calculation for active and closed landfill sites.

(c) Type II sites

Pursuant to the Devolution Transfer Agreement, 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 \$4,944,000 (2018 - \$5,000,000) and remediation costs, if any, which are the Government's responsibility, are currently undeterminable.

GOVERNMENT OF YUKON

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

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

	2019		2018	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for contaminated sites ¹				
Highway maintenance camps and airports	36	\$ 11,749	36	\$ 11,519
Other storage tanks and buildings	48	9,290	48	9,958
Marwell Tar Pit	1	810	1	1,489
Other	9	6,900	8	1,900
	<u>94</u>	<u>28,749</u>	<u>93</u>	<u>24,866</u>
Landfill sites	28	9,286	28	9,286
Type II sites	1	4,944	1	5,000
	<u>123</u>	<u>\$ 42,979</u>	<u>122</u>	<u>\$ 39,152</u>

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

14. **Unearned revenues**

	2019	2018
	(thousands of dollars)	
Liability portion of government transfers	\$ 15,838	\$ 7,669
Motor vehicle fees for future years	3,242	3,134
Other	1,220	1,343
	<u>\$ 20,300</u>	<u>\$ 12,146</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.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2019

15. Post-employment benefits and compensated absences

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Severance benefits	\$ 70,347	\$ 73,744
Sick leave obligation	27,864	26,156
Vacation leave obligation	<u>22,867</u>	<u>20,915</u>
Accrued benefit obligation	121,078	120,815
Unamortized net actuarial loss	<u>(3,938)</u>	<u>(7,676)</u>
Post-employment benefits accrued liability	117,140	113,139
Compensated absences	<u>1,925</u>	<u>1,861</u>
	<u>\$ 119,065</u>	<u>\$ 115,000</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, 2019 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, 2019, the Government assumed a discount rate of 3.3% 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, 2019 were \$16,438,000 (2018 - \$17,471,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to \$12,611,000 (2018 - \$10,333,000). 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.

GOVERNMENT OF YUKON

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

Effective June 30, 2018 all current and retirement severance accruals have been frozen for certain employees of the government. All employees in this group are entitled to receive severance payouts based on service accrued prior to June 30, 2018. Based on an actuarial evaluation, the plan amendment resulted in a gain to the plan of \$6,881,000. Existing unamortized losses in the amount of \$6,881,000 were immediately recognized so the plan amendment did not impact current year net benefit cost.

(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, 2019, the severance benefit obligation for this benefit was \$532,000 (2018 - \$358,000). The book value of the assets designated by the Government to meet this obligation was \$519,000 at March 31, 2019 (2018 - \$381,000) (Note 8). The accrued benefit liability at March 31, 2019 is based on an extrapolation of an actuarial valuation that was performed as at March 31, 2017.

16. **Retirement benefits**

(a) Public Service Pension Plan

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

The above changes also resulted in the two groups paying different rates of contributions to the plan. In the calendar year 2018, the Government contributed \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$164,700, the Government contributed \$3.20 for every dollar contributed by both groups of plan members. In the calendar year 2019, the Government contributes \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$169,300, the Government contributes \$3.79 for every dollar contributed by both groups of plan members.

The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$36,720,000 (2018 - \$35,494,000).

(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.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2019

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

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

(c) Territorial Court Judiciary Pension Plan

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

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

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

(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, 2019 is based on an extrapolation of an actuarial valuation conducted as at March 31, 2016. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Effective for all employees retiring after January 1, 2019 the cost sharing arrangement for extended health benefits was revised. Existing retirees and those retiring prior to January 1, 2019 are not impacted by the change. Based on an actuarial valuation, the plan amendment resulted in a gain to the plan of \$16,295,000. Existing unamortized losses in the amount of \$16,295,000 were immediately recognized so the plan amendment did not impact current year net benefit cost.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2019

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

	2019	2018
	(thousands of dollars)	
Accrued benefit liability		
Extended health care retirement benefit	\$ 58,631	\$ 50,089
Legislative Assembly Retirement Allowances Plan	26,258	25,572
Territorial Court Judiciary Pension Plan	7,004	6,448
Life insurance retirement benefit	2,912	2,599
	<u>94,805</u>	<u>84,708</u>
(Schedule D)	<u>\$ 94,805</u>	<u>\$ 84,708</u>

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

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

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

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

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

GOVERNMENT OF YUKON

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

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:

	2019		2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(thousands of dollars)			
Temporary investments	\$ 43,766	\$ 43,772	\$ 163,158	\$ 163,167
Portfolio investments				
Marketable securities	32,102	32,512	29,700	30,589
Other	-	-	4	1
Loans receivable	28,808	28,808	25,922	25,922

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

Since the above valuation is based on market information available at March 31, 2019, the fair value of the investments may change materially in future periods as a result of fluctuations in the market. However, these changes are not expected to result in a significant impact on the Government's future operations.

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**

	2019	2018
	Net Book Value	Net Book Value
	(thousands of dollars)	
Land	\$ 13,010	\$ 12,157
Buildings	517,814	496,081
Equipment and vehicles	73,489	61,309
Computer hardware and software	31,194	29,675
Transportation infrastructure	634,011	638,473
Land improvements and fixtures	37,178	35,266
Sewage and water systems	47,222	48,094
Other	11,916	10,948
(Schedule C)	<u>\$ 1,365,834</u>	<u>\$ 1,332,003</u>

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2019

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

Leased tangible capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was \$1,038,000 (2018 - \$1,038,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

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

No interest was capitalized during the year.

20. **Expenses by object**

	<u>2019</u>	<u>2018</u>
	(thousands of dollars)	
Personnel	\$ 526,842	\$ 499,800
Government transfers	373,234	349,442
Contract and special services	224,151	198,106
Materials, supplies and utilities	100,959	93,514
Amortization expenses	60,664	54,706
Rent	44,139	35,258
Communication and transportation	40,540	39,920
Other	<u>1,769</u>	<u>1,752</u>
	<u>\$ 1,372,298</u>	<u>\$ 1,272,498</u>

GOVERNMENT OF YUKON

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

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, 2019, the remaining trust assets were held in bank accounts or invested in term deposits and GICs.

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

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

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2019

22. **Contractual rights**

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

	Expiry Date	2020	2021 – 2028	Total
(thousands of dollars)				
Contribution and Service Agreements				
Infrastructure Canada	2028	\$ 72,245	\$ 585,810	\$ 658,055
Indigenous and Northern Affairs Innovation, Science and Economic Development	2022	18,732	34,930	53,662
Health Canada	2021	17,500	12,450	29,950
Employment and Social Development	2022	8,191	9,789	17,980
RCMP: Mobile Radio Network	2024	5,383	11,064	16,447
Canadian Heritage	2025	2,168	10,840	13,008
Transport Canada	2022	11,588	356	11,944
Justice Canada	2022	1,250	6,168	7,418
Other	2023	1,181	3,544	4,725
	2022	2,363	956	3,319
		<u>\$ 140,601</u>	<u>\$ 675,907</u>	<u>\$ 816,508</u>

23. **Contractual obligations**

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

	Expiry Date	2020	2021 – 2046	Total
(thousands of dollars)				
RCMP policing agreement	2032	\$ 25,819	\$ 353,209	\$ 379,028
Capital projects				
- in progress at March 31, 2019	2028	148,173	34,928	183,101
Yukon Hospital Corp. base funding	2020	71,968	-	71,968
Building/office space leases	2046	13,219	30,351	43,570
Alkan Air Ltd. medical evacuation contract	2023	5,250	15,750	21,000
Northwestel Inc. mobile radio network system	2025	3,784	14,375	18,159
Conair Group Inc. air tanker services (turbine engines)	2023	1,902	6,059	7,961
Air Spray (1967) Ltd. air tanker services	2023	1,540	6,183	7,723
Information Services Corporation	2040	645	3,742	4,387
Miscellaneous operational commitments	2028	25,480	16,089	41,569
		<u>\$ 297,780</u>	<u>\$ 480,686</u>	<u>\$ 778,466</u>

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2019

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

25. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of \$2,700,000 (2018 - \$3,200,000) and debts of the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$8,330,000 (2018 - \$10,473,000). 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, 2019, on a consolidated basis, the Yukon Development Corporation had borrowings of \$194,600,000 (2018 - \$134,500,000) and a credit facility of up to \$26,000,000. While the Government has not issued guarantees for all of these instruments, as the Yukon Development Corporation is an agent of the Government, lenders may have recourse to the Government.

In December 2018, 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, 2018 to July 31, 2020. The maximum amount of letters of credit to which the guarantee applies will be \$19,416,000 (2018 - \$18,318,000).

In June 2019, 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, 2019 to June 30, 2020. The maximum amount of letters of credit to which the guarantee applies will be \$26,508,000 (2018 - \$26,057,000).

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

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2019

26. **Land claims**

Between February 1995 and March 31, 2019, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

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

27. **Contingencies**

In the normal course of operations, the Government is subject to legal claims. These claims include items with pleading amounts and items where an amount is not specified. At March 31, 2019, the amounts claimed, excluding the claims from Commission scolaire francophone du Yukon and Northern Cross (Yukon) Ltd., which are described below, is \$6,459,000 (2018 - \$6,487,000). No provision for these claims has been made as it is unlikely or undeterminable that a liability has been incurred at the date of the financial statements.

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

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

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

GOVERNMENT OF YUKON

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

The Government established a Risk Management Revolving Fund in December 2004, with a limit of \$5,000,000 which is to be used for providing limited insurance and risk management services to Government departments. Expenses relating to some of the property and liability losses incurred by the Government are to be paid out of this fund. The Government purchases legal liability and property insurance with a \$2,000,000 deductible. In 2018/2019, the Government paid \$67,000 (2018 - \$1,057,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$1,593,000 as at March 31, 2019 (2018 - \$2,133,000). This amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2019 was \$4,800,000 (2018 - \$4,400,000).

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

28. **Comparative figures**

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

GOVERNMENT OF YUKON

Schedule A

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

	2019		2018
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing grant	\$ 950,220	\$ 950,220	\$ 919,443
Contributions and service agreements	140,616	121,961	126,023
Other grants	54,855	59,365	54,172
	<u>1,145,691</u>	<u>1,131,546</u>	<u>1,099,638</u>
Taxes and general revenues			
Income taxes	85,990	97,586	80,820
Other taxes			
Tobacco tax	12,311	13,725	11,460
Fuel oil tax	7,908	9,364	8,568
General property tax	4,802	5,190	5,221
Liquor tax	4,819	4,685	4,791
Insurance premium tax	2,441	3,116	2,890
Grant in lieu of property tax	212	219	215
Licences, permits and fees	15,810	16,962	15,823
Sale of land	7,407	15,181	4,705
Yukon Liquor Corporation			
Liquor profit	9,198	9,855	8,222
Cannabis profit	-	474	-
Investment and interest revenue	5,245	6,437	5,015
Income from portfolio investments	1,540	1,407	3,804
Resource revenue - mineral, oil and gas and forestry	1,830	1,999	2,291
Aviation operations	1,374	1,511	1,468
Fines	483	588	354
Restricted funds	-	432	309
Other revenues	211	717	165
	<u>161,581</u>	<u>189,448</u>	<u>156,121</u>
Funding and service agreements with other parties	26,136	44,698	34,709
	<u>\$ 1,333,408</u>	<u>\$ 1,365,692</u>	<u>\$ 1,290,468</u>

GOVERNMENT OF YUKON

Schedule B

**Schedule of Expenses
for year ended March 31, 2019**

	2019	Actual 2019				2018	
	Main Estimates (Note 1(b))	Personnel	Government Transfers	Other	Amortization Expenses	Total (Note 20)	Actual
	(thousands of dollars)						
Health and Social Services	\$ 412,131	\$ 127,220	\$ 167,550	\$ 111,392	\$ 7,607	\$ 413,769	\$ 400,198
Highways and Public Works	223,758	69,611	586	135,238	29,829	235,264	206,931
Education	192,902	113,349	49,725	19,826	7,374	190,274	195,591
Community Services	140,526	33,684	87,268	46,318	6,212	173,482	127,222
Justice	78,907	32,194	6,325	36,602	2,783	77,904	73,683
Energy, Mines and Resources	75,791	28,230	6,191	20,657	449	55,527	64,670
Public Service Commission	49,045	45,995	-	4,253	156	50,404	45,894
Environment	41,471	23,488	3,226	19,004	529	46,247	42,289
Tourism and Culture	30,947	11,213	8,850	9,731	1,137	30,931	31,062
Executive Council Office	21,348	12,820	5,436	3,745	9	22,010	22,266
Economic Development	31,586	5,977	10,980	2,605	-	19,562	16,730
Finance	16,113	10,002	3,224	1,706	8	14,940	14,110
Yukon Housing Corporation (Transfer Payment)	15,709	-	12,037	-	-	12,037	11,467
Yukon Development Corporation (Transfer Payment)	7,625	-	7,751	-	-	7,751	6,125
Yukon Legislative Assembly	8,602	6,184	-	1,466	18	7,668	8,003
French Language Services Directorate	5,771	4,322	30	1,410	-	5,762	4,850
Yukon Liquor Corporation (Transfer Payment)	3,000	-	2,975	-	-	2,975	-
Women's Directorate	2,247	883	1,080	347	-	2,310	1,974
Office of the Ombudsman	1,226	958	-	257	12	1,227	1,035
Child and Youth Advocate Office	535	399	-	230	-	629	515
Elections Office	562	313	-	243	-	556	527
Restricted Funds	(7,130)	-	-	(3,472)	4,541	1,069	(2,644)
Adjustments	(14,722)	-	-	-	-	-	-
	\$ 1,337,950	\$ 526,842	\$ 373,234	\$ 411,558	\$ 60,664	\$ 1,372,298	\$ 1,272,498

GOVERNMENT OF YUKON

Schedule C

**Schedule of Tangible Capital Assets
for year ended March 31, 2019**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Transportation Infrastructure	Land Improvements & Fixtures	Sewage & Water Systems	Other	2019 Total	2018 Total
(thousands of dollars)										
Cost of tangible capital assets, opening	\$12,157	\$ 779,510	\$ 141,367	\$ 72,401	\$ 1,026,715	\$ 43,420	\$ 55,867	\$18,651	\$ 2,150,088	\$ 2,028,830
Acquisitions	853	41,492	19,990	6,559	19,074	3,628	1,995	1,619	95,210	125,115
Write-downs	-	-	-	-	-	(590)	-	-	(590)	(385)
Disposals	-	-	(6,073)	(12)	(5)	(148)	-	-	(6,238)	(3,472)
Cost of tangible capital assets, closing	13,010	821,002	155,284	78,948	1,045,784	46,310	57,862	20,270	2,238,470	2,150,088
Accumulated amortization, opening	-	283,429	80,058	42,726	388,242	8,154	7,773	7,703	818,085	766,624
Amortization expense	-	19,759	7,686	5,040	23,536	1,125	2,867	651	60,664	54,706
Disposals	-	-	(5,949)	(12)	(5)	(147)	-	-	(6,113)	(3,245)
Accumulated amortization, closing	-	303,188	81,795	47,754	411,773	9,132	10,640	8,354	872,636	818,085
Net book value (Note 19)	\$13,010	\$ 517,814	\$ 73,489	\$ 31,194	\$ 634,011	\$ 37,178	\$ 47,222	\$11,916	\$ 1,365,834	\$ 1,332,003
Work-in-progress ¹		\$ 22,365	\$ 1,057	\$ 8,107	\$ 33,097	\$ 4,623	\$ 4,225	\$ 5,632	\$ 79,106	\$ 176,500

¹ Included in net book value.

GOVERNMENT OF YUKON

Schedule D

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

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	2019 Total	2018 Total
(thousands of dollars)						
Pension and retirement plan assets are valued at fair market value.						
Accrued benefit obligation						
Obligation at beginning of year	\$ 32,594	\$ 10,759	\$ 85,004	\$ 2,966	\$ 131,323	\$ 98,234
Current service costs	1,406	441	4,132	185	6,164	4,749
Plan amendment	-	-	(16,295)	-	(16,295)	-
Interest cost on benefit obligation	1,532	574	3,096	108	5,310	4,238
Actuarial (gain) loss	-	37	(794)	(76)	(833)	27,136
Benefits paid	(1,427)	(467)	(1,293)	(118)	(3,305)	(3,034)
Accrued benefit obligation at end of year	34,105	11,344	73,850	3,065	122,364	131,323
Plan assets						
Value at beginning of year	8,288	4,382	-	-	12,670	12,131
Actual return on plan assets	237	137	-	-	374	475
Government contributions	350	298	1,293	118	2,059	1,773
Member contributions	163	58	-	-	221	218
Benefits paid	(299)	(467)	(1,293)	(118)	(2,177)	(1,927)
Value at end of year	8,739	4,408	-	-	13,147	12,670
Funded status - plan deficit	25,366	6,936	73,850	3,065	109,217	118,653
Unrecognized net actuarial gain (loss)	892	68	(15,219)	(153)	(14,412)	(33,945)
Accrued benefit liability (Note 16)	\$ 26,258	\$ 7,004	\$ 58,631	\$ 2,912	\$ 94,805	\$ 84,708
Net benefit cost						
Current service costs	\$ 1,406	\$ 441	\$ 4,132	\$ 185	\$ 6,164	\$ 4,749
Less: Member contributions	(163)	(58)	-	-	(221)	(218)
Interest cost on benefit obligation	1,532	574	3,096	108	5,310	4,238
Expected return on plan assets	(395)	(227)	-	-	(622)	(606)
Amortization of net actuarial (gain) loss	(211)	124	2,607	138	2,658	977
Net cost for the year	\$ 2,169	\$ 854	\$ 9,835	\$ 431	\$ 13,289	\$ 9,140

GOVERNMENT OF YUKON

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

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%	5.25%	N/A	N/A
Discount rate on benefit costs	4.70%	5.25%	3.50%	3.50%
Discount rate on accrued benefit obligation at end of year	4.70%	5.25%	3.30%	3.30%
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)	5.0 years	4.0 years	12.4 years	8.9 years

¹ Based on a rate of compensation increase of 2.5% 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 6.4% per annum for 2019 grading down by level steps to an ultimate rate of 4.0% per annum in year 10.

GOVERNMENT OF YUKON

Schedule 1

**Comparative Schedule of Revenues
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
From Government of Canada			
Formula Financing grant	\$ 950,220,183	\$ 919,443,490	\$ 30,776,693
Other grants			
Canada health transfer	43,395,000	39,539,000	3,856,000
Canada social transfer	15,930,000	14,633,000	1,297,000
Cannabis transfer	39,928	-	39,928
	<u>59,364,928</u>	<u>54,172,000</u>	<u>5,192,928</u>
Contributions and service agreements			
Clean water wastewater fund	22,676,147	9,681,938	12,994,209
New Building Canada fund	22,389,470	27,770,948	(5,381,478)
Type II mine sites	10,299,492	22,591,491	(12,291,999)
Child welfare	10,177,662	9,202,300	975,362
Canadian Heritage			
- French language programs	7,119,220	6,244,188	875,032
- Francophone High School	1,241,676	258,324	983,352
Employment and Social Development Canada			
- skills and labour market development	6,857,907	7,843,386	(985,479)
Continuing care facilities	6,146,425	5,096,816	1,049,609
Territorial health investment fund	4,534,280	8,258,071	(3,723,791)
Land claims implementation	3,156,794	3,117,113	39,681
Early learning and childcare	3,125,754	1,673,513	1,452,241
RCMP - mobile radio system	2,167,942	2,176,008	(8,066)
Travel recoveries - First Nations benefits	2,135,526	2,359,100	(223,574)
Arrest processing unit	1,862,311	1,830,387	31,924
Marwell Tar Pit remediation	1,584,395	-	1,584,395
Inuvialuit Final Agreement	1,333,037	1,675,070	(342,033)
Yukon Hospital Corporation - meditech	1,200,000	-	1,200,000
Youth criminal justice	1,181,000	1,281,000	(100,000)
Indigenous children and youth	960,216	1,130,000	(169,784)
Gas tax fund	680,374	735,094	(54,720)
Strategic investment in northern economic development	-	1,287,000	(1,287,000)
Yukon child benefit	-	1,003,500	(1,003,500)
Canadian Northern Economic Development Agency	-	735,370	(735,370)
Other funding and service agreements	11,130,950	10,072,929	1,058,021
	<u>121,960,578</u>	<u>126,023,546</u>	<u>(4,062,968)</u>

GOVERNMENT OF YUKON

Schedule 1

**Comparative Schedule of Revenues
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
Taxation			
Income taxes	\$ 97,586,305	\$ 80,819,642	\$ 16,766,663
Tobacco tax	13,725,123	11,459,899	2,265,224
Fuel oil tax	9,364,383	8,568,136	796,247
General property tax	5,189,391	5,221,044	(31,653)
Liquor tax	4,685,007	4,791,409	(106,402)
Insurance premium tax	3,115,402	2,889,764	225,638
Grants-in-lieu of property tax	219,149	215,126	4,023
	<u>133,884,760</u>	<u>113,965,020</u>	<u>19,919,740</u>
Licenses, Permits and Fees			
Business and professional	5,276,722	5,134,630	142,092
Motor vehicle	5,461,827	5,054,568	407,259
Continuing care facilities	2,668,720	2,601,656	67,064
Building safety	892,784	529,272	363,512
Hunting, fishing and outfitting	749,323	740,885	8,438
Campground permits	576,072	521,029	55,043
Land use	415,241	335,977	79,264
Land titles	376,010	350,183	25,827
Other	545,457	554,383	(8,926)
	<u>16,962,156</u>	<u>15,822,583</u>	<u>1,139,573</u>
Investment and Interest Revenue			
Banking and investment	4,818,333	3,473,243	1,345,090
Income from portfolio investments	1,407,017	3,803,673	(2,396,656)
Interest on advances to Territorial corporations	980,490	594,548	385,942
Land sale agreements	200,435	181,157	19,278
Preferred dividend tax credit	171,765	503,338	(331,573)
Local improvement loans	125,923	123,465	2,458
Debenture loans	118,080	128,730	(10,650)
Delinquent accounts	21,512	10,222	11,290
	<u>7,843,555</u>	<u>8,818,376</u>	<u>(974,821)</u>
Fines			
Territorial Court	577,338	343,872	233,466
Library fines	11,029	10,386	643
	<u>588,367</u>	<u>354,258</u>	<u>234,109</u>

GOVERNMENT OF YUKON

Schedule 1

**Comparative Schedule of Revenues
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
Other			
Sale of land	\$ 15,181,492	\$ 4,704,596	\$ 10,476,896
Yukon Liquor Corporation			
- liquor profit	9,855,212	8,221,833	1,633,379
- cannabis profit	473,763	-	473,763
Resource revenue - mineral, oil and gas and forestry	1,998,696	2,291,019	(292,323)
Aviation operations	1,510,545	1,468,114	42,431
Restricted funds	432,453	308,886	123,567
Other	716,820	164,865	551,955
	<u>30,168,981</u>	<u>17,159,313</u>	<u>13,009,668</u>
Funding and service agreements with other parties			
Salvation Army - contributed tangible capital asset	13,300,000	-	13,300,000
Third-party health care costs	7,633,027	5,775,103	1,857,924
Commission scolaire francophone du Yukon	5,623,518	5,305,352	318,166
Restricted funds	2,906,495	1,905,282	1,001,213
Alaska Highway - Shakwak	2,344,207	6,331,689	(3,987,482)
Airports	2,027,241	1,859,319	167,922
Worker's Compensation Health and Safety Board			
- excess reserve rebate	1,202,409	2,361,404	(1,158,995)
Continuing and other health care recoveries from clients	974,889	993,980	(19,091)
Water and sewer	660,047	1,036,601	(376,554)
Salvation Army redevelopment project	-	2,321,271	(2,321,271)
Other	8,026,325	6,818,935	1,207,390
	<u>44,698,158</u>	<u>34,708,936</u>	<u>9,989,222</u>
	<u>\$ 1,365,691,666</u>	<u>\$ 1,290,467,522</u>	<u>\$ 75,224,144</u>

GOVERNMENT OF YUKON

Schedule 2

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

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Yukon Legislative Assembly					
<u>Taxes and general revenues</u>					
Income from portfolio investment	\$ 1,540,000	\$ -	\$ 1,540,000	\$ 1,407,017	\$ (132,983)
Executive Council Office					
<u>From Canada</u>					
<u>Operation and maintenance</u>					
<i>Yukon Environmental Socio-economic Assessment Act</i> implementation					
- Department of Indian Affairs and Northern Development (DIAND)	322,000	-	322,000	361,238	39,238
Land claims implementation - DIAND	3,172,000	-	3,172,000	3,156,794	(15,206)
Office of the Commissioner - DIAND	15,000	-	15,000	15,000	-
Ethno-Historic research	-	-	-	1,040	1,040
	3,509,000	-	3,509,000	3,534,072	25,072
<u>Taxes and general revenues</u>					
Water licence fees	25,000	-	25,000	38,970	13,970
Total revenues	3,534,000	-	3,534,000	3,573,042	39,042

GOVERNMENT OF YUKON

Schedule 2

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

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Community Services					
<u>From Canada</u>					
Operation and maintenance					
Emergency measures					
Department of Indian Affairs and Northern Development					
- emergency management	\$ 235,000	\$ -	\$ 235,000	\$ 239,661	\$ 4,661
National Defence - public safety broadband network	888,000	-	888,000	-	(888,000)
Sport	252,000	-	252,000	400,225	148,225
Community recreation/active living	242,000	-	242,000	374,461	132,461
Author readings	16,000	-	16,000	36,154	20,154
Disaster mitigation flood recovery (2012)	-	-	-	381,262	381,262
Capital					
Gas tax fund	1,795,000	-	1,795,000	680,374	(1,114,626)
Small Communities Fund	10,806,000	2,402,000	13,208,000	14,831,288	1,623,288
Clean Water Wastewater fund	13,208,000	9,738,000	22,946,000	22,676,147	(269,853)
Public Transit Infrastructure Fund	890,000	(890,000)	-	-	-
	<u>28,332,000</u>	<u>11,250,000</u>	<u>39,582,000</u>	<u>39,619,572</u>	<u>37,572</u>
<u>Taxes and general revenues</u>					
Building safety licences and fees	500,000	-	500,000	892,784	392,784
Library fines	8,000	-	8,000	11,029	3,029
Photocopier fees	2,000	-	2,000	1,354	(646)
Sale of land	6,007,000	9,850,000	15,857,000	14,939,095	(917,905)

GOVERNMENT OF YUKON

Schedule 2

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

	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	\$ 125,923	\$ (74,077)
General property tax	4,802,000	-	4,802,000	5,189,391	387,391
Grant-in-lieu of property tax	212,000	-	212,000	219,149	7,149
Professional/consumer licensing	611,000	-	611,000	648,392	37,392
Business/corporate licensing	4,032,000	-	4,032,000	4,628,330	596,330
Employment standards	6,000	-	6,000	5,660	(340)
Miscellaneous revenue	-	-	-	27,989	27,989
	<u>16,380,000</u>	<u>9,850,000</u>	<u>26,230,000</u>	<u>26,689,096</u>	<u>459,096</u>
<u>Third-party recoveries</u>					
Operation and maintenance					
Shared services	55,000	-	55,000	50,000	(5,000)
Emergency medical services	75,000	-	75,000	74,395	(605)
Community recreation/active living	187,000	-	187,000	104,430	(82,570)
Sport	413,000	-	413,000	728,550	315,550
Public library	15,000	-	15,000	-	(15,000)
Water and sewer services	556,000	-	556,000	660,047	104,047
Mosquito control	46,000	-	46,000	35,093	(10,907)
Community assessments	555,000	-	555,000	680,721	125,721
Capital					
Rural electrification and well program	-	-	-	198,732	198,732
	<u>1,902,000</u>	<u>-</u>	<u>1,902,000</u>	<u>2,531,968</u>	<u>629,968</u>
Total revenues	46,614,000	21,100,000	67,714,000	68,840,636	1,126,636

GOVERNMENT OF YUKON

Schedule 2

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

	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	93,750	(78,250)
Capital					
Innovation, Science and Economic Development Canada					
- Diverse Fibre	4,500,000	(4,500,000)	-	-	-
	4,772,000	(4,500,000)	272,000	193,750	(78,250)
<u>Third-party recoveries</u>					
Capital					
Diverse Fibre	6,596,000	(6,596,000)	-	-	-
Total revenues	11,368,000	(11,096,000)	272,000	193,750	(78,250)

GOVERNMENT OF YUKON

Schedule 2

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

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Education					
<u>From Canada</u>					
Operation and maintenance					
Canadian Heritage - French language programs	\$ 2,326,000	\$ -	\$ 2,326,000	\$ 2,325,810	\$ (190)
Employment and Social Development Canada					
- labour market development agreement	4,443,000	250,000	4,693,000	3,607,095	(1,085,905)
- workforce development agreement	3,142,000	-	3,142,000	3,250,812	108,812
Student financial assistance					
- Canada student loan	106,000	-	106,000	144,687	38,687
Capital					
Canadian Heritage - Francophone high school	1,000,000	-	1,000,000	1,241,676	241,676
Innovation, Science & Economic Development Canada	271,000	-	271,000	242,248	(28,752)
	<u>11,288,000</u>	<u>250,000</u>	<u>11,538,000</u>	<u>10,812,328</u>	<u>(725,672)</u>
<u>Taxes and general revenues</u>					
Extension programs fees	5,000	-	5,000	600	(4,400)
Summer school fees	10,000	-	10,000	8,820	(1,180)
Apprenticeship certification	1,000	-	1,000	1,641	641
Trade school registration fees	1,000	-	1,000	100	(900)
	<u>17,000</u>	<u>-</u>	<u>17,000</u>	<u>11,161</u>	<u>(5,839)</u>

GOVERNMENT OF YUKON

Schedule 2

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

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Education					
<u>Third-party recoveries</u>					
Operation and maintenance					
Victoria Gold Yukon Student Encouragement Society	\$ 38,000	\$ -	\$ 38,000	\$ 35,700	\$ (2,300)
Student accommodation	80,000	11,000	91,000	40,240	(50,760)
Staff accommodation rental	40,000	-	40,000	46,867	6,867
Council of Ministers of Education of Canada agreement					
- monitors	337,000	63,000	400,000	343,204	(56,796)
Stikine students	145,000	22,000	167,000	166,500	(500)
Yukon Teachers' Association - substitute teachers	60,000	20,000	80,000	94,196	14,196
French for the future - French language programs	10,000	-	10,000	7,786	(2,214)
Commission scolaire francophone du Yukon					
- funding formula	5,652,000	-	5,652,000	5,632,518	(19,482)
- french monitor	-	28,000	28,000	-	(28,000)
Department of Indian Affairs and Northern Development (DIAND) - Jordan's Principle	-	42,000	42,000	7,483	(34,517)
CWB group industry services	-	-	-	11,250	11,250
Code for learning	-	-	-	4,949	4,949
Capital					
School-based information technology	75,000	-	75,000	81,000	6,000
Capital maintenance repairs	-	10,000	10,000	10,000	-
	6,437,000	196,000	6,633,000	6,481,693	(151,307)
Total revenues	17,742,000	446,000	18,188,000	17,305,182	(882,818)

GOVERNMENT OF YUKON

Schedule 2

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

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Energy, Mines and Resources					
<u>From Canada</u>					
Operation and maintenance					
Agriculture Canada					
- Canadian agricultural partnership	\$ 766,000	\$ -	\$ 766,000	\$ 721,485	\$ (44,515)
- rent	3,000	-	3,000	3,000	-
- Canadian Food Inspection Agency	2,000	-	2,000	1,500	(500)
Department of Indian Affairs and Northern Development (DIAND)					
- Type II mine sites	28,622,000	(14,652,000)	13,970,000	10,299,492	(3,670,508)
- Community green energy initiative	-	371,000	371,000	400,113	29,113
Natural Resources Canada					
- Strategic partnership initiatives - biomass	-	245,000	245,000	242,020	(2,980)
- Clean energy for rural and remote communities program	-	33,000	33,000	28,600	(4,400)
New Building Canada fund					
- Yukon resource gateway project	-	431,000	431,000	31,875	(399,125)
Low carbon economy leadership fund	-	250,000	250,000	-	(250,000)
Strategic investment in northern economic development					
- Geoscience	-	159,000	159,000	158,658	(342)
	<u>29,393,000</u>	<u>(13,163,000)</u>	<u>16,230,000</u>	<u>11,886,743</u>	<u>(4,343,257)</u>

GOVERNMENT OF YUKON

Schedule 2

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

	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	\$ 150,000	\$ -	\$ 150,000	\$ 200,435	\$ 50,435
- land sales fees	20,000	-	20,000	6,751	(13,249)
- land leases	165,000	-	165,000	242,862	77,862
- land use fees	16,000	-	16,000	9,309	(6,691)
- quarrying royalties and leases	70,000	-	70,000	113,951	43,951
- sale of land	1,400,000	(1,200,000)	200,000	242,397	42,397
Land planning					
- application fees	7,000	-	7,000	7,790	790
Forest management					
- application fees	3,000	-	3,000	1,150	(1,850)
- timber royalty	20,000	-	20,000	15,306	(4,694)
- development fee	10,000	-	10,000	10,863	863
- road charge	15,000	-	15,000	32,790	17,790
Agricultural land application and grazing lease fees	5,000	-	5,000	16,778	11,778
Energy - energy efficiency courses	9,000	-	9,000	-	(9,000)
Oil and gas resources - rentals and administration	65,000	-	65,000	-	(65,000)
Mineral resources					
- coal leases, permits and royalties	22,000	-	22,000	2,405	(19,595)
- placer mining fees	335,000	-	335,000	414,217	79,217
- quartz mining fees and leases	1,360,000	-	1,360,000	1,521,965	161,965
- maps, publications and charts	5,000	-	5,000	2,500	(2,500)
	<u>3,677,000</u>	<u>(1,200,000)</u>	<u>2,477,000</u>	<u>2,841,469</u>	<u>364,469</u>

GOVERNMENT OF YUKON

Schedule 2

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

	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	4,470	2,470
Assessment and abandoned mines					
- Curragh Resources environmental trust funds	146,000	-	146,000	146,167	167
Mineral resources					
- Yukon Zinc Corporation - Wolverine mine	-	1,000,000	1,000,000	584,414	(415,586)
	158,000	1,000,000	1,158,000	735,051	(422,949)
Total revenues	33,228,000	(13,363,000)	19,865,000	15,463,263	(4,401,737)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2019

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Environment					
<u>From Canada</u>					
Operation and maintenance					
Inuvialuit Final Agreement	\$ 1,277,000	\$ 166,000	\$ 1,443,000	\$ 1,333,037	\$ (109,963)
Climate change preparedness in the North	450,000	16,000	466,000	-	(466,000)
Environmental sustainability - miscellaneous partnerships	100,000	-	100,000	-	(100,000)
Environmental occurrences notification agreement	5,000	-	5,000	5,699	699
Parks Canada - caribou	8,000	-	8,000	-	(8,000)
Marwell tar pit remediation	78,000	-	78,000	1,584,395	1,506,395
Vegetation assessment	-	12,000	12,000	11,939	(61)
Yukon healthy air project	-	99,000	99,000	99,000	-
Environment and Climate Change Canada - Porcupine Caribou herd study	-	30,000	30,000	30,000	-
Capital					
Inuvialuit Final Agreement	35,000	-	35,000	31,000	(4,000)
	<u>1,953,000</u>	<u>323,000</u>	<u>2,276,000</u>	<u>3,095,070</u>	<u>819,070</u>
<u>Taxes and general revenues</u>					
Campground permits	532,000	-	532,000	576,072	44,072
Wilderness tourism licensing	8,000	-	8,000	12,450	4,450
Hunting licences and seals	465,000	-	465,000	413,261	(51,739)
Trapping and fur licences	6,000	-	6,000	6,635	635
Fishing licences	330,000	-	330,000	307,457	(22,543)
Outfitting fees	10,000	-	10,000	9,520	(480)
	<u>1,351,000</u>	<u>-</u>	<u>1,351,000</u>	<u>1,325,395</u>	<u>(25,605)</u>

GOVERNMENT OF YUKON

Schedule 2

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

	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	\$ 6,809	\$ (3,191)
Mapping recoveries	10,000	-	10,000	4,245	(5,755)
Environmental sustainability - miscellaneous partnerships	100,000	-	100,000	-	(100,000)
Compulsory inspections - Province of British Columbia	2,000	-	2,000	-	(2,000)
Conservation Action Team	2,000	-	2,000	3,700	1,700
Standards and approvals - technical review	45,000	-	45,000	-	(45,000)
NatureServe Canada					
- Yukon conservation data	34,000	-	34,000	18,498	(15,502)
Trapper education workshop	26,000	-	26,000	32,998	6,998
Wildlife Management Institute	8,000	-	8,000	-	(8,000)
Environmental liabilities and remediation					
- Yukon Housing Corporation	15,000	-	15,000	-	(15,000)
Government of Northwest Territories					
- Porcupine Caribou herd science summary	-	30,000	30,000	30,000	-
	252,000	30,000	282,000	96,250	(185,750)
Total revenues	3,556,000	353,000	3,909,000	4,516,715	607,715

GOVERNMENT OF YUKON

Schedule 2

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

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Finance					
<u>From Canada</u>					
Formula Financing grant	\$ 950,220,000	\$ -	\$ 950,220,000	\$ 950,220,183	\$ 183
Canada health transfer	39,807,000	3,312,000	43,119,000	43,395,000	276,000
Canada social transfer	14,661,000	-	14,661,000	15,930,000	1,269,000
Cannabis transfer	387,000	-	387,000	39,928	(347,072)
	<u>1,005,075,000</u>	<u>3,312,000</u>	<u>1,008,387,000</u>	<u>1,009,585,111</u>	<u>1,198,111</u>
<u>Taxes and general revenues</u>					
Personal income tax	74,030,000	(2,349,000)	71,681,000	77,984,533	6,303,533
Corporate income tax	11,960,000	6,912,000	18,872,000	19,601,772	729,772
Fuel oil tax	7,908,000	904,000	8,812,000	9,364,383	552,383
Insurance premium tax	2,441,000	560,000	3,001,000	3,115,402	114,402
Tobacco tax	12,311,000	1,156,000	13,467,000	13,725,123	258,123
Banking and investment	3,910,000	-	3,910,000	4,818,333	908,333
Interest on advance to Territorial Corporation	862,000	118,000	980,000	980,490	490
Interest on accounts receivable	5,000	-	5,000	21,512	16,512
Miscellaneous revenue	50,000	-	50,000	37,987	(12,013)
Recovery of bad debt expense	-	-	-	186,830	186,830
Preferred dividend tax credit	-	-	-	171,765	171,765
	<u>113,477,000</u>	<u>7,301,000</u>	<u>120,778,000</u>	<u>130,008,130</u>	<u>9,230,130</u>

GOVERNMENT OF YUKON

Schedule 2

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

	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	50,000	-	50,000	119,546	69,546
Yukon Bureau of Statistics - recoverable services	-	-	-	47,056	47,056
	62,000	-	62,000	178,602	116,602
Total revenues	1,118,614,000	10,613,000	1,129,227,000	1,139,771,843	10,544,843
French Language Services Directorate					
<u>From Canada</u>					
Operation and maintenance					
Canadian Heritage	4,756,000	-	4,756,000	4,793,410	37,410
Total revenues	4,756,000	-	4,756,000	4,793,410	37,410

GOVERNMENT OF YUKON

Schedule 2

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

	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	\$ 10,177,662	\$ 1,355,662
Indigenous children and youth	1,527,000	-	1,527,000	960,216	(566,784)
Federal child benefit	370,000	-	370,000	363,269	(6,731)
Transition homes	296,000	-	296,000	319,517	23,517
Youth criminal justice	1,181,000	-	1,181,000	1,181,000	-
Early learning and child care	2,391,000	800,000	3,191,000	3,125,754	(65,246)
Social assistance	429,000	-	429,000	439,705	10,705
Health Canada					
- mental health	260,000	-	260,000	273,052	13,052
- congenital anomalies	-	-	-	85,000	85,000
- opioid surveillance	-	-	-	60,000	60,000
- tracks	-	-	-	21,365	21,365
Travel recoveries - First Nations benefits	972,000	-	972,000	2,135,526	1,163,526
Hearing assessments and aids	51,000	-	51,000	61,959	10,959
Territorial health investment fund	6,400,000	(1,250,000)	5,150,000	4,534,280	(615,720)
Smokers' helpline	100,000	-	100,000	100,000	-
Continuing care facilities	6,684,000	(1,284,000)	5,400,000	6,146,425	746,425
Health Canada - home care	620,000	-	620,000	655,325	35,325
Chronic disease surveillance	-	112,000	112,000	112,124	124
Canadian partnership against cancer	-	148,000	148,000	-	(148,000)
Opioid treatment	-	100,000	100,000	-	(100,000)
Capital					
Indigenous children and youth	23,000	-	23,000	-	(23,000)
Territorial health investment fund					
- Yukon Hospital Corporation - meditech	-	1,200,000	1,200,000	1,200,000	-
	30,126,000	(174,000)	29,952,000	31,952,179	2,000,179

