



# Public Accounts

for the fiscal year ended 31 March

# 2001

## Volume 4

### Trust Funds

Printed by  
Authority of the Legislature  
Fredericton, N.B.





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Fredericton, N.B.  
ISSN 0382-1277



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## INTRODUCTION

### VOLUME IV

The Public Accounts of the Province of New Brunswick are presented in five volumes.

Volume I contains the audited financial statements of the Provincial Reporting Entity as described in note 1 to the financial statements. They include a Statement of Financial Position, a Statement of Revenue and Expenditure, a Statement of Cash Flow and a Statement of Net Debt. This volume also contains the Auditor's Report, Statement of Responsibility and a variance analysis.

Volume II contains unaudited supplementary information to the Financial Statements presented in Volume I. It presents summary statements for revenue and expenditure as well as five-year comparative statements. This volume also contains detailed information on Supplementary Appropriations, Funded Debt, statements of the General Sinking Fund, Securities Held, and revenue and expenditure by government department (this includes salary, travel, vendor, grant and contribution, and loan disbursement listings).

Current year departmental expenditures are reported by component and by primary type of expenditures. Unlike reporting in previous years, no budget is reported for expenditure by primary, and no prior year comparative figures are shown. This is due to: no budget was approved by primary; and comparative primary figures were not readily available due to massive reorganization of government departments.

Volume III contains the financial statements of those corporations, boards and commissions which are accountable for the administration of their financial affairs and resources to the Government or the Legislature of the Province. The Government or Legislature also has the power to control these organizations either through ownership or through legislative provisions.

**This volume contains the financial statements of various trust funds which the Province administers as Trustee.**

Volume V contains salary listings of certain government organizations, including regional hospital corporations, New Brunswick Power Corporation, New Brunswick Liquor Corporation and the Workplace Health, Safety and Compensation Commission of New Brunswick. The salary listings are for employees who received earnings during the year ended 31 December 2000 in excess of \$40,000.

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FINANCIAL STATEMENTS

**PUBLIC SERVICE SUPERANNUATION  
PLAN**

31 MARCH 2001

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Office of the  
Auditor General

Bureau du  
vérificateur général



## AUDITOR'S REPORT

To the Honourable Peter Mesheau  
Minister of Finance  
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Public Service Superannuation Plan as at 31 March 2001 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. 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 Plan's trustee, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at 31 March 2001 and the results of its activities for the year then ended in accordance with Canadian generally accepted accounting principles.

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
5 November 2001

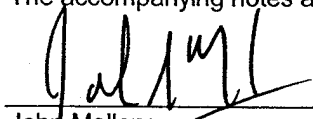
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**TRUST FUND NO. 4  
PUBLIC SERVICE SUPERANNUATION PLAN  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
31 MARCH 2001**

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	2001	2000
<b>ASSETS</b>		
Investments (note 3)	\$ 2,960,067,758	\$ 3,172,267,069
Receivables		
Employee contributions	7,670,597	6,412,010
Employer contributions	1,680,580	10,847,640
	<u>9,351,177</u>	<u>17,259,650</u>
Total assets	<u>2,969,418,935</u>	<u>3,189,526,719</u>
<b>LIABILITIES</b>		
Accounts payable	<u>772,262</u>	<u>494,519</u>
Total liabilities	<u>772,262</u>	<u>494,519</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$ 2,968,646,673</u>	<u>\$ 3,189,032,200</u>

The accompanying notes are an integral part of these financial statements.

  
\_\_\_\_\_  
John Mallory  
Deputy Minister of Finance

**TRUST FUND NO. 4  
PUBLIC SERVICE SUPERANNUATION PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED 31 MARCH 2001**

	2001	2000
<b>INCREASE IN ASSETS</b>		
Investment income (note 4)	\$ -	\$ 561,222,646
Securities lending	96,114	-
Pension contributions		
Employee	46,417,464	46,302,517
Employer - normal (note 5)	39,074,427	39,042,768
- special payment re unfunded liability	-	40,554,028
Transfer from Pension Plan for Management Employees of New Brunswick School Districts	-	64,812
Transfers under reciprocal agreements	1,337,311	630,674
Total increase in assets	86,925,316	687,817,445
<b>DECREASE IN ASSETS</b>		
Investment loss (note 4)	176,904,235	-
Pensions	117,156,705	106,556,834
Refunds	5,149,925	5,223,827
Transfers under reciprocal agreements	3,134,019	1,838,378
Administrative expenses	2,039,820	2,100,003
Investment management fees	2,926,139	2,201,540
Total decrease in assets	307,310,843	117,920,582
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(220,385,527)	569,896,863
<b>NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR</b>	3,189,032,200	2,619,135,337
<b>NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR</b>	\$ 2,968,646,673	\$ 3,189,032,200

The accompanying notes are an integral part of these financial statements.

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**TRUST FUND NO. 4  
PUBLIC SERVICE SUPERANNUATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**1. Description of Plan**

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The following description of the Public Service Superannuation Plan is a summary only. For more information, reference should be made to the Public Service Superannuation Act.

**(a) General**

The Plan is a contributory defined benefit pension plan covering certain government employees and employees of certain boards, commissions, corporations and educational institutions as defined by the Act and its regulations. The Department of Finance administers the Plan.

**(b) Funding Policy**

Under the Plan, the Plan members and the Plan sponsor make contributions. The determination of the value of benefits owed by the Plan is made on the basis of a triennial actuarial valuation (see note 6).

**(c) Service Pensions**

For pensionable service after 31 August 1966, the basic pension benefit is 1.3% of the average annual salary during the highest paid continuous 5 year period up to the year's maximum pensionable earnings (YMPE) and 2% of the average annual salary above the YMPE multiplied by the number of years of pensionable service. Pension benefits are integrated in accordance with the average YMPE when the member attains age 65 regardless of when pension benefits commenced being paid. For pensionable service before 1 September 1966, the pension benefit is 2% of the average annual salary multiplied by the number of years of pensionable service. Pension benefits are indexed annually to a maximum of 5%.

Normal retirement age is 65. Unreduced pension benefits are available upon reaching age 60 with 5 years of pensionable service. Reduced benefits are available at age 55 with 5 years of pensionable service. The early reduction factor of 3% per year pro-rated is applied if retirement occurs at age 55 and before age 60.

**(d) Death Benefits**

On the death of a member prior to completing 5 years of pensionable service, the benefit payable is a refund of the member's contributions with interest. An immediate pension equal to 50% of the member's pension, had they attained age 65, is payable to the surviving spouse or dependent children in the event of death of a member who has completed at least 5 years of pensionable service.

