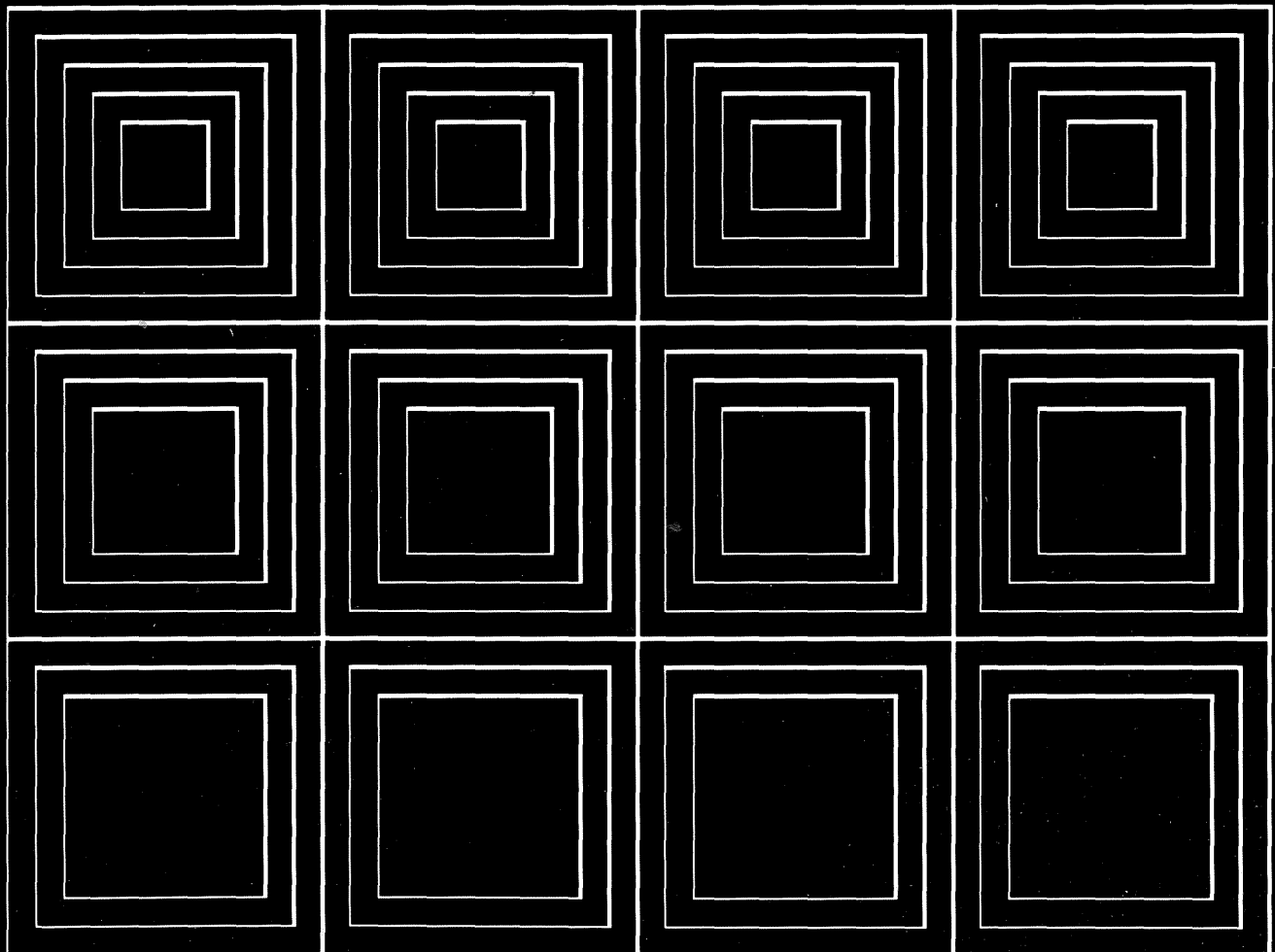
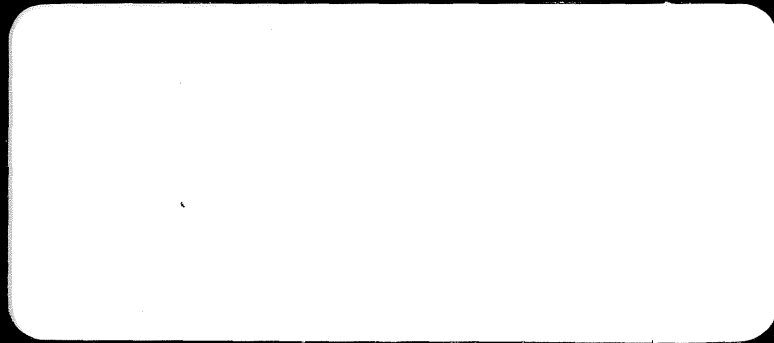


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Government of N.W.T.
Yellowknife, N.W.T.