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2019

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>Taxes and general revenues</u>					
Registration and fees	\$ 36,000	\$ -	\$ 36,000	\$ 38,232	\$ 2,232
Environmental health - inspection/permits	10,000	-	10,000	13,103	3,103
Continuing care facilities	3,227,000	(221,000)	3,006,000	2,668,720	(337,280)
	<u>3,273,000</u>	<u>(221,000)</u>	<u>3,052,000</u>	<u>2,720,055</u>	<u>(331,945)</u>
<u>Third-party recoveries</u>					
Operation and maintenance					
Social supports					
- client recovery	50,000	-	50,000	78,375	28,375
- social assistance	25,000	-	25,000	49,955	24,955
Third-party health care costs	7,359,000	-	7,359,000	7,633,027	274,027
Hearing assessments and aids	487,000	-	487,000	523,984	36,984
Rental recovery	74,000	-	74,000	74,308	308
Community health					
- Yukon immunization program	72,000	-	72,000	91,945	19,945
Community nursing					
- patient services	167,000	-	167,000	232,296	65,296
- drugs and vaccines	10,000	-	10,000	4,560	(5,440)
- rent/utility recoveries	116,000	-	116,000	96,809	(19,191)
- 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
- Canadian partnership against cancer	-	230,000	230,000	104,651	(125,349)
- BC Northern Health Authority	-	-	-	124,324	124,324
- Canadian Foundation for Health Care Improvement	-	-	-	30,000	30,000
- Home care	-	-	-	1,274	1,274
Cross border emergency response	-	300,000	300,000	387,000	87,000
Territorial health investment fund	-	250,000	250,000	407,485	157,485
Canadian partnership against cancer	-	-	-	73,667	73,667

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2019

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>Third-party recoveries (continued)</u>					
Operation and maintenance (continued)					
Yukon College	\$ -	\$ -	\$ -	\$ 36,532	\$ 36,532
Prior year adjustment	-	-	-	4,143	4,143
Capital					
Salvation Army - contributed tangible capital asset	-	-	-	13,300,000	13,300,000
	8,495,000	780,000	9,275,000	23,391,924	14,116,924
Total revenues	41,894,000	385,000	42,279,000	58,064,158	15,785,158
Highways and Public Works					
<u>From Canada</u>					
Operation and maintenance					
Mobile radio system					
- RCMP	2,216,000	-	2,216,000	2,167,942	(48,058)
- other federal agencies	68,000	-	68,000	26,290	(41,710)
Information and communications technology service agreements	1,000	-	1,000	9,500	8,500
Transportation - recoverable services	152,000	-	152,000	145,926	(6,074)
National safety code agreement	194,000	-	194,000	152,567	(41,433)
Motor vehicles	4,000	-	4,000	8,270	4,270
Airports	60,000	-	60,000	62,208	2,208
Leases/facility management agreements	30,000	-	30,000	59,156	29,156
Capital					
Mobile radio system - RCMP	90,000	-	90,000	22,531	(67,469)
New Building Canada fund	11,376,000	-	11,376,000	7,558,182	(3,817,818)
Transport Canada fund	622,000	-	622,000	949,412	327,412
Low Carbon Economy fund	2,384,000	(2,384,000)	-	-	-
Connect to innovate	-	-	-	50,609	50,609
Investing in Canada infrastructure program	-	-	-	48,755	48,755
	17,197,000	(2,384,000)	14,813,000	11,261,348	(3,551,652)

GOVERNMENT OF YUKON

Schedule 2

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

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Highways and Public Works					
<u>Taxes and general revenues</u>					
Queen's Printer subscriptions	\$ 9,000	\$ -	\$ 9,000	\$ 7,974	\$ (1,026)
Sale of government surplus equipment	58,000	-	58,000	83,825	25,825
Access to Information and Protection of Privacy	10,000	-	10,000	3,161	(6,839)
Highway information signs/permits	14,000	-	14,000	11,050	(2,950)
Quarry permits	3,000	-	3,000	5,800	2,800
Aviation operations	1,374,000	-	1,374,000	1,510,545	136,545
National safety code - fees/materials	28,000	-	28,000	25,446	(2,554)
Weigh station fees	165,000	-	165,000	201,590	36,590
Private vehicle registration/permits	1,520,000	-	1,520,000	1,774,513	254,513
Commercial vehicle registration/permits	2,967,000	-	2,967,000	3,127,903	160,903
Driver licences/fees	520,000	-	520,000	559,411	39,411
Land use fees	12,000	-	12,000	12,000	-
	<u>6,680,000</u>	<u>-</u>	<u>6,680,000</u>	<u>7,323,218</u>	<u>643,218</u>

GOVERNMENT OF YUKON

Schedule 2

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

	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	24,563	(13,437)
Industry conference and reverse tradeshow	12,000	-	12,000	18,438	6,438
Information and communications technology service agreements	697,000	-	697,000	718,726	21,726
Highways employee housing	2,000	-	2,000	-	(2,000)
Transportation - recoverable services	358,000	-	358,000	361,888	3,888
Airports	1,878,000	-	1,878,000	2,027,241	149,241
Weigh scale rental	2,000	-	2,000	3,000	1,000
Leases/facility management agreements	468,000	-	468,000	381,707	(86,293)
Capital					
Alaska Highway - Shakwak	2,000,000	-	2,000,000	2,344,207	344,207
Project management services	-	-	-	45,050	45,050
Granular material	-	-	-	40,139	40,139
	5,456,000	-	5,456,000	5,964,959	508,959
Total revenues	29,333,000	(2,384,000)	26,949,000	24,549,525	(2,399,475)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2019

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Justice					
<u>From Canada</u>					
Operation and maintenance					
Legal aid	\$ 989,000	\$ -	\$ 989,000	\$ 989,000	\$ -
Indigenous courtworker program	308,000	-	308,000	308,000	-
Yukon Public Legal Education Association	70,000	-	70,000	70,000	-
Family justice activities	207,000	-	207,000	215,258	8,258
Family mediation services	112,000	-	112,000	124,501	12,501
Cannabis and impaired driving	525,000	(75,000)	450,000	-	(450,000)
Exchange of service agreement	30,000	-	30,000	9,535	(20,465)
Arrest processing unit	1,913,000	-	1,913,000	1,862,311	(50,689)
Enhancing services for victims of crime in Yukon	500,000	-	500,000	483,404	(16,596)
Family information liaison unit	285,000	-	285,000	229,956	(55,044)
Judicial french language training	-	19,000	19,000	6,858	(12,142)
Independent legal advice pilot	-	30,000	30,000	-	(30,000)
Guns and gang violence action fund	-	154,000	154,000	192,715	38,715
Drug treatment court funding	-	-	-	119,570	119,570
Indigenous courtworker - national gathering	-	-	-	51,316	51,316
	<u>4,939,000</u>	<u>128,000</u>	<u>5,067,000</u>	<u>4,662,424</u>	<u>(404,576)</u>
<u>Taxes and general revenues</u>					
Court fees	475,000	-	475,000	577,338	102,338
Sheriff's Office	55,000	-	55,000	50,456	(4,544)
Public guardian and trustee fees	30,000	-	30,000	35,054	5,054
Land titles fees	300,000	-	300,000	376,010	76,010
	<u>860,000</u>	<u>-</u>	<u>860,000</u>	<u>1,038,858</u>	<u>178,858</u>

GOVERNMENT OF YUKON

Schedule 2

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

	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	239,275	139,275
Worker advocate	517,000	-	517,000	474,397	(42,603)
Outreach worker - Province of British Columbia	21,000	9,000	30,000	39,355	9,355
	<u>642,000</u>	<u>9,000</u>	<u>651,000</u>	<u>753,027</u>	<u>102,027</u>
Total revenues	<u>6,441,000</u>	<u>137,000</u>	<u>6,578,000</u>	<u>6,454,309</u>	<u>(123,691)</u>
Public Service Commission					
<u>From Canada</u>					
Operation and maintenance					
Training and development	5,000	(2,000)	3,000	-	(3,000)
<u>Third-party recoveries</u>					
Operation and maintenance					
Training and development	15,000	(11,000)	4,000	18,280	14,280
Workers' Compensation Health and Safety Board - excess reserve rebate	-	1,253,000	1,253,000	1,202,409	(50,591)
	<u>15,000</u>	<u>1,242,000</u>	<u>1,257,000</u>	<u>1,220,689</u>	<u>(36,311)</u>
Total revenues	<u>20,000</u>	<u>1,240,000</u>	<u>1,260,000</u>	<u>1,220,689</u>	<u>(39,311)</u>

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2019

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Tourism and Culture					
<u>Taxes and general revenues</u>					
Yukon Beringia Interpretive Centre	\$ 70,000	\$ -	\$ 70,000	\$ 83,585	\$ 13,585
Archives - reproduction fees	16,000	-	16,000	6,778	(9,222)
Vacation guide advertising revenue	80,000	-	80,000	70,632	(9,368)
	166,000	-	166,000	160,995	(5,005)
<u>Third-party recoveries</u>					
Operation and maintenance Yukon Lottery Commission	467,000	-	467,000	437,500	(29,500)
Total revenues	633,000	-	633,000	598,495	(34,505)
Women's Directorate					
<u>From Canada</u>					
Operation and maintenance Status of Women Canada	-	174,000	174,000	149,682	(24,318)
Yukon Liquor Corporation					
<u>Taxes and general revenues</u>					
Corporate net income					
- liquor profit	9,198,000	-	9,198,000	9,855,212	657,212
- cannabis profit	-	-	-	473,763	473,763
Liquor tax	4,819,000	-	4,819,000	4,685,007	(133,993)
Total revenues	14,017,000	-	14,017,000	15,013,982	996,982

GOVERNMENT OF YUKON

Schedule 2

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

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Interest					
<u>Taxes and general revenues</u>					
Interest	\$ 118,000	\$ -	\$ 118,000	\$ 118,080	\$ 80
Restricted Funds					
<u>Taxes and general revenues</u>					
Gain on sale of tangible capital assets	-	-	-	318,940	318,940
Other revenue	-	-	-	432,453	432,453
	-	-	-	751,393	751,393
<u>Third-party recoveries</u>					
Operation and maintenance Restricted funds	-	-	-	2,906,495	2,906,495
Total revenues	-	-	-	3,657,888	3,657,888
Totals					
From Canada	1,141,345,000	(4,786,000)	1,136,559,000	1,131,545,689	(5,013,311)
Taxes and general revenues	161,581,000	15,730,000	177,311,000	189,447,819	12,136,819
Third-party recoveries	30,482,000	(3,339,000)	27,143,000	44,698,158	17,555,158
Total revenues	\$ 1,333,408,000	\$ 7,605,000	\$ 1,341,013,000	\$ 1,365,691,666	\$ 24,678,666

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
Yukon Legislative Assembly			
Operation and maintenance			
Legislative services	\$ 3,365,690	\$ 3,329,008	\$ 36,682
Legislative Assembly Office	1,153,183	1,237,715	(84,532)
Retirement allowances and death benefits	2,559,593	2,831,321	(271,728)
Hansard	493,257	501,902	(8,645)
Conflicts Commission	37,852	19,779	18,073
	<u>7,609,575</u>	<u>7,919,725</u>	<u>(310,150)</u>
Capital			
Legislative Assembly Office	40,850	65,256	(24,406)
Amortization expense	17,923	17,923	-
Total expenses	<u>7,668,348</u>	<u>8,002,904</u>	<u>(334,556)</u>
Elections Office			
Operation and maintenance			
Elections	555,879	523,347	32,532
Capital			
Elections	-	3,895	(3,895)
Total expenses	<u>555,879</u>	<u>527,242</u>	<u>28,637</u>
Office of the Ombudsman			
Operation and maintenance			
Office of the Ombudsman	1,203,651	1,019,115	184,536
Capital			
Office of the Ombudsman	10,985	3,783	7,202
Amortization expense	11,997	11,997	-
Total expenses	<u>1,226,633</u>	<u>1,034,895</u>	<u>191,738</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
Child and Youth Advocate Office			
Operation and maintenance			
Child and Youth Advocate Office	\$ 627,405	\$ 512,642	\$ 114,763
Capital			
Child and Youth Advocate Office	1,716	2,447	(731)
Total expenses	629,121	515,089	114,032
Executive Council Office			
Operation and maintenance			
Strategic corporate services	4,203,921	4,305,053	(101,132)
Aboriginal relations	8,092,435	8,193,668	(101,233)
Corporate programs and intergovernmental relations	5,990,372	5,873,703	116,669
Government internal audit services	483,764	465,483	18,281
Office of the Commissioner	306,770	292,869	13,901
Cabinet Offices	2,923,674	3,100,882	(177,208)
	22,000,936	22,231,658	(230,722)
Capital			
Strategic corporate services	-	45,064	(45,064)
Less acquisition of tangible capital assets	-	(17,880)	17,880
	-	27,184	(27,184)
Amortization expense	9,373	6,819	2,554
Total expenses	22,010,309	22,265,661	(255,352)
Community Services			
Operation and maintenance			
Corporate services	4,055,135	3,927,944	127,191
Protective services	37,228,287	34,315,917	2,912,370
Community development	46,004,562	44,059,974	1,944,588
Corporate policy and consumer affairs	9,202,965	9,148,209	54,756
	96,490,949	91,452,044	5,038,905

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
Community Services			
Capital			
Corporate services	\$ 329,376	\$ 865,795	\$ (536,419)
Protective services	2,773,034	2,008,577	764,457
Community development	84,630,731	48,895,971	35,734,760
Corporate policy and consumer affairs	2,539,077	2,275,760	263,317
	<u>90,272,218</u>	<u>54,046,103</u>	<u>36,226,115</u>
Less: Acquisition of tangible capital assets	(7,040,244)	(6,852,815)	(187,429)
Land development costs transferred to land inventory	(24,759,384)	(17,651,227)	(7,108,157)
Local improvement costs transferred to loans receivable	(2,389,494)	(1,915,325)	(474,169)
	<u>56,083,096</u>	<u>27,626,736</u>	<u>28,456,360</u>
Cost of land sold	<u>14,641,263</u>	<u>2,003,576</u>	<u>12,637,687</u>
Amortization expense	<u>6,211,564</u>	<u>5,164,394</u>	<u>1,047,170</u>
Write-down of tangible capital assets	<u>-</u>	<u>10,200</u>	<u>(10,200)</u>
Bad debts expense	<u>54,594</u>	<u>(29,920)</u>	<u>84,514</u>
Total expenses	<u>173,481,466</u>	<u>126,227,030</u>	<u>47,254,436</u>
Economic Development			
Operation and maintenance			
Corporate services	1,811,194	1,672,171	139,023
Policy, planning and communications	1,520,291	1,604,698	(84,407)
Business and industry development	8,347,306	7,448,778	898,528
Regional economic development	4,924,855	4,973,609	(48,754)
	<u>16,603,646</u>	<u>15,699,256</u>	<u>904,390</u>
Capital			
Corporate services	-	8,736	(8,736)
Business and industry development	2,957,913	1,022,203	1,935,710
	<u>2,957,913</u>	<u>1,030,939</u>	<u>1,926,974</u>
Total expenses	<u>19,561,559</u>	<u>16,730,195</u>	<u>2,831,364</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
Education			
Operation and maintenance			
Education support services	\$ 13,807,670	\$ 13,837,900	\$ (30,230)
Public schools	123,277,045	123,386,201	(109,156)
Advanced education	15,482,935	15,796,189	(313,254)
Yukon College	26,976,316	26,320,508	655,808
	<u>179,543,966</u>	<u>179,340,798</u>	<u>203,168</u>
Capital			
Education support services	-	37,935	(37,935)
Public schools	6,583,632	8,942,251	(2,358,619)
Yukon College	762,071	1,674,310	(912,239)
	<u>7,345,703</u>	<u>10,654,496</u>	<u>(3,308,793)</u>
Less acquisition of tangible capital assets	<u>(4,579,873)</u>	<u>(1,765,225)</u>	<u>(2,814,648)</u>
	<u>2,765,830</u>	<u>8,889,271</u>	<u>(6,123,441)</u>
Amortization expense	<u>7,374,377</u>	<u>7,361,192</u>	<u>13,185</u>
Write-down of tangible capital assets	<u>590,170</u>	<u>-</u>	<u>590,170</u>
Total expenses	<u>190,274,343</u>	<u>195,591,261</u>	<u>(5,316,918)</u>
Energy, Mines and Resources			
Operation and maintenance			
Corporate services	3,474,840	3,435,543	39,297
Sustainable resources	10,287,675	9,839,182	448,493
Energy, corporate policy and communications	6,600,410	6,204,718	395,692
Oil and gas and mineral resources	27,729,260	37,352,712	(9,623,452)
Compliance monitoring and inspections	6,897,899	6,271,569	626,330
	<u>54,990,084</u>	<u>63,103,724</u>	<u>(8,113,640)</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
Energy, Mines and Resources			
Capital			
Corporate services	\$ 169,220	\$ 342,035	\$ (172,815)
Sustainable resources	316,573	375,396	(58,823)
	<u>485,793</u>	<u>717,431</u>	<u>(231,638)</u>
Less: Acquisition of tangible capital assets	(217,465)	(449,685)	232,220
Land development costs transferred to land inventory	<u>(123,439)</u>	<u>(39,825)</u>	<u>(83,614)</u>
	144,889	227,921	(83,032)
Cost of land sold	-	1,869,265	(1,869,265)
Amortization expense	<u>448,537</u>	<u>463,602</u>	<u>(15,065)</u>
Environmental liabilities (net)	<u>(56,469)</u>	-	<u>(56,469)</u>
Total expenses	<u>55,527,041</u>	<u>65,664,512</u>	<u>(10,081,002)</u>
Environment			
Operation and maintenance			
General management	821,547	467,679	353,868
Corporate services	10,243,115	8,971,577	1,271,538
Environmental sustainability	25,073,134	24,871,689	201,445
Environmental liabilities and remediation	<u>5,073,385</u>	<u>5,692,417</u>	<u>(619,032)</u>
	<u>41,211,181</u>	<u>40,003,362</u>	<u>1,207,819</u>
Capital			
Corporate services	329,533	654,795	(325,262)
Environmental sustainability	<u>582,701</u>	<u>586,475</u>	<u>(3,774)</u>
	912,234	1,241,270	(329,036)
Less acquisition of tangible capital assets	<u>(289,413)</u>	<u>(497,009)</u>	<u>207,596</u>
	<u>622,821</u>	<u>744,261</u>	<u>(121,440)</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
Environment			
Amortization expense	\$ 529,401	\$ 496,387	\$ 33,014
Environmental liabilities (net)	3,884,014	1,044,490	2,839,524
Total expenses	46,247,417	42,288,500	3,958,917
Finance			
Operation and maintenance			
Corporate services	1,697,535	1,766,531	(68,996)
Financial operations and revenue services	4,608,886	4,230,620	378,266
Economics, fiscal policy and statistics	2,701,413	2,485,488	215,925
Management board secretariat	1,912,190	1,869,717	42,473
Office of the Comptroller	940,089	879,873	60,216
Workers' compensation supplementary benefits	278,954	298,798	(19,844)
	12,139,067	11,531,027	608,040
Capital			
Corporate services	995,819	320,188	675,631
Financial operations and revenue services	-	31,898	(31,898)
	995,819	352,086	643,733
Less acquisition of tangible capital assets	(783,180)	(31,898)	(751,282)
	212,639	320,188	(107,549)
Amortization expense	7,827	3,271	4,556
Bad debt expense	280,442	15,112	265,330
Transfers through the tax system	2,299,881	2,240,806	59,075
Total expenses	14,939,856	14,110,404	829,452

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
French Language Services Directorate			
Operation and maintenance			
French language services	\$ 5,761,619	\$ 4,841,685	\$ 919,934
Capital			
French language services	-	8,280	(8,280)
Total expenses	5,761,619	4,849,965	911,654
Health and Social Services			
Operation and maintenance			
Corporate services	13,286,032	11,556,240	1,729,792
Family and children's services	47,783,463	45,526,661	2,256,802
Social supports	56,478,486	53,109,409	3,369,077
Community and program support	10,650,548	10,207,760	442,788
Health services	138,885,985	136,639,710	2,246,275
Continuing care	61,132,036	46,392,762	14,739,274
Yukon hospital services	72,606,663	70,774,644	1,832,019
	400,823,213	374,207,186	26,616,027
Capital			
Corporate services	2,533,579	3,665,101	(1,131,522)
Family and children's services	1,626,453	129,623	1,496,830
Social supports	2,055,503	1,279,280	776,223
Community and program support	19,535	-	19,535
Health services	239,968	1,107,292	(867,324)
Continuing care	14,239,915	70,590,689	(56,350,774)
Yukon hospital services	1,908,258	18,342,086	(16,433,828)
	22,623,211	95,114,071	(72,490,860)
Less acquisition of tangible capital assets	(17,284,787)	(73,072,042)	55,787,255
	5,338,424	22,042,029	(16,703,605)
Amortization expense	7,607,313	3,573,299	4,034,014
Write-down of tangible capital assets	-	375,351	(375,351)
Total expenses	413,768,950	400,197,865	13,571,085

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
Highways and Public Works			
Operation and maintenance			
Corporate services	\$ 11,660,002	\$ 11,597,885	\$ 62,117
Information and communications technology	18,888,651	18,014,489	874,162
Transportation	65,456,415	64,963,813	492,602
Property management	42,620,719	41,068,427	1,552,292
Central Stores write off	19,271	14,165	5,106
	<u>138,645,058</u>	<u>135,658,779</u>	<u>2,986,279</u>
Less lease payments for leased tangible capital assets transferred to liabilities	<u>(973,334)</u>	<u>(929,702)</u>	<u>(43,632)</u>
	<u>137,671,724</u>	<u>134,729,077</u>	<u>2,942,647</u>
Capital			
Information and communications technology	6,102,632	3,534,855	2,567,777
Transportation	81,638,856	58,963,965	22,674,891
Property management	23,482,700	8,241,817	15,240,883
	<u>111,224,188</u>	<u>70,740,637</u>	<u>40,483,551</u>
Less acquisition of tangible capital assets	<u>(43,571,288)</u>	<u>(28,562,261)</u>	<u>(15,009,027)</u>
	<u>67,652,900</u>	<u>42,178,376</u>	<u>25,474,524</u>
Amortization expense	<u>29,828,802</u>	<u>29,908,719</u>	<u>(79,917)</u>
Rental expense recognized from prepaid expenses	<u>110,447</u>	<u>114,633</u>	<u>(4,186)</u>
Total expenses	<u>235,263,873</u>	<u>206,930,805</u>	<u>28,333,068</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
Justice			
Operation and maintenance			
Management services	\$ 4,244,509	\$ 4,135,283	\$ 109,226
Court services	7,559,461	7,373,809	185,652
Legal services	9,500,241	8,601,018	899,223
Regulatory services	4,055,935	3,917,167	138,768
Community justice and public safety	46,476,870	45,840,335	636,535
Human rights	881,339	881,942	(603)
	<u>72,718,355</u>	<u>70,749,554</u>	<u>1,968,801</u>
Capital			
Management services	1,290,464	1,226,838	63,626
Court services	124,990	230,645	(105,655)
Community justice and public safety	2,320,278	417,877	1,902,401
	<u>3,735,732</u>	<u>1,875,360</u>	<u>1,860,372</u>
Less acquisition of tangible capital assets	<u>(1,333,647)</u>	<u>(1,626,052)</u>	<u>292,405</u>
	<u>2,402,085</u>	<u>249,308</u>	<u>2,152,777</u>
Amortization expense	<u>2,783,283</u>	<u>2,684,329</u>	<u>98,954</u>
Total expenses	<u>77,903,723</u>	<u>73,683,191</u>	<u>4,220,532</u>
Public Service Commission			
Operation and maintenance			
Finance and administration	1,511,764	1,198,041	313,723
Corporate human resources and diversity services	2,787,811	2,814,206	(26,395)
Compensation and classification	2,631,268	2,513,195	118,073
Labour relations	1,762,561	1,396,120	366,441
Workers' compensation fund	6,253,950	5,462,922	791,028
Human resource management systems	1,106,921	986,408	120,513
Policy, planning and communication	919,522	883,720	35,802
Employee future benefits	27,275,837	24,494,614	2,781,223
Organizational development	2,364,673	2,257,916	106,757
Respectful workplace office	931,988	819,314	112,674
Health, safety and disability management	2,374,249	2,557,644	(183,395)
	<u>49,920,544</u>	<u>45,384,100</u>	<u>4,536,444</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
Public Service Commission			
Capital			
Finance and administration	\$ 451,221	\$ 644,400	\$ (193,179)
Corporate human resources and diversity services	35,609	3,615	31,994
Organizational development	-	14,000	(14,000)
Health, safety and disability management	-	18,744	(18,744)
	<u>486,830</u>	<u>680,759</u>	<u>(193,929)</u>
Less acquisition of tangible capital assets	<u>(158,671)</u>	<u>(323,219)</u>	<u>164,548</u>
	<u>328,159</u>	<u>357,540</u>	<u>(29,381)</u>
Amortization expense	<u>155,651</u>	<u>152,264</u>	<u>3,387</u>
Total expenses	<u>50,404,354</u>	<u>45,893,904</u>	<u>4,510,450</u>
Tourism and Culture			
Operation and maintenance			
Corporate services	2,634,727	3,257,813	(623,086)
Cultural services	13,221,566	13,112,872	108,694
Tourism	12,249,605	11,467,479	782,126
	<u>28,105,898</u>	<u>27,838,164</u>	<u>267,734</u>
Capital			
Corporate services	285,723	444,959	(159,236)
Cultural services	1,962,875	3,346,741	(1,383,866)
Tourism	594,089	467,945	126,144
	<u>2,842,687</u>	<u>4,259,645</u>	<u>(1,416,958)</u>
Less acquisition of tangible capital assets	<u>(1,154,564)</u>	<u>(1,876,422)</u>	<u>721,858</u>
	<u>1,688,123</u>	<u>2,383,223</u>	<u>(695,100)</u>
Amortization expense	<u>1,136,912</u>	<u>840,655</u>	<u>296,257</u>
Write-down of tangible capital assets	<u>400</u>	<u>-</u>	<u>400</u>
Total expenses	<u>30,931,333</u>	<u>31,062,042</u>	<u>(130,709)</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
Women's Directorate			
Operation and maintenance			
Policy and program development	\$ 2,309,380	\$ 1,935,245	\$ 374,135
Capital			
Policy and program development	-	39,041	(39,041)
Total expenses	2,309,380	1,974,286	335,094
Yukon Development Corporation (Transfer Payment)			
Operation and maintenance			
Interim electrical rebate	3,626,380	3,500,000	126,380
Mayo B rate payer support	2,625,000	2,625,000	-
Long-term financing	-	39,200,000	(39,200,000)
	6,251,380	45,325,000	(39,073,620)
Less loan advances transferred to loans receivable	-	(39,200,000)	39,200,000
	6,251,380	6,125,000	126,380
Capital			
Innovative renewable energy initiative	1,500,000	-	1,500,000
Total expenses	7,751,380	6,125,000	1,626,380

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
Yukon Housing Corporation (Transfer Payment)			
Operation and maintenance			
Gross expenditures	\$ 18,962,319	\$ 17,877,375	\$ 1,084,944
Less: Rental revenues	(6,826,820)	(6,526,149)	(300,671)
Recoveries	(6,611,548)	(6,389,218)	(222,330)
	<u>5,523,951</u>	<u>4,962,008</u>	<u>561,943</u>
Capital			
Gross expenditures	24,564,009	13,264,600	11,299,409
Less: Recoveries	(11,300,976)	(4,267,722)	(7,033,254)
Loan expenditures	(6,750,318)	(2,491,704)	(4,258,614)
	<u>6,512,715</u>	<u>6,505,174</u>	<u>7,541</u>
Total expenses	<u>12,036,666</u>	<u>11,467,182</u>	<u>569,484</u>
Yukon Liquor Corporation (Transfer Payment)			
Operation and maintenance			
Cannabis Distributor Corporation Fund	<u>2,975,400</u>	-	<u>2,975,400</u>
Loan Capital and Loan Amortization			
Operation and maintenance			
Loans to third parties	1,110,656	-	1,110,656
Less loan advances transferred to loans receivable	<u>(1,110,656)</u>	-	<u>(1,110,656)</u>
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>
Restricted Funds			
Net expenditures	<u>(3,471,961)</u>	<u>(6,664,675)</u>	<u>3,192,714</u>
Amortization expense	<u>4,541,319</u>	<u>4,020,698</u>	<u>520,621</u>
Total expenses	<u>1,069,358</u>	<u>(2,643,977)</u>	<u>3,713,335</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2019**

	2019	2018	Increase (Decrease)
Totals			
Operation and maintenance	\$ 1,147,121,793	\$ 1,144,238,419	\$ 2,883,374
Capital	251,948,594	247,385,737	4,562,857
	1,399,070,387	1,391,624,156	7,446,231
Less: Acquisition of tangible capital assets	(76,413,132)	(115,074,508)	38,661,376
Land development costs transferred to land inventory	(24,882,823)	(17,691,052)	(7,191,771)
Loan advances transferred to loans receivable	(3,500,150)	(41,115,325)	37,615,175
Lease payments for leased tangible capital assets transferred to liabilities	(973,334)	(929,702)	(43,632)
	1,293,300,948	1,216,813,569	76,487,379
Cost of land sold	14,641,263	3,872,841	10,768,422
Amortization expenses	60,664,279	54,705,549	5,958,730
Other expenses not appropriated	3,691,518	(2,894,003)	6,585,521
	\$ 1,372,298,008	\$ 1,272,497,956	\$ 99,800,052

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2019

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Yukon Legislative Assembly						
Operation and maintenance						
Legislative services	\$ 3,910,000	\$ -	\$ -	\$ 3,910,000	\$ 3,365,690	\$ 544,310
Legislative Assembly Office	1,145,000	-	-	1,145,000	1,153,183	(8,183)
Retirement allowances and death benefits	2,810,000	-	-	2,810,000	2,559,593	250,407
Hansard	637,000	-	-	637,000	493,257	143,743
Conflicts Commission	41,000	-	-	41,000	37,852	3,148
	8,543,000	-	-	8,543,000	7,609,575	933,425
Capital						
Legislative Assembly Office	41,000	-	-	41,000	40,850	150
Amortization expense	18,000	-	-	18,000	17,923	77
Total expenses	8,602,000	-	-	8,602,000	7,668,348	933,652
Elections Office						
Operation and maintenance						
Elections	557,000	-	-	557,000	555,879	1,121
Capital						
Elections	5,000	-	-	5,000	-	5,000
Total expenses	562,000	-	-	562,000	555,879	6,121

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2019**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Office of the Ombudsman						
Operation and maintenance Office of the Ombudsman	\$ 1,201,000	\$ 50,000	\$ -	\$ 1,251,000	\$ 1,203,651	\$ 47,349
Capital Office of the Ombudsman	13,000	-	-	13,000	10,985	2,015
Amortization expense	12,000	-	-	12,000	11,997	3
Total expenses	1,226,000	50,000	-	1,276,000	1,226,633	49,367
Child and Youth Advocate Office						
Operation and maintenance Child and Youth Advocate Office	533,000	100,000	-	633,000	627,405	5,595
Capital Child and Youth Advocate Office	2,000	-	-	2,000	1,716	284
Total expenses	535,000	100,000	-	635,000	629,121	5,879

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2019

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Executive Council Office						
Operation and maintenance						
Strategic corporate services	\$ 4,320,000	\$ -	\$ -	\$ 4,320,000	\$ 4,203,921	\$ 116,079
Aboriginal relations	6,701,000	1,259,000	-	7,960,000	8,092,435	(132,435)
Corporate programs and intergovernmental relations	6,364,000	-	-	6,364,000	5,990,372	373,628
Government internal audit services	588,000	-	-	588,000	483,764	104,236
Office of the Commissioner	281,000	-	-	281,000	306,770	(25,770)
Cabinet Offices	3,087,000	-	-	3,087,000	2,923,674	163,326
	21,341,000	1,259,000	-	22,600,000	22,000,936	599,064
Amortization expense	7,000	2,000	-	9,000	9,373	(373)
Total expenses	21,348,000	1,261,000	-	22,609,000	22,010,309	598,691

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2019

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Community Services						
Operation and maintenance						
Corporate services	\$ 4,355,000	\$ -	\$ -	\$ 4,355,000	\$ 4,055,135	\$ 299,865
Protective services	31,987,000	4,449,000	-	36,436,000	37,228,287	(792,287)
Community development	46,378,000	-	-	46,378,000	46,004,562	373,438
Corporate policy and consumer affairs	9,573,000	-	-	9,573,000	9,202,965	370,035
	92,293,000	4,449,000	-	96,742,000	96,490,949	251,051
Capital						
Corporate services	420,000	-	-	420,000	329,376	90,624
Protective services	2,181,000	819,000	-	3,000,000	2,773,034	226,966
Community development	58,896,000	26,147,000	-	85,043,000	84,630,731	412,269
Corporate policy and consumer affairs	2,200,000	-	-	2,200,000	2,539,077	(339,077)
	63,697,000	26,966,000	-	90,663,000	90,272,218	390,782
Less: Acquisition of tangible capital assets	(10,424,000)	(819,000)	-	(11,243,000)	(7,040,244)	(4,202,756)
Land development costs transferred to land inventory	(15,000,000)	(10,731,000)	-	(25,731,000)	(24,759,384)	(971,616)
Local improvement costs transferred to loans receivable	(2,200,000)	-	-	(2,200,000)	(2,389,494)	189,494
	36,073,000	15,416,000	-	51,489,000	56,083,096	(4,594,096)
Cost of land sold	6,007,000	9,850,000	-	15,857,000	14,641,263	1,215,737
Amortization expense	6,137,000	(688,000)	-	5,449,000	6,211,564	(762,564)

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2019

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Community Services						
Bad debts expense	\$ 16,000	\$ -	\$ -	\$ 16,000	\$ 54,594	\$ (38,594)
Total expenses	140,526,000	29,027,000	-	169,553,000	173,481,466	(3,928,466)
Economic Development						
Operation and maintenance						
Corporate services	1,877,000	-	-	1,877,000	1,811,194	65,806
Policy, planning and communications	2,123,000	-	-	2,123,000	1,520,291	602,709
Business and industry development	7,495,000	956,000	-	8,451,000	8,347,306	103,694
Regional economic development	5,316,000	-	-	5,316,000	4,924,855	391,145
	16,811,000	956,000	-	17,767,000	16,603,646	1,163,354
Capital						
Business and industry development	14,775,000	(11,817,000)	-	2,958,000	2,957,913	87
Total expenses	31,586,000	(10,861,000)	-	20,725,000	19,561,559	1,163,441

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2019**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Education						
Operation and maintenance						
Education support services	\$ 13,144,000	\$ -	\$ -	\$ 13,144,000	\$ 13,807,670	\$ (663,670)
Public schools	125,223,000	500,000	-	125,723,000	123,277,045	2,445,955
Advanced education	17,374,000	-	-	17,374,000	15,482,935	1,891,065
Yukon College	27,123,000	-	-	27,123,000	26,976,316	146,684
	182,864,000	500,000	-	183,364,000	179,543,966	3,820,034
Capital						
Public schools	9,393,000	(1,075,000)	-	8,318,000	6,583,632	1,734,368
Yukon College	529,000	433,000	-	962,000	762,071	199,929
	9,922,000	(642,000)	-	9,280,000	7,345,703	1,934,297
Less acquisition of tangible capital assets	(7,049,000)	642,000	-	(6,407,000)	(4,579,873)	(1,827,127)
	2,873,000	-	-	2,873,000	2,765,830	107,170
Amortization expense	7,165,000	244,000	-	7,409,000	7,374,377	34,623
Write-down of tangible capital assets	-	-	-	-	590,170	(590,170)
Total expenses	192,902,000	744,000	-	193,646,000	190,274,343	3,371,657

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2019**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Energy, Mines and Resources						
Operation and maintenance						
Corporate services	\$ 3,812,000	\$ -	\$ (100,000)	\$ 3,712,000	\$ 3,474,840	\$ 237,160
Sustainable resources	11,118,000	100,000	100,000	11,318,000	10,287,675	1,030,325
Energy, corporate policy and communications	6,511,000	679,000	-	7,190,000	6,600,410	589,590
Oil and gas and mineral resources	47,875,000	(16,208,000)	-	31,667,000	27,729,260	3,937,740
Compliance monitoring and inspections	6,806,000	-	-	6,806,000	6,897,899	(91,899)
	76,122,000	(15,429,000)	-	60,693,000	54,990,084	5,702,916
Capital						
Corporate services	375,000	(150,000)	-	225,000	169,220	55,780
Sustainable resources	2,669,000	(2,116,000)	-	553,000	316,573	236,427
	3,044,000	(2,266,000)	-	778,000	485,793	292,207
Less: Acquisition of tangible capital assets	(543,000)	150,000	-	(393,000)	(217,465)	(175,535)
Land development costs transferred to land inventory	(2,000,000)	1,750,000	-	(250,000)	(123,439)	(126,561)
	501,000	(366,000)	-	135,000	144,889	(9,889)
Cost of land sold	1,200,000	(1,200,000)	-	-	-	-
Amortization expense	468,000	(26,000)	-	442,000	448,537	(6,537)
Environmental liabilities (net)	(2,500,000)	-	-	(2,500,000)	(56,469)	(2,443,531)
Total expenses	75,791,000	(17,021,000)	-	58,770,000	55,527,041	3,242,959

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2019

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Environment						
Operation and maintenance						
General management	\$ 461,000	\$ (40,000)	\$ -	\$ 421,000	\$ 821,547	\$ (400,547)
Corporate services	9,864,000	1,003,000	-	10,867,000	10,243,115	623,885
Environmental sustainability	24,321,000	519,000	-	24,840,000	25,073,134	(233,134)
Environmental liabilities and remediation	11,273,000	-	-	11,273,000	5,073,385	6,199,615
	45,919,000	1,482,000	-	47,401,000	41,211,181	6,189,819
Capital						
Corporate services	335,000	-	-	335,000	329,533	5,467
Environmental sustainability	815,000	-	-	815,000	582,701	232,299
	1,150,000	-	-	1,150,000	912,234	237,766
Less acquisition of tangible capital assets	(910,000)	-	-	(910,000)	(289,413)	(620,587)
	240,000	-	-	240,000	622,821	(382,821)
Amortization expense	677,000	-	-	677,000	529,401	147,599
Environmental liabilities (net)	(5,365,000)	-	-	(5,365,000)	3,884,014	(9,249,014)
Total expenses	41,471,000	1,482,000	-	42,953,000	46,247,417	(3,294,417)

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2019

	Appropriation			Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers		
Finance					
Operation and maintenance					
Corporate services	\$ 1,357,000	\$ -	\$ -	\$ 1,357,000	\$ 1,697,535 \$ (340,535)
Financial operations and revenue services	4,659,000	-	-	4,659,000	4,608,886 50,114
Economics, fiscal policy and statistics	3,319,000	-	-	3,319,000	2,701,413 617,587
Management board secretariat	1,974,000	-	-	1,974,000	1,912,190 61,810
Office of the Comptroller	968,000	-	-	968,000	940,089 27,911
Workers' compensation supplementary benefits	426,000	(100,000)	-	326,000	278,954 47,046
	12,703,000	(100,000)	-	12,603,000	12,139,067 463,933
Capital					
Corporate services	1,333,000	-	-	1,333,000	995,819 337,181
Less acquisition of tangible capital assets	(828,000)	-	-	(828,000)	(783,180) (44,820)
	505,000	-	-	505,000	212,639 292,361
Amortization expense	8,000	-	-	8,000	7,827 173
Bad debts expense	48,000	-	-	48,000	280,442 (232,442)
Transfers through the tax system	2,849,000	-	-	2,849,000	2,299,881 549,119
Total expenses	16,113,000	(100,000)	-	16,013,000	14,939,856 1,073,144
French Language Services Directorate					
Operation and maintenance					
French language services	5,771,000	-	-	5,771,000	5,761,619 9,381