**(e) Benefits on Termination**

In the event of termination of employment for reasons other than retirement, death or disability a member may receive either a refund of his/her own contributions to the Plan with interest or a deferred annuity commencing when the member attains retirement age. To receive a deferred annuity the member must have 5 or more years of pensionable service to his credit at his date of termination of employment.

**(f) Income Taxes**

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

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**TRUST FUND NO. 4  
PUBLIC SERVICE SUPERANNUATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**2. Summary of Significant Accounting Policies**

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**(a) Basis of Presentation**

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period, but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

**(b) Investments**

On 1 April 1998, the assets of the Public Service Superannuation Fund were transferred to unit trust funds established by the New Brunswick Investment Management Corporation (NBIMC).

All investments of the Plan are represented by holdings of units of the unit trust funds. The total value is based on the calculated net asset value multiplied by the number of units held.

Investments are valued at their fair value as of the date of the financial statements. For securities listed on an exchange, fair value is the closing price listed on the exchange. If no closing price is available, the average of the latest bid and ask prices are used. Securities not listed on an exchange are valued based on a quotation service from a recognized dealer. Investments in money market instruments are reported at cost, which approximates market value. Investments denominated in a foreign currency are translated into their Canadian dollar equivalents at the year-end exchange rate.

**(c) Revenue Recognition**

All investment transactions are recognized as of their trade date. Interest income and dividend income have been accrued at year-end. Transactions denominated in a foreign currency are translated at the exchange rate prevailing at the time of the transaction.

Derivative products such as foreign exchange contracts, futures and swaps are recorded at the value the unit trust funds would have paid or received had the contract been terminated at the year-end date. The resulting gain or loss is included in investment income.

Both realized and unrealized gains and losses are included in investment income.

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**3. Investments**

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**(a) Trustee**

The assets of the Public Service Superannuation Plan are held in trust by NBIMC. NBIMC was appointed as trustee on 11 March 1996 by an Act of the New Brunswick Legislature which bears its name (NBIMC Act) and assumed responsibility for the management of the Plan's assets effective 1 April 1996.

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**TRUST FUND NO. 4  
PUBLIC SERVICE SUPERANNUATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**3. Investments (continued)**

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**(b) Investments**

There are currently 12 unit trust funds, each with a specific investment mandate. The unit trust funds are established pursuant to a Unit Trust Declaration made by the NBIMC on 1 April 1998. Each fund is an open-end, unincorporated trust, governed by the laws of the Province of New Brunswick.

Following is a description of each unit trust fund in existence during the year ended March 31, 2001:

**Nominal Bond:**

Invests primarily in investment grade bonds (a minimum of triple-B rated by a major rating agency) of G-7 countries and Canadian provinces paying a nominal rate of interest. The return objective is to add 20 basis points to its benchmark, the Scotia Capital All Government Index, over a four-year moving average.

**New Brunswick Fixed Income Opportunity:**

Invests primarily in fixed income issues to finance economic activity in New Brunswick. The return objective is to add 20 basis points to its benchmark, the Scotia Capital All Government Index, over a four-year moving average.

**Inflation Linked Securities:**

Invests primarily in fixed income instruments of G-7 countries that are adjusted for inflation. The return objective is to add 10 basis points to its benchmark, the Scotia Capital Real Return Bond Index, over a four-year moving average.

**Money Market:**

Invests primarily in fixed income securities having a maturity of less than one year. The return objective is to add 20 basis points to its benchmark, which is calculated as 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate.

**Allocation Equity International:**

This fund is used to implement asset allocation decisions and diversify equity investments by participating in the equity markets of the U.S., Japan, the U.K., Germany, France and Italy. Its primary investments are derivative products such as futures, options and swaps. Leverage is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments.

**Allocation Equity Domestic:**

This fund is used to implement asset allocation decisions by investing in the Canadian equity market. Its primary investments are derivative products such as futures, options and swaps. Leverage is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments.

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**TRUST FUND NO. 4  
PUBLIC SERVICE SUPERANNUATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**3. Investments (continued)**

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New Brunswick and Atlantic Canada Equity Opportunity:

This fund invests in public and private equities of New Brunswick and Atlantic Canada companies. The return objective is to add 80 basis points to its benchmark, the TSE 300, over a four-year moving average.

Canadian Equity:

Investments are selected primarily from the top 120 companies on the Toronto Stock Exchange. The return objective is to add 80 basis points to its benchmark, the TSE 300, over a four-year moving average.

TSE Small-Cap:

Managed by an external manager, this fund invests primarily in the bottom 180 companies of the TSE 300 Index. The return objective is to exceed the performance of its benchmark, the S&P/TSE Small-Cap Index, by 100 basis points.

Private Equity:

This fund, which was launched on February 1, 2001, is managed by external managers that invest primarily in non-publicly traded securities of U.S. and European companies. The return objective is to exceed the performance of its benchmark, a blend of the S&P 500, FTSE-100, DAX, CAC-40 and MIB-30 total return indices, by 300 basis points over a four-year moving average.

U.S. Real Estate:

This fund, which was launched on February 1, 2001, is managed by an external manager that invests primarily in publicly traded securities of U.S. Real Estate Investment Trusts. The return objective is to add 150 basis points to the NAREIT® Equity Index.

Student Investment:

This fund is managed by students at the University of New Brunswick who are registered in the Student Investment Fund Program. Its initial base was \$1 million and is to be invested using the same philosophy as that used by NBIMC. The overall benchmark for this fund is composed of 50% S&P/TSE 60, 45% Scotia Capital All Government Index and 5% Scotia Capital 91-Day Treasury Bill Index.

The following table reflects the holdings of the Public Service Superannuation Plan in the unit trust funds for which NBIMC is trustee.