Report to the Chairman,
Management and Services Board
on the examination of the
accounts and financial transactions of the

**LEGISLATIVE ASSEMBLY RETIRING
ALLOWANCES FUND**
(Northwest Territories)

for the year ended March 31, 1991



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Chairman
Management and Services Board

I have audited the statement of accrued pension benefits and net assets available for benefits of the Legislative Assembly Retiring Allowances Fund (Northwest Territories) as at March 31, 1991 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the accrued pension benefits and net assets of the Fund available for benefits as at March 31, 1991 and the changes in its net assets available for benefits for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles 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 Fund, the financial statements are in agreement therewith and the transactions that have come under my notice during my examination have, in all significant respects, been in accordance with the Legislative Assembly Retiring Allowances Act.

Raymond Dubois, FCA
Deputy Auditor General for the
Auditor General of Canada


Ottawa, Canada
August 2, 1991

**LEGISLATIVE ASSEMBLY RETIRING ALLOWANCES FUND
(Northwest Territories)**

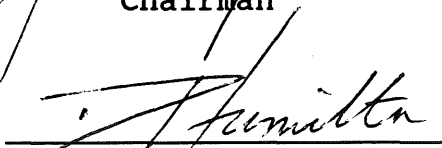
Statement of Accrued Pension Benefits
and Net Assets Available for Benefits
at March 31, 1991

	<u>1991</u>	<u>1990</u>
ACCRUED PENSION BENEFITS (Pension Obligations)		
Actuarial value of accrued pension benefits (Note 3)	\$ <u>5,776,000</u>	\$ <u>4,715,000</u>
NET ASSETS AVAILABLE FOR BENEFITS		
ASSETS		
Investments (Note 4)	7,045,448	5,780,255
Contributions receivable		
- Members	22,428	-
Total Assets	<u>7,067,876</u>	<u>5,780,255</u>
LIABILITIES		
Accounts payable and accrued liabilities	5,220	2,118
Net assets available for benefits	<u>7,062,656</u>	<u>5,778,137</u>
Excess of net assets over actuarial value of accrued pension benefits	\$ <u>1,286,656</u>	\$ <u>1,063,137</u>

Approved on behalf of the
Management and Services Board:



 Chairman



 Secretary

**LEGISLATIVE ASSEMBLY RETIRING ALLOWANCES FUND
(Northwest Territories)**

**Statement of Changes in Net Assets Available for Benefits
the year ended March 31, 1991**

	<u>1991</u>	<u>1990</u>
INCREASE IN ASSETS		
Investment income	\$ 181,978	\$ 278,570
Current period change in market value of investments	<u>477,706</u>	<u>(24,932)</u>
	<u>659,684</u>	<u>253,638</u>
Contributions:		
Government of the Northwest Territories	588,009	594,656
Members		
Required	160,788	-
Voluntary	<u>-</u>	<u>12,114</u>
	<u>748,797</u>	<u>606,770</u>
Total increase in assets	<u>1,408,481</u>	<u>860,408</u>
DECREASE IN ASSETS		
Expenses:		
Administrative	36,051	39,781
Investment management fees	<u>31,744</u>	<u>29,954</u>
	<u>67,795</u>	<u>69,735</u>
Benefits and Refunds:		
Benefits paid	56,167	56,898
Refunds of contributions	<u>-</u>	<u>55,782</u>
	<u>56,167</u>	<u>112,680</u>
Total decrease in assets	<u>123,962</u>	<u>182,415</u>
INCREASE IN NET ASSETS	1,284,519	677,993
Net assets available for benefits at beginning of year	<u>5,778,137</u>	<u>5,100,144</u>
Net assets available for benefits at end of year	\$ <u>7,062,656</u>	\$ <u>5,778,137</u>

**LEGISLATIVE ASSEMBLY RETIRING ALLOWANCES FUND
(Northwest Territories)**

**Notes to Financial Statements
March 31, 1991**

1. Description of the Plan

(a) General

The Fund was established pursuant to the Legislative Assembly Retiring Allowances Act and is administered by the Management and Services Board.

The Act provides retiring allowances on a contributory, defined benefit basis to Members of the Legislative Assembly who have been Members at any time for six or more years since March 10, 1975, the date of the first fully elected Legislative Assembly.

(b) Funding policy

Under the Act, effective April 1, 1990, members are required to contribute 9% of their biweekly indemnity and per diem allowances to the plan. In order to keep the plan fully funded, the Government of the Northwest Territories contributes the balance of the plan's funding requirements.

(c) Refunds of contributions

Members who cease to be Members with less than six years service are refunded their contributions with interest.

(d) Retirement benefits

A Member with six or more years of service is entitled to a retirement benefit of:

- i) 2 percent of the average annual pensionable remuneration multiplied by years of service, and
- ii) 2 percent of the average best earnings as a Minister, Speaker, Deputy Speaker or Committee Chairperson multiplied by years of service. A position must be held for at least one year to be eligible for pension.

**LEGISLATIVE ASSEMBLY RETIRING ALLOWANCES FUND
(Northwest Territories)**

**Notes to Financial Statements
March 31, 1991**

In both cases, the average earnings are calculated on any four year period of service selected by the Member. Service is limited to 15 years.