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2019

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Health and Social Services						
Operation and maintenance						
Corporate services	\$ 13,416,000	\$ 324,000	\$ -	\$ 13,740,000	\$ 13,286,032	\$ 453,968
Family and children's services	46,606,000	915,000	-	47,521,000	47,783,463	(262,463)
Social supports	55,527,000	2,065,000	-	57,592,000	56,478,486	1,113,514
Community and program support	9,241,000	400,000	-	9,641,000	10,650,548	(1,009,548)
Health services	133,030,000	5,291,000	-	138,321,000	138,885,985	(564,985)
Continuing care	74,687,000	(9,740,000)	-	64,947,000	61,132,036	3,814,964
Yukon hospital services	68,198,000	3,836,000	-	72,034,000	72,606,663	(572,663)
	400,705,000	3,091,000	-	403,796,000	400,823,213	2,972,787
Capital						
Corporate services	1,712,000	(625,000)	-	1,087,000	2,533,579	(1,446,579)
Family and children's services	5,538,000	(3,665,000)	-	1,873,000	1,626,453	246,547
Social supports	20,000	2,000,000	-	2,020,000	2,055,503	(35,503)
Community and program support	36,000	-	-	36,000	19,535	16,465
Health services	222,000	-	-	222,000	239,968	(17,968)
Continuing care	21,062,000	(252,000)	-	20,810,000	14,239,915	6,570,085
Yukon hospital services	1,600,000	1,200,000	-	2,800,000	1,908,258	891,742
	30,190,000	(1,342,000)	-	28,848,000	22,623,211	6,224,789
Less acquisition of tangible capital assets	(26,458,000)	3,706,000	-	(22,752,000)	(17,284,787)	(5,467,213)
	3,732,000	2,364,000	-	6,096,000	5,338,424	757,576
Amortization expense	7,694,000	(288,000)	-	7,406,000	7,607,313	(201,313)
Total expenses	412,131,000	5,167,000	-	417,298,000	413,768,950	3,529,050

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2019

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Highways and Public Works						
Operation and maintenance						
Corporate services	\$ 11,981,000	\$ 100,000	\$ -	\$ 12,081,000	\$ 11,660,002	\$ 420,998
Information and communications technology	19,903,000	(100,000)	-	19,803,000	18,888,651	914,349
Transportation	66,428,000	-	-	66,428,000	65,456,415	971,585
Property management	42,399,000	-	-	42,399,000	42,620,719	(221,719)
Central Stores write off	-	-	-	-	19,271	(19,271)
	140,711,000	-	-	140,711,000	138,645,058	2,065,942
Less lease payments for leased tangible capital assets transferred to liabilities	(973,000)	-	-	(973,000)	(973,334)	334
	139,738,000	-	-	139,738,000	137,671,724	2,066,276
Capital						
Information and communications technology	5,415,000	821,000	-	6,236,000	6,102,632	133,368
Transportation	91,219,000	(16,920,000)	-	74,299,000	81,638,856	(7,339,856)
Property management	17,672,000	14,442,000	-	32,114,000	23,482,700	8,631,300
	114,306,000	(1,657,000)	-	112,649,000	111,224,188	1,424,812
Less acquisition of tangible capital assets	(63,078,000)	15,177,000	-	(47,901,000)	(43,571,288)	(4,329,712)
	51,228,000	13,520,000	-	64,748,000	67,652,900	(2,904,900)
Amortization expense	32,682,000	(2,971,000)	-	29,711,000	29,828,802	(117,802)
Rental expense recognized from prepaid expenses	110,000	-	-	110,000	110,447	(447)
Total expenses	223,758,000	10,549,000	-	234,307,000	235,263,873	(956,873)

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2019**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Justice						
Operation and maintenance						
Management services	\$ 4,457,000	\$ -	\$ -	\$ 4,457,000	\$ 4,244,509	\$ 212,491
Court services	7,491,000	329,000	-	7,820,000	7,559,461	260,539
Legal services	9,107,000	-	-	9,107,000	9,500,241	(393,241)
Regulatory services	4,017,000	-	-	4,017,000	4,055,935	(38,935)
Community justice and public safety	47,343,000	118,000	-	47,461,000	46,476,870	984,130
Human rights	901,000	-	-	901,000	881,339	19,661
	73,316,000	447,000	-	73,763,000	72,718,355	1,044,645
Capital						
Management services	3,235,000	(1,455,000)	-	1,780,000	1,290,464	489,536
Court services	125,000	-	-	125,000	124,990	10
Community justice and public safety	2,323,000	-	-	2,323,000	2,320,278	2,722
	5,683,000	(1,455,000)	-	4,228,000	3,735,732	492,268
Less acquisition of tangible capital assets	(3,410,000)	1,495,000	-	(1,915,000)	(1,333,647)	(581,353)
	2,273,000	40,000	-	2,313,000	2,402,085	(89,085)
Amortization expense	3,318,000	(535,000)	-	2,783,000	2,783,283	(283)
Total expenses	78,907,000	(48,000)	-	78,859,000	77,903,723	955,277

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2019

101

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Public Service Commission						
Operation and maintenance						
Finance and administration	\$ 1,313,000	\$ 210,000	\$ -	\$ 1,523,000	\$ 1,511,764	\$ 11,236
Corporate human resources and diversity services	3,143,000	-	-	3,143,000	2,787,811	355,189
Compensation and classification	2,525,000	-	-	2,525,000	2,631,268	(106,268)
Labour relations	1,303,000	580,000	-	1,883,000	1,762,561	120,439
Workers' compensation fund	5,971,000	-	-	5,971,000	6,253,950	(282,950)
Human resource management systems	1,260,000	-	-	1,260,000	1,106,921	153,079
Policy, planning and communication	907,000	-	-	907,000	919,522	(12,522)
Employee future benefits	25,938,000	3,772,000	-	29,710,000	27,275,837	2,434,163
Organizational development	2,498,000	-	-	2,498,000	2,364,673	133,327
Respectful workplace office	835,000	70,000	-	905,000	931,988	(26,988)
Health, safety and disability management	2,659,000	-	-	2,659,000	2,374,249	284,751
	48,352,000	4,632,000	-	52,984,000	49,920,544	3,063,456
Capital						
Finance and administration	515,000	135,000	-	650,000	451,221	198,779
Corporate human resources and diversity services	50,000	-	-	50,000	35,609	14,391
Health, safety and disability management	20,000	(15,000)	-	5,000	-	5,000
	585,000	120,000	-	705,000	486,830	218,170
Less acquisition of tangible capital assets	(140,000)	19,000	-	(121,000)	(158,671)	37,671
	445,000	139,000	-	584,000	328,159	255,841
Amortization expense	248,000	(41,000)	-	207,000	155,651	51,349
Total expenses	49,045,000	4,730,000	-	53,775,000	50,404,354	3,370,646

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2019**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Tourism and Culture						
Operation and maintenance						
Corporate services	\$ 2,909,000	\$ -	\$ -	\$ 2,909,000	\$ 2,634,727	\$ 274,273
Cultural services	13,367,000	-	-	13,367,000	13,221,566	145,434
Tourism	12,037,000	-	-	12,037,000	12,249,605	(212,605)
	28,313,000	-	-	28,313,000	28,105,898	207,102
Capital						
Corporate services	290,000	-	-	290,000	285,723	4,277
Cultural services	2,273,000	(380,000)	-	1,893,000	1,962,875	(69,875)
Tourism	505,000	180,000	-	685,000	594,089	90,911
	3,068,000	(200,000)	-	2,868,000	2,842,687	25,313
Less acquisition of tangible capital assets	(1,368,000)	63,000	-	(1,305,000)	(1,154,564)	(150,436)
	1,700,000	(137,000)	-	1,563,000	1,688,123	(125,123)
Amortization expense	934,000	-	-	934,000	1,136,912	(202,912)
Write-down of tangible capital assets	-	-	-	-	400	(400)
Total expenses	30,947,000	(137,000)	-	30,810,000	30,931,333	(121,333)

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2019**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Women's Directorate						
Operation and maintenance						
Policy and program development	\$ 2,247,000	\$ 174,000	\$ -	\$ 2,421,000	\$ 2,309,380	\$ 111,620
Yukon Development Corporation (Transfer Payment)						
Operation and maintenance						
Interim electrical rebate	3,500,000	170,000	-	3,670,000	3,626,380	43,620
Mayo B rate payer support	2,625,000	-	-	2,625,000	2,625,000	-
	6,125,000	170,000	-	6,295,000	6,251,380	43,620
Capital						
Innovative renewable energy initiative	1,500,000	-	-	1,500,000	1,500,000	-
Total expenses	7,625,000	170,000	-	7,795,000	7,751,380	43,620

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2019**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Yukon Housing Corporation (Transfer Payment)						
Operation and maintenance						
Gross expenditures	\$ 19,478,000	\$ -	\$ -	\$ 19,478,000	\$ 18,962,319	\$ 515,681
Less: Rental revenues	(6,408,000)	-	-	(6,408,000)	(6,826,820)	418,820
Recoveries	(6,042,000)	-	-	(6,042,000)	(6,611,548)	569,548
	7,028,000	-	-	7,028,000	5,523,951	1,504,049
Capital						
Gross expenditures	30,829,000	-	-	30,829,000	24,564,009	6,264,991
Less: Recoveries	(12,873,000)	-	-	(12,873,000)	(11,300,976)	(1,572,024)
Loan expenditures	(9,275,000)	-	-	(9,275,000)	(6,750,318)	(2,524,682)
	8,681,000	-	-	8,681,000	6,512,715	2,168,285
Total expenses	15,709,000	-	-	15,709,000	12,036,666	3,672,334
Yukon Liquor Corporation (Transfer Payment)						
Operation and maintenance						
Cannabis Distributor Corporation Fund	3,000,000	-	-	3,000,000	2,975,400	24,600
Total expenses	3,000,000	-	-	3,000,000	2,975,400	24,600

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2019**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Loan Capital and Loan Amortization						
Operation and maintenance						
Loans to third parties	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000	\$ 1,110,656	\$ 3,889,344
Less loan advances transferred to loans receivable	(5,000,000)	-	-	(5,000,000)	(1,110,656)	(3,889,344)
Total expenses	-	-	-	-	-	-
Restricted Funds						
Net expenditures	(10,970,000)	(75,000)	-	(11,045,000)	(3,471,961)	(7,573,039)
Amortization expense	3,840,000	-	-	3,840,000	4,541,319	(701,319)
Total expenses	(7,130,000)	(75,000)	-	(7,205,000)	1,069,358	(8,274,358)

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2019**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Totals						
Operation and maintenance	\$ 1,179,455,000	\$ 1,781,000	\$ -	\$ 1,181,236,000	\$ 1,147,121,793	\$ 34,114,207
Capital	257,995,000	7,707,000	-	265,702,000	251,948,594	13,753,406
Less: Acquisition of tangible capital assets	(114,208,000)	20,433,000	-	(93,775,000)	(76,413,132)	(17,361,868)
Land development costs transferred to land held for sale	(17,000,000)	(8,981,000)	-	(25,981,000)	(24,882,823)	(1,098,177)
Loan advances transferred to loans receivable	(7,200,000)	-	-	(7,200,000)	(3,500,150)	(3,699,850)
Lease payments for leased tangible capital assets transferred to liabilities	(973,000)	-	-	(973,000)	(973,334)	334
Cost of land sold	7,207,000	8,650,000	-	15,857,000	14,641,263	1,215,737
Amortization expenses	63,208,000	(4,303,000)	-	58,905,000	60,664,279	(1,759,279)
Other expenses not appropriated	(15,812,000)	(75,000)	-	(15,887,000)	3,691,518	(19,578,518)
Adjustments	(14,722,000)	(15,081,000)	-	(29,803,000)	-	(29,803,000)
	\$ 1,337,950,000	\$ 10,131,000	\$ -	\$ 1,348,081,000	\$ 1,372,298,008	\$ (24,217,008)

GOVERNMENT OF YUKON

Schedule 5

**Schedule of Recoveries of Prior Years' Expenses
for the year ended March 31, 2019**

Department	Over Accruals	Other Recoveries	Total
Executive Council Office	\$ 333	\$ 262,663	\$ 262,996
Health and Social Services	31,672	109,969	141,641
Education	43,747	65,370	109,117
Community Services	416	103,652	104,068
Highways and Public Works	11,391	43,834	55,225
Energy, Mines and Resources	11,627	25,060	36,687
Justice	1,650	34,545	36,195
Economic Development	3,808	8,073	11,881
Tourism and Culture	2,088	5,652	7,740
Yukon Legislative Assembly	6,129	-	6,129
Environment	-	2,049	2,049
Elections	2,000	-	2,000
Child and Youth Advocate	1,097	-	1,097
Ombudsman	978	-	978
Public Service Commission	-	222	222
	\$ 116,936	\$ 661,089	\$ 778,025

GOVERNMENT OF YUKON

Schedule 6

Schedule of Restricted Funds
for the year ended March 31, 2019

	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	\$ -	\$ -	\$ -	\$ 13,000
Operating	4,362,348	-	-	5,445	15,986,892	575,726	4,896,429
	<u>4,537,348</u>	<u>102,000</u>	<u>75,000</u>	<u>5,445</u>	<u>15,986,892</u>	<u>575,726</u>	<u>4,909,429</u>
Expenses							
Operating	4,954,531	107,810	(95)	-	10,570,869	554,986	2,603,252
Amortization	-	-	-	-	2,939,284	48,504	1,553,531
	<u>4,954,531</u>	<u>107,810</u>	<u>(95)</u>	<u>-</u>	<u>13,510,153</u>	<u>603,490</u>	<u>4,156,783</u>
Net profit (loss) for the year	(417,183)	(5,810)	75,095	5,445	2,476,739	(27,764)	752,646
Adjustments for the <i>Financial Administration Act</i> requirements							
Acquisition of capital assets	-	-	-	-	(3,472,655)	-	(2,024,628)
Amortization of capital assets	-	-	-	-	2,939,284	48,504	1,553,531
Gain on sale of capital assets	-	-	-	-	(292,715)	-	(26,224)
Proceeds on sale of capital assets	-	-	-	-	336,506	-	107,057
Balance at beginning of year	292,678	19,656	60,603	161,864	3,734,100	41,669	3,354,394
Balance at end of year	<u>\$ (124,505)</u>	<u>\$ 13,846</u>	<u>\$ 135,698</u>	<u>\$ 167,309</u>	<u>\$ 5,721,259</u>	<u>\$ 62,409</u>	<u>\$ 3,716,776</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	\$ 349,034	\$ -	\$ -	\$ -	\$ 4,192	\$ 5,519	\$ 40,794
Tangible capital assets	-	-	-	-	33,053,423	51,431	8,563,227
	<u>349,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,057,615</u>	<u>56,950</u>	<u>8,604,021</u>

Liabilities

Accounts payable and accrued liabilities	283,900	-	-	-	211	68,453	498,451
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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>\$ (124,505)</u>	<u>\$ 13,846</u>	<u>\$ 135,698</u>	<u>\$ 167,309</u>	<u>\$ 38,774,682</u>	<u>\$ (215,863)</u>	<u>\$ 9,764,951</u>
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GOVERNMENT OF YUKON

Schedule 6

Schedule of Restricted Funds
for the year ended March 31, 2019

	Wildland Fire Suppression Revolving Fund	Risk Management Revolving Fund	Assurance Fund	Yukon Historic Resources Fund	Corrections Revolving Fund	Elijah Smith Forest Renewal Fund	2019 Total	2018 Total
Revenues								
Appropriation	\$ 13,767,122	\$ 1,127,681	\$ -	\$ 16,000	\$ -	\$ -	\$ 15,275,803	\$ 13,117,608
Operating	2,906,495	-	196,305	-	223,457	7,246	29,160,343	28,572,337
	<u>16,673,617</u>	<u>1,127,681</u>	<u>196,305</u>	<u>16,000</u>	<u>223,457</u>	<u>7,246</u>	<u>44,436,146</u>	<u>41,689,945</u>
Expenses								
Operating	17,650,248	720,391	-	19,655	124,649	-	37,306,296	32,785,494
Amortization	-	-	-	-	-	-	4,541,319	4,020,698
	<u>17,650,248</u>	<u>720,391</u>	<u>-</u>	<u>19,655</u>	<u>124,649</u>	<u>-</u>	<u>41,847,615</u>	<u>36,806,192</u>
Net profit (loss) for the year	(976,631)	407,290	196,305	(3,655)	98,808	7,246	2,588,531	4,883,753
Adjustments for the <i>Financial Administration Act</i> requirements								
Acquisition of capital assets	-	-	-	-	-	-	(5,497,283)	(10,040,652)
Amortization of capital assets	-	-	-	-	-	-	4,541,319	4,020,698
Gain on sale of capital assets	-	-	-	-	-	-	(318,939)	(25,609)
Proceeds on sale of capital assets	-	-	-	-	-	-	443,563	243,949
Balance at beginning of year	976,631	4,440,862	5,175,706	1,208,060	18,484	224,079	19,708,786	20,626,647
Balance at end of year	<u>\$ -</u>	<u>\$ 4,848,152</u>	<u>\$ 5,372,011</u>	<u>\$ 1,204,405</u>	<u>\$ 117,292</u>	<u>\$ 231,325</u>	<u>\$ 21,465,977</u>	<u>\$ 19,708,786</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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 399,539	\$ 957,546
Tangible capital assets	-	-	-	-	-	-	41,668,081	40,836,739
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,067,620</u>	<u>41,794,285</u>
Liabilities								
Accounts payable and accrued liabilities	-	1,593,005	-	-	-	-	2,444,020	4,288,415
Accumulated surplus (deficit) of the Funds that are included in the Government's accumulated surplus are as follows:								
Accumulated surplus (deficit)	<u>\$ -</u>	<u>\$ 4,848,152</u>	<u>\$ 5,372,011</u>	<u>\$ 1,204,405</u>	<u>\$ 117,292</u>	<u>\$ 231,325</u>	<u>\$ 60,289,303</u>	<u>\$ 57,700,773</u>

GOVERNMENT OF YUKON

Schedule 7

**Schedule of Inventories of Supplies
for the year ended March 31, 2019**

	Garage Parts and Fuel Inventory Fund	Central Stores Fund	Highway Materials Fund	Fire Management Fuel & Retardant Inventory	Faro Mine Site Parts and Fuel Inventory	2019 Total	2018 Total
Opening inventory	\$ 2,139,833	\$ 758,560	\$ 1,485,418	\$ 1,658,932	\$ 3,038,170	\$ 9,080,913	\$ 8,799,091
Add purchases	2,791,150	1,590,424	6,375,672	1,155,094	-	11,912,340	10,910,599
	4,930,983	2,348,984	7,861,090	2,814,026	3,038,170	20,993,253	19,709,690
Less: Consumption	3,239,094	1,627,964	5,371,274	1,500,601	-	11,738,933	9,930,603
Inventory adjustments	-	21,716	-	-	3,038,170	3,059,886	698,174
Closing inventory	\$ 1,691,889	\$ 699,304	\$ 2,489,816	\$ 1,313,425	\$ -	\$ 6,194,434	\$ 9,080,913

GOVERNMENT OF YUKON

Schedule 8

**Schedule of Legislated Grants
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services				
Comprehensive municipal grants	\$ 18,958,000	\$ 18,958,000	\$ 18,903,108	\$ 54,892
In-lieu of property taxes	8,586,000	8,586,000	8,387,549	198,451
Home owner grants	3,945,000	3,945,000	3,924,636	20,364
	31,489,000	31,489,000	31,215,293	273,707
Education				
Post secondary student grants	5,034,000	5,034,000	4,940,645	93,355
Student transportation	116,000	116,000	76,309	39,691
Student accommodation (boarding subsidy)	30,000	30,000	13,893	16,107
	5,180,000	5,180,000	5,030,847	149,153
Finance				
Workers' compensation supplementary benefits	426,000	326,000	278,954	47,046
	426,000	326,000	278,954	47,046
Health and Social Services				
Social assistance - Whitehorse	17,194,000	17,894,000	17,599,779	294,221
Social assistance - region	2,513,000	2,913,000	2,734,528	178,472
Pioneer utility grant	1,946,000	1,946,000	1,822,677	123,323
Yukon seniors' income supplement	1,172,000	1,982,000	1,819,360	162,640
Medical travel subsidies	1,690,000	1,690,000	1,671,429	18,571
Child care subsidies	2,551,000	2,551,000	1,572,429	978,571
Adoption subsidies	180,000	180,000	134,903	45,097
	27,246,000	29,156,000	27,355,105	1,800,895
Total appropriated	64,341,000	66,151,000	63,880,199	2,270,801

GOVERNMENT OF YUKON

Schedule 8

**Schedule of Legislated Grants
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates	Actual	Under (Over) Estimates
Finance				
Yukon child benefit	\$ 1,816,000	\$ 1,816,000	\$ 1,689,012	\$ 126,988
Research and development tax credit	959,000	959,000	568,606	390,394
Children's fitness tax credit	74,000	74,000	42,262	31,738
Total transfers through the tax system	2,849,000	2,849,000	2,299,880	549,120
	\$ 67,190,000	\$ 69,000,000	\$ 66,180,079	\$ 2,819,921

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates	Actual
Executive Council Office			
<u>Other transfer payments</u>			
Aboriginal relations			
- implementation initiatives - board and councils	\$ 3,172,000	\$ 3,172,000	\$ 3,156,792
- Yukon Land Use Planning Commission			\$ 670,464
- Yukon Fish and Wildlife Management Board			591,945
- Yukon Heritage Resources Board			226,692
- North Yukon Renewable Resources Council			171,012
- Teslin Renewable Resources Council			165,565
- Dawson District Renewable Resources Council			161,753
- Mayo District Renewable Resources Council			161,753
- Alsek Renewable Resources Council			154,673
- Carcross/Tagish Renewable Resources Council			154,673
- Carmacks Renewable Resources Council			154,673
- Dän Keyi Renewable Resources Council			154,673
- Laberge Renewable Resources Council			154,673
- Selkirk Renewable Resources Council			154,673
- Yukon Geographical Place Names Board			79,570
- Kwanlin Dün First Nation			
- Jackson Lake Healing Camp	400,000	400,000	400,000
- various First Nations	150,000	150,000	122,292
- Kwanlin Dün First Nation			26,010
- Champagne and Aishihik First Nations			24,847
- Yukon College			21,435
- Da Daghay Development Corporation			15,000
- Kluane First Nation			15,000
- Liard First Nation			10,000
- Youth of Today Society			10,000
- Council of Yukon First Nations	100,000	100,000	100,000
Youth strategy initiatives	1,527,000	1,527,000	1,529,440
- Youth of Today Society			281,000
- Boys and Girls Club of Yukon			277,000
- Bringing Youth Towards Equality Society			274,000
- Heart of Riverdale Community Centre			198,000
- Youth Investment Fund			102,000
- Yukon First Nation Chamber of Commerce			63,925
- Association franco-yukonnaise			25,000
- various youth groups			308,515
Rideau Hall Foundation - Arctic Inspiration Prize	30,000	30,000	50,000
Tahltan Central Government	-	-	25,000
Carleton University	-	-	22,260
Various transfer payments less than \$10,000	5,000	5,000	30,463
Total other government transfers	5,384,000	5,384,000	5,436,247

GOVERNMENT OF YUKON

Schedule 9

Schedule of Other Government Transfers
for the year ended March 31, 2019

	Main Estimates	Revised Estimates	Actual
Community Services			
<u>Funding programs</u>			
Sport	\$ 3,129,000	\$ 3,129,000	\$ 3,347,021
Community recreation/active living	1,828,000	1,828,000	1,953,990
Fire management - FireSmart	850,000	850,000	831,247
	<u>5,807,000</u>	<u>5,807,000</u>	<u>6,132,258</u>
<u>Other transfer payments</u>			
Clean water wastewater fund	14,385,000	27,444,000	28,985,140
Small communities fund	9,996,000	12,528,000	17,456,822
Vuntut Gwitchin First Nation			1,550,000
- Old Crow Community Centre	1,230,000	1,230,000	\$ 1,530,000
- recreation storage garage	-	-	20,000
Solid waste - landfill agreements	420,000	420,000	399,425
- City of Dawson			150,000
- Mount Lorne Garbage Management Society			98,940
- Vuntut Gwitchin First Nation			77,000
- Marsh Lake Solid Waste Management Society			73,485
Community library boards	399,000	399,000	359,887
- Watson Lake Library Board			57,906
- Dawson City Library Board			48,728
- Carcross Library Board			35,345
- Teslin Library Board			32,702
- Haines Junction Library Board			31,919
- Carmacks Library Board			31,210
- Mayo Library Board			27,663
- Faro Library Board			20,703
- Tagish Library Board			16,065
- Beaver Creek Library Board			13,613
- Pelly Crossing Library Board			13,109
- Ross River Library Board			10,645
- Burwash Landing Library Board			10,165
- Old Crow Library Board			10,114
City of Whitehorse - future areas development planning	-	-	272,702
Kwanlin Dün First Nation			127,285
- Whistlebend Phase 4			80,623
- development of land information GIS database			46,662
- employment and training support			
Association of Yukon Communities	100,000	100,000	100,000
Municipal ground water monitoring	111,000	111,000	91,335
- City of Dawson			19,254
- Town of Watson Lake			17,352
- Village of Mayo			13,252
- Town of Faro			12,601

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates	Actual
Community Services			
<u>Other transfer payments (continued)</u>			
Municipal ground water monitoring (continuing)			
- Village of Carmacks		\$ 12,560	
- Various recipients		16,316	
City of Dawson	\$ -	\$ -	\$ 88,085
- north end development planning			50,085
- official community plan			38,000
Town of Faro	-	-	83,810
Emergency medical services			
- Volunteer Ambulance Services Society			82,767
- volunteer awards fund	110,000	110,000	10,525
- volunteer education	-	-	42,242
- volunteer community allowances	-	-	30,000
Community/Local Advisory Council - operation and maintenance	72,000	72,000	73,155
- Hamlet of Ibex Valley			14,631
- Hamlet of Mount Lorne			14,631
- Marsh Lake Local Advisory Council			14,631
- South Klondike Local Advisory Council			14,631
- Tagish Area Advisory Committee			14,631
Volunteer Benevoles Yukon Society	67,000	67,000	67,000
Little Salmon/Carmacks First Nation	-	-	37,118
Emergency Management Organization			25,500
- National defence public safety broadband network	888,000	888,000	-
- Emergency measures preparation	10,000	10,000	25,500
Kluane First Nation	-	-	21,149
- recreation/community centre			19,149
- trail clearing at Dutch Harbour recreation lots			2,000
Tagish Community Association	-	-	17,918
Carcross recreation Board	-	-	17,797
Keno Community Club	-	-	15,229
Lorne Mountain Community Association	-	-	14,900
Public transit infrastructure fund	1,187,000	-	-
Fire management - research	10,000	10,000	-
Recycling fund	40,000	40,000	-
Various transfer payments less than \$10,000	-	-	33,153
	29,025,000	43,429,000	49,920,177
Total other government transfers	34,832,000	49,236,000	56,052,435

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates		Actual
Economic Development				
<u>Funding programs</u>				
Community development fund	\$ 2,950,000	\$ 2,950,000		\$ 2,669,713
Media development incentive programs	710,000	1,666,000		1,438,080
Strategic industries development fund	800,000	800,000		752,471
Regional economic development fund	800,000	800,000		750,445
Enterprise trade fund	360,000	360,000		313,992
	<u>5,620,000</u>	<u>6,576,000</u>		<u>5,924,701</u>
<u>Other transfer payments</u>				
Yukonstruct Makerspace Society				2,272,863
- innovation hub	1,900,000	1,900,000	\$ 1,900,000	
- Canada Yukon business service centre	150,000	150,000	200,000	
- core funding	150,000	150,000	116,300	
- Yukon 2019 world building planning	-	-	34,500	
- government solutions hackthon	-	-	22,063	
Yukon College				1,052,766
- Yukon Cold Climate Innovation Centre	835,000	835,000	943,640	
- cold climate innovation - Yukon innovation prize	105,000	105,000	105,000	
- attendance to the Creative Futures Expo	-	-	4,126	
Yukon Gold Mining Alliance	-	-	-	301,500
Western Canadian Music	-	-	-	270,000
Enterprise Development Services	100,000	100,000		148,559
- Yukon Wood Products			44,500	
- Chun Niiqwan Development			34,125	
- Youth of Today Society			29,309	
- First Kaska GP Ltd.			23,625	
- Wilderness Tourism Association			17,000	
Yukon Chamber of Commerce, The				
- operational support	75,000	75,000		136,000
Whitehorse Chamber of Commerce				
- operational support	120,000	120,000	122,125	128,955
- Yuwin project			4,330	
- Innovation Council project			2,500	
Yukon First Nations Chamber of Commerce	125,000	125,000		128,200
- operational support			125,000	
- LEADER Mini-MBA boot camp			3,200	
Yukon Information Technology Industry Society (YITIS)	125,000	125,000		124,125
- TechYukon consolidated projects			55,375	
- operational support			55,000	
- strategic plan update			13,750	
Technology and telecommunication projects	158,000	158,000		96,273
- National Angel Capital			78,057	
- Kluane Dana Shaw Limited			18,216	

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates	Actual
Economic Development			
<u>Other transfer payments (continued)</u>			
Vimy Heritage Housing Society	\$ -	\$ -	\$ 80,088
MusicYukon	50,000	50,000	80,000
- operational support			\$ 50,000
- Breakout West 2019			30,000
Tr'ondëk Hwëch'in	-	-	67,500
Screen Production Yukon Association	50,000	50,000	50,000
Däna Näye Ventures			43,000
- micro loan program	73,000	73,000	25,000
- business development program	26,000	26,000	-
- youth entrepreneur in residence pilot project	-	-	18,000
Yukon Chamber of Mines	-	-	25,000
Yukon business development program			
- Synergie Industries Inc.	120,000	120,000	15,000
- Whitehorse Chamber of Commerce			15,000
Yukon Film Society	-	-	15,000
Various transfer payments less than \$10,000	9,000	9,000	20,813
	4,171,000	4,171,000	5,055,642
Total other government transfers	9,791,000	10,747,000	10,980,343
Education			
<u>Funding programs</u>			
Labour market development agreement	4,054,000	4,054,000	3,093,095
Workforce development agreement	2,769,000	2,769,000	2,389,302
Community training fund	1,510,000	1,510,000	1,390,105
Student training and employment program	366,000	366,000	353,651
Canada/Yukon summer program	114,000	114,000	99,036
	8,813,000	8,813,000	7,325,189
<u>Other transfer payments</u>			
Yukon College			27,051,316
- operational funding	23,596,000	23,596,000	23,596,318
- Research Centre of Excellence	1,386,000	1,386,000	1,305,747
- Centre for Northern Innovation in Mining	1,200,000	1,200,000	1,200,000
- licensed practical nurse program	491,000	491,000	490,780
- Northern Institute of Social Justice	450,000	450,000	383,471
- youth exploring trades	75,000	75,000	75,000
- education assistant certificate program	40,000	40,000	-

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates		Actual
Education				
<u>Other transfer payments (continued)</u>				
Commission scolaire francophone du Yukon				
- operations and maintenance	\$ 6,761,000	\$ 6,761,000		\$ 6,470,940
Council of Yukon First Nations				1,570,658
- native language program	450,000	450,000	\$ 1,135,658	
- education support	260,000	260,000	260,000	
- education commission	175,000	175,000	175,000	
Yukon Literacy Coalition	280,000	280,000		277,200
Yukon Learn Society	275,000	275,000		275,000
Remuneration school councils/committees	257,000	257,000		226,712
- Association of Yukon School Councils, Boards & Committees			46,000	
- Catholic Education Association of Yukon			28,731	
- various recipients			151,981	
Special payments for education-related events/student activities	270,000	270,000		223,011
- Yukon Wildlife Preserve Operating Society			29,455	
- Yukon Food for Learning Association			23,287	
- Big Brothers & Big Sisters of Yukon			19,500	
- Yukon Arts Society			16,238	
- F.H. Collins Secondary School Trust Account			13,284	
- Historica Dominion Society			11,200	
- Dawson City Arts Society			10,000	
- Destination Imagination Yukon Society			10,000	
- Grower's of Organic Food			10,000	
- Station 141 Grafixational Arts			10,000	
- various recipients			70,047	
Association franco-yukonnaise	220,000	220,000		220,000
Youth at risk initiatives				
- Selkirk First Nation	200,000	200,000		200,000
Whole child project	141,000	141,000		138,048
- Dealing with the Whole Child Society			123,807	
- various recipients			14,241	
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, 2019**

	Main Estimates	Revised Estimates	Actual
Education			
<u>Other transfer payments (continued)</u>			
Labour market framework	\$ 100,000	\$ 100,000	\$ 108,330
- Yukon literacy coalition			\$ 108,330
Education related organizations	75,000	75,000	97,758
- Council of Ministers of Education, Canada			92,758
- various recipients			5,000
Home tutor program	150,000	150,000	84,149
- Learning Disabilities Association of Yukon			75,000
- various recipients			9,149
Attendance initiative	63,000	63,000	59,500
- Elijah Smith Elementary School Trust			10,000
- various recipients			49,500
French second language support	49,000	49,000	58,700
- various recipients			58,700
Apprenticeship initiatives	58,000	58,000	54,843
- Receiver General for Canada			54,000
- various recipients			843
First Nations elder program	44,000	44,000	50,000
- Teslin Tlingit Council			30,000
- Champagne and Aishihik First Nations			15,000
- various recipients			5,000
School cultural activities	97,000	97,000	49,594
- Northern Cultural Expressions Society			33,671
- Tr'ondëk Hwëch'in			10,923
- various recipients			5,000
First Nation language initiatives	-	-	15,681
- Tr'ondëk Hwëch'in			15,681
Labour market initiatives	21,000	21,000	11,500
- various recipients			11,500
First Nations education accords	10,000	10,000	7,500
	37,313,000	37,313,000	37,368,440
Total other government transfers	46,126,000	46,126,000	44,693,629

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates	Actual
Energy, Mines and Resources			
<u>Funding programs</u>			
Rebate programs	\$ 1,760,000	\$ 2,560,000	\$ 2,296,160
Yukon mineral exploration program	1,600,000	1,600,000	1,525,320
Agriculture - Canadian agricultural partnership	725,000	725,000	474,826
	<u>4,085,000</u>	<u>4,885,000</u>	<u>4,296,306</u>
<u>Other transfer payments</u>			
Mining memorandum of understanding			
- various First Nations	750,000	750,000	378,575
- other consultations - various First Nations	-	-	\$ 174,125
- land planning			<u>45,575</u>
- Gateway	-	575,000	42,500
Geological survey work	215,000	215,000	245,201
- Boise State University			99,613
- University of British Columbia			74,980
- Da Daghay Development Corporation			46,603
- University of Alberta			11,530
- University of Leeds			7,475
- Simon Fraser University			<u>5,000</u>
Type II mine site reclamation			
- various First Nations	466,000	466,000	237,166
- Ross River Dena Council			150,000
- Tr'ondëk Hwëch'in			<u>87,166</u>
- Town of Faro	50,000	50,000	50,000
Energy - cost shared projects			
- various recipients	997,000	386,000	229,371
Yukon Chamber of Mines			155,000
- operational funding	125,000	125,000	125,000
- project funding	-	-	<u>30,000</u>
Klondike Placer Miners' Association			
- operational funding	120,000	120,000	120,000
Yukon Agricultural Association - operational funding	90,000	90,000	90,000
Yukon Wood Products Association	40,000	40,000	50,000
Nickel Creek Platinum Corporation	-	-	14,027
Canadian Council of Forest Ministers	5,000	5,000	11,250
Yukon invasive species council	-	-	10,000
Forest management plans assistance			
- various recipients	15,000	15,000	7,593
Oil and gas resources			
- memorandum of understanding - various First Nations	40,000	40,000	5,000
Successor resource legislation working group			
- various First Nations	70,000	-	-

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates		Actual
Energy, Mines and Resources				
<u>Other transfer payments (continued)</u>				
Oil and gas and mineral resources - regulatory costs				
- various First Nations	\$ 35,000	\$ 35,000	\$	-
Forestry research				
- University of Northern British Columbia	25,000	25,000		-
FPInnovations - Forintek Division	17,000	17,000		-
Various transfer payments less than \$10,000	19,000	19,000		29,677
	<u>3,079,000</u>	<u>2,973,000</u>		<u>1,895,060</u>
Total other government transfers	<u>7,164,000</u>	<u>7,858,000</u>		<u>6,191,366</u>
Environment				
<u>Other transfer payments</u>				
Environment Canada				
- environmental sustainability	824,000	824,000		830,440
- Mackenzie River Basin - transboundary agreement	40,000	40,000		80,000
- cableway remediation	-	-		40,000
Yukon Wildlife Preserve Operating Society				
- operational costs	704,000	704,000		704,200
- Swan Haven	17,000	17,000		17,000
Wildlife Management Advisory Council	460,000	463,000		463,000
Yukon College				144,477
- climate change research	75,000	75,000	\$ 75,000	
- Yukon Research Centre	-	-	64,477	
- Congdon Creek Campground	5,000	5,000	5,000	
Humane Society Yukon	120,000	120,000		122,054
- operational costs			110,000	
- flooring			12,054	
Whitehorse Fish Hatchery	100,000	100,000		120,000
Yukon Fish and Game Association	80,000	80,000		80,000
Porcupine Caribou Management Board	75,000	75,000		75,000
Yukon Conservation Society	35,000	35,000		75,000
Inuvialuit Final Agreement				63,177
- North Slope	-	24,000	40,000	
- Herschel heritage	-	25,000	23,177	
Vuntut Gwitchin First Nation				
- Porcupine caribou herd protection	50,000	50,000		37,500
Centre for Human-Wildlife Conflict Solutions	25,000	25,000		35,000
University of Toronto				34,700
- environmental sustainability	20,000	-	13,000	
- climate change research	-	22,000	21,700	
Council of Yukon First Nations	-	-		33,000
Yukon Trappers' Association				
- operational costs	35,000	35,000		30,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates	Actual
Environment			
<u>Other transfer payments (continued)</u>			
Humane Society Dawson	\$ 25,000	\$ 25,000	\$ 29,200
Animal protection program - various recipients	25,000	17,000	28,500
Fish and wildlife research support - various recipients	18,000	-	24,712
Environmental public awareness - various recipients	30,000	30,000	24,022
Dalhousie University	-	-	22,500
Government of Northwest Territories	-	-	22,500
Community water monitoring project	36,000	30,000	19,249
Ducks Unlimited	18,000	18,000	18,000
Canadian Cooperative Wildlife Health Centre	14,000	14,000	14,000
North Yukon Renewable Resource Council	-	-	10,000
Yukon invasive species	-	-	10,000
Canadian Parks Council	12,000	12,000	8,762
Tr'ondëk Hwëch'in			
- Tombstone Territorial Park	16,000	16,000	5,802
Livestock veterinary services - various recipients	10,000	15,000	118
Various transfer payments less than \$10,000	83,000	87,000	4,499
Total other government transfers	2,952,000	2,983,000	3,226,412
Finance			
<u>Other transfer payments</u>			
Toronto-Dominion Bank, The			
- rural community banking	-	-	436,695
The Yukon Electrical Company Limited			
- public utilities income tax transfer	213,000	213,000	208,834
Total other government transfers	213,000	213,000	645,529
French Language Services Directorate			
<u>Other transfer payments</u>			
Quebec - Yukon Francophone community development	25,000	25,000	25,650
- Association Franco-Yukonnaise			\$ 19,300
- various recipients			6,350
Various transfer payments less than \$10,000	4,000	4,000	4,000
Total other government transfers	29,000	29,000	29,650