**TRUST FUND NO. 4**  
**PUBLIC SERVICE SUPERANNUATION PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 MARCH 2001**

**3. Investments (continued)**

	Units	Unit Value	2001 Amount	2000 Amount
Fixed Income:				
Nominal Bond	786,121	\$ 1,109	\$ 871,988,417	\$ 1,086,695,082
New Brunswick				
Fixed Income Opportunity	19,406	1,182	22,938,146	27,139,007
			894,926,563	1,113,834,089
Inflation Linked Securities	258,635	1,242	321,237,019	309,772,963
Money Market	83,701	1,119	93,693,743	226,616,895
			1,309,857,325	1,650,223,947
Equities:				
Allocation Equity International	488,414	1,146	559,557,346	396,482,089
Allocation Equity Domestic	97,804	1,297	126,828,169	93,869,483
New Brunswick and Atlantic				
Canada Equity Opportunity	17,837	1,234	22,001,937	7,395,523
Canadian Equity	686,305	1,052	722,183,163	917,468,219
TSE Small-Cap	67,049	1,017	68,199,147	106,187,092
Private Equity	100,299	857	85,983,190	-
U.S. Real Estate	66,966	969	64,857,270	-
			1,649,610,222	1,521,402,406
Balanced:				
Student Investment	485	1,237	600,211	640,716
			<b>\$ 2,960,067,758</b>	<b>\$ 3,172,267,069</b>

**(c) Risk Management**

Rates of return vary based on the degree of uncertainty. The fundamental sources of uncertainty to which investments are exposed are credit risk and price risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk is the risk that the value of an investment will fluctuate due to future changes in foreign exchange rates. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates. Market risk is the risk that the value of a financial instrument will fluctuate as a result of future changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Risk is reduced through asset class diversification, diversification within each asset class, quality constraints on fixed income instruments and restrictions by limiting most investments to G-7 countries. Borrowing or leveraging is not allowed. Controls are in place respecting the use of derivatives. Forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency.

**TRUST FUND NO. 4**  
**PUBLIC SERVICE SUPERANNUATION PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 MARCH 2001**

**4. Investment Income**

The following table reflects the investment income of the Public Service Superannuation Fund in each of the unit trust funds for which NBIMC is trustee for the year ended 31 March 2001.

	Interest	Dividends	Current Period Increase/ (Decrease) in Market Value	Total
Fixed Income:				
Nominal Bond	\$ 60,881,288	\$ -	\$ 33,903,735	\$ 94,785,023
New Brunswick				
Fixed Income Opportunity	1,603,937	-	384,055	1,987,992
	62,485,225	-	34,287,790	96,773,015
Inflation Linked Securities	11,648,510	-	25,215,448	36,863,958
Money Market	8,474,607	-	(263,262)	8,211,345
	82,608,342	-	59,239,976	141,848,318
Equities:				
Allocation Equity International	24,750,739	2,848,469	(122,897,627)	(95,298,419)
Allocation Equity Domestic	6,078,808	-	(37,497,633)	(31,418,825)
New Brunswick and Atlantic				
Canada Equity Opportunity	259,589	431,878	(11,499,946)	(10,808,479)
Canadian Equity	2,897,354	(45,657)	(167,506,971)	(164,655,274)
TSE Small-Cap	62,521	768,704	(1,128,266)	(297,041)
Private Equity	800,649	-	(14,977,438)	(14,176,789)
U.S. Real Estate	73,334	685,511	(2,816,066)	(2,057,221)
	34,922,994	4,688,905	(358,323,947)	(318,712,048)
Balanced:				
Student Investment	19,833	6,106	(66,444)	(40,505)
<b>Total - 2001</b>	<b>\$ 117,551,169</b>	<b>\$ 4,695,011</b>	<b>\$ (299,150,415)</b>	<b>\$ (176,904,235)</b>
<b>Total - 2000</b>	<b>\$ 82,859,110</b>	<b>\$ 13,721,788</b>	<b>\$ 464,641,748</b>	<b>\$ 561,222,646</b>

**TRUST FUND NO. 4  
PUBLIC SERVICE SUPERANNUATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

**5. Pension Contributions from Employers**

Pension contributions from employers are as follows:

	2001	2000
Province of New Brunswick	\$ 21,676,222	\$ 22,711,975
New Brunswick Power Corporation	7,158,603	7,778,772
University of New Brunswick	1,898,763	1,691,759
Workplace Health, Safety and Compensation Commission	846,375	929,862
New Brunswick Liquor Corporation	613,836	619,833
Other	6,880,628	5,310,567
	<u>\$ 39,074,427</u>	<u>\$ 39,042,768</u>

**6. Funding Policy**

Employees are required to contribute 5.8% of their earnings, up to the year's maximum pensionable earnings (YMPE) under the Canada Pension Plan Act, plus 7.5% on earnings above the YMPE. The employer is required to contribute an amount necessary in the opinion of an actuary, which when combined with employee contributions will fund current service costs.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco, a firm of consulting actuaries, as of 1 April 2000. This valuation disclosed a surplus of \$330,225,000. As a result special payments ceased in 2001.

**7. Obligation for Pension Benefits**

The present value of accrued benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 April 2001 by Morneau Sobeco.

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	Short-term Assumptions
Rate of return on assets	7.9%	7.9%
Annual wage and salary increase	4.0% plus promotional increase between 0.2% and 1.0%	2.0% to 4.0%
Inflation	3.5%	3.5%
Rate of pension escalation after retirement (Actives and pensioners who retired on or after May 1, 1995)	3.3%	2.0% to 3.3%
(Pensioners who retired prior to May 1, 1995 and for UNB faculty)	3.4%	2.0% to 3.4%

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**TRUST FUND NO. 4  
PUBLIC SERVICE SUPERANNUATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**7. Obligation for Pension Benefits (continued)**

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

	(in millions)	
	2001	2000
Actuarial present value of accrued pension benefits		
at beginning of year	\$ 2,683.60	\$ 2,506.12
Interest accrued on benefits	210.90	210.15
Benefits accrued	97.44	93.17
Benefits paid	(125.44)	(113.62)
Change in assumptions	-	(54.26)
Experience loss (gain)	(35.61)	42.04
	<hr/>	<hr/>
Actuarial present value of accrued pension benefits at end of year	\$ 2,830.89	\$ 2,683.60
	<hr/>	<hr/>
Net assets available for benefits	\$ 2,968.65	\$ 3,189.03
	<hr/>	<hr/>

**8. Investments in Plan Sponsor**

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As at 31 March 2001, the Public Service Superannuation Plan held 50% of the total nominal bond unit trust fund of \$1,734,165,579. Of this total, \$11,845,830 consisted of Province of New Brunswick and Province of New Brunswick guaranteed securities. The Public Service Superannuation Plan held 51% of the total \$182,350,037 in the Money Market Fund. Of this total, \$22,844,369 consisted of New Brunswick t-bills and short term Province of New Brunswick guaranteed securities.

As at 31 March 2000, the Public Service Superannuation Plan held 48% of the total nominal bond unit trust fund of \$2,244,460,080. Of this total, \$11,711,389 consisted of Province of New Brunswick and Province of New Brunswick guaranteed securities. The Public Service Superannuation Plan held 51% of the total \$442,416,102 in the Money Market Fund. Of this total, \$19,835,091 consisted of New Brunswick t-bills.