Members eligible for a pension may receive it after reaching 55 years of age. Benefits may be deferred until the age of 71.

(e) Death benefits

The spouse of a Member who dies is entitled to an allowance of 60 percent of the Member's entitlement.

Children are entitled to an allowance of 10 percent of the Member's entitlement, or 25 percent if there is no surviving spouse. Children's death benefits are payable to the age of 18, or 25 if the child is a full time student and unmarried.

There are limits on the total death benefits which can be received by more than one surviving child.

(f) Indexing

In order to protect the pension benefits against inflation, pension entitlements are indexed by the Benefit Index in the Supplementary Retirement Benefits Act (Canada).

(g) Income taxes

The Fund is a registered pension plan under the Income Tax Act and is therefore not subject to income taxes.

2. Accounting Policies

These financial statements are prepared by Management in accordance with generally accepted accounting principles considered to be appropriate in the circumstances, applied on a basis consistent with that of the preceding year. The significant policies are described below:

**LEGISLATIVE ASSEMBLY RETIRING ALLOWANCES FUND
(Northwest Territories)**

**Notes to Financial Statements
March 31, 1991**

(a) Basis of presentation

These financial statements represent only the financial position of the Legislative Assembly Retiring Allowances Fund (LARAF) established for Members of the Legislative Assembly under the Legislative Assembly Retiring Allowances Act. They do not include any other pension benefits which Members may receive under other plans. They do not portray the funding requirements of the plan, or the benefit security of individual Members.

(b) Investments

The Fund Manager, Confed Investment Counselling Limited, determines the asset values for all investments and has reported that Canadian and foreign traded equities and bonds are valued at market based on the closing quotations as at the last business day of the year, expressed in Canadian funds. Non-traded equities are valued by internal assessment and large real estate properties are valued on the basis of annual appraisals while other properties are appraised every three years.

3. Actuarial Value of Accrued Pension Benefits

The present value of accrued pension benefits was calculated by THE COLES GROUP CONSULTANTS LTD., using best estimate assumptions and the projected benefit method prorated on years of service. The effective date of this valuation is March 31, 1991. Previous calculations of the present value were made by the same firm as of March 31, 1990.

The actuarial value of net assets available for benefits as of March 31, 1991 was \$6,984,000 (1990 - \$5,932,000). The actuary determines this amount using a four year moving-average-market method, rather than the market values used in these financial statements.

**LEGISLATIVE ASSEMBLY RETIRING ALLOWANCES FUND
(Northwest Territories)**

**Notes to Financial Statements
March 31, 1991**

The actuarial present value of pension benefits as at March 31, 1991 and the principle components of changes in actuarial present values during the year were as follows:

	<u>1991</u>	<u>1990</u>
Actuarial present value of accrued pension benefits at beginning of year	\$ 4,715,000	\$ 4,548,258
Interest on accrued benefits	607,000	462,000
Cost of benefits accrued	454,000	357,000
Change in actuarial assumptions	-	(652,258)
Actuarial present value of accrued pension benefits at end of year	<u>\$ 5,776,000</u>	<u>\$ 4,715,000</u>

Until April 1, 1990, Members were permitted to make voluntary contributions to the plan. Included in the actuarial liability is \$95,000 (1990 - \$85,000) relating to previous voluntary contributions.

4. Investments

All the investments of the Legislative Assembly Retiring Allowances Fund are managed by Confed Investment Counselling Limited and until January 1991, were held in the Confederation Life Group Pension Pooled Balanced Fund. The Balanced Fund holds units exclusively in other Confederation Life Insurance Canadian pension pooled funds.

**LEGISLATIVE ASSEMBLY RETIRING ALLOWANCES FUND
(Northwest Territories)**

**Notes to Financial Statements
March 31, 1991**

In January 1991, the investment in the Balanced Fund was converted into a combination of other Confederation Life Pension Pooled Funds and a specific investment in bonds issued by the NWT Legislative Assembly Building Society (see note 5). The proportionate asset mix as at March 31 is as follows:

	<u>1991</u>	<u>1990</u>
Balanced Fund	0 %	100 %
NWT Assembly Building Society Bonds	7.22	0
Bond Fund	28.16	0
Canadian Stock Fund	32.39	0
US Stock Fund	8.38	0
International Stock Fund	2.02	0
Real Estate Fund	10.26	0
Cash and Short-term	11.57	0
Total	<u>100 %</u>	<u>100 %</u>

The agreement between LARAF and Confederation Life states that LARAF's investments are a percentage of unit holdings held by the various Funds in the assets of Confederation Life Pension Pooled Funds. The fund manager has full discretion with regard to management of the asset mix of the portfolio. LARAF does not have right, title or interest to the specific investments or other assets held by Confederation Life.

5. Related Party Transaction

Included in the investments held by Confederation Life and described in Note 4 are bonds issued by the NWT Legislative Assembly Building Society with a face value of \$467,000, which represented 7.2% of the portfolio's value.

LARAF receives various management and administrative services from the Government of the Northwest Territories at no charge.