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates		Actual
Health and Social Services				
<u>Funding programs</u>				
Child care operating funds	\$ 4,454,000	\$ 4,454,000		\$ 7,014,789
Parents of children with disabilities	690,000	690,000		857,517
Employment incentives	390,000	390,000		413,788
	<u>5,534,000</u>	<u>5,534,000</u>		<u>8,286,094</u>
<u>Other transfer payments</u>				
Yukon Hospital Corporation				76,794,665
- operational funding	66,905,000	69,766,000	\$ 60,322,688	
- Watson Lake Hospital	-	-	4,676,400	
- Dawson City Hospital	-	-	4,539,000	
- orthopedic program	-	720,000	1,283,000	
- First Nations health	1,200,000	1,200,000	1,200,000	
- Territorial health investment fund - meditech	-	1,200,000	1,200,000	
- Thomson Centre	900,000	900,000	900,000	
- laboratory services	525,000	525,000	810,439	
- inpatient beds	200,000	200,000	547,000	
- operating room services expansion	500,000	500,000	500,000	
- surgeon's clinic renovations	-	-	300,000	
- cataract plan	-	255,000	255,471	
- discharge planning project	-	-	130,000	
- Yukon Hospital Foundation	93,000	93,000	93,000	
- MS program	-	-	37,667	
Yukon hospital insurance services	29,647,000	30,247,000		30,044,335
- Yukon residents' health care provided outside Yukon				
- Province of British Columbia			19,868,708	
- Yukon Hospital Corporation - Whitehorse			3,530,011	
- Province of Alberta			2,404,427	
- reimbursements to individuals and insurance companies			1,713,842	
- other provinces and territories			990,452	
- contributions to various health agencies			890,238	
- Canadian Blood Services			646,657	
Yukon Medical Association				3,936,966
- physician recruitment/retention initiatives	2,606,000	2,793,000	3,036,106	
- medical practice insurance	262,000	304,000	450,360	
- education	272,000	318,000	318,000	
- medical student bursaries	125,000	125,000	132,500	
Child Development Centre	2,404,000	2,404,000		2,404,000
Challenge - Disability Resource Group				2,267,056
- Takhini Haven	1,080,000	1,080,000	867,751	
- community vocational alternatives	613,000	613,000	612,945	
- transitional housing for persons with mental health conditions	562,000	562,000	720,360	
- Bridges Café	65,000	65,000	66,000	
Yukon Women's Transition Home Society	1,504,000	1,504,000		1,629,409
Many Rivers Counselling and Support Services Society	2,042,000	2,042,000		1,529,604

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates		Actual
Health and Social Services				
<u>Other transfer payments (continued)</u>				
Early learning and child care	\$ 1,988,000	\$ 2,738,000		\$ 1,275,996
- Child Development Centre			\$ 232,400	
- Yukon College			120,000	
- Watson Lake Daycare Center Society			83,461	
- Tr'ondëk Hwëch'in			45,373	
- La Garderie Du Petit Cheval Blanc			42,900	
- Teslin Tlingit Council			37,800	
- Champagne and Aishihik First Nations			35,568	
- Little Salmon/Carmacks First Nation			30,180	
- Yukon Child Care Association			30,000	
- First Nation of Na-cho Nyäk Dun			28,500	
- The Whitehorse Church of the Nazarene			24,559	
- Dawson Society for Children and Families (DSCF)			24,546	
- Grow with Joy Limited			22,570	
- Kwanlin Dün First Nation			20,600	
- Carcross/Tagish First Nation			20,000	
- Selkirk First Nation			18,600	
- Bambinos Bilingual Montessori Daycare			18,500	
- Kluane First Nation			18,121	
- Nakwaye Ku Child Care Society			18,000	
- Bubble's Daycare Inc.			17,640	
- Whitehorse Happy Hearts Daycare			17,082	
- Rustic North Ltd.			16,000	
- Whitehorse Montessori Society			16,000	
- 16483 Yukon Inc.			15,300	
- Liard First Nation			15,000	
- Ross River Dena Council			15,000	
- Ta'an Kwäch'än Council			15,000	
- Vuntut Gwitchin First Nation			15,000	
- White River First Nation			15,000	
- Whitehorse Bright Future Daycare Ltd.			14,017	
- Boys and Girls Club of Yukon			14,000	
- Little Munchkins Daycare			13,800	
- Maranatha Preschool Daycare Ltd.			13,800	
- Nlaye Ndasadaye Day Care			12,200	
- Hummingbirds Preschool Inc.			12,100	
- Teddy Bear Bilingual Daycare			11,400	
- Angel Falls Montessori Daycare			11,000	
- Love-to-learn Daycare			10,579	
- Garnet Child Care Ltd.			10,185	
- various recipients			124,215	
Teegatha'Oh Zheh	1,754,000	1,754,000		1,209,732
Salvation Army				1,049,589
- adult services	1,207,000	1,207,000	900,000	
- social supports	150,000	150,000	149,589	

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates		Actual
Health and Social Services				
<u>Other transfer payments (continued)</u>				
Skookum Jim Friendship Centre	\$ 774,000	\$ 774,000		\$ 884,887
- operational funding			\$ 840,000	
- transitional services			44,887	
Options for Independence Society	629,000	629,000		732,385
Fetal Alcohol Syndrome Society of Yukon	527,000	527,000		697,100
- operational funding			677,100	
- out and about program			20,000	
Prevention and enhancement initiatives	-	-		680,000
- Carcross/Tagish First Nation			50,000	
- Champagne and Aishihik First Nations			50,000	
- First Nation of Na-cho Nyäk Dun			50,000	
- Kluane First Nation			50,000	
- Kwanlin Dün First Nation			50,000	
- Liard First Nation			50,000	
- Little Salmon/Carmacks First Nation			50,000	
- Selkirk First Nation			50,000	
- Ta'an Kwäch'än Council			50,000	
- Teslin Tlingit Council			50,000	
- Tr'ondëk Hwëch'in			50,000	
- Vuntut Gwitchin First Nation			50,000	
- White River First Nation			50,000	
- Ross River Dena Council			30,000	
First Nation family support agreements				675,000
- Ross River Dena Council	48,000	48,000	75,000	
- Carcross/Tagish First Nation			75,000	
- Champagne and Aishihik First Nations			75,000	
- Selkirk First Nation			75,000	
- Tr'ondëk Hwëch'in			75,000	
- Little Salmon/Carmacks First Nation			75,000	
- Liard First Nation	48,000	48,000	75,000	
- Teslin Tlingit Council			75,000	
- Vuntut Gwitchin First Nation	69,000	69,000	75,000	
- various recipients	130,000	130,000	-	
Help & Hope for Families Society	492,000	492,000		522,000
Care agreements	-	-		429,336
Territorial Health Investment Fund	-	840,000		409,585
The Dawson Shelter Society	342,000	342,000		371,462
Blood Ties Four Directions Centre Society	199,000	199,000		307,073
- operational funding			232,375	
- Outreach van			58,333	
- TRACKS surveillance program			16,365	
Hospice Yukon Society	256,000	256,000		258,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates	Actual
Health and Social Services			
<u>Other transfer payments (continued)</u>			
City of Whitehorse - Handy Bus	\$ 234,000	\$ 234,000	\$ 233,806
Yukon Association for Community Living	96,000	96,000	217,240
- operational funding			\$ 95,701
- day programming			121,539
Sport Yukon - Kids' Recreation Fund	206,000	206,000	205,500
Tr'ondëk Hwëch'in	-	-	200,000
- Dawson mens' homeless shelter			200,000
Yukon Anti-Poverty Coalition	49,000	49,000	160,400
- operational funding			73,900
- Safe at home			35,000
- Voices influencing change program			27,500
- Whitehorse affordable family housing program			24,000
Individual respite agreements	110,000	125,000	153,250
Council of Yukon First Nations			150,403
- First Nations health partnership	120,000	120,000	124,328
- Health and Social Development Commission			26,075
Kwanlin Dün First Nation child welfare	150,000	150,000	150,000
- family support worker			150,000
Yukon Registered Nurses Association	150,000	150,000	150,000
Learning Disabilities Association of Yukon	136,000	136,000	144,500
Integrated support services for Yukon youth	-	-	141,016
Federal child benefit - various recipients			128,331
- Whitehorse	289,000	289,000	90,960
- Region	71,000	71,000	37,371
British Columbia Centre for Disease Control	-	-	126,000
Second Opinion Society	109,000	109,000	109,000
British Columbia Centre for Disease Control	96,000	96,000	103,800
Yukon Food for Learning Association	95,000	95,000	94,500
Canadian Cancer Society			79,072
- cancer lodges	65,000	65,000	65,250
- health services	12,000	12,000	13,822
Autism Yukon	79,000	180,000	79,000
Public Works and Government Services Canada	74,000	74,000	77,100
Ta'an Kwäch'än Council	75,000	75,000	75,000
- family support worker			75,000
Mental Health Association of Yukon	-	-	75,000
Yukon Council on Aging	48,000	48,000	71,144
Line of Life Association of the Yukon	44,000	44,000	61,120
SignPost Seniors Association	54,000	54,000	54,000
Canadian Mental Health Association	-	-	50,000
Health Investment Fund	50,000	50,000	50,000
Rendezvous Rotary Club of Whitehorse - imagination library	50,000	50,000	50,000
Liard First Nation - Watson Lake food bank	-	-	45,000
Canadian Institute for Health Information	22,000	22,000	37,199
The Victoria Faulkner Women's Centre - accommodation	32,000	32,000	36,327
Alberta Health Services - emergency medical services	34,000	34,000	35,910

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates	Actual
Health and Social Services			
<u>Other transfer payments (continued)</u>			
The Canadian Red Cross Society	\$ -	\$ -	\$ 35,800
Canadian National Institute for the Blind	33,000	33,000	33,000
Nursing education bursaries	24,000	24,000	32,500
Government of Manitoba - Healthy children	30,000	30,000	30,545
Liard First Nation - firewatch funding	-	-	30,000
St. Elias Seniors Society	32,000	32,000	29,740
Professional Development Fund	25,000	25,000	25,000
Teen Parent Access to Education Society	18,000	18,000	23,000
Shakat Tun Adventures Inc.	-	-	22,656
Northern Gender Alliance	-	-	22,200
Yukon Housing Corporation	22,000	22,000	21,636
Health professional bursary	40,000	40,000	20,000
British Columbia Cancer Registry	17,000	17,000	19,572
Ross River Dena Council	-	-	18,750
- family support worker		\$ 18,750	
Health education bursaries	25,000	25,000	15,000
Big Brothers and Big Sisters of Yukon	12,000	12,000	12,000
The Yukon Status of Women Council	-	-	10,000
University of Toronto - choosing wisely campaign	-	-	10,000
Recreation and Parks Association of the Yukon	28,000	28,000	7,000
Land based healing supports	150,000	150,000	-
Mental health youth treatment centres	130,000	130,000	-
Yukon Review Board - care agreements	92,000	92,000	-
Haines Junction Employment Development Society	50,000	50,000	-
Rick Hansen Institute	20,000	20,000	-
Foster Parent Association	15,000	15,000	-
Rehabilitation subsidies	15,000	-	-
Alcohol and drug - education and prevention	10,000	10,000	-
Various transfer payments less than \$10,000	16,000	16,000	38,441
	<u>123,472,000</u>	<u>131,074,000</u>	<u>131,908,638</u>
Total other government transfers	129,006,000	136,608,000	140,194,732

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates	Actual
Highways and Public Works			
<u>Other transfer payments</u>			
Climate change impacts on transportation infrastructure	\$ -	\$ -	\$ 138,187
- Yukon College		\$ 70,135	
- Carleton University		48,052	
- McMaster University		20,000	
Kwanlin Dün First Nation - capacity development	-	-	125,000
Miles Canyon Historic Railway Society	107,000	107,000	107,000
- waterfront trolley operations		107,000	
Yukon College			60,240
- road relocation	-	-	37,390
- permafrost mapping	-	-	22,850
Yukon Contractors Association - collaboration with YG	-	-	55,000
Teslin Tlingit Council - capacity development	-	-	37,500
National Research Council, Canada Institute for Scientific and Technical Information			
- Dawson City ice bridge preliminary assessment	-	-	33,000
The Yukon Transportation Museum Society			
- Bell licensing agreement	12,000	12,000	12,000
Kluane First Nation - Alaska Highway - Shakwak	-	-	10,000
Various transfer payments less than \$10,000	5,000	5,000	8,050
Total other government transfers	124,000	124,000	585,977

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates		Actual
Justice				
<u>Other transfer payments</u>				
Yukon Legal Services Society (Legal Aid)				\$ 3,028,577
- legal services	\$ 2,354,000	\$ 2,354,000	\$ 2,705,227	
- Gladue project	-	-	288,350	
- community justice and public safety	35,000	35,000	35,000	
Human Rights Commission	803,000	803,000		803,000
Kwanlin Dün First Nation security initiative	-	-		566,700
Community residential centre (Salvation Army)	550,000	550,000		550,000
Indigenous courtworker program	648,000	648,000		503,346
- Kwanlin Dün First Nation			153,867	
- Carcross/Tagish First Nation			36,952	
- Carcross/Tagish First Nation (prior year funding)			4,105	
- First Nation of Na-cho Nyäk Dun			41,057	
- Little Salmon/Carmacks First Nation			36,952	
- Little Salmon/Carmacks First Nation (prior year funding)			4,105	
- Tr'ondëk Hwëch'in			36,952	
- Tr'ondëk Hwëch'in (prior year funding)			4,105	
- Kluane First Nation			36,952	
- Vuntut Gwitchin First Nation			36,952	
- Liard First Nation			36,951	
- Teslin Tlingit Council			27,714	
- Ross River Dena Council			18,476	
- Council of Yukon First Nations (prior year funding)			14,863	
- Selkirk First Nation			9,238	
- Selkirk First Nation (prior year funding)			4,105	
Yukon Workers' Compensation Health and Safety Board	330,000	330,000		329,500
Community justice projects	307,000	307,000		266,529
- Liard First Nation			54,750	
- Teslin Tlingit Council			54,000	
- Kwanlin Dün First Nation			41,604	
- Kwanlin Dün First Nation (prior year funding)			5,547	
- Champagne and Aishihik First Nations			28,521	
- Champagne and Aishihik First Nations (prior year funding)			3,169	
- Tr'ondëk Hwëch'in			22,500	
- Tr'ondëk Hwëch'in (prior year funding)			2,500	
- Carcross/Tagish First Nation			20,925	
- Carcross/Tagish First Nation (prior year funding)			2,325	
- Vuntut Gwitchin First Nation			13,553	
- Vuntut Gwitchin First Nation (prior year funding)			2,465	
- Ross River Dena Council			14,670	
Yukon Public Legal Education Association	90,000	90,000		110,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates		Actual
Justice				
<u>Other transfer payments (continued)</u>				
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 Council	-	-		62,100
Yukon Women's Transition Home Society	-	-		25,176
Yukon Community Crime Stoppers Association	10,000	10,000		7,500
Sexualized assault response team	140,000	140,000		-
Total other government transfers	5,418,000	5,418,000		6,324,870
Tourism and Culture				
<u>Funding programs</u>				
Arts operating funds	825,000	825,000		793,400
Tourism cooperative marketing fund	700,000	700,000		596,527
Arts fund	500,000	500,000		533,836
Advanced artist award	150,000	150,000		151,629
Touring artist fund	100,000	100,000		81,531
	2,275,000	2,275,000		2,156,923
<u>Other transfer payments</u>				
Yukon Arts Centre Corporation				1,213,020
- operations and maintenance	873,000	873,000	872,504	
- Old Fire Hall programming	175,000	175,000	175,000	
- culture quest	157,000	157,000	164,850	
- other	-	-	666	
Museums - general operation, maintenance and training support	880,000	880,000		880,000
- MacBride Museum Society			270,000	
- Dawson City Museum Society			130,000	
- Yukon Transportation Museum Society			130,000	
- Yukon Church Heritage Society, The			80,000	
- Keno Community Club			50,000	
- Kluane Museum of History Society			50,000	
- Teslin Historical & Museum Society			50,000	
- Town of Faro - Campbell Region Interpretive Centre			40,000	
- Town of Watson Lake - Northern Lights Centre			40,000	
- Village of Mayo			40,000	
First Nations cultural centres	800,000	800,000		800,000
- Carcross/Tagish First Nation			130,000	
- Champagne and Aishihik First Nations			130,000	
- Kwanlin Dün Cultural Society			130,000	
- Teslin Tlingit Council			130,000	

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates		Actual
Tourism and Culture				
<u>Other transfer payments (continued)</u>				
First Nations cultural centres (continued)				
- Tr'ondëk Hwëch'in			\$ 130,000	
- Little Salmon/Carmacks First Nation			50,000	
- Selkirk First Nation			50,000	
- Vuntut Gwitchin First Nation			50,000	
Dawson City Arts Society	\$ 425,000	\$ 425,000		\$ 450,000
Museums - assistance	348,000	348,000		347,489
- MacBride Museum Society			42,751	
- The Yukon Transportation Museum Society			40,000	
- Town of Faro - Campbell Region Interpretive Centre			40,000	
- Yukon Church Heritage Society			39,980	
- Dawson City Museum Society			39,712	
- Kwanlin Dün Cultural Society			37,197	
- Champagne and Aishihik First Nations			31,284	
- Carcross/Tagish First Nation			21,500	
- Kluane Museum of Natural History			19,962	
- Teslin Historical & Museum Society			15,733	
- Vuntut Gwitchin First Nation			10,370	
- various recipients			9,000	
Northern Cultural Expressions Society	345,000	345,000		345,000
Wilderness Tourism Association of the Yukon	264,000	264,000		306,000
- operations and maintenance			264,000	
- Yukon wild photo and video image bank			42,000	
Tourism Industry Association of the Yukon				296,500
- operations and maintenance	244,000	244,000	244,000	
- promotion/events	20,000	20,000	52,500	
Yukon Convention Bureau Society	200,000	200,000		200,000
Yukon First Nations Culture and Tourism Association	160,000	160,000		194,500
- operations and maintenance			160,000	
- advanced planning for Adäka cultural festival			20,000	
- tourism video project			10,000	
- bead, hide and fur symposium			4,500	
Yukon Quest International Association (Canada)	150,000	150,000		150,000
Selkirk First Nation - Fort Selkirk	147,000	147,000		147,000
Kwanlin Dün Cultural Society	-	-		135,000
Historic sites maintenance	146,000	146,000		109,197
- First Nation of Na-cho Nyäk Dun			33,429	
- City of Dawson			19,500	
- Yukon Historic Resource Fund			16,000	
- Yukon Church Heritage Society, The			15,158	
- Conrad historic site			15,000	
- various recipients			10,110	
MacBride Museum Society	100,000	100,000		100,000
- expansion			100,000	
Yukon Art Society - artist in the school	100,000	100,000		99,934
Tr'ondëk Hwëch'in - Forty Mile	95,000	95,000		95,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates	Actual
Tourism and Culture			
<u>Other transfer payments (continued)</u>			
On Yukon Time			
- arts themed events	\$ 94,000	\$ 94,000	\$ 85,158
- Friends of the Yukon Archives Society			\$ 30,000
- various recipients			55,158
Yukon Council of Archives	75,000	75,000	76,622
North American marketing agreements			
- Holland America	50,000	50,000	75,000
Yukon Sourdough Rendezvous	75,000	75,000	75,000
Yukon Historical and Museums Association	74,000	74,000	74,000
Vuntut Gwitchin First Nation - Rampart House	60,000	60,000	60,000
Sport Yukon - sport tourism	43,000	43,000	52,753
Canadian Tourism Commission	465,000	465,000	51,570
Heritage trails	45,000	45,000	39,023
- First Nation of Na-cho Nyäk Dun			19,923
- Carcross/Tagish First Nation			17,100
- various recipients			2,000
Industry - product development and resource assessment	50,000	50,000	33,251
- Yukon First Nations Culture & Tourism Association			29,000
- various recipients			4,251
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
Stay Another Day			
- various recipients	25,000	25,000	25,000
The Yukon Science Institute	20,000	20,000	20,000
New Canadians event fund			
- various recipients	45,000	45,000	19,242
Historic sites - heritage attraction site support			
- Yukon Conservation Society - Canyon City	15,000	15,000	18,000
Historic sites inventory - City of Dawson	10,000	10,000	10,313
Vancouver Island University	10,000	10,000	10,000
Kwanlin Dün Cultural Society	-	-	10,000
Youth of Today Society	-	-	10,000
Air North	50,000	50,000	-
Various transfer payments less than \$10,000	24,000	24,000	24,458
	6,914,000	6,914,000	6,693,030
Total other government transfers	9,189,000	9,189,000	8,849,953

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates	Actual
Women's Directorate			
<u>Other transfer payments</u>			
Indigenous Women's equality fund	\$ 230,000	\$ 404,000	\$ 395,333
- Liard Aboriginal Women's Society			\$ 136,667
- Whitehorse Aboriginal Women's Circle			132,666
- Yukon Aboriginal Women's Council			126,000
Prevention of violence against aboriginal women initiatives	200,000	200,000	180,931
- Skookum Jim Friendship Centre			37,484
- Food Bank Society of Whitehorse			25,000
- The Victoria Faulkner Women's Centre			25,000
- Whitehorse Aboriginal Women's Circle			25,000
- First Nation of Na-cho Nyäk Dun			24,836
- Teen Parent Access to Education Society			22,500
- Kluane First Nation			21,111
Women's equality fund	220,000	220,000	180,000
- The Victoria Faulkner Women's Centre			50,000
- The Yukon Status of Women Council			45,000
- Yukon Women in Trades and Technology			45,000
- Les EssentiElles			40,000
The Victoria Faulkner Women's Centre			
- women's advocate	100,000	100,000	100,000
- A Safe Place	65,000	65,000	61,615
Skookum Jim Friendship Centre			
- Women's legal advocate services	93,000	93,000	87,251
Yukon Anti-Poverty Coalition			
- Program coordination/delivery			
- Whitehorse affordable family housing complex	42,000	42,000	42,000
Whitehorse Aboriginal Women's Circle monument installation	-	-	16,113
Women's community projects - various recipients	10,000	10,000	9,000
Various transfer payments less than \$10,000	-	-	7,349
Total other government transfers	960,000	1,134,000	1,079,592
Yukon Development Corporation (Transfer Payment)			
<u>Other transfer payments</u>			
Interim electrical rebate	3,500,000	3,670,000	3,626,380
Mayo B rate payer support	2,625,000	2,625,000	2,625,000
Innovative renewable energy initiative	1,500,000	1,500,000	1,500,000
Total other government transfers	7,625,000	7,795,000	7,751,380

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2019**

	Main Estimates	Revised Estimates	Actual
Yukon Housing Corporation (Transfer Payment)			
<u>Other transfer payments</u>			
Operations and maintenance	\$ 7,028,000	\$ 7,028,000	\$ 5,523,951
Capital	8,681,000	8,681,000	6,512,715
Total other government transfers	15,709,000	15,709,000	12,036,666
Yukon Liquor Corporation (Transfer Payment)			
<u>Other transfer payments</u>			
Cannabis Distributor Corporation Fund	3,000,000	3,000,000	2,975,400
Total other government transfers	3,000,000	3,000,000	2,975,400
Totals			
Funding programs	32,134,000	33,890,000	34,121,471
Other government transfers	245,388,000	267,663,000	272,932,710
	\$ 277,522,000	\$ 301,553,000	\$ 307,054,181

GOVERNMENT OF YUKON

Schedule 10

**Schedule of Special Warrants
for the year ended March 31, 2019**

Warrant Number	Purpose	Amount
		(thousands of dollars)
No. 1 Capital	Community Services	<u>\$ 20,000</u>
		<u><u>\$ 20,000</u></u>

The special warrant authorized spending for the purpose of financing government operations for the period February 13 to March 31, 2019. This warrant was subsequently approved by the *Third Appropriation Act (Yukon) 2018-19*.

GOVERNMENT OF YUKON

Schedule 11

**Schedule of Bad Debt Write-offs
for the year ended March 31, 2019**

Department	Number of Accounts	Total
Economic Development	1	\$ 51,045
Education	9	16,297
Community Services	29	10,877
Health and Social Services	5	10,873
		<hr/>
		\$ 89,092

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.

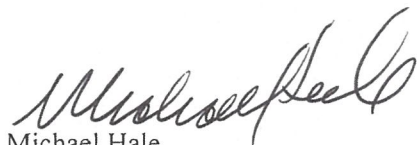
Management is also responsible for designing these systems and practices to provide reasonable assurance that transactions are in accordance with the *Yukon College Act*, bylaws and policies of the College.

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, 2018 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



Luzelle Nagel CPA, CA
Director, Finance & Administrative Services

December 8, 2018

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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 2018, 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 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "David Irving". The signature is written in a cursive, slightly slanted style.

David Irving, CPA, CA
Principal
for the Auditor General of Canada

8 December 2018
Edmonton, Canada

YUKON COLLEGE
Consolidated Statement of Financial Position
As at June 30

ASSETS	<u>2018</u>	<u>2017</u> <u>Restated</u> <u>(note 2 q)</u>
Current Assets		
Cash (note 4)	\$ 8,558,803	\$ 6,522,714
Accounts receivable (note 3b)	3,074,435	3,405,396
Inventories	126,662	124,712
Prepaid expenses	133,469	136,655
	<u>11,893,369</u>	<u>10,189,477</u>
Other Assets		
Restricted cash (note 5)	3,884,598	3,767,533
Accrued pension benefit asset (note 6a)	17,743,100	16,653,900
Capital assets (note 7)	10,428,407	8,842,581
	<u>\$ 43,949,474</u>	<u>\$ 39,453,491</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,192,279	\$ 3,308,589
Deferred contributions (note 9)	3,993,487	2,838,691
Vacation leave and employee future benefits	2,516,652	2,539,070
Loan payable (note 10)	996,431	996,431
	<u>10,698,849</u>	<u>9,682,781</u>
Long-term Liabilities		
Deferred capital contributions (note 11)	6,459,443	4,781,593
Other employee future benefits (note 6b)	5,172,100	4,813,700
	<u>11,631,543</u>	<u>9,595,293</u>
Net Assets		
Capital (note 7)	10,428,407	8,842,581
Externally restricted for endowments (note 8)	2,572,828	2,373,222
Externally restricted for pension (note 6a)	17,743,100	16,653,900
Unrestricted	(9,125,253)	(7,694,286)
	<u>21,619,082</u>	<u>20,175,417</u>
	<u>\$ 43,949,474</u>	<u>\$ 39,453,491</u>

Contractual rights and commitments (note 18 and 19)

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>2018</u>	<u>2017</u>
Revenues		
Contributions, Government of Yukon (note 13)	\$ 24,824,875	\$ 25,704,304
Contracts (note 14)	15,339,307	16,489,115
Tuition	2,326,551	1,668,977
Miscellaneous income (note 15)	1,879,615	1,268,074
Sales, rentals and services	1,662,302	1,563,381
Student assistance/scholarships (note 17)	768,242	715,776
Amortization of deferred capital contributions (note 11)	451,376	360,823
Interest income	110,573	55,299
	<u>\$ 47,362,841</u>	<u>\$ 47,825,749</u>
Expenses (note 12)		
Direct instruction	\$ 15,114,320	\$ 15,881,739
Direct instructional support	10,082,465	10,062,822
General administration	6,707,231	6,362,019
Research	4,513,909	4,481,736
Services received without charge (note 13)	3,983,667	3,706,611
Facility services and utilities	1,877,784	1,918,893
Cost of sales	1,617,001	1,651,118
Amortization of capital assets (note 7)	1,057,599	920,763
Student assistance/scholarships	724,382	714,765
Employee leave and termination benefits	335,983	364,884
Miscellaneous	104,441	149,664
	<u>\$ 46,118,782</u>	<u>\$ 46,215,014</u>
Total surplus of revenues over expenses (note 20)	<u>\$ 1,244,059</u>	<u>\$ 1,610,735</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 Restated (note 2 q)</u>	<u>Externally Restricted for Pension</u>	<u>2018 Total</u>	<u>2017 Total Restated (note 2 q)</u>
Balance, beginning of year	\$ (7,694,286)	\$ 8,842,581	\$ 2,373,222	\$ 16,653,900	\$ 20,175,417	\$ 18,488,453
Capital assets acquired - net of disposals (note 7)	-	2,643,425	-	-	2,643,425	1,737,639
Amortization of capital assets (note 7)	-	(1,057,599)	-	-	(1,057,599)	(920,763)
Change in net assets - Capital (note 7)	(1,585,826)	-	-	-	(1,585,826)	(816,876)
Endowment contributions - net (note 8)	-	-	199,606	-	199,606	76,229
Total surplus of revenues over expenses (note 20)	154,859	-	-	1,089,200	1,244,059	1,610,735
Balance, end of year	<u>\$ (9,125,253)</u>	<u>\$ 10,428,407</u>	<u>\$ 2,572,828</u>	<u>\$ 17,743,100</u>	<u>\$ 21,619,082</u>	<u>\$ 20,175,417</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>2018</u>	<u>2017</u>
Cash flows provided from operating activities:		
Total surplus of revenues over expenses	\$ 1,244,059	\$ 1,610,735
Items not affecting cash		
Amortization of capital assets (note 7)	1,057,599	920,763
Amortization of deferred capital contributions (note 11)	(451,376)	(360,823)
Increase in non-cash working capital balances	1,331,924	1,059,043
Increase in accrued pension benefit asset	(1,089,200)	(1,177,700)
Increase in other employee future benefits	358,400	316,600
Cash flows provided from operating activities	<u>2,451,406</u>	<u>2,368,618</u>
Cash flows used in investing activities:		
Increase in restricted cash	<u>(117,065)</u>	<u>(48,886)</u>
Cash flows used in investing activities	<u>(117,065)</u>	<u>(48,886)</u>
Cash flows used in capital activities:		
Proceeds from disposal of capital asset	92,213	-
Capital assets acquired (note 7)	<u>(2,719,297)</u>	<u>(1,744,292)</u>
Cash flows used in capital activities	<u>(2,627,084)</u>	<u>(1,744,292)</u>
Cash flows provided from financing activities:		
Net investment income from endowments (note 8)	156,436	20,046
Endowment contributions (including transfers)	43,170	56,183
Increase in deferred capital contributions (note 11)	<u>2,129,226</u>	<u>925,873</u>
Cash flows provided from financing activities	<u>2,328,832</u>	<u>1,002,102</u>
Change in cash:		
Net increase in cash	2,036,089	1,577,542
Cash		
Beginning of year	<u>6,522,714</u>	<u>4,945,172</u>
End of year	<u>\$ 8,558,803</u>	<u>\$ 6,522,714</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, 2018

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* and is therefore exempt from tax. 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* and is therefore exempt from tax. 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

The consolidated financial statements include the accounts of the College and its controlled entity, the Foundation. All inter-entity 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 President of the College is the only board member in common for the Foundation and the College. The President is an ex-officio member of the Board of Directors of the Foundation and a non-voting member 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.

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, 2018

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. When conditions indicate that an asset no longer contributes to the College's ability to provide its services, the carrying amount of the asset is written down to its residual value, if any.

	<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

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

2. Significant accounting policies (continued)

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. The amount of the letter of credit is equal to the amount of solvency payments required as determined by the actuary. 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.

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.

Past service costs from plan amendments are accounted for in the period of the plan amendments.

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 (2017 - 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 (2017 - 9 years).

i) Employee vacation leave

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

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

2. Significant accounting policies (continued)

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).

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 incurred \$239,992 (2017 - \$148,429) in fundraising expenses during the year and these costs are included in general administration expenses. Fundraising expenses consisted of salaries and benefits, contract fees, advertising and promotion and office expenses.

l) Restrictions on net assets

Capital 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.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

2. Significant accounting policies (continued)

m) Related party transactions

The College is related to all Government of Yukon departments, corporations, agencies and the College's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. 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-entitý transactions are recorded on a gross basis and are measured at the carrying amount, except for the following: when inter-entitý transaction 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-entitý transactions are recorded at the exchange amount.

The College receives certain services provided by the Government of Yukon without charge (note 13). The Government of Yukon's cost for these services are recognized as expenses with an offsetting credit to revenues in order to reflect the full cost of the College's operations in its financial statements. These services are recorded at amounts based on the Government's amortization expense (for the main campus), which is the carrying amount, and on fair value for other spaces.

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 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 accrued pension benefit asset 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.

p) Adoption of new accounting standards

Effective July 1, 2017, the College 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-entitý transactions. The adoption of PS 3380 required additional information to be disclosed; refer to note 18 for Contractual rights disclosure. There was no significant impact on the financial statements as a result of adopting the remaining standards.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

2. Significant accounting policies (continued)

q) Restatement

In 2016, the Foundation entered into an agreement with a donor in the amount of \$996,431, and recorded the amount received as an endowment; however, the terms of the agreement have the characteristics of a loan. The financial statements have been corrected retroactively and the comparative figures have been restated. See note 10 for an explanation of the loan payable. The effect of this change is as follows:

	<u>2017</u> <u>As previously</u> <u>stated</u>	<u>2017</u> <u>Adjustment</u>	<u>2017</u> <u>Restated</u>
<u>Statement of financial position</u>			
Loan payable	\$ -	\$996,431	\$ 996,431
Net assets - externally restricted for endowments	\$ 3,369,653	(\$996,431)	\$2,373,222
<u>Statement of changes in net assets</u>			
Balance, beginning of year	\$19,484,884	(\$996,431)	\$18,488,453
<u>Note 8 - Endowments</u>			
Endowment balance, beginning of the year	\$ 3,293,424	(\$996,431)	\$ 2,296,993

Note 10 has been added.

3. Financial risk management

(a) Fair value of financial instruments

The College's financial instruments consist of cash, accounts receivable, restricted cash, accounts payable and accrued liabilities and loan payable. 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, 2018

3. Financial risk management (continued)

(b) Financial risks (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>2018</u>	<u>2017</u>
Carrying value	\$ 3,074,435	\$ 3,405,396
Allowance for doubtful accounts	\$ 75,920	\$ 67,495
Accounts receivable % less than 30 days	74%	69%
Accounts receivable % over 90 days	5%	4%

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, 2018 and 2017, 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, 2018. The College's credit facility interest rates are subject to fluctuations in the prime rate.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

5. Restricted cash

Restricted cash consists of \$3,774,193 (2017 - \$3,534,552) for Foundation endowment and deferred contributions and \$110,405 (2017 - \$232,981) 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 1.1% (2017 - 0.9 %).

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, 2018. 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. Pension benefit estimates 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, 2018 and the next actuarial valuation for funding purposes will be performed as of June 30, 2019. The actuarial valuation for funding purposes performed by the actuary in 2018 established the College's required current service contributions as 101.8% (2017 – 132.3%) 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 \$3,159,900 (2017 - \$3,553,200).

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

6. Employee future benefits (continued)

a) Pension 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>2018</u>	<u>2017</u>
Weighted-average assumptions for benefit costs		
Discount rate	5.40 %	5.80 %
Expected long-term rate of return on plan assets	5.40 %	5.80 %
Rate of compensation increase	4.00 %	4.25 %
Inflation rate	2.20 %	2.30 %
Weighted-average assumptions of accrued benefit obligation		
Discount rate	5.40 %	5.80 %
Rate of compensation increase	4.00 %	4.25 %
Inflation rate	2.20 %	2.30 %
	<u>2018</u>	<u>2017</u>
Change in accrued benefit obligation:		
Accrued benefit obligation - beginning of year	\$ 83,740,100	\$ 78,164,100
Current service cost	2,559,600	2,319,300
Interest cost	4,555,300	4,546,600
Employee contributions	1,833,600	1,684,000
Benefits paid	(3,159,900)	(3,553,200)
Actuarial losses	-	579,300
Accrued benefit obligation - end of year	<u>\$ 89,528,700</u>	<u>\$ 83,740,100</u>
Change in plan assets:		
Fair value of plan assets - beginning of year	\$ 101,080,500	\$ 89,780,700
Actual return on plan assets	5,499,300	9,795,500
Employer contributions	2,845,000	3,373,500
Employee contributions	1,833,600	1,684,000
Benefits paid	(3,159,900)	(3,553,200)
Fair value of plan assets - end of year	<u>\$ 108,098,500</u>	<u>\$ 101,080,500</u>
	<u>2018</u>	<u>2017</u>
Reconciliation of funded status:		
Accrued benefit obligation - end of year	\$ (89,528,700)	\$ (83,740,100)
Fair value of plan assets	<u>108,098,500</u>	<u>101,080,500</u>
Funding surplus	18,569,800	17,340,400
Unamortized net actuarial loss	(826,700)	(686,500)
Accrued pension benefit asset	<u>\$ 17,743,100</u>	<u>\$ 16,653,900</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

6. Employee future benefits (continued)

a) Pension benefits (continued)

	<u>2018</u>	<u>2017</u>
Elements of defined pension plan benefit costs recognized in the year:		
Current service cost, net of employee contributions	\$ 2,559,600	\$ 2,319,300
Interest cost on benefit obligation	4,555,300	4,546,600
Actual return on plan assets	(5,499,300)	(9,795,500)
Actuarial loss on accrued benefit obligation	<u>-</u>	<u>579,300</u>
Elements of employee future benefit costs before adjustments to recognize the long-term nature of employee future benefit costs	1,615,600	(2,350,300)
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
Difference between actuarial loss recognized for the year and actual actuarial benefit loss on accrued benefit obligation for the year	<u>140,200</u>	<u>1,500</u>
Net periodic pension cost recognized	<u>\$ 1,755,800</u>	<u>\$ 2,195,800</u>
Based on fair value of plan assets held as at June 30, the assets were composed of:		
Equity securities	<u>2018</u> 55%	<u>2017</u> 56%
Debt securities	42%	41%
Other	<u>3%</u>	<u>3%</u>
Total	100%	100%

The accrued pension 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, 2018.

The funded status of the pension plan, a surplus of \$16,395,300 as at June 30, 2018 (June 30, 2017 - \$11,237,000), has been determined on the basis that the pension plan remains a going concern. As at June 30, 2018, the date of the most recent actuarial valuation for funding purposes, the pension plan had a deficit of \$6,314,200 (June 30, 2017 - \$9,346,600) if valued on the basis that the pension plan were terminated/wound up as at June 30, 2018.