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**FINANCIAL STATEMENTS**

**TEACHERS' PENSION PLAN**

**31 MARCH 2001**

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Office of the  
Auditor General

Bureau du  
vérificateur général



## AUDITOR'S REPORT

To the Honourable Peter Mesheau  
Minister of Finance  
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Teachers' Pension Plan as at 31 March 2001 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. 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 Plan's trustee, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at 31 March 2001 and the results of its activities for the year then ended in accordance with Canadian generally accepted accounting principles.

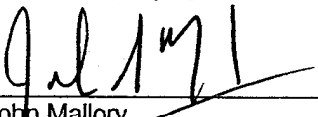
Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
5 November 2001

**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
31 MARCH 2001**

	2001	2000
<b>ASSETS</b>		
Investments (note 3)	\$2,813,373,292	\$3,008,904,365
Receivables		
Employee contributions	2,248,654	1,967,459
Employer contributions	5,427	349,250
	<u>2,254,081</u>	<u>2,316,709</u>
Total assets	<u>2,815,627,373</u>	<u>3,011,221,074</u>
<b>LIABILITIES</b>		
Accounts payable	671,960	335,072
Deferred employer contributions	23,596,813	-
Total liabilities	<u>24,268,773</u>	<u>335,072</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$2,791,358,600</u>	<u>\$3,010,886,002</u>

The accompanying notes are an integral part of these financial statements.

  
 John Mallory  
 Deputy Minister of Finance

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**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED 31 MARCH 2001**

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	2001	2000
<b>INCREASE IN ASSETS</b>		
Investment income (note 4)	\$ -	\$ 493,503,718
Securities lending	95,013	-
Pension contributions		
Employee	32,256,637	30,271,161
Employer - normal	28,324,079	28,478,306
- special payment re unfunded liability	-	58,852,130
Transfers under reciprocal agreements	563,140	202,343
Total increase in assets	61,238,869	611,307,658
<b>DECREASE IN ASSETS</b>		
Investment loss (note 4)	140,110,855	-
Pensions	134,682,499	120,237,818
Refunds	1,544,434	1,942,847
Transfers under reciprocal agreements	524,242	269,990
Administrative expenses	1,127,227	1,138,251
Investment management fees	2,777,014	2,113,832
Total decrease in assets	280,766,271	125,702,738
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(219,527,402)	485,604,920
<b>NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR</b>	3,010,886,002	2,525,281,082
<b>NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR</b>	\$2,791,358,600	\$3,010,886,002

The accompanying notes are an integral part of these financial statements.

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**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**1. Description of Plan**

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The following description of the Teachers' Pension Plan is a summary only. For more information, reference should be made to the Teachers' Pension Act.

**(a) General**

The Plan is a contributory defined benefit pension plan covering teachers as defined by the Act and its regulations. The Department of Finance administers the Plan.

**(b) Funding Policy**

Under the Plan, the Plan members and the Plan sponsor make contributions. The determination of the value of benefits owed by the Plan is made on the basis of a triennial actuarial valuation (see note 5).

**(c) Service Pensions**

For pensionable service after 31 August 1966, the basic pension benefit is 1.3% of the average annual salary during the highest paid continuous 5 year period up to the year's maximum pensionable earnings (YMPE) and 2% of the average annual salary above the YMPE multiplied by the number of years of pensionable service. Pension benefits are integrated in accordance with the average YMPE when the member attains age 65 regardless of when pension benefits commenced being paid. Pension benefits are indexed annually to a maximum of 4.75%.

For pensionable service before 1 September 1966, the pension benefit is 2.14% of the average annual salary during the highest paid continuous 5 year period multiplied by the number of years of pensionable service.

Employees are eligible for pension benefits when the sum of their age and completed years of pensionable service is 87 or more, they have a minimum of 35 years of pensionable service, or at age 65 with 5 years of pensionable service, or at age 60 with 20 years of pensionable service. Reduced benefits are available when the age and service total is 80, or at age 60 with 5 years of service.

**(d) Disability Pensions**

A member who has at least 5 years of pensionable service at the date of becoming disabled is entitled to an immediate pension on retirement because of disability.

**(e) Death Benefits**

On the death of an active member prior to completing 5 years of pensionable service, the benefit payable is a refund of the member's contributions with interest. In the event of death of an active member who has completed at least 5 years of pensionable service, the normal form of pension, equal to 50% of what the member would have received had they attained age 65, is payable to the surviving spouse. If there is no spouse but there is a child, a pension is paid in respect of the child until age 19. If the child is in full-time attendance at an educational institution, a pension is paid in respect of the child until age 25 or when the child ceases to be in full-time attendance at the educational institution, whichever occurs first.

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**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**1. Description of Plan (continued)**

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If a member dies after retirement, and the member had a surviving spouse at the time of retirement and elected a higher spousal benefit, the amount payable is in accordance with the option chosen at retirement (e.g. 60%, 66 2/3%, 75% or 100%). These options are only available to the spouse who is a spouse at the date the annual pension commences to be paid at the time of the members' retirement. If there is no spouse but there is a child, the normal form of survivor pension (50% of benefit payable at members age 65) is paid in respect of the child until age 19. If the child is in full-time attendance at an educational institution, a pension is paid in respect of the child until age 25 or when the child ceases to be in full-time attendance at the educational institution, whichever occurs first.

**(f) Benefits on Termination**

In the event of termination of employment for reasons other than retirement, death or disability, a member may receive either a refund of his/her own contributions to the Plan with interest or a deferred pension if vested.

**(g) Income Taxes**

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

**2. Summary of Significant Accounting Policies**

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**(a) Basis of Presentation**

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period, but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

**(b) Investments**

On 1 April 1998, the assets of the Teachers' Pension Fund were transferred to unit trust funds established by the New Brunswick Investment Management Corporation (NBIMC).

All investments of the Plan are represented by holdings of units of the unit trust funds. The total value is based on the calculated net asset value multiplied by the number of units held.

Investments are valued at their fair value as of the date of the financial statements. For securities listed on an exchange, fair value is the closing price listed on the exchange. If no closing price is available, the average of the latest bid and ask prices are used. Securities not listed on an exchange are valued based on a quotation service from a recognized dealer. Investments in money market instruments are reported at cost, which approximates market value. Investments denominated in a foreign currency are translated into their Canadian dollar equivalents at the year-end exchange rate.

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**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**2. Summary of Significant Accounting Policies (continued)**

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**(c) Revenue Recognition**

All investment transactions are recognized as of their trade date. Interest income and dividend income have been accrued at year-end. Transactions denominated in a foreign currency are translated at the exchange rate prevailing at the time of the transaction.

