



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, 2003 and the consolidated statements of operations and accumulated 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.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Government of the Yukon Territory as at March 31, 2003 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 for the change in accounting for retirement benefits for members of the Legislative Assembly as described in Note 3, 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.

In my report dated July 19, 2002, I expressed a qualified opinion on the March 31, 2002 consolidated financial statements of the Government of the Yukon Territory. In that report, I called attention to the under accrual of the liability for post-employment benefits earned by the Government's employees. In my opinion, this overstated the surplus for the year ended March 31, 2002 and the accumulated surplus at that date by \$7.2 million and accounts payable and accrued liabilities were understated by the same amount. As described in note 13, the Government has recorded the full amount of the liability by increasing its operations and maintenance expenditures for the year ended March 31, 2003.

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, FCA
Auditor General of Canada

Ottawa, Canada
July 18, 2003, except as to Note 15 which is as of September 25, 2003.