The solvency ratio of the pension plan was 95.2% at June 30, 2018 (2017 – 92.5%). During the fiscal year the College contributed \$2,845,000 (2017 - \$3,373,500) to the pension plan. The Government of Yukon provided pension funding to the College during the year as described in note 13. All required contributions to the pension plan have been made.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

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 \$207,108 (2017 - \$202,958) per month up to an amount of \$18,318,077 which was the estimated amount of solvency payments required to June 30, 2019 based on the June 30, 2017 valuation. The amount of the letter of credit will be revised in January 2019 as a result of the funding valuation results for June 30, 2018 and the monthly increases will be \$160,750. The maximum amount of the letter of credit is \$19,550,400 based on the June 30, 2018 funding valuation. The maximum letter of credit for 2017 was \$15,787,127, which was based on 15% of solvency liabilities as of June 30, 2017. 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 in 2017 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, 2018 was \$15,832,777 (2017 - \$13,554,585). The letter of credit expires on July 31, 2019 but the College plans to renew the letter of credit no later than May 2019 as required by the legislation and in the amount determined by the actuarial valuation for June 30, 2018. 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, 2018 is:

	<u>2018</u>	<u>2017</u>
Accrued benefit obligation, end of year	\$ 6,104,200	\$ 5,785,600
Unamortized actuarial loss	<u>(262,100)</u>	<u>(301,900)</u>
Actuarially determined other employee future benefits, end of year	5,842,100	5,483,700
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>\$ 5,172,100</u>	<u>\$ 4,813,700</u>

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

	<u>2018</u>	<u>2017</u>
Accrued benefit liability, beginning of year	\$ 5,483,700	\$ 5,167,100
Add: Annual benefit plan cost:		
Current service cost	816,300	783,000
Interest on accrued benefit obligation	172,300	163,800
Amortization of net actuarial loss	<u>39,800</u>	<u>39,800</u>
Total annual benefit plan cost	1,028,400	986,600
Less: Benefits paid by College	<u>(670,000)</u>	<u>(670,000)</u>
Actuarially determined other employee future benefits, end of year	5,842,100	5,483,700
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>\$ 5,172,100</u>	<u>\$ 4,813,700</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

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>2018</u>	<u>2017</u>
Weighted average assumptions for benefit costs:		
Discount rate	2.75%	2.75%
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, 2018

7. Capital assets

	Beginning of Year	Additions	Disposals	Transfer to Capital Assets	End of Year
June 30, 2018					
Cost:					
Leasehold Improvements	\$ 4,494,023	\$ 1,979,626	\$ (77,118)	\$ 510,929	\$ 6,907,460
Equipment General	3,449,713	389,957	(240,979)	-	3,598,691
Equipment EDP	528,818	133,392	-	-	662,210
Mobile Trailers	2,273,283	-	-	-	2,273,283
Furniture and Fixtures	270,289	57,782	(14,435)	-	313,636
Works of Art	67,948	8,250	-	-	76,198
Vehicles	446,710	74,922	-	-	521,632
Work in Progress	842,042	75,368	-	(510,929)	406,481
Total	<u>\$ 12,372,826</u>	<u>\$ 2,719,297</u>	<u>\$ (332,532)</u>	<u>\$ -</u>	<u>\$ 14,759,591</u>
Accumulated Amortization:					
Leasehold Improvements	\$ 1,399,009	\$ 277,470	\$ (77,118)	\$ -	\$ 1,599,361
Equipment General	1,055,462	376,249	(165,107)	-	1,266,604
Equipment EDP	256,356	172,137	-	-	428,493
Mobile Trailers	431,875	113,664	-	-	545,539
Furniture and Fixtures	93,920	32,964	(14,435)	-	112,449
Works of Art	-	-	-	-	-
Vehicles	293,623	85,115	-	-	378,738
Work in Progress	-	-	-	-	-
Total	<u>\$ 3,530,245</u>	<u>\$ 1,057,599</u>	<u>\$ (256,660)</u>	<u>\$ -</u>	<u>\$ 4,331,184</u>
Carrying Amounts:	<u>\$ 8,842,581</u>	<u>\$ 1,661,698</u>	<u>\$ (75,872)</u>	<u>\$ -</u>	<u>\$ 10,428,407</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

7. Capital assets (continued)

	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	<u>\$ 10,835,000</u>	<u>\$ 1,744,292</u>	<u>\$ (206,466)</u>	<u>\$ -</u>	<u>\$ 12,372,826</u>
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	<u>\$ 2,809,295</u>	<u>\$ 920,763</u>	<u>\$ (199,813)</u>	<u>\$ -</u>	<u>\$ 3,530,245</u>
Carrying Amounts:	<u>\$ 8,025,705</u>	<u>\$ 823,529</u>	<u>\$ (6,653)</u>	<u>\$ -</u>	<u>\$ 8,842,581</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. The College received contributed capital assets in 2018 and 2017. In 2018 the assets consisted of two vehicles to be used in the Centre for Northern Innovation in Mining. The appraised amount of \$27,500 was added to the value of vehicles. In 2017 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, 2018

8. Endowments

	<u>2018</u>	<u>2017</u> <u>Restated</u> <u>(note 2q)</u>
Endowment balance, beginning of year	2,373,222	2,296,993
Investment income added to net assets	156,436	20,046
Contributions from donors	33,605	45,601
Transfer of deferred contributions to endowments	9,565	10,582
Endowment balance, end of year	<u>\$ 2,572,828</u>	<u>\$ 2,373,222</u>
Investment income added to net assets	\$ 156,436	\$ 20,046
Net income on investments recognized as revenue	5,116	1,260
Total investment income on endowments and trusts	<u>\$ 161,552</u>	<u>\$ 21,306</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

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>2018</u>	<u>2017</u>
Contracts	\$ 2,868,202	\$ 2,094,083
Tuition	711,076	254,570
Endowment and trust accounts	414,209	490,038
Total deferred contributions	<u>\$ 3,993,487</u>	<u>\$ 2,838,691</u>

Change in Deferred Contributions:

	<u>2018</u>					<u>2017</u>
	Contracts	Tuition & Registration Fees	Endowments & Trusts	Yukon Government Operating Contributions	Total	
Balance, beginning of year	\$ 2,094,083	\$ 254,570	\$ 490,038	\$ -	\$ 2,838,691	\$ 2,358,063
Investment income on trusts & endowments	-	-	83,814	-	83,814	10,216
Contributions	16,113,426	2,783,057	636,034	20,734,123	40,266,640	40,014,921
Revenue recognized	(15,339,307)	(2,326,551)	(768,041)	(20,734,123)	(39,168,022)	(39,533,927)
Transfer to endowments & unrestricted	-	-	(27,636)	-	(27,636)	(10,582)
Balance, end of year	<u>\$ 2,868,202</u>	<u>\$ 711,076</u>	<u>\$ 414,209</u>	<u>\$ -</u>	<u>\$ 3,993,487</u>	<u>\$ 2,838,691</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

10. Loan Payable

The Yukon College Foundation, whose financial results are consolidated in these financial statements (note 2 b), has entered into an agreement with a donor for a non-interest bearing loan that is invested as deemed appropriate by the Foundation. Income from the loan will be used to establish and grow a research endowment. The principal will remain invested until it has been gifted to the Foundation at which time it will be added to the research endowment and managed under the terms of the endowment agreement. While the loan is repayable within 90 days on demand, the loan will be in place for a minimum of five years but may be converted to a gift at any time by the donor.

11. 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>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 4,781,593	\$ 4,216,543
Restricted government contributions	2,129,226	925,873
Amount amortized to revenue	<u>(451,376)</u>	<u>(360,823)</u>
Balance, end of year	<u>\$ 6,459,443</u>	<u>\$ 4,781,593</u>

12. Expenditures by object

	<u>2018</u>	<u>2017</u>
Salaries, wages and benefits	\$ 28,319,768	\$ 28,130,196
Contract services	6,727,739	7,078,058
Utilities and communications	1,874,516	1,644,088
Material and supplies	1,712,063	2,093,576
Cost of sales and ancillary services	1,617,001	1,651,118
Travel	1,307,111	1,027,083
Rental of facilities and equipment	1,062,765	1,032,821
Amortization of capital assets	1,057,599	920,763
Student assistance/scholarships	724,382	714,765
Promotion, events and advertising	576,278	520,513
Licenses, permits, and memberships	378,072	487,971
Employee leave and termination benefits	335,983	364,884
Bank fees and credit card commissions	204,846	187,803
Books and subscriptions	99,388	107,928
Other	81,305	208,716
Postage and freight	39,966	44,731
	<u>\$ 46,118,782</u>	<u>\$ 46,215,014</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

13. Government of Yukon contributions

	<u>2018</u>	<u>2017</u>
Operating contributions	\$ 20,734,123	\$ 20,664,500
Pension funding	107,085	1,333,193
Services received without charge	<u>3,983,667</u>	<u>3,706,611</u>
	<u>\$ 24,824,875</u>	<u>\$ 25,704,304</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 2018 Government of Yukon core funding contributions, pension funding, and services received without charge made up 52% of total revenues (2017 - 54%). In 2018 the College received \$107,085 for pension letter of credit costs. 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 pension solvency in 2018.

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. These services are recorded at amounts based on the Government's amortization expense (for the main campus), which is the carrying amount, and on fair value for other spaces, plus any related operating expenses.

14. 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>2018</u>	<u>2017</u>
Third party funded projects and programs	\$ 13,595,513	\$ 14,568,893
Training and non-credit course fees	<u>1,743,794</u>	<u>1,920,222</u>
	<u>\$ 15,339,307</u>	<u>\$ 16,489,115</u>

15. Miscellaneous income:

	<u>2018</u>	<u>2017</u>
Salary, travel and other expense recovery	\$ 805,469	\$ 358,212
Pension contract recovery	572,159	564,406
General student fees	196,608	104,117
Computer lab usage fees	150,235	126,530
Other miscellaneous revenue	75,272	29,227
Facilities and equipment rental	45,732	58,472
Book, publication and supply sales	20,316	18,470
Course materials recovery	<u>13,824</u>	<u>8,640</u>
	<u>\$ 1,879,615</u>	<u>\$ 1,268,074</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

16. 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 in 2017 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 construction of the CNIM building and have been included in the consolidated statement of operations:

	<u>2018</u>	<u>2017</u>
<u>Revenues</u>		
Government of Yukon (note 17)	\$ -	\$ 775,098
CANNOR	-	775,098
	-	1,550,196
<u>Expenses</u>		
Project management	-	41,431
Building construction and design	-	1,508,765
	-	1,550,196
Revenues less expenses	\$ -	\$ -

17. Related party transactions

In addition to those related party transactions disclosed elsewhere, 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 \$9,663,638 (2017 - \$9,164,052) (note 16), are recorded as contracts revenue on the Consolidated Statement of Operations. The College also receives funds from the Government of Yukon for student training allowances, the value of which is \$436,139 (2017 - \$495,046) and this is recognized on the Consolidated Statement of Operations within student assistance/scholarships. Included in the amortization of deferred capital contributions on the Consolidated Statement of Operations is \$250,557 (2017 - \$189,367) 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, 2018 there was \$167,568 (2017 - \$76,282) of accounts payable and \$1,064,297 (2017 - \$1,109,323) of accounts receivable related to the Government of Yukon. At June 30, 2018 there was \$525,207 (2017 - \$942,058) of deferred contributions and \$4,992,970 (2017 - \$3,249,890) of deferred capital contributions related to the Government of Yukon.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

18. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The College's contractual rights arise because of contracts entered into for undertaking specific programs and projects in the normal course of business. The following table summarizes the contractual rights of the College:

	<u>Government of Yukon</u>	<u>Government of Canada</u>	<u>Other</u>
2018-19	22,727,001	2,400,597	1,574,830
2019-20	1,385,847	1,156,693	1,198,071
2020-21	721,399	62,500	1,102,609
2021-22	-	62,500	943,610
	<u>\$ 24,834,247</u>	<u>\$ 3,682,290</u>	<u>\$ 4,819,120</u>

Government of Yukon contributions consist of funds to be received for core operational funding, the Centre for Northern Innovation in Mining, university transition, the Yukon Research Centre, the Cold Climate Innovation Centre, a power supply upgrade to the Ayamdigut campus, programs such as Practical Nursing and Environmental Monitoring and other initiatives.

Government of Canada contributions consist of funds to be received for the Northern Basic Adult Education program, the Industrial Research Chair – Northern Energy Innovation, a Yukon satellite program, and various other programs and initiatives such as Industrial Research Assistance, Partners for Children, Bringing Research Home and Environmental Monitoring.

Other contributions consist of funds to be received for student support, the Industrial Research Chair – Northern Energy Innovation and other initiatives.

19. 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>
2018-19	177,553	57,589	543,891
2019-20	152,327	48,055	301,741
2020-21	158,419	48,055	218,572
2021-22	164,757	-	-
2022-23	171,367	-	-
2023-24	178,222	-	-
	<u>\$ 1,002,645</u>	<u>\$ 153,699</u>	<u>\$ 1,064,204</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2018

20. Total surplus of revenues over expenses

The total surplus of revenues over expenses includes net periodic pension cost of \$1,755,800 (2017 - \$2,195,800). However, as disclosed in note 6, the College's employer contributions to the accrued pension benefit asset were \$2,845,000 (2017 - \$3,273,500), which is \$1,089,200 (2017 - \$1,077,700) higher than the College's net periodic pension cost.

21. Comparative figures

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

Management's Responsibility for Financial Reporting



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

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 judgments 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.

A handwritten signature in black ink, appearing to read "Justin Ferbey".

Justin Ferbey
President and CEO

June 7, 2019

A handwritten signature in black ink, appearing to read "Blaine Anderson".

Blaine Anderson
Chief Financial Officer

Independent Auditor's Report



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Development Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Yukon Development Corporation and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial

statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Yukon Development Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are 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.

In our opinion, the transactions of the Yukon Development Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Yukon Development Corporation Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied, except for the change in the method of accounting for revenues as explained in Note 3 to the consolidated financial statements, on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Yukon Development Corporation and the consolidated financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Yukon Development Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Yukon Development Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.



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

Vancouver, Canada
7 June 2019

Consolidated Statement of Financial Position

Yukon Development Corporation

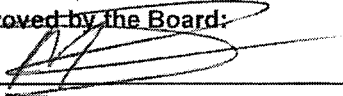
Consolidated Statement of Financial Position (in thousands of Canadian dollars)

December 31,	2018	2017
Assets		
Current		
Cash	\$ 5,113	\$ 2,704
Accounts receivable (Note 5)	8,133	8,520
Inventories (Note 6)	3,709	3,783
Prepaid expenses	661	678
Current portion of lease receivable (Note 7)	-	32
	17,616	15,717
Non-current		
Finance lease receivable (Note 7)	85	85
Property, plant and equipment (Note 8)	446,602	439,811
Intangible assets (Note 9)	10,584	8,476
Total assets	474,887	464,089
Regulatory deferral account debit balances (Note 10)	34,788	33,163
Total assets and regulatory deferral account debit balances	\$ 509,675	\$ 497,252
Liabilities		
Current		
Bank indebtedness (Note 11)	\$ -	\$ 7,294
Accounts payable and accrued liabilities (Note 12)	11,466	9,735
Construction financing (Note 13)	-	39,200
Current portion of deferred revenue (Note 17)	1,700	-
Derivative related liability (Note 25)	-	56
Current portion of long-term debt (Note 14)	2,980	1,395
	16,146	57,680
Non-current		
Post-employment benefits (Note 15)	5,768	6,116
Contributions in aid of construction (Note 16)	77,791	93,495
Decommissioning fund	-	2,665
Deferred revenue (Note 17)	10,194	-
Derivative related liability (Note 25)	1,042	-
Long-term debt (Note 14)	192,843	133,177
Total liabilities	303,784	293,133
Equity		
Contributed capital	41,501	41,501
Retained earnings	147,376	143,819
Total equity	188,877	185,320
Total liabilities and equity	492,661	478,453
Regulatory deferral account credit balances (Note 10)	17,014	18,799
Total liabilities, equity and regulatory deferral account credit balances	\$ 509,675	\$ 497,252

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

Consolidated Statement of Operations and Other Comprehensive Income

Yukon Development Corporation

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

For the year ended December 31,	2018	2017
Revenues		
Sales of power (Note 18)	\$ 47,691	\$ 44,681
Yukon Government contributions (Note 21)	7,340	6,902
Other	314	371
	55,345	51,954
Operating expenses		
Operations and maintenance (Note 19)	23,487	18,329
Depreciation and amortization (Notes 8 and 9)	12,906	13,133
Administration (Note 20)	12,611	11,646
	49,004	43,108
Income before other income and other expenses	6,341	8,846
Other income		
Amortization of contributions in aid of construction (Note 16)	2,082	2,617
Allowance for funds used during construction	535	461
Interest income	48	41
Unrealized gain on interest rate swaps (Note 25)	-	374
	2,665	3,493
Other expenses		
Interest on borrowings	8,089	7,545
Interim electrical rebate program subsidies (Note 1)	3,319	3,251
Innovative renewable energy initiative program subsidies (Note 1)	1,168	-
Unrealized loss on interest rate swaps (Note 25)	986	-
	13,562	10,796
Net (loss) income for the year before net movement in regulatory deferral account balances	(4,556)	1,543
Net movement in regulatory deferral account balances related to net income (Note 10(d))	7,563	6,276
Net income for the year and net movement in regulatory deferral account balances	3,007	7,819
Other comprehensive income		
Item that will not be reclassified to net income in subsequent periods		
Remeasurement of defined benefit pension plans (Note 15)	550	(128)
Total comprehensive income for the year	\$ 3,557	\$ 7,691

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

Consolidated Statement of Changes in Equity

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, 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
Net income for the year and net movement in regulatory deferral account balances	-	3,007	-	3,007
Other comprehensive income	-	-	550	550
Transfer of remeasurement of defined benefit pension plans to retained earnings	-	550	(550)	-
Balance at December 31, 2018	\$ 41,501	\$ 147,376	\$ -	\$ 188,877

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

Consolidated Statement of Cash Flow

Yukon Development Corporation

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

For the year ended December 31,	2018	2017
Operating activities		
Cash receipts from customers	\$ 48,298	\$ 43,391
Cash receipts from Yukon Government	7,081	6,491
Cash receipts from contributions in aid of construction	78	334
Cash paid to suppliers	(25,035)	(22,779)
Cash paid to employees	(12,898)	(12,126)
Interest paid	(7,347)	(6,920)
Interest received	48	41
Cash provided by operating activities	10,225	8,432
Financing activities		
Proceeds from long-term debt	23,600	-
Repayment of long-term debt	(1,549)	(3,667)
Cash provided by (used in) financing activities	22,051	(3,667)
Investing activities		
Additions to property, plant and equipment	(19,698)	(10,346)
Additions to intangible assets	(2,875)	(2,248)
Cash used in investing activities	(22,573)	(12,594)
Net increase (decrease) in cash	9,703	(7,829)
Cash, beginning of year	(4,590)	3,239
Cash, end of year	\$ 5,113	\$ (4,590)
Cash includes:		
Cash	\$ 5,113	\$ 2,704
Bank indebtedness (note 11)	-	(7,294)
Total	\$ 5,113	\$ (4,590)

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

Notes to Consolidated Financial Statements

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (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 2180 Second Avenue, Suite 234 Whitehorse, YT, Y1A 5N6.

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, YT, 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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations - continued

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).

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: wholesale, general service, industrial, residential, sentinel and street lights and secondary sales. 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 approval of revenue requirement and related rate increases. After responding to multiple rounds of interrogatories and participating in an oral public hearing, the Corporation received an order on its application in December 2018. The Corporation has responded to that order as directed and awaits the YUB's final direction.

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. Final increases are subject to approval of the YUB, including any necessary recovery riders for increases effective for the test years.

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.

The key findings in YUB Order 2018-10 was a direction to the Corporation to update the 2017 revenue requirement based on the 2017 actual results and to replace the Diesel Contingency Fund ("DCF") with the Low Water Reserve Fund ("LWRF"). See note 10(b)(iii) for details on the LWRF impact.

Subsequent to the year end, the YUB issued a Board Order 2019-02 which reduced the LWRF refund to customers to \$0.00 per kWh starting April 1, 2019. This will reduce the cash refunded in note 10(b)(iii).

These consolidated financial statements reflect the requested rate increase for 2017 and 2018, and all other YUB board orders requested in the GRA which affect the Corporation's consolidated financial statements for 2018. 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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations - continued

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. The current water licenses have the following terms:

Aishihik Generating Station	December 31, 2019
Mayo Generating Station	December 31, 2025
Whitehorse Generating Station	December 31, 2025

The Corporation is collaborating with stakeholders and regulators to ensure the Aishihik licence is renewed on a timely basis.

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 2018, the Yukon Government authorized the continuation of the Interim Electrical Rebate program (the "rebate") for 12 months at current levels, to March 31, 2019. 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.

The Corporation was directed to conduct Renewable Energy Power planning studies.

The Corporation signed an agreement with the Yukon Government for total funding of up to \$1.5 million to conduct Innovative Renewable Energy Initiative programs throughout the Yukon.

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 June 7, 2019.

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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies

The accounting policies set out below have been applied to all periods presented in these consolidated financial statements except for the changes related to adoption of IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers*, as described in note 3(p).

a) Revenue recognition

The Corporation recognizes revenue from contracts where the right to consideration from a customer corresponds directly with the value to the customer of the Corporation's performance completed to date.

The majority of the Corporation's revenues from contracts with customers are derived from the generation, transmission, distribution, purchase and sales of electricity under the *Public Utilities Act*. The Corporation evaluates whether the contracts it enters into meet the definition of a contract with a customer at the inception of the contract and ongoing basis if there is an indication of a significant change in facts and circumstances. Revenue is measured based on the transaction price specified in a contract with a customer. Revenue is also recognized when control over a promised good or service is transferred to the customer and the Corporation is entitled to consideration as a result of completion of the performance obligation.

The Corporation recognizes a contract asset or deferred revenue for the contracts where the performance obligation has not been satisfied. Deferred revenue is recognized when the Corporation receives consideration before the performance obligations have been satisfied. A contract asset is recorded when the Corporation has rights to consideration for the completion of a performance obligation when that right is conditional on something other than the passage of time. The Corporation recognizes unconditional rights to consideration separately as a trade receivable. Contract assets are evaluated at each reporting period to determine whether there is any objective evidence that they are impaired.

Electricity sales contracts are deemed to have a single performance obligation as the promise to transfer individual goods or services is not separately identifiable from other obligations in the contracts and therefore not distinct. These performance obligations are considered to be satisfied over time as electricity is delivered because of the continuous transfer of control to the customer. The method of revenue recognition for the electricity is an output method, which is based on the volume delivered to the customer.

The Corporation's electricity sales are calculated based on the customers usage of electricity during the period at the applicable published rates for each customer class. Electricity rates in Yukon are set by the YUB. Electricity sales include an estimate of electricity deliveries not yet billed at period-end. The estimated unbilled revenue is based on several factors, including estimated consumption by customer, applicable customer rates and the number of days between the last billing date and the end of the period.

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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

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 certain regulatory deferral accounts 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.

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.

i) Financial assets

Cash, finance lease receivable, and accounts receivable, plus any transaction costs that are directly attributable to the acquisition of the financial asset, are initially measured at fair value. Subsequent to initial recognition, cash is measured at amortized cost and finance lease receivable and accounts receivable are measured at amortized cost using the effective interest rate method less any impairment. The Corporation's business model is to hold these assets to collect contractual cash flows.

A provision for impairment of accounts receivable is established applying the expected credit loss model based on all possible default events over the expected life of the financial asset 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. For trade accounts receivable, the Corporation applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables. For the other receivables, at the reporting date, if credit risk has increased significantly since initial recognition, the Corporation measures the loss allowance at an amount equal to the lifetime expected credit losses, otherwise, if the credit risk has not increased significantly since initial recognition, the Corporation measures the loss allowance at an amount equal to 12-month expected credit losses.

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. A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or the Corporation has transferred its rights to receive cash flows from the asset and has transferred substantially all of the risk and rewards of the asset.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

ii) Financial liabilities

Bank indebtedness, accounts payable and accrued liabilities, construction financing and long-term debt are initially measured at fair value less any transaction costs that are directly attributable to the issuance of the financial liability. Subsequent to initial recognition, these financial liabilities 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 fair value through profit and loss 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.

A financial liability is derecognized when the obligation is discharged or cancelled, or expires.

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.

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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

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 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 assets

Property, plant and equipment, 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.

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"). 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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

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 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, *Regulatory Deferral Accounts*, 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 performance obligations are met.

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.

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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

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 financial 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) 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.

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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

p) Impact of adoption of new accounting standards

i) Impact of Adoption of IFRS 9, *Financial Instruments*

The Corporation has adopted IFRS 9 with a date of initial application of January 1, 2018 and applied its provisions retrospectively without restatement of comparative periods which are accounted for under IAS 39, *Financial Instruments - Recognition and Measurement*. The key changes to the Corporation's accounting policies from its adoption of IFRS 9 are summarized below.

IFRS 9 contains three classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Classification assessments have been made on the basis of the facts and circumstances that existed at that date of initial application, including the business model within which the financial asset is held. The following table shows the new measurement categories of financial assets and liabilities under IFRS 9 as compared to the Corporation's previous policy under IAS 39 as at January 1, 2018:

Financial Assets	IAS 39	IFRS 9
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Finance lease receivable	Loans and receivables	Amortized cost
Derivative related assets	Held for trading	FVTPL
Financial Liabilities		
Bank indebtedness	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Construction financing	Amortized cost	Amortized cost
Long-term debt	Amortized cost	Amortized cost
Derivative related liability	Held for trading	FVTPL

Under IFRS 9, the Corporation recognizes impairment of its financial assets using the expected credit loss model as described in note 3(f). Under the Corporation's previous accounting policy, a provision for impairment of accounts receivable was established when there was objective evidence that the Corporation would not be able to collect all amounts due according to the original terms of the receivables. The application of the expected credit loss model to determine the allowance for doubtful accounts, and the impacts of the classification changes noted in the table above had no impact on the Corporation's balances as at January 1, 2018 and December 31, 2018.

ii) Impact of adoption of IFRS 15, *Revenue from Contracts from Customers*

The Corporation adopted IFRS 15 on January 1, 2018, applying its provisions retroactively with the cumulative effect of initially applying the Standard recognized at the date of initial application (January 1, 2018) with no restatement of prior year consolidated financial statements, and applying IFRS 15 only to contracts not completed as of January 1, 2018.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

IFRS 15 contains a single model that applies to all contracts with customers and has 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. Comparative information has not been restated and continues to be reported under IAS 18, *Revenue*.

The following table summarizes the impacts of adopting IFRS 15 on the Corporation's Consolidated Statement of Financial Position as at December 31, 2018 and on its Consolidated Statement of Operations and Other Comprehensive Income for the year ended for each of the line items affected. There was no impact on the Corporation's consolidated statement of cash flows for the year ended December 31, 2018. Upon adoption of IFRS 15, the Corporation did not recognize any contract assets.

Affected line items	As reported December 31, 2018	Adjustments	Amounts without adoption of IFRS 15
Impact on the Consolidated Statement of Financial Position			
Deferred revenue - current portion (i)	1,700	(1,700)	-
Deferred revenue - non-current portion (i)	10,194	(10,194)	-
Contributions in aid of construction (i),(ii)	77,791	13,197	90,988
Decommissioning fund (i),(iii)	-	2,713	2,713
Regulatory deferral account credit balances (iv)	17,014	(4,624)	12,390
Retained earnings (iv)	147,376	-	147,396
Impact on the Consolidated Statement of Operations and Other Comprehensive Income			
Sales of power (ii)	47,691	(1,669)	46,022
Amortization of contributions in aid of construction (ii)	2,082	1,198	3,280
Subtotal - impact of the line items above on net (loss) income for the year before net movements in regulatory deferral account balances			
	(4,556)	(471)	(5,027)
Net movements in regulatory deferral account balances related to net income (iv)	7,563	471	8,034
Total comprehensive income for the year (iv)	3,557	-	3,557

(i) In accordance with IFRS 15, contract liabilities are presented on the face of the consolidated financial statements. The Corporation has presented its contract liabilities as deferred revenue.

(ii) In accordance with IFRS 15, the Corporation has one performance obligation related to its contracts with customers. As a result, cash contributions received from customers are recognized as revenue when the performance obligation is satisfied, and classified as sales of power upon revenue recognition. Previously, in accordance with IFRIC 18, *Transfers of Assets from Customers*, these amounts were deferred as contributions in aid of construction and amortized over the life of the related asset as amortization of contributions in aid of construction.

(iii) In accordance with IFRS 15, the decommissioning fund is a contract liability and is presented as a deferred revenue.

(iv) As a result of the adoption of IFRS 15, there is a timing difference that affects the regulatory deferral account credit balance, as described in note 10(b)(v). Due to the Corporation's accounting policies in accordance with IFRS 14 there is no net impact of IFRS 15 adoption on retained earnings as at January 1, 2018 or December 31, 2018, or on total comprehensive income for the year.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

q) New standards and interpretations not yet adopted

The standard IFRS 16, *Leases* is not yet effective for the year ended December 31, 2018, and has not been applied in preparing these consolidated financial statements.

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 non-financial assets - Notes 3(j)

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 3(l) 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 - Notes 3(h) and 8

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, 2018 (tabular amounts in thousands of Canadian dollars)

4. Significant accounting judgements, estimates and assumptions - continued

Intangible assets - Notes 3(i) 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.

Post-employment benefits - Notes 3(o) 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 3(a), 3(p) and 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. Significant judgements have also been made in determining the nature of the Corporation's performance obligations, the appropriate process measure and the contract terms to be used in recognizing the related revenue.

Provisions and contingencies - Notes 3(l), 3(m), 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 3(f) 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, in accordance with IFRS 9, *Financial Instruments*. 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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

4. Significant accounting judgements, estimates and assumptions - continued

Regulatory deferral account balances - Notes 1(b), 3(k) and 10

The Corporation accounts for its regulatory deferral accounts in accordance with IFRS 14 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 amounts that the YUB will approve the Corporation to collect deferred costs through future rates.

5. Accounts receivable

	2018	2017
Trade accounts receivable		
Wholesale energy sales	\$ 4,599	\$ 4,227
Retail energy sales	1,601	2,366
Due from related parties (Note 21)	1,277	1,358
Other	656	569
	\$ 8,133	\$ 8,520

At December 31, 2018, the aging of accounts receivable is as follows:

	Current	31 - 90 Days	Over 90 Days	Total
Accounts receivable	\$ 7,462	\$ 677	\$ 4	\$ 8,143
Allowance for doubtful accounts	-	(6)	(4)	(10)
	\$ 7,462	\$ 677	\$ -	\$ 8,133

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

A reconciliation of the beginning and ending amount of allowance for doubtful accounts is as follows:

	2018	2017
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, 2018 (tabular amounts in thousands of Canadian dollars)

6. Inventories

	2018	2017
Materials and supplies	\$ 3,067	\$ 3,343
Diesel fuel	457	337
Liquefied natural gas	185	103
	\$ 3,709	\$ 3,783

7. Direct financing lease

The Corporation's investments in direct financing leases are summarized as follows:

	2018	2017
Direct financing leases	\$ 85	\$ 117
Less: current portion	-	32
	\$ 85	\$ 85

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, 2016(i)	\$ 278,459	\$ 161,392	\$ 16,421	\$ 4,266	\$ 11,358	\$ 471,896
Additions	-	-	-	553	12,590	13,143
Transfers	16,274	2,604	1,295	-	(20,173)	-
Disposals	-	-	(189)	(238)	-	(427)
At December 31, 2017	294,733	163,996	17,527	4,581	3,775	\$ 484,612
Additions	-	-	-	-	19,832	19,832
Transfers	10,182	8,733	969	306	(20,190)	-
Disposals	(1,783)	(47)	(220)	-	-	(2,050)
At December 31, 2018	\$ 303,132	\$ 172,682	\$ 18,276	\$ 4,887	\$ 3,417	\$ 502,394

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (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, 2016(i)	\$ 14,379	\$ 15,414	\$ 2,428	\$ 873	\$ -	\$ 33,094
Depreciation	6,260	4,288	1,229	306	-	12,083
Disposals	-	-	(189)	(187)	-	(376)
At December 31, 2017	20,639	19,702	3,468	992	-	\$ 44,801
Depreciation	6,575	4,362	608	319	-	11,864
Disposals	(643)	(8)	(222)	-	-	(873)
At December 31, 2018	\$ 26,571	\$ 24,056	\$ 3,854	\$ 1,311	\$ -	\$ 55,792
Net book value:						
At December 31, 2017	\$ 274,094	\$ 144,294	\$ 14,059	\$ 3,589	\$ 3,775	\$ 439,811
At December 31, 2018	\$ 276,561	\$ 148,626	\$ 14,422	\$ 3,576	\$ 3,417	\$ 446,602

(i) The Corporation reviewed the presentation of its property, plant and equipment and certain balances related to Cost and Accumulated depreciation were revised in order to properly reflect in the note those assets that had been disposed of and those that had been reclassified. As a result both the Cost and Accumulated depreciation of property, plant and equipment as at December 31, 2016 were increased by \$4,033,000. There was no impact on the total net carrying amounts or on the Consolidated Statement of Financial Position.

The AFUDC capitalized for 2018 was \$540,000 (2017 - \$466,000). The AFUDC rate estimate for 2018 was 2.36% (2017 - 2.36%).

9. Intangible assets

A reconciliation of the changes in the carrying amount of intangible assets is as follows:

	Software	Deferred Service Costs	Financial Software	Aishihik Water License	Thermal and Water Licensing	Total
Cost:						
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
Additions	791	-	-	1,983	376	3,150
Disposals	-	-	-	(466)	-	(466)
At December 31, 2018	\$ 1,481	\$ 443	\$ 2,406	\$ 7,461	\$ 3,201	\$ 14,992
Accumulated amortization:						
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
Amortization	183	64	284	479	32	1,042
Disposals	-	-	-	(466)	-	(466)
At December 31, 2018	\$ 460	\$ 320	\$ 1,418	\$ 2,081	\$ 129	\$ 4,408

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

9. Intangible assets - continued

Net book value:

At December 31, 2017	\$ 413	\$ 187	\$ 1,272	\$ 3,876	\$ 2,728	\$ 8,476
At December 31, 2018	\$ 1,021	\$ 123	\$ 988	\$ 5,380	\$ 3,072	\$ 10,584

The internally generated costs and externally purchased costs for Software and Financial Software are approximately 50% internal and 50% external at December 31, 2018 and December 31, 2017. All other categories are almost exclusively internally generated.

10. Regulatory accounts

a) 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, 2016	\$ 20,548	\$ -	\$ 4,260	\$ 2,216	\$ 148	\$ 1,059	\$ 28,231
Costs incurred	2,265	-	912	-	-	667	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
Costs incurred	1,091	-	645	-	-	651	2,387
Regulatory provision	-	-	-	-	-	(267)	(267)
Disposals	(69)	-	-	-	-	-	(69)
At December 31, 2018	\$ 22,877	\$ -	\$ 5,074	\$ 2,216	\$ 148	\$ 1,843	\$ 32,158
Accumulated amortization:							
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
Amortization	1,791	-	405	222	30	212	2,660
Disposals	(69)	-	-	-	-	-	(69)
At December 31, 2018	\$ 5,079	\$ -	\$ 1,001	\$ 444	\$ 60	\$ 424	\$ 7,008
Net book value:							
At December 31, 2017	\$ 18,498	\$ -	\$ 3,833	\$ 1,994	\$ 118	\$ 1,247	\$ 25,690
At December 31, 2018	\$ 17,798	\$ -	\$ 4,073	\$ 1,772	\$ 88	\$ 1,419	\$ 25,150
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, 2017	\$ 268	\$ -	\$ 372	\$ (222)	\$ (30)	\$ 188	\$ 576
December 31, 2018	\$ (700)	\$ -	\$ 240	\$ (222)	\$ (30)	\$ 172	\$ (540)
Remaining recovery years							
At December 31, 2017	1 to 9 years	0 years	2 to 36 years	9 years	4 years	Indeterminate	-
At December 31, 2018	1 to 8 years	0 years	1 to 35 years	8 years	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, 2017	\$ (268)	\$ -	\$ (372)	\$ 222	\$ 30	\$ (188)	\$ (576)
December 31, 2018	\$ 700	\$ -	\$ (240)	\$ 222	\$ 30	\$ (172)	\$ 540

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (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)	2017/18 GRA (ix)	Total
Cost:					
At December 31, 2016	\$ 28,231	\$ 2,768	\$ (2)	\$ -	\$ 30,997
Costs 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
Cost incurred	2,387	-	-	-	2,387
Regulatory provision	(267)	-	1,321	2,696	3,750
Disposals	(69)	-	-	(1,705)	(1,774)
At December 31, 2018	\$ 32,158	\$ 2,768	\$ 1,819	\$ 5,310	\$ 42,055
Accumulated amortization:					
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
Amortization	2,660	147	-	1,705	4,512
Disposals	(69)	-	-	(1,705)	(1,774)
At December 31, 2018	\$ 7,008	\$ 259	\$ -	\$ -	\$ 7,267
Net book value:					
At December 31, 2017	\$ 25,690	\$ 2,656	\$ 498	\$ 4,319	\$ 33,163
At December 31, 2018	\$ 25,150	\$ 2,509	\$ 1,819	\$ 5,310	\$ 34,788
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, 2017	\$ 576	\$ (112)	\$ 500	\$ 4,319	\$ 5,283
December 31, 2018	\$ (540)	\$ (147)	\$ 1,321	\$ 991	\$ 1,625
Remaining recovery years					
At December 31, 2017		4 to 9 years	1 year	1 year	
At December 31, 2018		3 to 8 years	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, 2017	\$ (576)	\$ 112	\$ (500)	\$ (4,319)	\$ (5,283)
December 31, 2018	\$ 540	\$ 147	\$ (1,321)	\$ (991)	\$ (1,625)

(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, 2018 (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. This change is consistent with the 2017-2018 GRA. Refer to note 1(b). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(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. There is an annual regulatory provision of \$267,000 and amortization of the 2016 accumulated balance of \$1,059,000 over five years (\$212,000 per year). This change is consistent with the 2017-2018 GRA. Refer to note 1(b). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(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 and began to recognize these deferred depreciation amounts. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(viii) Fuel price adjustment

OIC 1995/90 directs the YUB to permit the Corporation to adjust electricity rates to reflect the 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. This change is consistent with the 2017-2018 GRA. Refer to Note 1(b). 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, 2018 (tabular amounts in thousands of Canadian dollars)

10. Regulatory accounts - continued

(ix) 2017/18 GRA

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 plus return on rate base, as described in note 1(b). The amount recognized represents management's best judgment and estimate of the expected approval by the YUB. The ending balance at December 31, 2018 comprises the Corporation's remaining revenue shortfall to be collected in future years. This change is consistent with 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 that have or will be submitted for approval by the YUB to be deferred. There are no deferred gains or losses during any of the reporting years.

b) Regulatory deferral account credit balances

	Deferred Insurance Proceeds (i)	Hearing Reserve (ii)	Low Water Reserve (iii)	Future Removal and Site Restoration (iv)	Contracts with Customers (v)	Total
Cost:						
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
Impact of IFRS 15 (note 3(p)(ii))	-	-	-	-	4,153	4,153
Adjusted balance						
At December 31, 2017	11,122	1,220	8,742	4,303	4,153	29,540
Costs incurred	-	(155)	(893)	(339)	-	(1,387)
Regulatory provision	-	250	(2,033)	-	471	(1,312)
Cash received	-	-	77	-	-	77
Cash refunded	-	-	(2,875)	-	-	(2,875)
At December 31, 2018	\$ 11,122	\$ 1,315	\$ 3,018	\$ 3,964	\$ 4,624	\$ 24,043
Accumulated amortization:						
At December 31, 2016	\$ 6,147	\$ -	\$ -	\$ -	\$ -	\$ 6,147
Amortization	247	194	-	-	-	441
Disposals	-	-	-	-	-	-
At December 31, 2017	6,394	194	-	-	-	6,588
Amortization	247	194	-	-	-	441
Disposals	-	-	-	-	-	-
At December 31, 2018	\$ 6,641	\$ 388	\$ -	\$ -	\$ -	\$ 7,029
Net book value:						
At December 31, 2017	\$ 4,728	\$ 1,026	\$ 8,742	\$ 4,303	\$ -	\$ 18,799
At December 31, 2018	\$ 4,481	\$ 927	\$ 3,018	\$ 3,964	\$ 4,624	\$ 17,014
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, 2017	\$ 247	\$ (53)	\$ 743	\$ 56	\$ -	\$ 993
December 31, 2018	\$ 247	\$ 99	\$ 5,724	\$ 339	\$ (471)	\$ 5,938

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

10. Regulatory accounts - continued

Regulatory deferral account credit balances

Remaining recovery years						
At December 31, 2017	19 years	Indeterminate	Indeterminate	Indeterminate		
At December 31, 2018	18 years	Indeterminate	Indeterminate	Indeterminate	49 Years	

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, 2017	\$	(247)	\$	53	\$	(743)	\$	(56)	\$	-	\$	(993)
December 31, 2018	\$	(247)	\$	(99)	\$	(5,724)	\$	(339)	\$	471	\$	(5,938)

(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. This change is consistent with the 2017-18 GRA. Refer to note 1(b). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(iii) Low Water Reserve Fund

The Low Water Reserve Fund ("LWRF") was established by YUB Order 2018-10. The LWRF is used to protect the Corporation and ratepayers for costs associated with variability in thermal generation required when there is a thermal cost variance due solely to water-related hydro generation variances from YUB approved GRA forecasts. The LWRF replaces the Diesel Contingency Fund ("DCF") which provided similar risk mitigation but did not include natural gas thermal generation in its determinations.

The LWRF 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 LWRF'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 thermal consumed in the period is less than the long-term average thermal requirements estimated for the actual annual generation load. These deferred amounts are recognized as revenue in the period when the cost of thermal incurred for the period is greater than the long-term average thermal requirements and the reason for the shortfall is a shortage of water in the hydro system. However, in YUB Order 2018-10, the Corporation was ordered to record 2017 thermal generation amounts based on actual thermal generation amounts, not modelled amounts. As a result, the Corporation has recorded the additional cost of thermal initially reported in 2017 as an adjustment to 2018 Regulatory Provision (\$2.033 million). The YUB has set a cap rate of +/- \$8 million for the LWRF. 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. Subsequent to year end this refund amount has been changed.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (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 LWRF 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.