Derivative products such as foreign exchange contracts, futures and swaps are recorded at the value the unit trust funds would have paid or received had the contract been terminated at the year-end date. The resulting gain or loss is included in investment income.

Both realized and unrealized gains and losses are included in investment income.

**3. Investments**

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**(a) Trustee**

The assets of the Teachers' Pension Plan are held in trust by NBIMC. NBIMC was appointed as trustee on 11 March 1996 by an Act of the New Brunswick Legislature which bears its name (NBIMC Act) and assumed responsibility for the management of the Plan's assets effective 1 April 1996.

**(b) Investments**

There are currently 12 unit trust funds, each with a specific investment mandate. The unit trust funds are established pursuant to a Unit Trust Declaration made by the NBIMC on 1 April 1998. Each fund is an open-end, unincorporated trust, governed by the laws of the Province of New Brunswick.

Following is a description of each unit trust fund in existence during the year ended March 31, 2001:

**Nominal Bond:**

Invests primarily in investment grade bonds (a minimum of triple-B rated by a major rating agency) of G-7 countries and Canadian provinces paying a nominal rate of interest. The return objective is to add 20 basis points to its benchmark, the Scotia Capital All Government Index, over a four-year moving average.

**New Brunswick Fixed Income Opportunity:**

Invests in fixed income issues to finance economic activity in New Brunswick. The return objective is to add 20 basis points to its benchmark, the Scotia Capital All Government Index, over a four-year moving average.

**Inflation Linked Securities:**

Invests primarily in fixed income instruments of G-7 countries that are adjusted for inflation. The return objective is to add 10 basis points to its benchmark, the Scotia Capital Real Return Bond Index, over a four-year moving average.

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**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**3. Investments (continued)**

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**Money Market:**

Invests primarily in fixed income securities having a maturity of less than one year. The return objective is to add 20 basis points to its benchmark, which is calculated as 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate.

**Allocation Equity International:**

This fund is used to implement asset allocation decisions and diversify equity investments by participating in the equity markets of the U.S., Japan, the U.K., Germany, France and Italy. Its primary investments are derivative products such as futures, options and swaps. Leverage is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments.

**Allocation Equity Domestic:**

This fund is used to implement asset allocation decisions by investing in the Canadian equity market. Its primary investments are derivative products such as futures, options and swaps. Leverage is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments.

**New Brunswick and Atlantic Canada Equity Opportunity:**

This fund invests in public and private equities of New Brunswick and Atlantic Canada companies. The return objective is to add 80 basis points to its benchmark, the TSE 300, over a four-year moving average.

**Canadian Equity:**

Investments are selected primarily from the top 120 companies on the Toronto Stock Exchange. The return objective is to add 80 basis points to its benchmark, the TSE 300, over a four-year moving average.

**TSE Small Cap:**

Managed by an external manager, this fund invests primarily in the bottom 180 companies of the TSE 300 Index. The return objective is to exceed the performance of its benchmark, the S&P/TSE Small-Cap Index, by 100 basis points.

**Private Equity:**

This fund, which was launched on February 1, 2001, is managed by external managers that invest primarily in non-publicly traded securities of U.S. and European companies. The return objective is to exceed the performance of its benchmark, a blend of the S&P 500, FTSE-100, DAX, CAC-40 and MIB-30 total return indices, by 300 basis points over a four-year moving average.

**U.S. Real Estate:**

This fund, which was launched on February 1, 2001, is managed by an external manager that invests primarily in publicly traded securities of U.S. Real Estate Investment Trusts. The return objective is to add 150 basis points to the NAREIT® Equity Index.

**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

**3. Investments (continued)**

Student Investment:

This fund is managed by students at the University of New Brunswick who are registered in the Student Investment Fund Program. Its initial base was \$1 million and is to be invested using the same philosophy as that used by NBIMC. The overall benchmark for this fund is composed of 50% S&P/TSE 60, 45% Scotia Capital All Government Index and 5% Scotia Capital 91-Day Treasury Bill Index.

The following table reflects the holdings of the Teachers' Pension Plan in the unit trust funds for which NBIMC is trustee.

	Units	Unit Value	2001 Amount	2000 Amount
Fixed Income:				
Nominal Bond	772,686	\$1,109	\$ 857,085,486	\$ 1,151,427,930
New Brunswick Fixed Income Opportunity	18,457	1,182	21,817,289	25,757,967
			878,902,775	1,177,185,897
Inflation Linked Securities	268,432	1,242	333,405,419	323,963,637
Money Market	78,610	1,119	87,995,272	214,234,535
			1,300,303,466	1,715,384,069
Equities:				
Allocation Equity International	440,088	1,146	504,192,337	315,884,525
Allocation Equity Domestic	92,993	1,297	120,589,063	89,100,298
New Brunswick and Atlantic Canada Equity Opportunity	16,965	1,234	20,926,775	7,019,182
Canadian Equity	620,782	1,052	653,235,225	790,055,050
TSE Small-Cap	68,826	1,017	70,006,348	90,763,646
Private Equity	95,394	857	81,778,525	-
U.S. Real Estate	63,694	969	61,688,063	-
			1,512,416,336	1,292,822,701
Balanced:				
Student Investment	528	1,237	653,490	697,595
			<b>\$2,813,373,292</b>	<b>\$3,008,904,365</b>

**(c) Risk Management**

Rates of return vary based on the degree of uncertainty. The fundamental sources of uncertainty to which investments are exposed are credit risk and price risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk is the risk that the value of an investment will fluctuate due to future changes in foreign exchange rates. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates. Market risk is the risk that

**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

**3. Investments (continued)**

the value of a financial instrument will fluctuate as a result of future changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Risk is reduced through asset class diversification, diversification within each asset class, quality constraints on fixed income instruments and restrictions by limiting most investments to G-7 countries.

Borrowing or leveraging is not allowed. Controls are in place respecting the use of derivatives. Forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency.

**4. Investment Income**

The following table reflects the investment income of the Teachers' Pension Plan in each of the unit trust funds for which NBIMC is trustee for the year ended 31 March 2001.

