



AUDITOR'S REPORT

To the Legislative Assembly of the Yukon Territory

I have audited the consolidated statement of financial position of the Government of the Yukon Territory as at March 31, 2002 and the consolidated statements of operations and surplus, cash flows and tangible capital assets for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

As explained in Note 2(e), the Government records the liability for post-employment benefits earned by its employees. The Government's estimate of this liability is made on an actuarial basis. The actuary's estimate of the increase in the liability for these post-employment benefits for the year ended March 31, 2002 was \$7.2 million. As explained in Note 12, the Government decided not to record this additional liability and related expense, based on a Management Board decision to limit the recorded amount of the liability. Consequently, the consolidated financial statements are not in accordance with the Government's stated accounting policies. If the costs of such benefits for this year had been expensed, the operations and maintenance expenditure would have increased by \$7.2 million, the liability for post-employment benefits would have increased by \$7.2 million, the deficit for the year would have increased by \$7.2 million and the accumulated surplus would have decreased by the same amount.

In my opinion, except for the failure to record the additional costs for post-employment benefits as described in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Government of the Yukon Territory as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with the stated accounting policies of the Government of the Yukon Territory as set out in Note 2 to the consolidated financial statements. As required by the *Yukon Act*, I also report that, in my opinion, except as explained in the preceding paragraph, these stated accounting policies have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Government and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Government and of those organizations listed in Note 2(a) to the consolidated financial statements that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the Government's powers under the *Yukon Act* and the *Financial Administration Act* and regulations.

Additional information and comments on the consolidated financial statements and this opinion will be included in my annual report to the Legislative Assembly of the Yukon Territory.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
July 19, 2002, except as to Note 14 which is as of September 26, 2002.