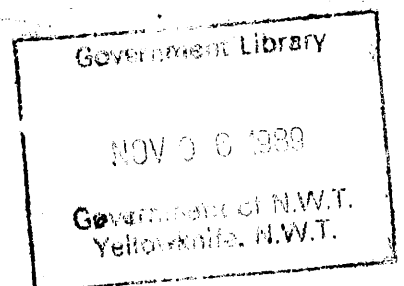


Report to the Chairman,
Management and Services Board,
on the examination of the
accounts and financial transactions of the
LEGISLATIVE ASSEMBLY RETIRING
ALLOWANCES FUND
(Northwest Territories)
for the year ended March 31, 1989





AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Chairman
Management and Services Board

I have examined the statement of net assets available for allowances and benefits of the Legislative Assembly Retiring Allowances Fund (Northwest Territories) as at March 31, 1989 and the statement of changes in net assets available for allowances and benefits for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the net assets of the Fund available for allowances and benefits as at March 31, 1989 and the changes in its net assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, 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 to my notice have, in all significant respects, been in accordance with the Legislative Assembly Retiring Allowances Act.

A handwritten signature in black ink, appearing to read 'Ray Dubois'.

Raymond Dubois, F.C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 4, 1989

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCES FUND
(Northwest Territories)

Statement of Net Assets
 Available for Allowances and Benefits
 As At March 31, 1989

	1989	1988
	-----	-----
ASSETS		
Investments at Market Value (Note 4)	\$ 5,097,765	\$ 4,127,800
Contributions Receivable	4,167	1,215
	<u>5,101,932</u>	<u>4,129,015</u>
LIABILITY		
Accounts Payable	1,788	-
	<u> </u>	<u> </u>
NET ASSETS AVAILABLE FOR ALLOWANCES AND BENEFITS	\$ 5,100,144	\$ 4,129,015
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Approval on behalf of the
 Management and Services Board:


 Chairman



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

**Statement of changes in Net Assets
Available for Allowances and Benefits
for the year ended March 31, 1989**

ADDITIONS:	<u>1989</u>	<u>1988</u>
Contributions:		
GNWT	\$ 570,652	\$ 418,975
Voluntary by MLA	13,857	12,915
Income from investments	323,983	252,807
Unrealized gain(loss) on investments	153,949	(233,108)
	<hr/> 1,062,441	<hr/> 451,589
 DEDUCTIONS:		
Pension Benefits Plan	46,973	34,063
Investment Management Fees	26,262	23,381
Administration and Actuarial Fees	18,077	18,976
	<hr/> 91,312	<hr/> 76,320
 NET ADDITIONS TO ASSETS	 971,129	 375,269
 NET ASSETS AVAILABLE FOR ALLOWANCES AND BENEFITS:		
At the beginning of the year	4,129,015	3,753,746
	<hr/>	<hr/>
At the end of the year	\$ 5,100,144	\$ 4,129,015
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LEGISLATIVE ASSEMBLY RETIRING ALLOWANCES FUND
(Northwest Territories)

Notes to Financial Statements
March 31, 1989

1. Authority and operations

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

The Fund is a registered pension plan under the Income Tax Act and is, therefore, exempt from income taxes.

2. Description of the plan

The following brief description of the retirement income plan of the Legislative Assembly is provided for general information purposes only. For more complete information participants should refer to the Act.

(a) General

The Act provides retiring allowances on a non-contributory, defined benefit basis to Members of the Legislative Assembly of the Northwest Territories who have been Members at any time since March 10, 1975, the date of the first fully elected Legislative Assembly. Members are allowed to make voluntary contributions to the plan to provide additional pension on a money purchases basis.

(b) Retirement benefits

Members with six or more years of service:

- are entitled to 2% of final average indemnity and per diem allowance for each year of contributed service; and
- members who serve as Speaker, Deputy Speaker, Member of the Executive Council, Chairman of a committee, for a period of one or more years, receive 2% of final average salary of each year of contributed service in this capacity.

Both amounts are based on the best four year period to a maximum of 70%.

(c) Death benefits

The spouse of a Member who dies will be entitled to a pension of 60% of the Member's pension entitlement and each child (to a maximum of four) will receive 10%. If there is no spouse, each child (to a maximum of four) will receive 25%. Children's pensions continue until age 18, or if still full-time at an educational institution, until age 25.

(d) Indexing

In order to protect the pension benefits against inflation, the Pension Fund is indexed by the Benefit Index referred to in the Supplementary Retirement Benefit Act (Canada).

3. Accounting policies

These financial statements have been 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 more significant accounting policies are described below.

Financial statements

The financial statements include only the net assets of the Fund and represent the equity of the Fund available for allowances and benefits. They do not include the liabilities to individual members of the Fund and do not purport to reflect the adequacy of the net assets to meet the liabilities, which are determined from time to time by actuarial valuation.

Investments

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 Confederation Life Insurance Company internal assessment. Large real estate properties are valued on the basis of annual appraisals while other properties are appraised every three years.

Unrealized gains and losses on investments

Unrealized gains and losses arising from changes in market value of investments during the year are reflected in the statement of changes in net assets available for benefits.

Income from investments

Income from investments includes gains and losses realized on the disposition of investments.

Contributions

The Government contributes such amounts as are necessary to fund the non-contributory benefits to be paid to members of the Fund, on an actuarial basis, and to meet the costs of managing investments, administration, and actuarial fees. Members may also contribute for current and past service on a voluntary basis.

4. Investments

The assets of the Fund are held and managed by Confederation Life Insurance Company and are invested in Confederation Life Group Pension Pooled Funds. The market value, cost and unrealized gains at year end are as follows:

	<u>1989</u>	<u>1988</u>
Canadian equities	\$ 2,028,910	\$ 1,440,602
Foreign equities	519,972	388,013
Bonds	1,656,774	1,221,829
Real estate	458,799	260,051
Cash and short-term investments	433,310	817,305
	<hr/>	<hr/>
Market value	5,097,765	4,127,800
Cost	4,462,925	3,646,909
Unrealized gains	<u>\$ 634,840</u>	<u>\$ 480,891</u>

The investment manager has full discretion with regard to management of the asset mix of the portfolio. Rate of return criteria are applied in evaluating the performance of the investment manager.

5. Actuarial valuation

A valuation of the Fund by the actuary as at March 31, 1989 indicated a pension liability of \$4,548,258. In the actuary's opinion the Fund has a surplus of \$52,249 after allowing for potential future declines in market values. The surplus has been retained in the Fund on the approval of the Management and Services Board.