	Interest	Dividends	Current Period Increase/ (Decrease) in Market Value	Total
Fixed Income:				
Nominal Bond	\$ 59,840,781	\$ -	\$ 39,840,261	\$ 99,681,042
New Brunswick Fixed Income Opportunity	1,525,562	-	361,409	1,886,971
	61,366,343	-	40,201,670	101,568,013
Inflation Linked Securities	12,089,753	-	26,374,063	38,463,816
Money Market	7,959,180	-	(170,639)	7,788,541
	81,415,276	-	66,405,094	147,820,370
Equities:				
Allocation Equity International	22,301,795	2,566,629	(107,040,318)	(82,171,894)
Allocation Equity Domestic New Brunswick and Atlantic Canada Equity Opportunity	5,779,771	-	(35,635,638)	(29,855,867)
	246,903	410,773	(10,933,839)	(10,276,163)
Canadian Equity	2,620,739	(41,298)	(151,903,715)	(149,324,274)
TSE Small-Cap	64,177	789,073	(1,680,243)	(826,993)
Private Equity	761,496	-	(14,238,879)	(13,477,383)
U.S. Real Estate	69,751	652,014	(2,676,309)	(1,954,544)
	31,844,632	4,377,191	(324,108,941)	(287,887,118)
Balanced:				
Student Investment	21,592	6,648	(72,347)	(44,107)
<b>Total - 2001</b>	<b>\$ 113,281,500</b>	<b>\$ 4,383,839</b>	<b>\$ (257,776,194)</b>	<b>\$ (140,110,855)</b>
<b>Total - 2000</b>	<b>\$ 82,919,708</b>	<b>\$ 11,816,338</b>	<b>\$ 398,767,672</b>	<b>\$ 493,503,718</b>

**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

**5. Funding Policy**

Employees are required to contribute 7.3% of their earnings to YMPE plus 9% of earnings above the YMPE. The employer makes contributions equal to the employee contributions.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco, a firm of consulting actuaries, as of 1 April 2000. This valuation disclosed a surplus of \$221,127,000. As a result, special payments ceased in 2001.

**6. Obligation for Pension Benefits**

The present value of accrued benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 April 2001 by Morneau Sobeco.

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	Short-term Assumptions
Rate of return on assets	7.9%	7.9%
Annual wage and salary increase	4.0% plus promotional increase between 0.25% and 1.5%	2.0% to 4.0%
Inflation	3.5%	3.5%
Rate of pension escalation after retirement (Actives and pensioners who retired on or after May 1, 1995)	3.20%	2.0% to 3.20%
(Pensioners who retired prior to May 1, 1995)	3.40%	2.0% to 3.40%

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

	(in millions)	
	2001	2000
Actuarial present value of accrued pension benefits at beginning of year	\$ 2,631.78	\$ 2,481.55
Interest accrued on benefits	204.90	206.31
Benefits accrued	60.62	59.79
Benefits paid	(136.75)	(122.45)
Change in assumptions	-	(9.03)
Experience loss (gain)	(0.92)	15.61
Actuarial present value of accrued pension benefits at end of year	\$ 2,759.63	\$ 2,631.78
Net assets available for benefits	\$ 2,791.36	\$ 3,010.89

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**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**7. Investments in Plan Sponsor**

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As at 31 March 2001, the Teachers' Plan held 49% of the total Nominal Bond unit trust fund of \$1,734,165,579. Of this total, \$11,845,830 consisted of Province of New Brunswick and Province of New Brunswick guaranteed securities. The Teachers' Plan held 48% of the total \$182,350,037 in the Money Market unit trust fund. Of this total, \$22,844,369 consisted of New Brunswick t-bills and short term Province of New Brunswick guaranteed securities.

As at 31 March 2000, the Teachers' Plan held 51% of the total Nominal Bond unit trust fund of \$2,244,460,080. Of this total, \$11,711,389 consisted of Province of New Brunswick and Province of New Brunswick guaranteed securities. The Teachers' Plan held 48% of the total \$442,416,102 in the Money Market unit trust fund. Of this total, \$19,835,091 consisted of New Brunswick t-bills.

**TRUST FUND NO. 8**  
**GROUP INSURANCE TRUST FUND**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2001**

**TRUST FUND NO. 8**  
**GROUP INSURANCE TRUST FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2001**

ASSETS	2001	2000
Current:		
Cash .....	\$ 109,720	\$ 43,674
Short term investments .....	700,000	500,000
Receivable from Assumption Mutual Life Insurance Company .....	1,748,718	401,845
Accrued interest receivable .....	4,989	7,929
	<u>2,563,427</u>	<u>953,448</u>
Investments (market value \$242,147) (Note 3) .....	221,000	416,000
Deferred Charges:		
Unamortized premiums less discounts .....	565	4,464
	<u>\$ 2,784,992</u>	<u>\$ 1,373,912</u>

**LIABILITIES AND FUND EQUITY**

Fund equity .....	\$ 2,784,992	\$ 1,373,912
	<u>\$ 2,784,992</u>	<u>\$ 1,373,912</u>

The accompanying notes are an integral part of these Financial Statements.

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the year ended 31 March 2001**

	2001	2000
Fund equity at beginning of year .....	\$ 1,373,912	\$ 5,978,516
Add:		
Bank interest .....	3,338	4,671
Interest earned on investments .....	64,768	57,518
Amortization of premiums less discounts .....	(3,899)	(6,701)
Group Insurance refund (deficiency) .....	1,346,873	(4,660,092)
	<u>1,411,080</u>	<u>(4,604,604)</u>
Fund equity at end of year .....	<u>\$ 2,784,992</u>	<u>\$ 1,373,912</u>

The accompanying notes are an integral part of these Financial Statements.

**TRUST FUND NO. 8  
GROUP INSURANCE TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
(unaudited)  
31 MARCH 2001**

**1. General**

The Group Insurance Trust Fund is held in trust by the Minister of Finance. The Fund is used as a rate stabilization fund by charging or crediting annual plan deficits or surpluses to the Fund. The Fund is also used for special purpose expenditures.

**2. Summary of Significant Accounting Policies**

**a) Basis of Accounting**

Bank interest and interest earned on investments are reported on the statement of activity on the accrual basis.

**b) Investments**

Investments in bonds and debentures are reported on the statement of financial position at par value. Unamortized discounts are reported separately on the statement as deferred credits.

**c) Discounts**

Discounts are deferred and amortized to income on a constant yield basis over the remaining life of the related security.

**3. Investments**

Value of the investments at 31 March 2001 is as follows:

	Par Value	Net Book Value	Market Value
Bonds and debentures issued or guaranteed by Canada .....	\$150,000	\$149,736	\$169,975
Bonds and debentures issued or guaranteed by other Provinces .....	<u>71,000</u>	<u>71,819</u>	<u>72,172</u>
	<u>\$221,000</u>	<u>\$221,555</u>	<u>\$242,147</u>

**4. Prior Period Adjustment**

As the result of an error in interpretation during the preparation of the 31 March 2000 financial statements, certain accounts were overstated. The error was rectified in the current fiscal year and as a result, the 2000 comparative figures have been restated. The effects of the correction are as follows:

- Receivable from Assumption Mutual Life Insurance Company has decreased by \$5,061,937;
- Group Insurance Refund (Deficiency) has decreased by \$5,061,937; and
- Fund equity has decreased by \$5,061,937.



