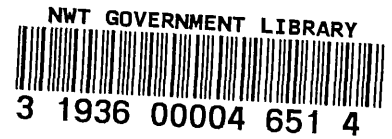


Report to the Chairman,
Management and Services Board,
on the examination of the
accounts and financial transactions of the

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

for the year ended March 31, 1990



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Chairman
Management and Services Board

I have examined 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, 1990 and the statement of changes in net assets available for 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 accrued pension benefits and net assets of the Fund available for benefits as at March 31, 1990 and the changes in its net assets available for benefits for the year then ended in accordance with generally accepted accounting principles 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, F.C.A.
Deputy Auditor General
for the Auditor General of
Canada

Ottawa, Canada
September 11, 1990

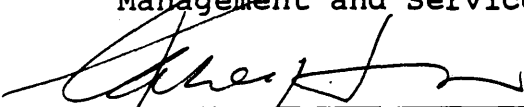
LEGISLATIVE ASSEMBLY RETIRING ALLOWANCES FUND
(Northwest Territories)

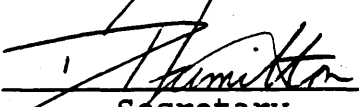
Statement of Accrued Pension Benefits
and Net Assets Available for Benefits
As at March 31, 1990

ACCRUED PENSION BENEFITS
(Pension Obligations)

	1990	1989
Actuarial value of accrued pension benefits (Note 4)	\$ <u>4,715,000</u>	\$ <u>4,548,258</u>
NET ASSETS AVAILABLE FOR BENEFITS		
ASSETS		
Investments (Note 3)	5,780,255	5,097,765
Contributions receivable - GNWT	-	4,167
Total Assets	<u>5,780,255</u>	<u>5,101,932</u>
LIABILITIES		
Accounts payable and accrued liabilities	<u>2,118</u>	<u>1,788</u>
Net assets available for benefits	<u>5,778,137</u>	<u>5,100,144</u>
Excess of net assets over actuarial value of accrued pension benefits	\$ <u>1,063,137</u>	\$ <u>551,886</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
For the year ended March 31, 1990**

	1990	1989
INCREASE IN ASSETS		
Investment income	\$ 278,570	\$ 323,983
Current period change in market value of investments	<u>(24,932)</u>	<u>153,949</u>
	<u>253,638</u>	<u>477,932</u>
Contributions:		
GNWT	594,656	570,652
Voluntary by M.L.A.s	<u>12,114</u>	<u>13,857</u>
	<u>606,770</u>	<u>584,509</u>
Total increase in assets	<u>860,408</u>	<u>1,062,441</u>
DECREASE IN ASSETS		
Expenses:		
Administrative	39,781	18,077
Investment management fees	<u>29,954</u>	<u>26,262</u>
	<u>69,735</u>	<u>44,339</u>
Benefits and Withdrawals:		
Benefits paid	56,898	46,973
Withdrawal of voluntary contributions	<u>55,782</u>	<u>-</u>
	<u>112,680</u>	<u>46,973</u>
Total decrease in assets	<u>182,415</u>	<u>91,312</u>
INCREASE IN NET ASSETS	677,993	971,129
Net assets available for benefits at beginning of year	<u>5,100,144</u>	<u>4,129,015</u>
Net assets available for benefits at end of year	\$ <u>5,778,137</u>	\$ <u>5,100,144</u>

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

**Notes to Financial Statements
March 31, 1990**

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 non-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, contributions to fund non-contributory allowances and benefits are required to be made by the Government of the Northwest Territories. Prior to April 1, 1990 Members were also allowed to make voluntary contributions to the Fund.

Effective April 1, 1990, there are two significant changes to contributions:

- i) Voluntary contributions are no longer allowed.
- ii) Members must contribute 9 percent of their pensionable earnings to the Fund. Members with 15 years of pensionable service are not required to make this contribution.

The GNWT intends to make its share of contributions in amounts which will keep the Plan fully funded.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCES FUND
(Northwest Territories)

Notes to Financial Statements
March 31, 1990

(c) Withdrawal of required contributions

Members who cease to be a Member with less than six years service are refunded their required 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.

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.

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

**Notes to Financial Statements
March 31, 1990**

(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:

(a) Basis of presentation

These financial statements represent only the financial position of the Legislative Assembly Retiring Allowances Fund 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. Confederation Life also reports that 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.

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

**Notes to Financial Statements
March 31, 1990**

3. Investments

All the investments of the Legislative Assembly Retiring Allowances Fund (LARAF) are managed by Confederation Life Insurance and are 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.

The agreement between LARAF and Confederation Life states that LARAF's investment is a percentage of unit holdings held by the Balanced Fund in the assets of Confederation Life's 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 of the Confederation Life Group Pension Pooled Balanced Fund.

4. Obligations for 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, 1990. Previous calculations of the present value were made by another actuary who provided a valuation as of March 31, 1989.

The actuarial value of net assets available for benefits as of March 31, 1990 was \$5,932,000 and has been determined using a four year moving-average-market method.

5. Comparative Figures

Comparative figures have been reclassified to conform with the current year's presentation.