(v) Contracts with customers

Effective January 1, 2018 the Corporation adopted IFRS 15, as described in note 3(p)(ii). As a result of the impacts of IFRS 15, certain revenues are recognized in the consolidated statement of operations and other comprehensive income over a shorter period than allowed by the YUB for rate-setting purposes. The timing difference is reflected as a regulatory deferral account credit balance. In the absence of rate regulation, the IFRS 15 transition adjustment would increase the Corporation's opening retained earnings by \$4,153,000.

(c) Regulatory account expenses

Regulatory account expenses represent costs incurred related to regulatory account debit balances of \$2,387,000 (2017 - \$3,844,000) and regulatory account credit balances of \$1,387,000 (2017 - \$59,000).

(d) Net movement in regulatory deferral account balances related to net income

Net movement in regulatory deferral account balances related to net income is \$7,563,000 (2017 - \$6,276,000) 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 \$7,563,000 is comprised of an increase of \$1,625,000 for regulatory account debit balances and a decrease of \$5,938,000 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 \$6,276,000 for 2017 is comprised of an increase of \$5,283,000 and \$993,000 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. Refer to the interest rate risk section within note 25.

Yukon Development Corporation**Notes to Consolidated Financial Statements**

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

12. Accounts payable and accrued liabilities

	2018	2017
Trade payables	\$ 9,552	\$ 7,794
Employee compensation	955	1,328
Due to related parties (Note 21)	920	551
Other	39	62
	\$ 11,466	\$ 9,735

13. Construction financing

	2018	2017
Construction financing due March 31, 2018, bearing interest at 1.51%, 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
Construction financing due March 31, 2018, bearing interest at 1.51%, 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
	\$ -	\$ 39,200

The Corporation's construction financing is summarized as follows:

	2018	2017
Current portion of construction financing	\$ -	\$ 39,200
Long-term construction financing	-	-
	\$ -	\$ 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 during 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, 2018 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt

The Corporation's long-term debt is summarized as follows:

	2018	2017
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).	\$ 98,436	\$ 98,397
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).	8,991	9,348
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 3.665% per annum. Payable in monthly installments of \$120,246 interest and principal with the balance due on August 23, 2038 (iii).	23,406	-
Yukon Government		
The Corporation entered into a refinance agreement for construction financing. 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 with the balance due on March 31, 2023.	39,200	-
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 7.526% (2017-7.406%) is a blended rate based on the cost of debt and the actual rate of return earned by the Utility.	3,875	4,000
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 8.99% (2017-8.69%) is based on the actual rate of return earned by the Utility.	3,288	3,331

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (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 5.144% (2017-4.736%) is based on a blended rate based on the cost of debt and the actual rate of return earned by the Utility.

	18,466	19,306
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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.

	161	190
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Total	195,823	134,572
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Less: current portion	2,980	1,395
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	\$ 192,843	\$ 133,177
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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.

(iii) Toronto Dominion Bank Loan and Interest Rate Swap

On August 23, 2018, 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 August 23, 2038.

Long-term debt repayment

Scheduled repayments for all long-term debt are as follows:

2019	\$ 2,980
2020	3,018
2021	3,041
2022	10,529
2023	2,696
Thereafter	173,559

	\$ 195,823
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Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (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 \$1,549,000 and the issuance of additional debt in the amount of \$23,600,000. An amount of \$39,200,000 changed to long term debt in the current year from Construction financing.

Fair value

The fair value of long-term debt at December 31, 2018 is \$221 million (December 31, 2017 - \$168 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 2018, these were \$499,000 (2017 - \$454,000).

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 to 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 \$148,300 as a minimum annual payment during years 2018-2027, reducing to \$110,300 for 2028, and further reducing to \$61,000 per year during years 2029-2032 (2017 - \$87,300 annually for 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, 2018 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

Net defined benefit liability	2018	2017
Present value of benefit obligations		
Balance, beginning of year	\$ 24,775	\$ 22,980
Employee contributions	73	84
Current service cost	403	543
Interest cost	847	910
Benefits paid	(680)	(559)
Actuarial gains on experience	(235)	(755)
Actuarial losses on demographic assumptions	215	-
Actuarial (gains) losses on financial assumptions	(1,899)	1,572
Balance, end of year	\$ 23,499	\$ 24,775
Fair value of plan assets		
Balance, beginning of year	18,659	17,113
Interest income on plan assets	632	671
(Losses) gains on plan assets	(1,369)	688
Employee contributions	74	84
Employer contributions	438	674
Benefits paid	(643)	(521)
Administrative costs	(60)	(50)
Balance, end of year	17,731	18,659
Net defined benefit liability	\$ 5,768	\$ 6,116
Components of benefit plan cost		
	2018	2017
Current service cost	\$ 403	\$ 543
Interest cost	847	910
Interest income on plan assets	(632)	(671)
Administrative costs	60	50
Defined benefit expense in Consolidated Statement of Operations	678	832
Defined contribution expense	499	454
Total benefit expense in Consolidated Statement of Operations	\$ 1,177	\$ 1,286
Actuarial (gains) losses on obligation	(1,919)	816
Losses (gains) on plan assets	1,369	(688)
Total remeasurement included in Other Comprehensive Income	(550)	128
Total benefit cost recognized in the Consolidated Statement of Operations and Other Comprehensive Income	\$ 627	\$ 1,414

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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

The distribution of assets by major asset class is as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Equities	48.6%	51.8%
Fixed income securities	40.9%	38.5%
Real estate	10.5%	9.7%

Significant assumptions:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Discount rate - accrued benefit obligation	3.90%	3.40% - 3.50%
Assumed rate of salary escalation	2.80%	2.80% - 3.50%
Pension growth	2.00%	2.00% - 2.50%

Sensitivity Analysis:

The sensitivities of key assumptions used in measuring accrued benefit obligations at each Consolidated 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 MI-2017.

Assumptions and sensitivity to the recognized post-employment benefits liability balance at December 31, 2018

Assumption	+1%	-1%	+1%	-1%
Discount rate	-13.39%	16.97%	\$(3,146)	\$3,988
Salary growth	1.58%	-1.41%	351	(313)
Pension growth	14.80%	-12.13%	3,287	(2,694)
Life expectancy (1 year movement)	2.51%	-2.45%	589	(575)

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)

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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

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 (2017 - 16.0 years). The Corporation expects to make payments of \$606,000 (2017 - \$682,000) 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, 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
Impact of IFRS 15 (note 3(p)(ii))	-	(24,893)	-	-	(24,893)
Adjusted balance at January 1, 2018	71,000	-	18,470	1,739	91,209
Additions	-	-	78	-	78
Disposals	-	-	(2,080)	-	(2,080)
At December 31, 2018	\$ 71,000	\$ -	\$ 16,468	\$ 1,739	\$ 89,207
Accumulated amortization:					
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
Impact of IFRS 15 (note 3(p)(ii))	-	(11,135)	-	-	(11,135)
Adjusted balance at January 1, 2018	6,020	-	4,072	1,380	11,472
Additions	991	-	332	43	1,366
Disposals	-	-	(1,422)	-	(1,422)
At December 31, 2018	\$ 7,011	\$ -	\$ 2,982	\$ 1,423	\$ 11,416
Net book value:					
At December 31, 2017	\$ 64,980	\$ 13,758	\$ 14,398	\$ 359	\$ 93,495
At December 31, 2018	\$ 63,989	\$ -	\$ 13,486	\$ 316	\$ 77,791

During 2018, contributions from Yukon Government since 1998, with a net book value of \$716,000 which relate to assets disposed of during the year have been recognized in other income for total amortization of contributions in aid of construction of \$2,082,000. The sources of contributions received prior to 1998 were not recorded separately.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

17. Deferred revenue

	Customer Contributions	Decommissioning Fund	Total
At January 1, 2018	\$ 9,546	\$ 2,665	\$ 12,211
Additions	1,304	48	1,352
Revenue recognized in Sales of Power (Note 18)	(1,669)	-	(1,669)
At December 31, 2018	\$ 9,181	\$ 2,713	\$ 11,894

Customer contributions represent monies paid by customers for connection to the grid. The contributions are recognized into revenue when the performance obligation is satisfied. 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"). This amount will be recognized to revenue when uncertainty associated with its recognition is satisfied.

18. Sales of power

	2018	2017
Wholesale	\$ 32,911	\$ 31,516
Industrial	6,894	5,298
General service	5,359	4,924
Residential	2,400	2,204
Sentinel and street lights	108	104
Secondary sales	19	635
	\$ 47,691	\$ 44,681

19. Operations and maintenance expenses

	2018	2017
Fuel	\$ 6,309	\$ 2,911
Wages and benefits	6,234	6,242
Regulatory account expenses (Note 10 (c))	3,774	3,903
Contractors	2,706	3,024
Materials and consumables	1,400	1,335
Rent	1,332	492
Loss on asset disposal	1,177	-
Travel	480	352
Communication	75	70
	\$ 23,487	\$ 18,329

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

20. Administration expenses

	2018	2017
Wages and benefits	\$ 6,493	\$ 6,316
Insurance and taxes	1,819	1,828
Materials, consumables and general	1,752	1,285
External labour	1,580	1,231
Licences and fees	599	711
Travel	213	191
Board fees	155	84
	\$ 12,611	\$ 11,646

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:

	2018	2017
Revenues		
Contributions for Interim Electrical Rebate program	\$ 3,547	\$ 3,540
Contributions for bond interest expense	2,625	2,625
Contributions for Innovative Energy Renewable Initiatives	1,168	-
Contributions for feasibility studies for transmission facilities	-	565
Contributions for Next Generation Hydro project expenses	-	171

At the end of the year, the amounts receivable from and due to the Yukon Government are as follows:

	2018	2017
Balances		
Long-term debt	\$ 39,200	\$ -
Accounts receivable	\$ 1,277	\$ 1,358
Accounts payable	\$ 920	\$ 551
Construction financing	\$ -	\$ 39,200

These balances are non-interest bearing and payable on demand except for long-term debt.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (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 26 individuals (2017 - 27 individuals). Key management personnel compensation is as follows:

Year ended December 31,	2018	2017
Short-term employee benefits	\$ 1,684	\$ 1,631
Post-employment benefits	159	163
	\$ 1,843	\$ 1,794

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, 2018 as the product or service had not been provided. The total commitments at year end are \$3,832,000 (December 31, 2017 - \$4,813,000).

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 mine connected to the grid in May 2019.

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 2017, the Yukon Supreme Court issued an award in favor of the contractor. The Utility successfully appealed the award in 2018. A re-trial is tentatively scheduled for September 2019. The matter is still before the courts. Legal costs are being expensed as incurred. The outcome of the court process is not determinable at this time and no estimate of settlement has been recognized in the consolidated financial statements.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

23. Contingencies - continued

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, 2018 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, 2018, the Corporation's financial instruments included cash, accounts receivable, finance lease receivables, accounts payable and accrued liabilities, long-term debt and interest rate swaps. The fair value of cash, accounts receivable, finance lease receivables, and accounts payable and accrued liabilities 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.

Interest rate swaps are financial contracts that derive their value from changes in an underlying variable. 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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (tabular amounts in thousands of Canadian dollars)

25. Risk management and financial instruments - continued

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, 2018, the Corporation had two interest rate swap agreements in place. The first agreement has a notional principal amount of \$9.0 million (2017 - \$9.3 million) and the agreement effectively changes the Corporation's interest rate exposure on this notional amount from a floating rate to a fixed rate of 2.69%. The second agreement has a notional principal amount of \$23.4 million (2017 - \$0) and the agreement effectively changes the Corporation's interest rate exposure on this notional amount from a floating rate to a fixed rate of 3.665%.

The fair value of the interest rate swap agreements on December 31, 2018 was a liability of \$1,042,000 (2017 - liability of \$56,000). The decrease in the fair value in 2018 of \$986,000 (2017 - increase of \$353,000) is recognized on the Consolidated Statement of Operations and Other Comprehensive Income as an unrealized loss. 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 \$2,911,000 (2017 - \$401,000).

The Corporation has access to \$17.5 million in lines of credit. Effective August 25, 2018, the line of credit was increased temporarily to \$26.0 million. The temporary increase expires August 24, 2019. 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 line of credit balance at year end was \$2.4 million (2017 - \$10.1 million). The Corporation has cash balances with the same financial institution with legal right of offset of \$2.9 million (2017 - \$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:

	2018	2017
Cash	\$ 5,113	\$ 2,704
Accounts receivable	8,133	8,520
Finance lease receivables	85	117
	\$ 13,331	\$ 11,341

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (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, 2018 are \$681,000 (2017 - \$1,213,000) 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 \$23.6 million (December 31, 2017 - \$19.4 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, 2018:

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Derivative related liability	-	\$1,042	-	\$1,042
Long-term debt	-	-	\$195,823	\$195,823

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2018 (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 decommissioning fund 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:

	2018	2017
Long-term debt due within one year	\$ 80,210	\$ 5,248
Long-term debt	86,058	142,523
Total debt	166,268	147,771
Add decommissioning fund (note 17)	2,713	2,665
Total debt to include in the calculation	\$ 168,981	\$ 150,436
Share capital	\$ 39,000	\$ 39,000
Contributed surplus	14,600	14,600
Retained earnings	68,014	61,367
Total shareholder's equity	121,614	114,967
Total capitalization	\$ 290,595	\$ 265,403
Total debt to total capitalization	58 %	57 %

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, 2018 (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, 2018 are also prepared.

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.

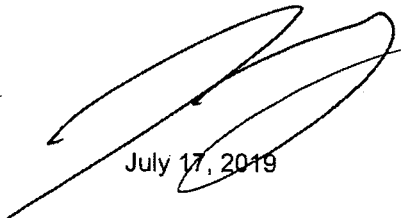
These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements include some amounts, such as the determination of amounts related to the estimated useful lives of capital assets, the defined 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.

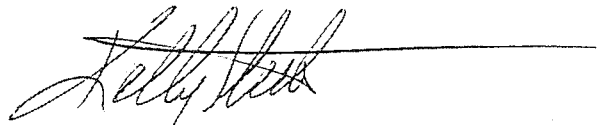
These consolidated financial statements have been independently audited in accordance with Canadian generally accepted auditing standards by the Auditor General of Canada, and his report is included with these consolidated financial statements.

Jason Bilsky
Chief Executive Officer



July 17, 2019

Kelly Steele
Chief Financial Officer



July 17, 2019



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Yukon Hospital Corporation

Opinion

We have audited the consolidated financial statements of the Yukon Hospital Corporation and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 March 2019, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2019, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.


Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

Vancouver, Canada
17 July 2019

Yukon Hospital Corporation
Consolidated Statement of Financial Position


As at March 31
(in thousands of dollars)

	2019	2018
	\$	\$
ASSETS		
Current assets		
Cash (note 4)	5,118	6,680
Accounts receivable	2,991	2,945
Inventory (note 3)	2,421	2,595
Prepaid expenses	826	709
Short-term contributions receivable (note 7)	3,421	3,309
	<u>14,777</u>	<u>16,238</u>
Non-current assets		
Accrued pension benefit (note 5)	48,183	44,949
Capital assets (note 6)	163,837	166,876
Long-term contributions receivable (note 7)	29,810	33,231
	<u>241,830</u>	<u>245,056</u>
	<u>256,607</u>	<u>261,294</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	5,503	6,213
Accrued payroll and benefits	6,362	5,326
Short-term debt (note 8)	33,231	36,539
Deferred revenue (note 9)	477	528
	<u>45,573</u>	<u>48,606</u>
Non-current liabilities		
Long-term debt (note 10)	85	85
Employee future benefits other than pensions (note 11)	2,490	2,711
Deferred capital contributions (note 12)	158,343	162,478
Asset retirement obligation	285	285
	<u>161,203</u>	<u>165,559</u>
	<u>206,776</u>	<u>214,165</u>
NET ASSETS		
Investment in capital assets (note 13)	6,044	5,164
Restricted for First Nations Health Program (note 14)	204	35
Restricted for capital purchases, internal	183	186
Restricted for pension	48,183	44,949
Unrestricted	(4,783)	(3,205)
	<u>49,831</u>	<u>47,129</u>
	<u>256,607</u>	<u>261,294</u>

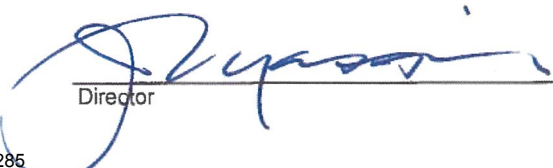
Contractual obligations (note 17)

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)

	2019	2018
	\$	\$
Revenues		
Government of Yukon contribution (note 16)	72,250	70,269
Amortization of deferred capital contributions (note 12)	7,047	5,853
Patients	5,261	4,996
Other government contracts (note 16)	2,080	1,930
Other	698	580
Fundraising	598	594
Cafeteria	314	312
Interest	255	191
	<u>88,503</u>	<u>84,725</u>
Expenses		
Compensation and benefits	46,145	43,884
Supplies	14,396	13,294
Amortization of capital assets (note 6)	8,313	6,915
Contracted services	6,504	5,970
Other (note 15)	5,599	5,198
Equipment and building services	2,584	2,599
Interest on short-term debt	1,742	1,920
Pension benefits cost (note 5)	257	673
Fundraising	253	309
Loss (gain) on disposal of capital assets	8	(177)
	<u>85,801</u>	<u>80,585</u>
Surplus of revenues over expenses	<u>2,702</u>	<u>4,140</u>

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

Yukon Hospital Corporation
Consolidated Statement of Changes 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	2019 Total	2018 Total
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	5,164	35	186	44,949	(3,205)	47,129	42,989
Interfund transfers	-	-	(92)	-	92	-	-
Surplus (deficiency) of revenues over expenses	(1,266)	169	89	3,234	476	2,702	4,140
Net change in investment in capital assets (note 13)	2,146	-	-	-	(2,146)	-	-
Balance, end of year	6,044	204	183	48,183	(4,783)	49,831	47,129

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)

	2019 \$	2018 \$
Operating Activities		
Surplus of revenues over expenses	2,702	4,140
Items not involving cash		
Amortization of capital assets	8,313	6,915
Loss (gain) on disposal of capital assets	8	(177)
Amortization of deferred capital contributions	(7,047)	(5,853)
Bad debt expense	301	149
Increase in prepaid expenses	(117)	(127)
Increase in accrued pension benefit	(3,234)	(3,804)
Decrease (increase) in non-cash working capital	163	(822)
Cash generated through operating activities	<u>1,089</u>	<u>421</u>
Capital Activities		
Purchases of capital assets	(5,545)	(16,699)
Proceeds on disposal of capital assets	12	225
Cash used in capital activities	<u>(5,533)</u>	<u>(16,474)</u>
Financing Activities		
Repayment of short-term debt	(3,308)	(3,235)
Cash received for capital purchases	6,190	21,540
Cash generated through financing activities	<u>2,882</u>	<u>18,305</u>
(Decrease) increase in cash	(1,562)	2,252
Cash, beginning of year	6,680	4,428
Cash, end of year	<u><u>5,118</u></u>	<u><u>6,680</u></u>
Interest paid	1,742	1,920
Interest received	255	191

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

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(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 has historically been dependent on the Government of Yukon to maintain its operations and meet its liabilities. It is expected that the ongoing operations of the Corporation will depend on continued financial support 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") and externally restricted funds. 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, 2019

(in thousands of dollars)

2. Significant Accounting Policies (continued)

e) Capital Assets (continued)

Capital Asset	Estimated Useful Life
Computer, hardware & systems development	2-10 years
Equipment & vehicles	5-15 years
Buildings	10-40 years
Building improvements	10-20 years
Land improvements	8-20 years

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, 2019

(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, accounts payable and accrued liabilities, accrued payroll and benefits and short and long-term debt. The carrying value of cash, accounts receivable, 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, 2019.

Financial Assets	Measurement Basis
Cash	Cost
Accounts receivable	Cost
Contributions receivable	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, 2019

(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, 2019

(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.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019
(in thousands of dollars)

3. Inventory

	2019 \$	2018 \$
Pharmacy	871	1,121
Material Management	701	622
Operating Room	589	618
Laboratory	260	234
Total Inventory	<u>2,421</u>	<u>2,595</u>

4. Restricted Funds

Included in cash are the following amounts:

	2019 \$	2018 \$
Externally restricted – capital	552	475
Externally restricted – other	195	109
	<u>747</u>	<u>584</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.

	2019 \$	2018 \$
Balance, beginning of year	475	480
Contributions received during the year	77	80
Amounts used for capital purchases during the year	(0)	(85)
Balance, end of year	<u>552</u>	<u>475</u>

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.

	2019 \$	2018 \$
Balance, beginning of year	109	100
Contributions received during the year	146	19
Amounts disbursed during the year	(60)	(10)
Balance, end of year	<u>195</u>	<u>109</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

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 2019, Group 1 members were required to contribute to the plan at a rate of 8.10% (calendar 2018 – 8.10%) of annualized earnings up to the Year's Maximum Pensionable Earnings ("YMPE") plus 10.10% (calendar 2018 – 10.10%) of annualized earnings in excess of YMPE. Group 2 members were required to contribute to the plan at a rate of 7.00% (calendar 2018 – 7.00%) of annualized earnings up to the YMPE plus 9.00% (calendar 2018 – 9.00%) 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 \$136,531 as at March 31, 2019 (2018 - \$130,341).

An actuarial valuation for accounting purposes was performed as of March 31, 2019, 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, 2020.

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 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.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

5. Pension Costs and Obligations (continued)

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 2019, 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:

	2019	2018
Weighted Average Assumptions for Net Period Pension Cost for Fiscal Year		
Discount rate	6.00%	6.00%
Expected long-term rate of return on plan assets	6.00%	6.00%
Rate of compensation increase (exclusive of seniority, merit)	2.50%	2.50%
Expected average remaining service lifetime (EARSL)	8.8	8.4
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)	8.8	8.4

As at March 31, 2019, pension fund assets are valued at market value. No adjustment is made for benefits payable or contributions receivable.

	2019	2018
	\$	\$
Change in Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	89,064	83,061
Current period benefit cost (employee and employer), excludes provision for non-investment expenses	4,735	4,882
Transfers in/service buybacks	-	-
Interest cost	5,314	5,026
Benefits paid	(5,733)	(3,457)
Actuarial losses (gains)	3,256	(448)
Accrued benefit obligation, end of year	<u>96,636</u>	<u>89,064</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

5. Pension Costs and Obligations (continued)

	2019 \$	2018 \$
Change in Plan Assets		
Fair value of plan assets, beginning of year	130,341	121,883
Actual return on plan assets	6,203	5,392
Employer contributions	3,491	4,477
Employee contributions	2,605	2,272
Transfers in/service buybacks	-	-
Benefits paid	(5,733)	(3,457)
Actual plan expenses	(376)	(226)
Fair value of plan assets, end of year	<u>136,531</u>	<u>130,341</u>
Reconciliation of Funded Status		
Accrued benefit obligation	96,636	89,064
Fair value of plan assets	(136,531)	(130,341)
Funded surplus	<u>(39,895)</u>	<u>(41,277)</u>
Unamortized actuarial losses	(8,288)	(3,672)
Accrued pension benefit asset	<u>(48,183)</u>	<u>(44,949)</u>
Pension Benefits Cost		
Current period benefit cost, includes provision for non-investment expenses	5,048	5,182
Amortization of actuarial losses	320	142
Employee contributions	(2,605)	(2,272)
Benefit expense	<u>2,763</u>	<u>3,052</u>
Interest on expected average accrued benefit obligation	5,314	5,026
Expected return on plan assets	<u>(7,820)</u>	<u>(7,405)</u>
Pension benefits cost	<u>257</u>	<u>673</u>

As at December 31, 2018 the pension plan had a solvency deficit of \$25,991 (December 31, 2017 - \$24,006) if valued on the basis that the pension plan were terminated/wound up as at December 31, 2018. The solvency ratio of the plan is 85% (86% in 2017). In accordance with the *Pension Benefits Standards Act, 1985*, the Corporation is required to make special payments to eliminate the solvency shortfall. The Corporation is permitted to cover up to a specified maximum of 15% of the solvency liability with a conforming letter of credit. As at March 31, 2019 the Corporation has a conforming letter of credit totaling \$24,081 (2018 - \$18,905) which was in effect until June 30, 2019 and has subsequently been renewed until June 30, 2020. The actuary has determined that the special payment shortfall for calendar 2019 is \$4,524 (2018 - \$5,177).

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

5. Pension Costs and Obligations (continued)

During the year, the Corporation received \$0 (2018 - \$2,245) from the Government of Yukon related to the calendar year 2018 special payment and the Corporation contributed this funding to the pension plan. This funding from the Government of Yukon is included in Government of Yukon contribution in the Consolidated Statement of Operations.

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

6. Capital Assets

	Land	Land Improvements	Buildings	Building Improvements	Equipment & Vehicles	Computer Hardware & Systems Development	Construction In Progress	2019 Total	2018 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	1,751	1,335	193,785	3,256	21,328	7,606	154	229,215	217,903
Acquisitions	-	56	863	1,236	2,062	161	916	5,294	13,013
Transfers	-	-	-	128	26	-	(154)	-	-
Disposals	-	-	-	-	(272)	(12)	-	(284)	(1,701)
Cost, end of year	1,751	1,391	194,648	4,620	23,144	7,755	916	234,225	229,215
Accumulated amortization, beginning of year	-	182	43,217	1,973	11,002	5,965	-	62,339	57,078
Amortization expense	-	120	5,345	218	2,002	628	-	8,313	6,915
Disposals	-	-	-	-	(252)	(12)	-	(264)	(1,654)
Accumulated amortization, end of year	-	302	48,562	2,191	12,752	6,581	-	70,388	62,339
Net book value	1,751	1,089	146,086	2,429	10,392	1,174	916	163,837	166,876

299

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(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, 2019			
Crocus Ridge building	10,961	(857)	10,104
Watson Lake Hospital	13,479	(1,252)	12,227
Dawson City Hospital	12,100	(1,200)	10,900
	36,540	(3,309)	33,231

Short-term contributions receivable		3,421
Long-term contributions receivable		29,810
		33,231

	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

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

8. Short-Term Debt

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

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:

	\$
2020	3,421
2021	3,539
2022	3,663
2023	3,793
2024	3,931
2025 and thereafter	14,884
	<u>33,231</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

8. Short-Term Debt (continued)

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 \$1,447 (2018 - \$1,596) of variable interest payments representing an average variable rate of 4.15% (2018 - 4.19%) to a fixed interest payment of \$1,695 (2018 - \$1,901), representing an average fixed rate of 4.86% (2018 - 4.98%). These exchanges were made on a net cash basis.

9. Deferred Revenue

The balance is comprised of \$269 (2018 - \$419) received from the Government of Yukon related to MRI warranty costs, and \$208 (2018 - \$109) 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 \$119 (2018 - \$149).

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 \$0 repaid in the current year based on realized energy savings of \$2 (2018 - \$64). 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.

	2019	2018
	\$	\$
Severance	2,354	2,265
Sick leave	696	658
Less: short-term portion (included in accrued payroll and benefits)	(560)	(212)
	<u>2,490</u>	<u>2,711</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

12. 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:

	2019 \$	2018 \$
Balance, beginning of year	162,478	149,880
Restricted Government of Yukon contributions	3,128	18,247
Restricted non-government contributions	(216)	204
Amount amortized to revenue	(7,047)	(5,853)
Balance, end of year	<u>158,343</u>	<u>162,478</u>

13. Investment in Capital Assets

a) Net assets invested in capital assets is calculated as follows:

	2019 \$	2018 \$
Capital assets (note 6)	163,837	166,876
Amounts financed by deferred capital contributions (net of unexpended externally restricted contributions)	(157,793)	(161,712)
	<u>6,044</u>	<u>5,164</u>

b) Change in amortization

	2019 \$	2018 \$
Amortization of deferred capital contributions	7,047	5,853
Amortization of capital assets	(8,313)	(6,915)
	<u>(1,266)</u>	<u>(1,062)</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

13. Investment in Capital Assets (continued)

c) Net change in invested capital assets

	2019	2018
	\$	\$
Purchase of capital assets (net of contributed land)	5,294	13,013
Amounts funded by deferred capital contributions	(3,128)	(18,340)
Disposal of capital assets (net of accumulated amortization)	(20)	(48)
	2,146	(5,375)

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, 2019

(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.

	2019 \$	2018 \$
Revenues		
Government of Yukon contribution (note 16)	1,200	850
Interest	7	3
	<u>1,207</u>	<u>853</u>
Expenses		
Payroll	934	967
Sundry	50	42
Travel	29	31
Material and supplies	10	9
Honorariums	15	8
	<u>1,038</u>	<u>1,057</u>
Surplus (deficit) of revenues over expenses	169	(204)
Opening surplus	35	239
Net surplus, restricted for FNHP	<u>204</u>	<u>35</u>

15. Other Expenses

	2019 \$	2018 \$
Property tax	1,278	1,245
Communications	642	651
Delivery/courier/taxi	613	490
Software maintenance	569	450
Conference fees/travel	431	360
Legal and professional fees	419	515
Insurance	314	323
Bad debt	301	149
Membership fees	294	268
Miscellaneous	284	340
Recruitment and relocation	239	190
Honorariums	118	114
Advertising	97	103
	<u>5,599</u>	<u>5,198</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

16. Related Party Transactions

	2019 \$	2018 \$
Government of Yukon contribution		
Basic funding	67,088	63,541
First Nations Health Program (note 14)	1,200	850
Total basic funding	<u>68,288</u>	<u>64,391</u>
Other	3,962	5,878
Total Government of Yukon contribution	<u>72,250</u>	<u>70,269</u>

Revenue received from the Government of Yukon for services was \$72,250 for 2019 (2018 - \$70,269). The 2019 contribution includes \$93 (2018 - \$93) flow-through funding provided to the Foundation.

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 \$0 of capital funding recorded as deferred capital contributions (note 12) (2018 - \$17,811) and \$2,894 of operations funding recorded in Government of Yukon contribution (2018 - \$2,176).

	2019 \$	2018 \$
Other government contracts		
Thomson Centre contracts	764	750
Cost recovery arrangement	1,316	1,180
Total other government contracts	<u>2,080</u>	<u>1,930</u>

In fiscal 2019, 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 Other government contracts in the Consolidated Statement of Operations.

In compliance with 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), the Corporation provided goods in the amount of \$1,316 (2018 - \$1,180) 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 \$1,260 (2018 - \$1,123). As this is a cost recovery arrangement, the revenues and cost of sales have been reported on a gross basis.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

16. Related Party Transactions (continued)

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 29,679 square feet of office space located in the Thomson Centre building are at an annual nominal amount of \$1.

Appendix H outlines Whitehorse General Hospital's obligation to provide residual services to Yukon communities at no charge. The total cost of providing these services for 2019 was \$518 (2018 - \$513).

Other Related Party Transactions

In addition to those related party transactions disclosed elsewhere in these consolidated financial statements (notes 5, 7, 9, 10, 12, 13 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, 2019 there were \$201 (2018 - \$115) of accounts payable and accrued liabilities and \$1,651 (2018 - \$1,572) of accounts receivable related to the Government of Yukon.

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 2019.

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.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

16. Related Party Transactions (continued)

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.

In fiscal 2019 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 97 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 2019 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 147 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 2019 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 153 square feet of clinical space and approximately 22 square feet of storage space located in the Dawson City Hospital. This lease is recorded at the exchange amount which approximates fair value.

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
Dawson City Hospital office space	5	3
Dawson City Hospital office space	3	2
Dawson City Hospital clinical space	7	10
Watson Lake Hospital rentable space	69	15
Watson Lake Hospital space	74	13
	1,147	

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

17. Contractual Obligations

The Corporation has contractual commitments whereby the minimum required payments for the next five years and thereafter are as follows:

	\$
2020	4,984
2021	2,155
2022	701
2023	670
2024 and thereafter	548
	<u>9,058</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 and thereafter for each category are \$5,147 (2018 - \$0) and \$3,911 (2018 - \$2,644) respectively.

The Corporation has included in accounts payable and accrued liabilities holdbacks of \$509 (2018 - \$847) to be released to the contractor upon completion of the warranty period of the Whitehorse General Hospital expansion project.

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 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, and contributions receivable.

Cash:

The Corporation's exposure to credit risk associated with cash is assessed as low because the Corporation's cash deposits are held by a Canadian Schedule 1 Chartered bank.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

18. Financial Risks (continued)

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:

	2019	2018
	\$	\$
Government of Yukon	1,651	1,572
Consumers	461	586
Other governments	509	507
Other	370	280
	<u>2,991</u>	<u>2,945</u>

The Corporation's accounts receivable has a carrying value of \$2,991 as at March 31, 2019 (2018 - \$2,945). As at March 31, 2019, approximately 37% (2018 - 25%) of accounts receivable were over 90 days past due, whereas 44% (2018 - 50%) were current or less than 30 days past due. The Corporation's allowance for doubtful accounts is \$535 as at March 31, 2019 (2018 - \$105).

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 \$5,503 as at March 31, 2019 (2018 - \$6,213). As at March 31, 2019, 100% of accounts payable and accrued liabilities (2018 - 100%) was current, or less than 30 days past due. The Corporation's accrued payroll and benefits has a carrying value of \$6,362 as at March 31, 2019 (2018 - \$5,326) and is payable in the next fiscal year.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

18. Financial Risks (continued)

The Corporation's short-term debt has remaining undiscounted contractual cash flows of \$40,780 as at March 31, 2019 (2018 - \$45,758) 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 \$94 as at March 31, 2019 (2018 - \$100).

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.

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.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2019

(in thousands of dollars)

19. Capital Management (continued)

The Corporation computes its capital as follows:

	2019	2018
	\$	\$
Restricted for capital purchases, internal	183	186
Restricted for pension	48,183	44,949
Unrestricted	(4,783)	(3,205)
	<u>43,583</u>	<u>41,930</u>

20. Comparative Figures

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



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 addresses 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 26, 2019



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Housing Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Yukon Housing Corporation, which comprise the statement of financial position as at 31 March 2019, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Yukon Housing Corporation as at 31 March 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Yukon Housing Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Yukon Housing Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Yukon Housing Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Yukon Housing Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Yukon Housing Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Yukon Housing Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Yukon Housing Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Yukon Housing Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of Yukon and regulations, the *Housing Corporation Act* and regulations, and the by-laws of the Yukon Housing Corporation.

In our opinion, the transactions of the Yukon Housing Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Housing Corporation Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Yukon Housing Corporation and the financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Yukon Housing Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Yukon Housing Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Heather McManaman, CPA, CA
Principal
for the Interim Auditor General of Canada

Ottawa, Canada
26 September 2019



Yukon Housing Corporation
Statement of Financial Position
as at March 31, 2019

	2019	2018
	(thousands of dollars)	
Financial assets		
Cash (Note 3)	\$ 2,538	\$ 808
Accounts receivable (Note 4)	4,994	9,425
Due from the Government of Yukon (Note 15(a))	1,030	1,104
Loans receivable (Note 5 and Note 14)	49,398	47,948
	<u>57,960</u>	<u>59,285</u>
Liabilities		
Accounts payable and accrued liabilities	3,361	2,170
Environmental liability (Note 6)	368	520
Deferred revenue (Note 7)	5,727	13,154
Long-term debt (Note 8 and Note 14)	21,680	20,670
Post-employment benefits (Note 9)	2,137	2,067
Advances - Government of Yukon (Note 11)	24,970	21,298
	<u>58,243</u>	<u>59,879</u>
Net debt	<u>(283)</u>	<u>(594)</u>
Non-financial assets		
Tangible capital assets (Note 12 and Schedule B)	86,616	83,217
Prepaid expenses	266	42
	<u>86,882</u>	<u>83,259</u>
Accumulated surplus	<u>\$ 86,599</u>	<u>\$ 82,665</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, 2019

	2019		2018
	Main Estimates (Note 1(c))	Actual	Actual
	(thousands of dollars)		
Revenues			
Rental income	\$ 6,408	\$ 6,827	\$ 6,526
Funding from Canada Mortgage and Housing Corporation			
- Social Infrastructure Fund	7,240	7,077	2,563
- Social Housing Agreement	3,787	3,787	3,875
- Investment in Affordable Housing	2,285	3,490	1,207
- Northern Funding Agreement	2,400	815	-
- Affordable Housing Initiative	-	-	1,175
Interest income	1,510	1,869	1,754
Other	1,593	447	139
Recovery for Flood Relief program	-	373	-
Recovery of loan receivable allowances	-	(12)	244
Tenant damage charge back recovery	100	55	55
	<u>25,323</u>	<u>24,728</u>	<u>17,538</u>
Expenses (Note 13)			
Social and staff housing operations (Schedule A)	13,908	12,085	11,294
Lending and grant programs (Schedule A)	7,697	11,128	6,690
Amortization (Note 13 and Schedule B)	3,222	3,378	3,209
Corporate services (Schedule A)	2,515	2,544	2,330
Administration (Schedule A)	2,955	2,419	2,529
Rent supplement programs	1,408	1,385	1,067
Subsidies - private social housing organizations	450	394	375
Loss on Flood Relief Assistance Program	-	-	373
	<u>32,155</u>	<u>33,333</u>	<u>27,867</u>
Deficit for the year before government funding	(6,832)	(8,605)	(10,329)
Government of Yukon funding			
Capital transfer payment	8,681	6,513	6,505
Operations and maintenance transfer payment	7,028	5,524	4,962
Rental assistance - in-kind (Note 15(b))	-	502	502
	<u>15,709</u>	<u>12,539</u>	<u>11,969</u>
Surplus for the year	8,877	3,934	1,640
Accumulated surplus at beginning of year	82,665	82,665	81,025
Accumulated surplus at end of year	\$ 91,542	\$ 86,599	\$ 82,665

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, 2019

	2019		2018
	Main Estimates (Note 1(c))	Actual	Actual
	(thousands of dollars)		
Surplus for the year	\$ 8,877	\$ 3,934	\$ 1,640
Effect of change in tangible capital assets			
Acquisitions	(11,564)	(6,789)	(4,270)
Amortization of tangible capital assets	3,222	3,378	3,209
Disposal of tangible capital assets (net book value)	-	12	27
	(8,342)	(3,399)	(1,034)
Effect of change in other non-financial assets			
Decrease (increase) in prepaid expenses	-	(224)	85
	-	(224)	85
Decrease in net debt	535	311	691
Net debt at beginning of year	(594)	(594)	(1,285)
Net debt at end of year	\$ (59)	\$ (283)	\$ (594)

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, 2019

	2019	2018
	(thousands of dollars)	
Operating transactions		
Surplus for the year	\$ 3,934	\$ 1,640
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)	3,378	3,209
Post-employment benefits expense (Note 9)	368	341
Bad debt expense (Schedule A)	217	32
Loss on disposals of tangible capital assets (Schedule B)	12	27
Mortgages receivable allowances (Note 5)	190	(319)
	<u>8,099</u>	<u>(95)</u>
Changes in accruals of operating cash receipts or payments	<u>(3,279)</u>	<u>2,530</u>
Cash provided by operating transactions	<u>4,820</u>	<u>2,435</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(6,132)</u>	<u>(4,350)</u>
Cash used for capital transactions	<u>(6,132)</u>	<u>(4,350)</u>
Investing transactions		
Issuances of mortgages receivable	(6,762)	(2,508)
Repayments of mortgages receivable	7,148	7,034
Repayments of land sales agreements receivable	10,646	7,100
Cash provided by investing transactions	<u>11,032</u>	<u>11,626</u>
Financing transactions		
Repayments of long-term debt	(785)	(855)
Repayments of land sales agreements payable	(10,877)	(10,245)
Advances from the Government of Yukon (Note 11)	3,672	-
Cash used for financing transactions	<u>(7,990)</u>	<u>(11,100)</u>
Increase (decrease) in cash	1,730	(1,389)
Cash at beginning of year (Note 3)	808	2,197
Cash at end of year (Note 3)	\$ 2,538	\$ 808
Interest received in the year	1,717	1,810
Interest paid in the year	122	131

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, 2019

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 involve local community members in the decision making process regarding housing in their community. They provide advisory services to the Corporation and a review function in appeals of decisions made by the Corporation.