**TRUST FUND NO. 9**  
**MENTAL HEALTH TRUST FUND**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2001**

**TRUST FUND NO. 9**  
**MENTAL HEALTH TRUST FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2001**

ASSETS	2001	2000
Current:		
Cash .....	\$ 268,176	\$ 162,634
Accrued interest receivable .....	10,991	12,009
	<u>279,167</u>	<u>174,643</u>
Investments (market value \$464,955) (Note 3) .....	435,000	495,000
Unamortized premiums less discounts .....	3,512	4,250
	<u>\$ 717,679</u>	<u>\$ 673,893</u>

**FUND EQUITY**

Fund equity .....	\$ 717,679	\$ 673,893
	<u>\$ 717,679</u>	<u>\$ 673,893</u>

The accompanying notes are an integral part of these Financial Statements.

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the year ended 31 March 2001**

	2001	2000
Fund equity at beginning of year .....	<u>\$ 673,893</u>	<u>\$ 632,891</u>
Add:		
Bank interest .....	11,474	4,229
Interest earned on investments .....	33,050	37,579
	<u>44,524</u>	<u>41,808</u>
Deduct:		
Amortization of premiums less discounts .....	738	806
Fund equity at end of year .....	<u>\$ 717,679</u>	<u>\$ 673,893</u>

The accompanying notes are an integral part of these Financial Statements.

TRUST FUND NO. 9  
 MENTAL HEALTH TRUST FUND  
 NOTES TO FINANCIAL STATEMENTS  
 (unaudited)  
 31 MARCH 2001

1. General

Treasury Board Minute 77-140 directed that the bequest to the Province from the Estate of Caroline deLancy Torrie be held in a Trust Fund to be administered by the Department of Finance. As stipulated in the will, the funds are to be used for the treatment, by psychoanalysis, of deserving New Brunswickers.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

Bank interest and interest earned on investments are reported on the statement of activity on the accrual basis.

b) Investments

Investments in bonds and debentures are reported on the statement of financial position at par value. Unamortized premiums less discounts are reported separately on the statement as deferred charges

c) Discounts and Premiums

Discounts and premiums are deferred and amortized to income on a constant yield basis over the remaining life of the related security.

3. Investments

Value of the investments at 31 March 2001 is as follows:

	Par Value	Net Book Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick .....	\$325,000	\$322,926	\$347,403
Bonds and debentures issued or guaranteed by other Provinces .....	<u>110,000</u>	<u>115,586</u>	<u>117,552</u>
	<u>\$435,000</u>	<u>\$438,512</u>	<u>\$464,955</u>



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FINANCIAL STATEMENTS

**PROVINCIAL COURT JUDGES' PENSION PLANS**

31 MARCH 2001

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Office of the  
Auditor General

Bureau du  
vérificateur général



## AUDITOR'S REPORT

To the Honourable Peter Mesheau  
Minister of Finance  
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Provincial Court Judges' Pension Plans as at 31 March 2001 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plans' trustee. 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 Plans' trustee, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plans as at 31 March 2001 and the results of its activities for the year then ended in accordance with Canadian generally accepted accounting principles.

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
5 November 2001

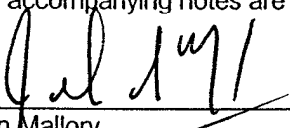
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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
31 MARCH 2001**

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	2001	2000
<b>ASSETS</b>		
Investments (note 3)	\$ 21,247,947	\$ 22,023,226
Employee contributions receivable	41,391	7,047
Total assets	21,289,338	22,030,273
<b>LIABILITIES</b>		
Accounts payable	4,587	2,824
Total liabilities	4,587	2,824
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 21,284,751</b>	<b>\$ 22,027,449</b>

The accompanying notes are an integral part of these financial statements.

  
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John Mallory  
Deputy Minister of Finance

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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED 31 MARCH 2001**

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	2001	2000
<b>INCREASE IN ASSETS</b>		
Investment income (note 4)	\$ -	\$ 4,129,693
Securities lending	584	-
Pension contributions		
Employee	233,303	225,460
Province of New Brunswick	1,796,000	1,796,000
	<hr/>	<hr/>
Total increase in assets	2,029,887	6,151,153
<b>DECREASE IN ASSETS</b>		
Investment loss (note 4)	1,645,778	-
Pensions	1,096,021	1,071,619
Administrative expenses	10,000	-
Investment management fees	20,786	14,718
	<hr/>	<hr/>
Total decrease in assets	2,772,585	1,086,337
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(742,698)	5,064,816
<b>NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR</b>	<hr/> 22,027,449	<hr/> 16,962,633
<b>NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR</b>	<hr/> \$ 21,284,751	<hr/> \$ 22,027,449

The accompanying notes are an integral part of these financial statements.

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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**1. Description of Plans**

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Judges appointed prior to 18 February 2000 may choose a pension plan under either the Provincial Court Act (PCA) or the Provincial Court Judges' Pension Act (PCJPA). Judges appointed after that date fall under the Provincial Court Judges' Pension Act.

All transactions related to these plans are made through this Trust Fund except those related to the Supplementary benefits available under the Provincial Court Judges' Pension Act. These Supplementary benefits exceed the maximum benefits allowed under the Income Tax Act. The Consolidated Fund of the Province pays these Supplementary benefits.

The following description of the Provincial Court Judges' Pension Plans is a summary only. For more information, reference should be made to the Provincial Court Act or the Provincial Court Judges' Pension Act.

**(a) General**

The Plans are contributory defined benefit pension plans covering all Provincial Court Judges. The plans are established under the authority of the Provincial Court Act and its regulations and the Provincial Court Judges' Pension Act and its regulations.

**(b) Funding Policy**

Under the Plans, the Plan members and the Plan sponsor make contributions. The determination of the value of benefits owed by the Plans is made on the basis of an actuarial valuation (see note 5).

**(c) Service Pensions**

Judges' Pension Plan under the Provincial Court Act (PCA)

Pension benefits are equal to 60% of the final salary less 0.7% of the 3 year average of the year's maximum pensionable earnings (YMPE) for each year of pensionable service after 31 August 1966. Pension benefits are integrated with the Canadian Pension Plan at age 65 and are indexed annually to a maximum of 6%.