(c) Main estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Yukon Legislative Assembly in 2018. 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, 2019

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 clean-up 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.



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 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)).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2019

3. Cash

	2019	2018
	(thousands of dollars)	
Cash		
Bank balances	\$ 2,535	\$ 805
Cash on hand	3	3
	<u>\$ 2,538</u>	<u>\$ 808</u>

The Corporation has an overdraft facility with its bank of up to \$11,000,000 at bank prime less 0.75% (2018 - bank prime less 0.75%). At year end, the bank prime rate was 3.95% (2018 - 3.45%). The overdraft is guaranteed by the Government of Yukon.

4. Accounts receivable

	2019	2018
	(thousands of dollars)	
Due from Canada Mortgage and Housing Corporation		
- Northern Funding Agreement	\$ 2,400	\$ -
- Investment in Affordable Housing	1,575	1,575
- Social Housing Agreement	242	248
- Social Infrastructure Fund	-	6,413
Other receivables	813	971
Receivable from tenants	726	759
Less: Valuation allowance for receivable from tenants	(721)	(500)
Less: Valuation allowance for other receivables	(41)	(41)
	<u>\$ 4,994</u>	<u>\$ 9,425</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, 2019 the amount receivable under the SHA is \$242,000 (2018 - \$248,000).

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, 2019 the amount receivable under the IAH is \$1,575,000 (2018 - \$1,575,000).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2019

4. Accounts receivable (continued)

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, 2019 the amount receivable under the SIF is \$nil (2018 - \$6,413,000).

On April 1, 2018 the Corporation entered into an agreement with CMHC under the Northern Funding Agreement, which was made under the IAH agreement. Under this one year agreement (2018/2019) CMHC agreed to contribute up to \$2,400,000 for project commitments made by the Corporation to increase the affordable housing that meets the needs of households in the Yukon. As at March 31, 2019 the amount receivable under the Northern Funding Agreement is \$2,400,000 (2018 - \$nil).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2019

5. Loans receivable

	Stated interest rates %	2019 (thousands of dollars)	2018
Mortgages receivable			
Home Ownership	0.00 - 4.50	\$ 30,678	\$ 30,932
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 2024. Rural and Native Home Ownership mortgages receiving subsidies (Note 2(e)) at March 31, 2019 were \$47,000 (2018 - \$65,000).			
Owner Build	2.76 - 4.35	5,558	4,881
Loans are advanced during the construction phase of a home for a maximum period of two years with interest of 1% below posted average five 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 - 4.70	3,772	4,334
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, 2019 were \$31,000 (2018 - \$86,000).			
Energy Management	0.00 - 3.70	8	16
Loans with terms up to 17 years, secured by registered charges against real property or chattel mortgages, repayable in periodic instalments with maturities up to 2022.			
Housing Industry Loans	0.00 - 4.70	2,783	3,022
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		42,799	43,185
Less: Allowance for Home Repair Program subsidies		(55)	(50)
Less: Allowance for loans receivable with concessionary terms		(576)	(435)
Less: Allowance for impaired loans		(271)	(227)
Net mortgages receivable		41,897	42,473
Land sales agreements receivable	5.00	7,501	5,475
Unsecured loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2023.			
Total loans receivable		\$ 49,398	\$ 47,948



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2019

5. Loans receivable (continued)

These loans receivable earn interest at the following weighted average rates:

	2019	2018
Mortgages receivable	3.51%	3.29%
Land sales agreements receivable	5.00%	5.00%

6. Environmental liability

Changes in the environmental liability are as follows:

	2019	2018
	(thousands of dollars)	
Balance at beginning of year	\$ 520	\$ 624
Actual expenditures in current year relating to fuel oil spills	(152)	(104)
Balance at end of year	<u>\$ 368</u>	<u>\$ 520</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 \$28,000 (2018 - \$247,500).

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 \$100,000 (2018 - \$121,600).

Projected future expenditures at year end for site monitoring of \$115,500 (2018 - \$73,000) are for ongoing ground water and soils monitoring for remediated oil spill sites in Old Crow, Mayo and Watson Lake.

7. Deferred revenue

	2019	2018
	(thousands of dollars)	
Canada Mortgage and Housing Corporation (CMHC) funding		
- Social Infrastructure Fund	\$ 2,272	\$ 9,348
- Investment in Affordable Housing	1,672	3,588
- Northern Funding Agreement	1,585	-
Unearned revenue	-	117
Unearned rent	198	101
	<u>\$ 5,727</u>	<u>\$ 13,154</u>

CMHC funding of \$7,988,000 receivable at March 31, 2018 was received during the fiscal year (2018 - \$nil). At March 31, 2019 \$3,975,000 was receivable (2018 - \$7,988,000) and \$11,382,000 was recognized as revenue during the fiscal year (2018 - \$4,945,000).

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, 2019

8. Long-term debt

	Stated interest rates %	2019 (thousands of dollars)	2018 (thousands of dollars)
Mortgages payable to chartered banks and CMHC (guaranteed by the Government of Yukon) 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 \$2,373,627 (2018 - \$2,279,366).	1.01 - 8.5	\$ 1,858	\$ 2,278
Loans payable to chartered banks and CMHC (guaranteed by the Government of Yukon) Unsecured loans repayable in blended periodic installments at fixed rates of interest to maturity and with maturities up to 2028.	7.5 - 9.5	806	906
Loans payable to the Government of Yukon Repayable without interest in periodic instalments to 2027.	0.00	9,684	9,949
Land sales agreements due to the Government of Yukon, unsecured Repayable without interest in periodic instalments to 2023.	0.00	9,332	7,537
Total long-term debt		<u>\$ 21,680</u>	<u>\$ 20,670</u>

The mortgages and loans payable bear interest at the following weighted average interest rates:

	2019	2018
Mortgages payable to chartered banks and CMHC	2.49%	2.59%
Loans payable to chartered banks and CMHC	7.88%	7.86%

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)				
2020	\$ 396	\$ 88	\$ 265	\$ 4,370	\$ 5,119
2021	373	95	265	2,195	2,928
2022	355	102	253	1,333	2,043
2023	354	110	250	700	1,414
2024	103	119	250	734	1,206
Thereafter	277	292	8,401	-	8,970
Total	<u>\$ 1,858</u>	<u>\$ 806</u>	<u>\$ 9,684</u>	<u>\$ 9,332</u>	<u>\$ 21,680</u>

At March 31, 2019, the Corporation owed the Government of Yukon a Land Sales Agreements principal payment of \$1,830,581 (2018 - \$2,061,821) for principal amounts collected during the year. The amount was subsequently paid to the Government of Yukon in April and June 2019.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2019

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:

	2019	2018
	(thousands of dollars)	
Accrued benefit liability, beginning of year	\$ 2,067	\$ 1,835
Receipt from Government departments for staff transfers	83	58
Add: Post-employment benefits expenses		
Current service costs	204	199
Interest on accrued benefit liability	71	69
Amortization of net actuarial losses	10	15
Less: Benefits paid during the year	(298)	(109)
Accrued benefit liability, end of year	<u>2,137</u>	<u>2,067</u>
Unamortized net actuarial gain	(16)	(140)
Accrued benefit obligation, end of year	<u>\$ 2,121</u>	<u>\$ 1,927</u>

The significant actuarial assumptions were:

	2019	2018
Discount rate	3.30%	3.50%
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, 2019. The next required valuation would be as of April 1, 2019.

Included in the total accrued benefit obligation at March 31, 2019 are vacation leave of \$496,000 (2018 - \$453,000) and accumulated sick leave of \$409,000 (2018 - \$391,000).

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 (2018 - \$1.01) for every dollar contributed by the employee, and \$3.79 (2018 - \$3.20) for every dollar contributed by the employee for the portion of the employee's salary above \$169,000 (2018 - \$165,000). For new employees who are participating in the Plan on or after January 1, 2013, the Corporation contributes \$1.00 (2018 - \$1.00) for every dollar contributed by the employee, and \$3.79 (2018 - \$3.20) for every dollar contributed by the employee for the portion of the employee's salary above \$169,000 (2018 - \$165,000).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2019

10. Retirement benefits (continued)

Contributions during the year were as follows:

	2019	2018
	(thousands of dollars)	
Employer's contribution	\$ 573	\$ 561
Employees' contribution	549	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.

	2019	2018
	(thousands of dollars)	
Balance at beginning of year	\$ 21,298	\$ 26,323
Cash advanced during the year	15,709	6,442
Operations and maintenance transfer payment	(5,524)	(4,962)
Capital transfer payment	(6,513)	(6,505)
	3,672	(5,025)
Balance at end of year	\$ 24,970	\$ 21,298

12. Tangible capital assets

			2019	2018
			(thousands of dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 4,928	\$ -	\$ 4,928	\$ 4,928
Social housing	112,082	41,958	70,124	66,416
Staff housing	21,940	12,911	9,029	9,186
Office building	1,954	1,406	548	581
Other facilities	739	735	4	6
Furnishings and equipment	3,275	1,399	1,876	1,940
Computer systems	548	441	107	160
(Schedule B)	\$ 145,466	\$ 58,850	\$ 86,616	\$ 83,217

At March 31, 2019, there were construction projects in progress in the amount of \$3,456,000 (2018 - \$200,000). There was no interest incurred for the construction of tangible capital assets in the current year or previous year.

In addition, at March 31, 2019, 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, 2019

13. Expenses by object

	2019	2018
	(thousands of dollars)	
Transfer payments	\$ 10,502	\$ 6,224
Materials, supplies and utilities	8,262	7,827
Personnel, training and post-employment benefits	7,753	7,329
Amortization	3,378	3,209
Other	2,390	2,228
Communication and transportation	492	563
Contract and special services	434	344
Interest on long-term debt	122	143
	<u>\$ 33,333</u>	<u>\$ 27,867</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, 2019 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:

	2019		2018	
	(thousands of dollars)			
	Carrying	Fair Value	Carrying	Fair Value
Loans receivable				
Mortgages receivable net of allowances	\$ 41,897	\$ 40,174	\$ 42,473	\$ 41,926
Land sales agreements receivable	7,501	7,920	5,475	5,958
	<u>\$ 49,398</u>	<u>\$ 48,094</u>	<u>\$ 47,948</u>	<u>\$ 47,884</u>
Long-term debt				
Mortgages payable to chartered banks and CMHC	\$ 1,858	\$ 1,568	\$ 2,278	\$ 1,921
Loans payable to chartered banks and CMHC	806	854	906	985
Loans payable to the Government of Yukon	9,684	6,528	9,949	6,405
Land sales agreements due to the Government of Yukon	9,332	8,641	7,537	7,098
	<u>\$ 21,680</u>	<u>\$ 17,591</u>	<u>\$ 20,670</u>	<u>\$ 16,409</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, 2019

15. Related party transactions and balances

In addition to those related party transactions disclosed elsewhere in these financial statements (Notes 8, 11 and 17), the Corporation enters into transactions with related entities in the normal course of business.

(a) Due from the Government of Yukon

	2019	2018
	(thousands of dollars)	
Accounts payable	\$ (1,334)	\$ (895)
Accounts receivable	159	167
Amount due from Community Services - Disaster Financial Assistance	2,205	1,832
Net amount due from the Government of Yukon	<u>\$ 1,030</u>	<u>\$ 1,104</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 2019 to be \$29,100 (2018 - \$25,700). The value of territorial agent services provided by the Corporation to the Government of Yukon for 2019 is estimated to be \$48,700 (2018 - \$44,700). 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 \$7,536,000 during 2019 (2018 - \$7,184,000) 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 2019 to be \$502,000 (2018 - \$502,000) based on the Government of Yukon's amortization expense.

During 2019, the Corporation was charged \$376,000 (2018 - \$312,000) by the Government of Yukon for information technology support services, office rental, office supplies, computer software licensing, vehicle rental services and other upgrades. These charges are recorded at the exchange amount.

16. Contractual obligations and contingencies

	2019	2018
	(thousands of dollars)	
Outstanding contractual obligations to complete the funding of mortgages receivable at end of year	\$ 1,360	\$ 1,214
Outstanding contractual obligations to complete agreements and contract commitments at end of year	6,635	2,258
Annual subsidies to private social housing organizations	375	375



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2019

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 its 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, 2019 was \$557,000 (2018 - \$629,000). 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, 2019:

	Expiry Date	2020	2021-2030	Total
(thousands of dollars)				
CMHC Social Housing Agreement	2030	\$ 3,741	\$ 21,836	\$ 25,577
CMHC Bilateral Agreement				
CMHC Northern Housing	2028	2,400	19,200	21,600
CMHC Canada Community Housing	2028	53	10,474	10,527
CMHC Yukon Priorities Housing	2027	1,659	5,775	7,434
Office space lease (Government of Yukon)	2021	96	96	192
		<u>\$ 7,949</u>	<u>\$ 57,381</u>	<u>\$ 65,330</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 previous four years are as follows:

Year	Amount
2019	\$ -
2018	-
2017	-
2016	-
2015	110,909



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses
for the year ended March 31, 2019

Schedule A

	2019	2018
	(thousands of dollars)	
Social and staff housing operations		
General maintenance	\$ 3,792	\$ 3,540
Personnel	3,534	3,252
Utilities	2,716	2,619
Property taxes	1,035	1,005
Building services - in-kind (Note 15(b))	502	502
Bad debts - tenant receivable	217	32
Housing program administration	137	150
Interest on long-term debt	118	135
Property rentals	22	32
Write-down of / loss on disposal of tangible capital assets	12	27
	<u>\$ 12,085</u>	<u>\$ 11,294</u>
Lending and grant programs		
Affordable housing contributions	\$ 9,012	\$ 3,429
Northern housing trust grants and contracts	957	2,477
Personnel	803	770
Concessionary loans allowance	142	-
Program materials	114	26
Community partnering contributions	56	52
Bad debts - loans receivable	44	(64)
	<u>\$ 11,128</u>	<u>\$ 6,690</u>
Corporate services		
Personnel	\$ 2,182	\$ 1,992
Professional fees	234	135
Information technology systems and support	128	203
	<u>\$ 2,544</u>	<u>\$ 2,330</u>
Administration		
Personnel, training and post-employment benefits	\$ 1,234	\$ 1,315
Communications	249	273
Travel and transportation	243	290
Office space	198	207
Office and sundry	143	122
Professional fees	102	41
Rentals - office and equipment	94	92
Boards and committees	93	91
Program promotion	63	98
	<u>\$ 2,419</u>	<u>\$ 2,529</u>



Yukon Housing Corporation
 Schedule of Tangible Capital Assets
 for the year ended March 31, 2019

Schedule B

	Land	Social Housing	Staff Housing	Office Building	Other Facilities	Furnishings and Equipment	Computer Systems	2019 Total	2018 Total
(thousands of dollars)									
Cost of tangible capital assets at beginning of year ¹	\$ 4,928	\$ 105,821	\$ 21,563	\$ 1,954	\$ 739	\$ 3,150	\$ 548	\$ 138,703	\$ 134,669
Acquisitions ¹	-	6,261	377	-	-	151	-	6,789	4,270
Disposals	-	-	-	-	-	(26)	-	(26)	(236)
Cost of tangible capital assets at end of year ¹	4,928	112,082	21,940	1,954	739	3,275	548	145,466	138,703
Accumulated amortization at beginning of year	-	39,405	12,377	1,373	733	1,210	388	55,486	52,486
Amortization	-	2,553	534	33	2	203	53	3,378	3,209
Disposals	-	-	-	-	-	(14)	-	(14)	(209)
Accumulated amortization at end of year	-	41,958	12,911	1,406	735	1,399	441	58,850	55,486
Net book value ¹	\$ 4,928	\$ 70,124	\$ 9,029	\$ 548	\$ 4	\$ 1,876	\$ 107	\$ 86,616	\$ 83,217
Construction in progress	\$ -	\$ 3,068	\$ 388	\$ -	\$ -	\$ -	\$ -	\$ 3,456	\$ 200

¹ Includes construction in progress



Yukon Liquor Corporation
9031 Quartz Rd., Whitehorse, Yukon Y1A 4P9

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, 2019 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.

A handwritten signature in black ink, appearing to read "Paul McConnell", written over a horizontal line.

Paul McConnell
President

A handwritten signature in black ink, appearing to read "Susan Russell", written over a horizontal line.

Susan Russell
A/Director, Finance & Information Management

July 31, 2019



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Liquor Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Yukon Liquor Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Yukon Liquor Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of Yukon and regulations, the *Liquor Act* and regulations, the *Liquor Tax Act* and regulations, the *Cannabis Control and Regulation Act* and regulations, and the by-laws of the Yukon Liquor Corporation.

In our opinion, the transactions of the Yukon Liquor Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Liquor Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Yukon Liquor Corporation and the financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Yukon Liquor Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Yukon Liquor Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



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

Vancouver, Canada
31 July 2019

YUKON LIQUOR CORPORATION

STATEMENT OF FINANCIAL POSITION

as at March 31

(in thousands of Canadian dollars)

Assets	Note	2019	2018
Current			
Cash		\$ 4,102	\$ 2,447
Inventories	4	3,599	3,252
Accounts receivable	5	43	72
Prepaid expenses		-	23
Total Current Assets		7,744	5,794
Property, plant and equipment	Schedule A	2,361	2,077
Intangible assets	Schedule B	45	-
Total Assets		\$ 10,150	\$ 7,871
Liabilities and Equity			
Current			
Accounts payable and accrued liabilities	6	\$ 3,036	\$ 2,079
Due to the Government of Yukon	7	2,781	2,268
Deferred revenue		91	92
Deferred Government Grant	16	375	-
Total Current Liabilities		6,283	4,439
Non-pension benefit liability	14	956	1,355
Total Liabilities		7,239	5,794
Equity	8	2,911	2,077
Total Liabilities and Equity		\$ 10,150	\$ 7,871

Commitments (Note 9)

Approved by Management and authorized for issue on July 31, 2019



President



A/Director, Finance & Information Management

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

YUKON LIQUOR CORPORATION

STATEMENT OF COMPREHENSIVE INCOME

for the year ended March 31

		(in thousands of Canadian dollars)	
	Note	2019	2018
Revenue	10	\$ 42,068	\$ 39,417
Cost of goods sold	11	22,700	21,357
Gross Profit		19,368	18,060
Other income			
Government Grant	16	2,600	-
Fees, permits and licences		144	148
Miscellaneous		101	25
Total other income		2,845	173
Expenses			
Salaries, wages and benefits		7,717	6,677
Rent, utilities and maintenance		1,044	1,078
Depreciation – property, plant and equipment		855	207
Bank expenses		512	486
Professional services		408	430
Travel and communications		274	287
Other		209	264
General and office supplies		111	108
Amortization – intangible assets		22	-
Total expenses		11,152	9,537
Income from operations		11,061	8,696
Other comprehensive income, not to be reclassified subsequently to net income			
Actuarial gain	14	102	46
Comprehensive income		\$ 11,163	\$ 8,742

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

YUKON LIQUOR CORPORATION
STATEMENT OF CHANGES IN EQUITY

for the year ended March 31

		(in thousands of Canadian dollars)	
	Note	2019	2018
Equity, beginning of year		\$ 2,077	\$ 1,557
Profit before other comprehensive income		11,061	8,696
Other comprehensive income		102	46
Current year's profit to be remitted to the Government of Yukon		(10,329)	(8,222)
Equity, end of year	8	\$ 2,911	\$ 2,077

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

YUKON LIQUOR CORPORATION
STATEMENT OF CASH FLOWS
for the year ended March 31

		(in thousands of Canadian dollars)	
	Note	2019	2018
Cash flows from operating activities			
Cash receipts:			
Sales		\$ 42,097	\$ 39,549
Government Grant	16	2,026	-
Fees, permits and licences and miscellaneous		244	175
Cash disbursements:			
Purchases of inventories		(22,525)	(21,396)
Salaries, wages and benefits		(7,421)	(6,017)
General and administrative expenses		(3,511)	(2,360)
Net cash generated by operating activities		10,910	9,951
Cash flows from investing activities			
Acquisition of property, plant and equipment	Schedule A	(1,116)	(625)
Government Grant	16	949	-
Acquisition of intangible assets	Schedule B	(67)	-
Net cash used in investing activities		(234)	(625)
Cash flows from financing activities			
Remittance of profit to the Government of Yukon	13 a)	(9,021)	(7,842)
Net cash used in financing activities		(9,021)	(7,842)
Increase in cash for the year		1,655	1,484
Cash, beginning of year		2,447	963
Cash, end of year *		\$ 4,102	\$ 2,447

* Cash, end of year is comprised of bank account balances maintained for liquor and for cannabis operations with end of year balances (in thousands of Canadian dollars) of \$2,666 and \$1,436 respectively.

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

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

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 from liquor operations 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% (2018 - 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.

The Corporation is also responsible for the purchase, distribution and sale of cannabis within the Yukon through retail and licensees. The *Cannabis Control and Regulation Act* received assent on April 24, 2018 and governs the distribution, retail, consumption, personal cultivation and possession of non-medical cannabis in the Yukon. Through Order-in-Council 2018/107, the Corporation is designated as the distributor corporation, to act as the principal supplier of cannabis for sale in the Yukon.

In accordance with the *Cannabis Control and Regulation Act*, the profit from cannabis operations for the year, before depreciation, less amounts expended on property, plant and equipment, is remitted to the Government of Yukon.

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 (IFRSs). The statements are presented in Canadian dollars and are rounded to the nearest thousand (\$000) where indicated.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

3. Significant accounting policies

The significant accounting policies summarized below have been applied to all periods presented in these financial statements except for the accounting policy disclosure changes related to adoption of IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers*, as described in note 3k):

a) Inventories

Inventories are comprised of alcoholic beverages and cannabis 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

Financial assets

The Corporation's financial assets include Cash and Accounts receivable and are initially measured at fair value.

After initial recognition, Cash is measured at amortized cost and Accounts receivable are measured at amortized cost using the effective interest method, less a provision for impairment when applicable. Accounts receivable are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. For Accounts receivable, the Corporation applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Accounts receivable carrying amount is reduced through the use of an allowance account and the loss is recognized in the statement of comprehensive income.

A financial asset is derecognized when the contractual rights to the cash flows from the asset have expired, or when the asset and all substantial risks and rewards are transferred.

Financial liabilities

The Corporation's financial liabilities include Accounts payable and accrued liabilities, and Due to the Government of Yukon and are initially measured at fair value.

After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. A financial liability is derecognized when the obligation is discharged, cancelled, or expires.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

3. Significant accounting policies (continued)

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:

Classification	Estimated useful life
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, estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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.

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, 2019

3. Significant accounting policies (continued)

d) Intangible Assets

Intangible assets are comprised of internally developed software systems. They are carried at cost less accumulated amortization and impairment losses. Amortization is recognized on a straight-line basis over the estimated useful life of 3 years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses from de-recognition on an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized within 'Other income – Miscellaneous' in the statement of comprehensive income.

e) Revenue recognition

Revenue is generated from sales to customers through wholesale and retail stores for liquor products as well as through retail stores and e-commerce for cannabis products. Revenue is recognized when the customer obtains control of the asset which is when the Corporation's performance obligations are satisfied. For retail transactions, this is at the point of sale and for wholesale transactions, this is at the time of shipment. Revenue does not include beverage container recycling fees which are remitted to the Recycling Fund as per the Beverage Container Regulations. Revenue also excludes liquor tax which is remitted to the Department of Finance as per the *Liquor Tax Act*. Licence revenue is recorded as deferred revenue and recognized to revenue over the term of the related licence.

Sales of liquor and cannabis products include a right of return. A refund liability is recognized if it is expected that consideration will be refunded to customers. This liability is updated at the end of each reporting period for changes in circumstances. Revenue is stated net of estimated returns. Historically, the return rate for products sold is nominal.

f) Expense recognition

Expenses are recognized as incurred, on an accrual basis, in the period to which they relate.

g) Employee benefits

Non-pension benefits

Under their conditions of employment, employees may qualify for and earn employment benefits for vacation, sick, and special leave, as well as severance benefits. The benefit obligation is determined on an actuarial basis. The cost 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. Other retirement benefits include extended health care and life insurance plan for retirees which are paid by and accrued in the consolidated financial statements of the Government of Yukon.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

3. Significant accounting policies (continued)

g) Employee benefits (continued)

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.

h) 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.

i) Use of estimates

The preparation of financial statements in accordance with IFRSs 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.

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.

j) Government Grants

Government grants received from the Government of Yukon to assist the Corporation in meeting its responsibilities are recognized in the period in which the funding is committed by the Government of Yukon and when the terms and eligibility of the expenses have been met. Grants received related to operating expenditures are presented as Other income in the statement of comprehensive income.

Grants received for the purpose of purchasing property, plant and equipment or intangible assets are recognized initially as Deferred Government Grant. Deferred Government Grant is then recognized straight-line over the estimated useful life of the related purchased asset.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

3. Significant accounting policies (continued)

k) Adoption of new and revised accounting standards

The Corporation initially adopted IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers* beginning on April 1, 2018.

IFRS 9

The Corporation adopted IFRS 9 retrospectively on April 1, 2018 without restatement of comparative figures which are accounted for under IAS 39, *Financial Instruments: Recognition and Measurement*. The Corporation did not have any transitional adjustments upon adoption of IFRS 9.

The key changes to the Corporation's accounting policies from its adoption of IFRS 9 are summarized below.

(i) Classification and measurement of financial instruments

On adoption of IFRS 9, the Corporation reclassified the financial assets held at April 1, 2018 retrospectively, based on the new classification requirements and the characteristics of each financial instrument as at the transition date. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. The Corporation did not choose the option of designating any financial liabilities at fair value through profit or loss (FVTPL), and as such, the adoption of IFRS 9 did not impact the Corporation's accounting policy for financial liabilities.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI), and FVTPL.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9 for each class of the Corporation's financial assets and financial liabilities as at April 1, 2018. On adoption of IFRS 9, no changes in the carrying amounts of the financial assets or financial liabilities have been recorded.

	IAS 39	IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to the Government of Yukon	Other financial liabilities	Amortized cost

(ii) Impairment of financial assets

Under IFRS 9, the Corporation recognizes impairment of its financial assets identified above using the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables as described in note 3b) and note 5. Under IAS 39 and

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

3. Significant accounting policies (continued)

k) Adoption of new and revised accounting standards (continued)

the Corporation's previous accounting policy, a provision for impairment of accounts receivable was established when it was deemed that the collection was unlikely. The application of the expected credit loss model to determine the allowance for doubtful accounts, and the impacts of the classification changes noted in the table above, had no impact on the Corporation's balances at April 1, 2018 and March 31, 2019.

IFRS 15

The Corporation adopted IFRS 15 retrospectively on April 1, 2018 without restatement of comparative figures which are accounted for under IAS 18, *Revenue*. The Corporation did not have any transitional adjustments upon adoption of IFRS 15.

IFRS 15 establishes a framework for revenue recognition based on transfer of control for determining when and the amount of revenue to be recognized, and includes expanded disclosure requirements for annual financial statements. Under IFRS 15, the Corporation recognizes a refund liability if it is expected that consideration will be refunded to customers as described in note 3e).

The Corporation has two revenue streams, which is the sale of alcoholic beverages and of cannabis products. The adoption and application of IFRS 15 did not result in changes in judgments, nor did it affect the determination of the amount or timing of revenue from contracts with customers.

l) Accounting standards issued but not yet effective

IFRS 16, *Leases*

IFRS 16 was issued in January 2016 to replace IAS 17, *Leases*. The new standard increases the scope of which leases must be brought into lessees' statement of financial position, 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 will have an optional statement of financial position recognition exemption from the requirements. The new standard is effective for the Corporation on April 1, 2019.

The Corporation plans to apply the modified retrospective adoption method in IFRS 16 and, therefore, will only recognize leases on the statement of financial position as at April 1, 2019, with no restatement of the comparative figures. Management has performed an evaluation as to the effects of adopting IFRS 16 and has concluded that the Corporation's property leases will be recognized on the statement of financial position. The pattern of expense recognition for these leases 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. Based on management's assessment, the adoption of the new standard is not expected to have a material impact on the Corporation's financial statements due to the short-term nature of the leases in force as at April 1, 2019, the date of transition to IFRS 16.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

4. Inventories

	(in thousands of Canadian dollars)	
	2019	2018
Inventories		
Beer	\$1,317	\$1,198
Spirits	857	1,122
Wine	920	932
Liquor sub-total	3,094	3,252
Flower	412	-
Oil	93	-
Cannabis sub-total	505	-
Total inventories	\$3,599	\$3,252

5. Financial Instruments

Risk management

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 or 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 risk on Cash is minimized as these assets are held with a Canadian chartered bank.

The Corporation's Accounts receivable has a carrying value of \$43,000 as of March 31, 2019 (2018 - \$72,000). There is a nil (2018 - 74.5%) concentration of Accounts receivable with one customer.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

5. Financial Instruments (continued)

The following table provides information about the exposure to credit risk for trade accounts receivable by days the receivable is outstanding:

	(in thousands of Canadian dollars)	
	2019	2018
Current	\$41	\$69
91 days or greater	2	3
Total trade accounts receivable	\$43	\$72

The Corporation measures the loss allowance at an amount equal to the lifetime Expected Credit Loss (ECL) for its Accounts receivable. For the years ended March 31, 2019 and 2018, the Corporation has estimated the ECL to be nominal.

Accounts written off could still be subject to enforcement activities. No accounts are written off directly to the provision for credit losses. As at March 31, 2019 and 2018, the loss allowance was nil.

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 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 \$3,036,000 as at March 31, 2019 (2018 - \$2,079,000). As at March 31, 2019, approximately 12.30 % (2018 - 6.3%) of Accounts payable were over 90 days past due. Due to the Government of Yukon had a carrying value of \$2,781,000 as of March 31, 2019 (2018 - \$2,268,000). As at March 31, 2019 approximately 0% (2018 - 33.7%) 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, 2019

6. Accounts payable and accrued liabilities

		(in thousands of Canadian dollars)	
	Note	2019	2018
Trade payable		\$1,997	\$1,380
Accrued liabilities		442	538
Non-pension benefit liability current portion	14	597	161
Total accounts payable and accrued liabilities		\$3,036	\$2,079

7. Due to the Government of Yukon

		(in thousands of Canadian dollars)	
	Note	2019	2018
Reimbursements due for salaries to employees, and other costs paid on behalf of the Corporation		\$948	\$844
Remittances due to the Government of Yukon pursuant to:			
<i>Liquor Act</i>	13 a)	841	7
<i>Cannabis Control and Regulation Act</i>	13 b)	474	-
<i>Liquor Tax Act</i>	13 c)	368	613
Beverage Container Regulations – <i>Environment Act</i>		150	804
Net due at the end of the year		\$2,781	\$2,268

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 \$2,361,000 (2018 - \$2,077,000), and intangible assets \$45,000 (2018 – nil) was purchased prior to remitting funds to the Government of Yukon (Note 1). The annual change in equity represents net additions and disposals of property, plant and equipment and intangible assets less depreciation and amortization expense for the year. In addition, for 2019, it also includes the ending inventory balance for the first year of operations under Section 12.3(b) of the *Cannabis Control and Regulation Act* which reduces the remittance of profit for the current year to the Government of Yukon.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

9. 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, 2019 for future years ending on March 31, 2020 is \$1,054,616 (March 31, 2018 for 2019 - \$1,011,543). Included in these commitments is \$16,517 (2018 - \$90,629) for the acquisition of property, plant and equipment.

10. Revenue

	(in thousands of Canadian dollars)	
	2019	2018
Revenue		
Beer	\$18,369	\$19,253
Spirits	13,151	11,744
Wine	8,518	8,420
Total liquor sales	40,038	39,417
Flower	1,806	-
Oil	224	-
Total cannabis sales	2,030	-
Total revenue	\$42,068	\$39,417

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

11. Cost of Goods Sold

	(in thousands of Canadian dollars)	
	2019	2018
Cost of Goods Sold		
Beer	\$10,596	\$11,955
Spirits	7,284	5,330
Wine	3,533	4,072
Total liquor cost of goods sold	21,413	21,357
Flower	1,153	-
Oil	134	-
Total cannabis cost of goods sold	1,287	-
Total cost of goods sold	\$22,700	\$21,357

12. Capital Management

The Corporation manages its capital in order to purchase a range of liquor and cannabis products and make them available to consumers, and to regulate the sale and consumption of these products, while optimizing the net proceeds to the Government of Yukon realized from the sale and control of liquor and cannabis.

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*, the *Liquor Act*, and the *Cannabis Control and Regulation 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.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

13. 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 the Government of Yukon pursuant to the *Liquor Act*

Calculation of adjusted profit due to the Government of Yukon for the year (Note 1):

	(in thousands of Canadian dollars)	
	2019	2018
Balance due to (from) the Government of Yukon at the beginning of the year	\$ 7	\$ (373)
Comprehensive income for the year – Liquor operations	9,806	8,742
Property, plant and equipment additions, net of disposals – attributable to Liquor operations	(256)	(727)
Depreciation – attributable to Liquor operations	305	207
Current year's profit to be remitted	9,855	8,222
Less: remitted during the year	(9,021)	(7,842)
Balance due to the Government of Yukon at the end of the year	\$ 841	\$ 7

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

13. Related party transactions (continued)

b) Profit due to the Government of Yukon pursuant to the *Cannabis Control and Regulation Act*

Calculation of adjusted profit due to the Government of Yukon for the year (Note 1):

		(in thousands of Canadian dollars)	
	Note	2019	2018
Balance due to the Government of Yukon at the beginning of the year		\$ -	\$ -
Income for the year – cannabis operations		1,356	-
Property, plant and equipment additions, net of disposals – attributable to cannabis operations		(882)	-
Intangible assets additions – attributable to cannabis operations		(67)	-
Depreciation and amortization – attributable to cannabis operations		572	-
Other asset – inventory – attributable to cannabis operations	8	(505)	-
Current year's profit to be remitted		474	-
Less: remitted during the year		-	-
Balance due to the Government of Yukon at the end of the year		\$ 474	\$ -

c) Liquor Tax

Liquor tax collected and due to the Government of Yukon for the year (Note 1):

	(in thousands of Canadian dollars)	
	2019	2018
Balance due at the beginning of the year	\$ 613	\$ 327
Liquor tax collected during the year	4,766	4,710
Less: remitted during the year	(5,011)	(4,424)
Balance due at the end of the year	\$ 368	\$ 613

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

13. Related party transactions (continued)

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 \$640,698 (2018 - \$526,950). The Corporation provides Territorial Agent services in rural community liquor stores on behalf of the Government of Yukon with an estimated value of \$456,282 (2018 - \$448,560).

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, one cannabis store and service level agreements for the three owned community liquor stores in the amount of \$266,000 (2018 - \$251,000) with the Government of Yukon.

The Government of Yukon provides certain property management services to the Corporation. During 2019 the Corporation was charged \$nil (2018 - \$14,400) 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 \$334,000 (2018 - \$310,000) for these services.

e) Key management compensation

For fiscal 2019, key management personnel include the following positions: President; Director, Operations; Director, Licencing and Inspections; Director, Finance and Information Management; Manager, Social Responsibility, Policy and Planning; Manager, Accounting Services; Manager, Warehouse; Manager, Community Store Operations and Territorial Agent Services; Manager, Whitehorse Store; and Manager, Human Resources.

For fiscal 2018, key management personnel included 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.

	(in thousands of Canadian dollars)	
	2019	2018
Salaries and short-term employee benefits	\$1,275	\$963
Post-employment benefits	133	127
Other long-term employee benefits	18	19
Pre-retirement and severance benefits	90	66

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

14. 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 (2018 - \$1.01) for every dollar contributed by the employee, and \$3.79 (2018 - \$3.20) for every dollar contributed by the employee for the portion of the employee's salary above \$169,300 (2018 - \$164,700). For new employees who are participating in the plan on or after January 1, 2013, the Corporation contributes \$1.00 (2018 - \$1.00) for every dollar contributed by the employee, and \$3.79 (2018 - \$3.20) for every dollar contributed by the employee for the portion of the employee's salary above \$169,300 (2018 - \$164,700). Total contributions of \$974,019 (2018 - \$874,507) 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 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.

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 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.

The following table summarizes non-pension benefits by type:

Benefits by type	(in thousands of Canadian dollars)	
	2019	2018
Severance benefit	\$956	\$953
Vacation and special leave	354	323
Sick leave	243	240
Accrued benefit obligation, end of year	\$1,553	\$1,516

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

14. Employee benefits (continued)

The results measured at March 31 are summarized as follows:

	(in thousands of Canadian dollars)	
	2019	2018
Reconciliation of accrued benefit obligation		
Accrued benefit obligation, beginning of year	\$1,516	\$1,469
Components recognized in salaries, wages and benefits		
Current service cost	138	137
Past service cost	(24)	-
Interest cost on accrued benefit obligation	55	57
Actuarial gain recognized in Other comprehensive income	(102)	(46)
Benefits paid	(30)	(101)
Accrued benefit obligation, end of year	\$1,553	\$1,516
Classification of accrued benefit obligation		
Current portion	597	161
Non-current portion	956	1,355
Total accrued benefit classification	\$1,553	\$1,516

The reduction in the employee sick leave benefits liability over the next twelve months is expected to be \$149,000 (2018 – \$161,000).

	(in thousands of Canadian dollars)	
	2019	2018
Reconciliation of actuarial gains recognized in Other comprehensive income (OCI)		
Cumulative actuarial gain recognized in OCI, beginning of year	\$(214)	\$(168)
Actuarial gain from member experiences	(128)	(70)
Actuarial loss from economic assumption changes	26	24
Cumulative actuarial gain recognized in OCI, end of year	\$(316)	\$(214)

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

14. Employee benefits (continued)

The significant assumptions used in the actuarial valuation of the obligation were as follows:

	2019	2018
Discount rate	3.30%	3.50%
Salary escalation rate per annum	2.00%	2.00%

A quantitative sensitivity analysis as at March 31, 2019 shows the impact of the change in the significant actuarial assumptions on the non-pension defined liability obligation:

	(in thousands of Canadian dollars)	
	1% increase	1% decrease
Discount rate	(119)	135
Salary escalation rate per annum	177	(154)

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, 2019. The weighted average of the maturity plan as at March 31, 2019 is 7.9 years.

15. Operating lease arrangements

a) Leasing arrangements

Operating leases relate to leases of the Whitehorse, Haines Junction and Mayo liquor stores with lease terms up to 3 years and rental of retail space for the cannabis store from the Government of Yukon for approximately 12 months. The Corporation does not have an option to purchase the buildings at the expiry of the lease periods. Subsequent to year-end, the Corporation entered into a new contract for a five year lease extension to its Haines Junction liquor store location and a three year lease extension for the Whitehorse liquor store.

b) Payments recognized as an expense

	(in thousands of Canadian dollars)	
	2019	2018
Minimum lease payments	\$431	\$421

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

15. Operating lease arrangements (continued)

c) Non-cancellable operating lease commitments at March 31

	(in thousands of Canadian dollars)	
	2019	2018
Not later than 1 year	\$89	\$334
Later than 1 year and not later than 5 years	0	89
Total lease payments	\$89	\$423

16. Government Grant - Transfer Payment Agreement

On July 24, 2018, the Corporation entered into a Transfer Payment Agreement (the "TP Agreement") with the Government of Yukon to provide start-up funding for the Corporation's cannabis operations. During the year, in accordance with the TP Agreement, the Government of Yukon provided the Corporation with \$2,975,400, which was spent on eligible expenditures, including capital expenditures of \$949,452, and the balance on inventories and operating costs. At March 31, 2019, a portion, \$375,000, remains as a Deferred Government Grant.

17. Subsequent event

By the end of the calendar year, the Corporation intends to close its retail cannabis store and focus on being an online retailer, wholesale distributor and regulator. With the enactment of the Cannabis Licencing Regulation on February 20, 2019, and the coming into force of the complete *Cannabis Control and Regulation Act*, the Government of Yukon has moved forward with the establishment of a private retail sector for non-medical cannabis. The first private retail licence was issued April 17, 2019. An estimate of the financial effect of these events cannot be made.

18. Reclassification of Comparative Figures

In the current year statement of financial position, the Corporation has aggregated the types of Inventories and has provided the detailed breakdown in note 4. This change in presentation allows for information about liquor and cannabis inventories to be provided to readers in a tabular format in a single note to the financial statements. As a result, the prior year figures have also been reclassified. The effect on the statement of financial position as at March 31, 2018 is that Inventories has been aggregated and presented as a total of \$3,252,000.

In the current year statement of comprehensive income, the Corporation has aggregated the types of Revenue and Cost of goods sold and has provide the detailed breakdowns in notes 10 and 11. This change in presentation allows for information about liquor and cannabis revenues and cost of goods sold to be provided to readers in a tabular format in the notes to the financial statements. 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, 2018 is that Revenue has been aggregated and presented as a total of \$39,417,000 and Cost of goods sold has been aggregated and presented as a total of \$21,357,000.

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

SCHEDULE A

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT
(in thousands of Canadian dollars)

	Land	Buildings	Leasehold improvements	Furniture and office equipment	Operating equipment	Heavy equipment	Systems development	Systems equipment	2019 Total	2018 Total
Cost of property, plant and equipment, opening	\$202	\$5,172	\$366	\$660	\$274	\$645	\$376	\$502	\$8,197	\$7,548
Acquisitions	-	161	658	187	55	-	44	33	1,138	727
Disposals	-	-	-	-	-	-	-	-	-	(78)
Cost of property, plant and equipment, closing	202	5,333	1,024	847	329	645	420	535	9,335	8,197
Accumulated depreciation, opening	-	4,514	361	377	215	176	261	215	6,119	5,991
Depreciation	-	48	523	95	27	42	41	79	855	207
Disposals	-	-	-	-	-	-	-	-	-	(78)
Accumulated depreciation, ending	-	4,562	884	472	242	218	302	294	6,974	6,120
Net book value	\$202	\$771	\$140	\$375	\$87	\$427	\$118	\$241	\$2,361	\$2,077

YUKON LIQUOR CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

SCHEDULE B

SCHEDULE OF INTANGIBLE ASSETS

(in thousands of Canadian dollars)

	Website development	2019 Total	2018 Total
Cost of intangible assets, opening	-	-	-
Acquisitions	\$67	\$67	-
Disposals	-	-	-
Cost of intangible assets, opening	<u>67</u>	<u>67</u>	-
Accumulated amortization, opening	-	-	-
Amortization	22	22	-
Disposals	-	-	-
Accumulated amortization, ending	<u>22</u>	<u>22</u>	-
Net book value	<u>\$45</u>	<u>\$45</u>	-

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, 2018. 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.

Risks 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

In 2018, the Fund incurred an operating deficit (prior to the funding surplus distribution) of \$9.4 million versus an operating surplus of \$3.1 million in 2017.

A surplus distribution of \$5.0 million was issued to eligible employers in 2018 due to the Fund's strong funded position. This payout created a net deficit of \$14.4 million. In 2017, the surplus distribution was \$9.9 million, contributing to a net deficit of \$6.9 million.

Total comprehensive loss, which is comprised of the operating loss less the funding policy surplus distributions plus the actuarial loss on post-employment benefits, was \$14.5 million (loss) in 2018 versus \$7.0 million (loss) in 2017.

There were two main factors contributing to the \$14.5 million loss. The primary factor was the negative returns earned on the investments (\$2.5 million loss in 2018 versus income of \$15.5 million in 2017). The other factor was the surplus distribution of \$5.0 million.

The Fund incurred negative returns on the investments due to poor financial performance of all major equity markets in the fourth quarter of 2018. This was the first negative annual return since 2008.

Revenues

The Fund's revenue and income totalled \$25.4 million in 2018 versus \$40.6 million in 2017. The decrease in overall revenue was directly attributable to net investment loss.

Assessment revenue in 2018 was \$26.7 million, up 16.6% from \$22.9 million in 2017. The increase in assessment revenue can be attributed mainly to the overall increases in assessable payroll for all sectors as well as a shift in the industry mix to higher rate groups. This shift has been driven mainly by strong economic activity in the mining and construction sectors and has resulted in an average assessment rate that is higher than the original estimated assessment rate.

Net investment losses in 2018 were \$2.5 million versus income of \$15.5 million in 2017, a decrease of \$18.0 million. The overall annualized return on investments for the past five years has been 5.8%. The investment portfolio's asset mix is 46.1% fixed income and 53.9% equities. Over the long term, the Yukon Workers' Compensation Health and Safety Board's (the Board) disciplined, structured and conservative approach to managing its investment portfolio continues to help the Fund maintain a very strong financial position.

Expenses

Total claims expenses decreased to \$22.1 million in 2018 from \$25.6 million in 2017. Claims costs were lower in 2018, mainly due to lower than expected costs associated with prior years' injuries.

Administration costs increased to \$12.1 million in 2018 from \$11.5 million in 2017, mainly due to costs associated with salaries and benefits. An increase to the employee benefit liability was the primary driver of this increase. The other significant factors were the collective bargaining and staff salary increases.

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, 2018, this liability was \$155.5 million, an increase of approximately 2.9% over the previous year. The benefits liability increased less than expected due to favourable claims experience in long-term claims in 2018. The favourable claims experience helped to offset new injury costs which grew 10% relative to 2017.

The total assets of the Fund decreased by \$8.1 million in 2018. The decrease in total assets is related mainly to the decrease in the value of the investments. This is the result of lower than expected returns incurred in 2018 and the withdrawal of cash from the investments in order to finance the planned reduction of the excess reserves through surplus distributions.

Funded position

The funded position 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 2018, the funded position was 132%, down from 143% in 2017. According to the Board's funding policy, when the funded position is above 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 \$1.93 per \$100 of payroll in 2018 (up from \$1.87 in 2017), which is well below the actual cost of approximately \$2.30 per \$100 of payroll. This resulted in a reduction of approximately \$3.8 million in the surplus. Second, in late 2018, the Board distributed \$5.0 million of its surplus reserves to eligible employers. These initiatives continued a multi-year effort to reduce the reserves to their target level. Between 2012 and 2018, approximately \$60 million has been distributed to Yukon employers through these actions.

Outlook

The challenge in the upcoming years will be to manage the organization through a period of strong economic growth in the territory, which will be linked to global economic and political events. Management must be vigilant in order to protect the strength and sustainability of the Fund. Economic prospects should continue to be strong in the Yukon economy in 2019 as new mines are developed and brought into production and other industries such as tourism continue to grow. The Board is prepared to face these challenges and will closely monitor economic and operating trends to proactively develop strategies and responses that ensure the long-term sustainability of the compensation system for Yukon workers and employers.

Management's responsibility for financial reporting

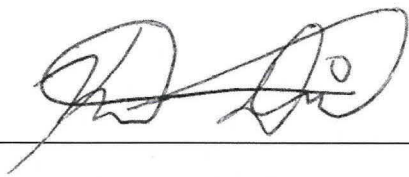
The management of the Yukon Workers' Compensation Health and Safety Board (the "Board") is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced on a 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. Management is responsible for preparing the accompanying financial statements in accordance with International Financial Reporting Standards. Other financial information included in the Annual Report is consistent with these financial statements.

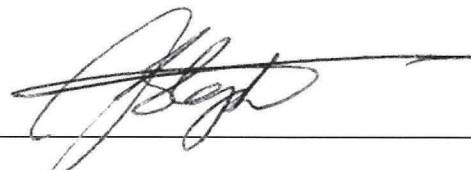
Members of the Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors exercises its responsibilities through the Finance, Investment, and Audit Committee (the "Committee"). The Committee meets 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



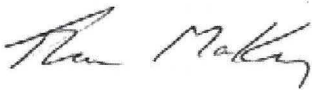
Jim Stephens, CPA, CMA, CGA
Vice President, Operations and
Chief Financial Officer

April 16, 2019

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, 2018 (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 \$155,499,000. 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.



Thane MacKay, F.C.I.A.

This report has been peer reviewed by Mark Simpson, FCIA.



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Compensation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Compensation Fund, which comprise the statement of financial position as at 31 December 2018, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Compensation Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Yukon Workers' Compensation Health and Safety Board's Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a

material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Compensation Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Compensation Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Compensation Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Compensation Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Compensation Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Compensation Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Compensation Fund coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Workers' Compensation Act* and regulations, the *Occupational Health and Safety Act* and regulations and the *Financial Administration Act* of Yukon and regulations.

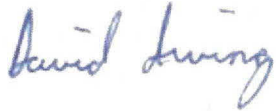
In our opinion, the transactions of the Compensation Fund that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Workers' Compensation Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Compensation Fund and the financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Compensation Fund's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Compensation Fund to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

A handwritten signature in blue ink that reads "David Irving". The signature is written in a cursive style with a horizontal line above the name.

David Irving, CPA, CA
Principal
for the Interim Auditor General of Canada

Edmonton, Canada
16 April 2019

Compensation Fund
Statement of Financial Position
As at December 31
(In Canadian Dollars)

	Note	2018 (\$000s)	2017 (\$000s)
ASSETS			
Cash		\$ -	\$ 2,232
Accounts receivable	6	2,053	1,932
Prepaid expenses		253	203
Investments	7	202,983	209,439
Property and equipment	8	9,677	9,217
Intangible assets	9	3,009	3,011
Total assets		\$ 217,975	\$ 226,034
LIABILITIES			
Bank overdraft	5	\$ 1,226	\$ -
Accounts payable and accrued liabilities	10	4,767	4,062
Surplus distributions payable	14	64	215
Deferred portion of government grant	11	109	146
Benefits liability	12	155,499	151,152
Employee benefits	13	3,037	2,722
Total liabilities		164,702	158,297
FUNDED POSITION (EQUITY)			
Reserves	14	53,273	67,737
Total equity		53,273	67,737
Total liabilities and equity		\$ 217,975	\$ 226,034

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)

	<u>Note</u>	<u>2018</u> (\$000s)	<u>2017</u> (\$000s)
Revenue and Income			
Assessment revenue		\$ 26,742	\$ 22,912
Net investment income (loss)	7	(2,490)	15,521
Recoveries and other receipts		1,187	2,135
		<u>25,439</u>	<u>40,568</u>
Expenses			
Claims expenses	12	22,104	25,600
Administration	17		
General and Administration		9,006	8,344
Occupational Health and Safety		2,137	2,223
Workers' Advocate		496	454
Act Amendments		164	153
Employer Advisor (previously referred to as Yukon Chamber)		153	151
Appeal Tribunal		135	130
Prevention		644	450
		<u>34,839</u>	<u>37,505</u>
Operating surplus (deficit)		<u>(9,400)</u>	<u>3,063</u>
Funding policy surplus distributions	14	(5,002)	(9,945)
Net deficit		(14,402)	(6,882)
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	(62)	(80)
Total comprehensive loss		<u>\$ (14,464)</u>	<u>\$ (6,962)</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, 2017	\$ 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
Net deficit for 2018	(14,402)	-	(14,402)
Other comprehensive loss	(62)	-	(62)
Total comprehensive loss for 2018	(14,464)	-	(14,464)
Transfer to / from Adverse Events Reserve	(572)	572	-
Balance at December 31, 2018	\$ 29,026	\$ 24,247	\$ 53,273

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)

	2018 (\$000s)	2017 (\$000s)
Operating activities		
Cash received from:		
Employers, for assessments	\$ 26,715	\$ 22,557
Investment revenue - interest	2,769	2,793
Investment revenue - dividends	2,770	2,888
Recoveries and other receipts	1,133	2,092
	<u>33,387</u>	<u>30,330</u>
Cash paid:		
To employers, for surplus distributions	(5,153)	(9,847)
For claims	(17,759)	(17,242)
To employees and suppliers, for administration and prevention	(11,591)	(11,051)
	<u>(34,503)</u>	<u>(38,140)</u>
Total cash used by operating activities	<u>(1,116)</u>	<u>(7,810)</u>
Investing activities		
Net sale (purchase) of investments	(857)	10,622
Purchases of property and equipment	(936)	(301)
Purchases of intangible assets	(551)	(415)
Total cash provided (used) by investing activities	<u>(2,344)</u>	<u>9,906</u>
Foreign exchange gain (loss) on cash held in foreign currency	<u>2</u>	<u>(42)</u>
Increase (decrease) in cash	(3,458)	2,054
Cash, beginning of year	2,232	178
Cash (bank overdraft), end of year	<u>\$ (1,226)</u>	<u>\$ 2,232</u>

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

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(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 2018 financial statements on April 16, 2019.

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, 2018

(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

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) New or amended standards effective for the current year

The Board has applied amendments to IFRS that are mandatorily effective for the current year.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. This new standard is effective for annual periods beginning on or after January 1, 2018. The adoption of this standard had no impact on the Fund's financial statements.

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 has applied the amendment effective January 1, 2018. In order to qualify for the exemption, the Board needed to have a ratio of liabilities connected with insurance compared to the total carrying amount of its liabilities greater than 90%. The Board achieved 94% as of December 31, 2018 (95% December 31, 2017) and therefore qualified for the exemption.

With the exemption in place, the Board will continue to classify its investments as held-for-trading and measured at fair value through profit or loss, refer to note 7 for more details.

Accounts receivable is classified as loans and receivables and due to their short term in nature, the carrying value approximates their fair value. Bank overdraft, accounts payable, accrued liabilities, and surplus distributions payable are classified as other financial liabilities. All will continue to be measured at fair value, and measured at amortized cost using the effective interest rate method. Credit risk disclosure, including significant credit risk concentrations, are disclosed in note 5.

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

The Board will continue to assess at year-end whether a receivable is considered to be uncollectible, and will write off against the allowance account.

The impact of applying the exemption is not considered to be material.

(b) New and revised IFRS issued but not yet effective

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 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. The standard is effective for annual periods beginning on or after January 1, 2019. The Fund has elected to transition using the modified retrospective approach, and therefore the comparative period will not be restated and management does not expect any impact to the funded position. The Board also does not expect any material impact to lease assets or lease liabilities as a result of the adoption of this new standard.

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

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

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, 2018.

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 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.

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

(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.

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

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

the date of the event or change in circumstances that caused the transfer. There were no such transfers between levels in 2018 (2017 – 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.

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 – 75 years
Furniture and equipment	5 – 15 years
Computer equipment	5 - 7 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.

The remaining unamortized portion of property and equipment may be extended beyond its original estimated useful life when the appropriateness of such a change can be clearly demonstrated.

(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

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

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 – 20 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.

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, 2018, 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

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

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 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 Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

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 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 and rental accommodation for travel. The leases have an average life of 1 year (2017 – 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 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, 2018.

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

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

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-18	31-Dec-17
	AAA	AA	A	BBB	(\$000's)	(\$000's)
Fixed Income Securities	\$ 31,862	\$ 27,092	\$ 21,953	\$ 7,837	\$ 88,744	\$ 86,931

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 \$2,053,000 (2017 – \$1,932,000). 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 doubtful accounts. 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, 2018, 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.

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, 2018, approximately 86% (2017 – 92%) 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 has access to the Government of Yukon's overall line of credit facility with the Government's banker. This access provides the Fund with overdraft coverage of \$7,000,000 if needed. As of December 31, the Fund had used \$1,226,000 of the overdraft coverage (nil - 2017). The bank overdraft is payable on demand and is interest bearing based on standard market interest rates for cash deposits.

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

The Fund's accounts payable and accrued liabilities had a carrying value of \$4,767,000 as at December 31, 2018 (2017 – \$4,062,000) and were all payable within a year.

The Fund's surplus distributions payable had a carrying value of \$64,000 as at December 31, 2018 (2017 - \$215,000) and are expected to be paid in 2019 (note 14).

Liquidity risk related to the Benefits liability is included in note 12 (f).

Management estimates that approximately \$6 million will be withdrawn from the investment fund during 2019 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).

The table below presents the Fund's investment targets and actual asset mix at fair value:

	Target		Actual	
	Minimum	Maximum	31-Dec-18	31-Dec-17
Equities				
Canadian	0%	25%	18.4%	16.6%
United States	0%	25%	17.0%	17.3%
International	0%	25%	18.5%	19.5%
Fixed Income				
Short-term investments	0%	10%	2.4%	5.1%
Bonds	35%	85%	43.7%	41.5%
			<u>100.0%</u>	<u>100.0%</u>

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

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-18		31-Dec-17	
	(\$000's)		(\$000's)	
	-10%	-20%	-10%	-20%
Equities				
Canadian	\$ (3,736)	\$ (7,472)	\$ (3,482)	\$ (6,963)
United States	(3,445)	(6,890)	(3,629)	(7,259)
International	(3,749)	(7,498)	(4,081)	(8,163)
Total impact on operating results and equity	<u>\$ (10,930)</u>	<u>\$ (21,860)</u>	<u>\$ (11,192)</u>	<u>\$ (22,385)</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-18		31-Dec-17	
	(\$000's)		(\$000's)	
	+50bp	+100bp	+50bp	+100bp
Bonds	\$ (2,968)	\$ (5,936)	\$ (3,079)	\$ (6,158)
Total impact on operating results and equity	<u>\$ (2,968)</u>	<u>\$ (5,936)</u>	<u>\$ (3,079)</u>	<u>\$ (6,158)</u>

(1) One basis point (bp) equals 1/100 of 1%; 50 bps = 50/100 of 1%, or 0.5%.

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-18	31-Dec-17
	< 1 year	1 - 5 years	5 - 10 years	> 10 years	(\$000's)	(\$000's)
					Total	Total
Bonds	\$ 3,235	\$ 35,618	\$ 30,037	\$ 19,854	\$ 88,744	\$ 86,931
Average effective yield	2.41%	2.65%	2.97%	3.22%	2.88%	2.59%

(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)).

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

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.

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, Swiss Franc, and the Japanese Yen. At December 31, the Fund held foreign currency denominated holdings, at fair value as follows:

Currency	31-Dec-18 (\$000's)	31-Dec-17 (\$000's)
US Dollar	\$ 38,574	\$ 39,100
Euro	\$ 13,497	\$ 15,200
Pound	\$ 6,260	\$ 8,000
Swiss Franc	\$ 5,316	\$ 3,900
Yen	\$ 2,874	\$ 5,500

The following table presents the effect of a ten percent appreciation in the Canadian dollar as compared to the US Dollar, Euro, British Pound, Swiss Franc, and the Japanese Yen on operating results and equity:

Currency	31-Dec-18 (\$000's)	31-Dec-17 (\$000's)
US Dollar	\$ (3,507)	\$ (3,556)
Euro	\$ (1,227)	\$ (1,381)
Pound	\$ (569)	\$ (728)
Swiss Franc	\$ (483)	\$ (354)
Yen	\$ (261)	\$ (503)

Compensation Fund
Notes to the Financial Statements
December 31, 2018
(In Canadian Dollars)

6. Accounts Receivable

	31-Dec-18 (\$000s)	31-Dec-17 (\$000s)
Assessments		
Assessed and due from employers	\$ 2,116	\$ 1,895
Allowance for doubtful accounts	(262)	(93)
	<u>\$ 1,854</u>	<u>\$ 1,802</u>
Other		
Other receivables and recoveries	\$ 242	\$ 161
Allowance for doubtful accounts	(43)	(31)
	<u>\$ 199</u>	<u>\$ 130</u>
	<u><u>\$ 2,053</u></u>	<u><u>\$ 1,932</u></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-18 (\$000's)	31-Dec-17 (\$000's)
Balance, beginning of year	\$ 124	\$ 273
Accounts written off	(18)	(217)
Recoveries and other adjustments	(57)	(21)
Current year provision	256	89
Balance, end of year	<u>\$ 305</u>	<u>\$ 124</u>

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

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-18	31-Dec-17
	(\$000s)	(\$000s)
	Fair Value	Fair Value
Fixed-term securities		
Federal bonds	\$ 24,146	\$ 24,709
Provincial bonds	16,637	13,383
Corporate bonds	47,961	48,839
	<u>88,744</u>	<u>86,931</u>
Equities		
Canadian	37,359	34,817
United States	34,451	36,293
International	37,489	40,814
	<u>109,299</u>	<u>111,924</u>
Other investments		
Cash on account	609	392
Short-term investments	3,830	9,709
Accrued interest receivable	579	570
	<u>5,018</u>	<u>10,671</u>
Investments, sub-total	203,061	209,526
Management fee accrual	(78)	(87)
	<u>\$ 202,983</u>	<u>\$ 209,439</u>

Net investment income (loss) for the year ended December 31 consisted of the following:

	2018	2017
	(\$000s)	(\$000s)
Interest	\$ 2,758	\$ 2,772
Dividends	2,770	2,888
Realized gains in the year	11,244	12,091
Unrealized loss in fair value in the year	(18,555)	(1,508)
Investment management fees	(707)	(722)
	<u>\$ (2,490)</u>	<u>\$ 15,521</u>

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

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, 2018, 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	\$ 4,940	\$ -	\$ -	\$ 4,940
Bonds	8,511	80,233	-	88,744
Equities	50,190	-	-	50,190
Pooled Funds	-	59,109	-	59,109
Total Investments	<u>\$ 63,641</u>	<u>\$ 139,342</u>	<u>\$ -</u>	<u>\$ 202,983</u>

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>

Compensation Fund
Notes to the Financial Statements
December 31, 2018

(In Canadian Dollars)

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, 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
Cost						
At January 1, 2018	\$ 1,045	\$ 9,984	\$ 1,475	\$ 818	\$ 16	\$ 13,338
Additions	-	76	86	155	700	1,017
Disposals	-	(291)	(53)	(32)	-	(376)
Transfers	-	700	-	-	(700)	-
At December 31, 2018	\$ 1,045	\$ 10,469	\$ 1,508	\$ 941	\$ 16	\$ 13,979
Depreciation and impairment						
At January 1, 2018	\$ -	\$ 2,637	\$ 881	\$ 603	\$ -	\$ 4,121
Depreciation	-	240	130	113	-	483
Disposals	-	(217)	(53)	(32)	-	(302)
Impairment	-	-	-	-	-	-
At December 31, 2018	\$ -	\$ 2,660	\$ 958	\$ 684	\$ -	\$ 4,302
Net book value						
At December 31, 2018	\$ 1,045	\$ 7,809	\$ 550	\$ 257	\$ 16	\$ 9,677

During the year ended December 31, 2018 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 was not significant.

Compensation Fund
Notes to the Financial Statements
December 31, 2018
(In Canadian Dollars)

9. Intangible Assets

	Internal Software Development Costs ⁽¹⁾ (\$000s)	Software Systems Under Development (\$000s)	Software Costs (\$000s)	Total (\$000s)
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	\$ 9,054	\$ 108	\$ 1,003	\$ 10,165
Amortization and impairment				
At January 1, 2017	\$ 5,740	\$ -	\$ 774	\$ 6,514
Amortization	629	-	60	689
Disposals	-	-	(49)	(49)
Impairment	-	-	-	-
At December 31, 2017	\$ 6,369	\$ -	\$ 785	\$ 7,154
Net book value				
At December 31, 2017	\$ 2,685	\$ 108	\$ 218	\$ 3,011
Cost				
At January 1, 2018	\$ 9,054	\$ 108	\$ 1,003	\$ 10,165
Additions	299	319	44	662
Disposals	-	-	(19)	(19)
Transfer systems to production	-	-	-	-
At December 31, 2018	\$ 9,353	\$ 427	\$ 1,028	\$ 10,808
Amortization and impairment				
At January 1, 2018	\$ 6,369	\$ -	\$ 785	\$ 7,154
Amortization	594	-	70	664
Disposals	-	-	(19)	(19)
Impairment	-	-	-	-
At December 31, 2018	\$ 6,963	\$ -	\$ 836	\$ 7,799
Net book value				
At December 31, 2018	\$ 2,390	\$ 427	\$ 192	\$ 3,009

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

(1) Included in internal software development costs is the claims management system which has a net book value of \$1,021,000 (2017 – \$1,276,000) and a remaining amortization period of 4 years.

System research and analysis costs expensed in 2018 were \$103,000 (2017 – \$150,000).

During the year ended December 31, 2018 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 was not significant.

10. Accounts Payable and Accrued Liabilities

	31-Dec-18 (\$000s)	31-Dec-17 (\$000s)
Payable		
Assessments refundable	\$ 2,012	\$ 1,753
Other payables and accrued liabilities	2,755	2,309
	<u>\$ 4,767</u>	<u>\$ 4,062</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 2018, the Fund received \$330,000 for the Mine Safety Program Grant (2017 – \$330,000). This was accounted for as income in the period.

The Fund did not receive any funds in 2018 for the purpose of upgrading mine safety equipment (2017 – nil). The deferred portion of the government grant as at December 31, 2018 was \$109,500 (2017 – \$146,000) and \$36,500 (2017 – \$37,000) was expensed and released into income during the year.

There are no unfulfilled conditions or contingencies attached to these grants.

Compensation Fund
Notes to the Financial Statements
December 31, 2018
(In Canadian Dollars)

12. Benefits Liability

	2018 (\$000s)					
	Medical Aid	Compensation	Pension	Annuity	Occupational Disease Provision	Total
Balance, beginning of year	\$ 26,953	\$ 70,638	\$ 31,352	\$ 8,781	\$ 13,428	\$ 151,152
Add claims costs incurred:						
Current year injuries	6,566	8,197	1,598	-	-	16,361
Prior years' injuries	818	474	4,065	-	-	5,357
Latent occupational disease provision	-	-	-	-	386	386
	7,384	8,671	5,663	-	386	22,104
Less claims payments made:						
Current year injuries	3,011	1,319	47	-	-	4,377
Claims management	452	198	7	-	-	657
Prior years' injuries	3,068	6,003	2,296	(281)	-	11,086
Claims management	460	833	344	-	-	1,637
	6,991	8,353	2,694	(281)	-	17,757
Balance, end of year	\$ 27,346	\$ 70,956	\$ 34,321	\$ 9,062	\$ 13,814	\$ 155,499

	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
	10,230	11,554	3,101	-	715	25,600
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
	6,928	8,735	2,864	(970)	-	17,557
Balance, end of year	\$ 26,953	\$ 70,638	\$ 31,352	\$ 8,781	\$ 13,428	\$ 151,152

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

The following is an actuarial reconciliation of the changes in the benefits liability during the years ended December 31:

	2018	2017
	(\$ 000's)	(\$ 000's)
Balance, beginning of year	<u>\$ 151,152</u>	<u>\$ 143,109</u>
Add:		
Provision for current year's claims	11,327	9,871
Interest allocated	7,823	7,570
Experience (gain) loss	<u>(2,080)</u>	<u>3,167</u>
	<u>17,070</u>	<u>20,608</u>
Deduct:		
Payments for prior years' claims	12,723	12,565
Balance, end of year	<u><u>\$ 155,499</u></u>	<u><u>\$ 151,152</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.

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

(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.

Compensation Fund
Notes to the Financial Statements
December 31, 2018

(In Canadian Dollars)

Expected timing of future payments for outstanding claims:

	<u>2018</u>	<u>2017</u>
Up to 1 year	5%	5%
Over 1 year and up to 5 years	15%	15%
Over 5 years and up to 10 years	19%	18%
Over 10 years	61%	62%
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-18</u>	<u>31-Dec-17</u>
Discount rate for medical aid benefits - net ^(1,3,4)	0.80%	0.80%
Discount rate for compensation benefits - net ^(2,3,4)	3.25%	3.25%
Discount rate for survivor and other pension benefits - net ^(2,4)	3.25%	3.25%

(1) Net of a discount rate attributable to inflation of 4.75% (2017 – 4.75%).

(2) Net of a discount rate attributable to inflation of 2.25% (2017 – 2.25%).

(3) The same discount rates are attributable to the applicable components of the occupational disease provision.

(4) The nominal discount rate is 5.60% (2017 – 5.60%).

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, 2018. Medical services include hospital and physician services, prescription drugs, travel expenses, and other eligible medical services under the Act.

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

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 occurred on or before December 31, 2018. 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 2012 and prior, including future inflationary adjustments, for individuals still in receipt of a long-term loss of earnings award at December 31, 2018. 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, 2018. 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, 2018. These future awards are in respect of all claims arising from injuries which occurred on or before December 31, 2018. 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, 2018. 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.

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

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 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, 2018 is 15% (15% for December 31, 2017), 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	
	2018 (\$000s)	2017 (\$000s)
Change in runoff factors	\$ 10	\$ 1,118
Update of first year inflation	89	(449)
Change in discount rate	-	1,697
Other changes in actuarial assumptions	1,289	2,092
	<u>\$ 1,388</u>	<u>\$ 4,458</u>
Favourable claims experience during year	(4,241)	(2,707)
	<u>\$ (2,853)</u>	<u>\$ 1,751</u>
Actual versus expected claims paid on prior years' injuries	773	1,416
	<u>\$ (2,080)</u>	<u>\$ 3,167</u>

(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

Compensation Fund
Notes to the Financial Statements
December 31, 2018

(In Canadian Dollars)

rate would decrease the actuarial present value, resulting in a decrease in claims expense and benefits liability.

Medical benefits represent approximately 19% (2017 – 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:

	31-Dec-18		31-Dec-17	
	(\$000s)		(\$000s)	
Percentage change in assumed rates	+1%	-1%	+1%	-1%
Increase (decrease) in claims expense and benefits liability from change in net discount rate	\$ (12,522)	\$ 14,785	\$ (12,449)	\$ 14,682
Increase (decrease) in claims expense and benefits liability from change in excess medical inflation rate	3,491	(2,898)	3,341	(2,785)

Compensation Fund
Notes to the Financial Statements
December 31, 2018

(In Canadian Dollars)

(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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
At end of accident year	21,560	26,001	28,402	24,192	24,513	24,789	19,067	18,600	21,347	25,921	
One year later	18,820	23,288	26,111	25,187	20,973	25,327	19,126	25,298	21,507		
Two years later	18,092	23,006	25,087	22,366	20,821	25,644	20,206	25,960			
Three years later	17,895	21,645	21,837	22,418	20,327	25,866	17,997				
Four years later	17,497	17,971	20,488	22,386	20,675	29,726					
Five years later	14,601	16,857	20,024	23,706	18,187						
Six years later	12,098	14,205	21,596	20,158							
Seven years later	11,856	14,410	19,390								
Eight years later	11,082	14,491									
Nine years later	11,053										
Cumulative Payments											
At end of accident year	2,454	3,182	3,721	4,433	3,438	3,757	3,801	3,879	4,129	4,094	
One year later	3,963	4,787	5,618	7,404	5,113	6,590	6,081	6,673	6,654		
Two years later	4,500	5,394	6,222	8,277	5,910	7,890	6,773	7,856			
Three years later	4,880	5,635	6,648	8,999	6,394	9,018	7,225				
Four years later	5,067	5,833	6,910	9,540	6,719	9,870					
Five years later	5,254	6,085	7,211	10,073	6,840						
Six years later	5,408	6,318	7,450	10,359							
Seven years later	5,581	6,462	7,721								
Eight years later	5,709	6,545									
Nine years later	5,944										
Estimate of Future Payments	5,109	7,946	11,669	9,799	11,347	19,856	10,772	18,104	14,853	21,827	131,282
2008 and prior claims											107,626
Effect of Discounting											(113,794)
Effect of Admin Expenses											16,571
Occupational Disease											<u>13,814</u>
Balance Sheet Liability											<u><u>155,499</u></u>

During the year ended December 31, 2018, 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.

Compensation Fund
Notes to the Financial Statements
December 31, 2018
(In Canadian Dollars)

13. Employee Benefits

	31-Dec-18 (\$000s)	31-Dec-17 (\$000s)
Short-term employee benefits	\$ 474	\$ 432
Other long-term employee benefits (a)	992	883
Post-employment benefits (b)	1,571	1,407
	<u>\$ 3,037</u>	<u>\$ 2,722</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-18 (\$000s)	31-Dec-17 (\$000s)
Long service vacation benefits	\$ 66	\$ 59
Accumulating sick and special leave benefits	926	824
Total	<u>\$ 992</u>	<u>\$ 883</u>

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

The movement in the accrual for other long-term benefits for the year was:

	2018 (\$000s)	2017 (\$000s)
Benefits, beginning of the year	\$ 883	\$ 854
Current service cost	65	66
Payments made during the year	(92)	(123)
Interest cost	26	29
Other changes	72	-
Actuarial loss	38	57
Benefits, end of the year	<u>\$ 992</u>	<u>\$ 883</u>

Actuarial loss remeasurements:

	2018 (\$000s)	2017 (\$000s)
Effect of changes in financial assumptions	\$ 36	\$ (2)
Effect of changes in demographic assumptions	2	59
Remeasurements loss in profit or loss	<u>\$ 38</u>	<u>\$ 57</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.

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

The movement in the accrual for retirement and severance benefits for the year was:

	2018	2017
	(\$000s)	(\$000s)
Benefits, beginning of the year	\$ 1,407	\$ 1,555
Current service cost	92	86
Payments made during the year	(121)	(365)
Interest cost	45	51
Other changes	86	-
Actuarial loss	62	80
Benefits, end of the year	<u>\$ 1,571</u>	<u>\$ 1,407</u>

Actuarial loss remeasurements:

	2018	2017
	(\$000s)	(\$000s)
Effect of changes in financial assumptions	\$ 57	\$ (3)
Effect of changes in demographic assumptions	5	83
Remeasurements loss in other comprehensive income	<u>\$ 62</u>	<u>\$ 80</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 3.50% (2017 – 3.10%) 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 2.2% for 2019, 2020, and 2021 and 2.0% for 2022 and beyond based on management's best estimate (2017 – 1.5% in 2018 onwards) based on management's best estimate.

The expected Fund contributions for retirement and severance for the next year are \$251,000 (2018 – \$255,000). The weighted average duration of the retirement and severance benefit is 6.7 years (2017 – 6.7 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

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

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-18 (\$000s)		31-Dec-17 (\$000s)	
	+1%	-1%	+1%	-1%
Discount rate	\$ (97)	\$ 107	\$ (87)	\$ 97
Wage Inflation rate	\$ 108	\$ (99)	\$ 98	\$ (89)

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	2018		2017	
	Up to Maximum	Above Maximum	Up to Maximum	Above Maximum
For employees eligible before January 1, 2013	1.01	3.20	1.01	7.74
For employees eligible after January 1, 2013	1.00	3.20	1.00	7.74
Maximum salary limit	\$ 164,700	No limit	\$ 163,100	No limit

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.

Compensation Fund
Notes to the Financial Statements
December 31, 2018
(In Canadian Dollars)

Contributions made to the Public Service Pension Plan by the Fund and the employees for the year were as follows:

	2018	2017
	(\$000s)	(\$000s)
Employees' contributions	\$ 708	\$ 640
Fund contributions	\$ 721	\$ 663

The expected contributions to the Plan for the next year are \$691,000 (2018 – \$636,000) employee contributions and \$704,000 (2018 – \$624,000) 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 \$1,145,000 in 2018 (2017 - \$952,000).

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, 2018, the Funding Ratio was 132% (2017 – 143%). 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 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.

Compensation Fund
Notes to the Financial Statements
December 31, 2018

(In Canadian Dollars)

(b) Surplus Distributions

In 2018, in order to bring the Funding Ratio closer to target, the Board of Directors approved a surplus distribution of \$5,031,000 (2017 - \$9,997,000) to be paid out to eligible employers.

Reconciliation of funding policy surplus distributions:

	31-Dec-18	31-Dec-17
	(\$000s)	(\$000s)
Current year surplus distributions released	\$ 4,963	\$ 9,763
Current year surplus distributions withheld	68	234
	<u>5,031</u>	<u>9,997</u>
Prior year surplus distribution adjustments	(25)	(33)
Current year surplus distribution adjustment	(4)	(19)
Funding policy surplus distributions	<u>\$ 5,002</u>	<u>\$ 9,945</u>

An amount of \$4,963,000 was paid relating to the 2018 approved surplus distribution (2017 – \$9,763,000). Distributions paid are conditional upon employers being compliant with the *Workers' Compensation Act* and *Occupational Health and Safety Act*. At December 31, 2018, \$68,000 (2017 - \$234,000) in surplus distributions were withheld due to non-compliance by employers.

Reconciliation of surplus distributions payable:

	31-Dec-18	31-Dec-17
	(\$000s)	(\$000s)
Surplus distributions payable, beginning of year	\$ 215	\$ 117
Amounts paid for prior year surplus distributions	(190)	(84)
Prior year surplus distribution adjustments	(25)	(33)
Current year surplus distributions withheld	68	234
Current year surplus distribution adjustment	(4)	(19)
Surplus distributions payable, end of year	<u>\$ 64</u>	<u>\$ 215</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 2018 the benefits liability was \$155,499,000 (2017 – \$151,152,000). The target was \$15,550,000 as at December 31, 2018 (2017 – \$15,115,000). The operating range for this reserve is determined as the target level balance plus or minus three and

Compensation Fund
Notes to the Financial Statements
December 31, 2018
(In Canadian Dollars)

a half percent of the benefits liability. At December 31, 2018, the Stabilization Reserve has a balance of \$29,026,000 (2017 – \$44,062,000).

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 2018 was included in the assessment rates as required by the Funding Policy based on the 2017 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 \$24,247,000 (2017 – \$23,675,000), 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 2018 (2017 – 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 2018 (2017 – nil). At December 31, 2018, the Adverse Events Reserve has a balance of \$24,247,000 (2017 – \$23,675,000).

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 2018, the Compensation Fund paid the Government \$209,000 (2017 – \$220,000) for computer, office supplies, payroll processing, recruitment, and vehicle services. The Fund also reimbursed the Government for payroll costs of \$9,208,000 (2017 – \$8,986,000).

Reimbursements for claims costs received from the Government were \$327,000 in 2018 (2017 – \$366,000) (note 4(b)).

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.

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

Revenues and recoveries from the Government for the year ended December 31, 2018 totalled \$6,956,000 (2017 – \$6,290,000), including the Mine Safety Program Grant (note 11).

During 2018, the Board issued a \$1,253,000 (2017 – \$2,446,000) surplus distribution to the Government.

Included in the Fund's accounts receivable and accounts payable as of December 31, 2018 are amounts owing to and from the Government of Yukon as follows:

	31-Dec-18	31-Dec-17
	(\$000s)	(\$000s)
Due to the Government of Yukon	\$ (1,897)	\$ (1,602)
Due from the Government of Yukon	389	374
Net amount due	<u>\$ (1,508)</u>	<u>\$ (1,228)</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 2018, the Fund reimbursed the Government \$496,000 (2017 – \$454,000) 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:

	2018	2017
	(\$000s)	(\$000s)
Short-term employee compensation and benefits	\$ 1,226	\$ 1,053
Other long-term employee benefits	15	28
Post employment benefits	182	168
Total remuneration	<u>\$ 1,423</u>	<u>\$ 1,249</u>

Contributions made to the Public Service Pension Plan by the Fund for key management personnel was \$121,000 (2017 – \$112,000) and are included in post employment benefits.

As at reporting date, there were no business relationships, outstanding amounts or transactions other than compensation, between the Fund and its key management personnel.

Compensation Fund

Notes to the Financial Statements

December 31, 2018

(In Canadian Dollars)

16. Commitments

As of December 31, 2018, the Fund had 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)
2019	\$ 727	\$ 20	\$ 683	\$ 64	\$ 39	\$ 1,533
2020	570	-	426	47	12	1,055
2021	581	-	-	33	-	614
2022	593	-	-	-	-	593
2023	-	-	-	-	-	-
	<u>\$ 2,471</u>	<u>\$ 20</u>	<u>\$ 1,109</u>	<u>\$ 144</u>	<u>\$ 51</u>	<u>\$ 3,795</u>

17. Administration Expenses

	2018 (\$000s)	2017 (\$000s)
Salaries and benefits	\$ 9,090	\$ 8,322
Consulting and professional	1,131	1,287
Amortization - intangible assets	664	689
Statutory funding obligations	631	584
General administration	565	416
Depreciation - property and equipment	483	518
Computer systems	446	352
Buildings	397	435
Communications	220	215
Automobile and travel	212	246
Staffing and recruitment	148	200
System development analysis expense	103	150
Board expenses	100	117
Printing and publications	85	61
Supplies and stationery	43	51
Furniture and equipment	42	42
Lease expense	25	36
	<u>\$ 14,385</u>	<u>\$ 13,721</u>
Less: claims administration expense transferred to claims expenses (note 12)	<u>(2,294)</u>	<u>(2,266)</u>
	<u>\$ 12,091</u>	<u>\$ 11,455</u>

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.