Normal retirement is at age 65. Mandatory retirement is at age 75. Unreduced benefits are available at age 60 with 25 years of service or at age 65 with 10 years of service.

Transitional Provisions (Judges appointed prior to 18 February 2000)

A judge who ceases to make contributions when the maximum pension has been reached, or has elected a reduced pension, guaranteed payments, early retirement, or deferred pension under the PCJPA, shall be deemed to have elected to be paid benefits only under the PCJPA and the election is irrevocable.

Judges' Pension Plan under the Provincial Court Judges' Pension Act (PCJPA)

Pension benefits are 2.75% per year of service up to a maximum pension of 65% calculated on average salary. Average salary is the highest average annual salary of an active judge for any period of 36 successive months.

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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

---

**1. Description of Plans (continued)**

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There is no integration and pension benefits are indexed annually to a maximum of 5%. A judge with 2 years on the bench can retire without reduction at age 60. A judge with 2 years of pensionable service can retire early with a 3% reduction for each year before the age 60. There are options for judges to choose alternate survivor pensions and guarantee periods.

There is no mandatory retirement age although contributions are to cease when the maximum pension benefit of 65% is reached or after the day following the last day of the year in which the member attains age 69. Payment of pension benefits must commence on the day following the last day of the year in which the member attains age 69.

**(d) Disability Benefits**

Judges' Pension Plan under the Provincial Court Act (PCA)

A disability pension is available in the amount of 60% of the salary being paid on the date on which the judge becomes entitled to be paid a disability benefit.

Judges' Pension Plan under the Provincial Court Judges' Pension Act (PCJPA)

A disability pension is available in the amount of 60% of the salary being paid at the date of disability and is payable to age 65. At age 65, the disability pension is equal to 2.75% times the number of years to age 65 times the average salary at the date of disability.

**(e) Death Benefits**

Judges Pension Plan under the Provincial Court Act (PCA)

In the event of death in service and if less than 10 years of service, the member's contributions with interest to the date of death will be refunded to the spouse or estate. However, if the member was entitled to a vested pension, a spousal pension of 50% of the pension benefit is payable, and if there is no spouse but there is a child, a pension is paid in respect of the child until age 18.

If a member dies after retirement, payments will be continued to the member's spouse for the balance of his/her lifetime at 50% of the amount payable to the member.

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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

---

**1. Description of Plans (continued)**

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Judges' Pension Plan under the Provincial Court Judges' Pension Act (PCJPA)

In the event of death in service where the judge had at least two years of pensionable service and was under age 65, a spousal pension is payable in the amount of 50% of the annual pension that would have been payable if the judge had continued in service as a judge to the age of 65 based on the average salary at the time of death. If there is no spouse but there is a child, a pension is paid in respect of the child until age 19. If the child is in full-time attendance at an educational institution, a pension is paid in respect of the child until the age of 25 or when the child ceases to be in full-time attendance at the educational institution, whichever occurs first.

In the event of death in service where the judge had at least two years of pensionable service and was age 65 or over, a spousal pension is payable in the amount of 50% of the annual pension that would have been payable to the judge if the judge has retired on the date of his/her death. If there is no spouse but there is a child, a pension is paid in respect of the child until age 19. If the child is in full-time attendance at an educational institution, a pension is paid in respect of the child until the age of 25 or when the child ceases to be in full-time attendance at the educational institution, whichever occurs first.

The normal form of pension for a surviving spouse if the member dies after retirement is payable in the amount of 50% of the annual pension that would be payable to the judge on the date of the judges' death. If there is no spouse but there is a child, a pension is paid in respect of the child until age 19. If the child is in full-time attendance at an educational institution, a pension is paid in respect of the child until the age of 25 or when the child ceases to be in full-time attendance at the educational institution, whichever occurs first.

Alternate provisions include:

If a member dies after retirement, and the judge had a surviving spouse at the time of retirement and elected a higher spousal benefit, it is payable in accordance with the option chosen at retirement (e.g. 60%, 66 2/3%, 75% or 100%). A member may also elect at the same time to have guaranteed payments made to the surviving spouse and estate for a period of 5, 10, or 15 years after pension benefits have commenced being paid to the member. These options are only available to the spouse who is a spouse at the date the annual pension commences to be paid at the time of the judges' retirement.

A judge with no spouse or dependent child may elect to be paid a reduced pension guaranteed for the period of 5, 10, or 15 years.

**(f) Benefits on Termination**

Judges' Pension Plan under the Provincial Court Act (PCA) and the Provincial Court Judges' Pension Act (PCJPA)

On termination of employment, with less than 2 years of pensionable service, prior to entitlement to a pension, a member will receive a refund of his own contributions, accumulated with interest, to the date of termination. On termination of employment, with 2 years of pensionable service and who is less than 60 years of age, the member is eligible for a deferred pension at age 60.

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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**1. Description of Plans (continued)**

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**(g) Income Taxes**

The Plans are Registered Pension Plans as defined in the Income Tax Act and are not subject to income taxes.

**2. Summary of Significant Accounting Policies**

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**(a) Basis of Presentation**

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plans as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plans for the fiscal period, but they do not portray the funding requirements of the Plans or the benefit security of individual plan members.

**(b) Investments**

On 1 April 1998, the assets of the Provincial Court Judges' Pension Plans were transferred to unit trust funds established by the New Brunswick Investment Management Corporation (NBIMC).

All investments of the Plans are represented by holdings of units of the unit trust funds. The total value is based on the calculated net asset value multiplied by the number of units held.

Investments are valued at their fair value as of the date of the financial statements. For securities listed on an exchange, fair value is the closing price listed on the exchange. If no closing price is available, the average of the latest bid and ask prices is used. Securities not listed on an exchange are valued based on a quotation service from a recognized dealer. Investments in money market instruments are reported at cost, which approximates market value. Investments denominated in a foreign currency are translated into their Canadian dollar equivalents at the year-end exchange rate.

**(c) Revenue Recognition**

All investment transactions are recognized as of their trade date. Interest income and dividend income have been accrued at year-end. Transactions denominated in a foreign currency are translated at the exchange rate prevailing at the time of the transaction.

Derivative products such as foreign exchange contracts, futures and swaps are recorded at the value the unit trust funds would have paid or received had the contract been terminated at the year-end date. The resulting gain or loss is included in investment income.

Both realized and unrealized gains and losses are included in investment income.

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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**3. Investments**

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**(a) Trustee**

The assets of the Provincial Court Judges' Pension Plans are held in trust by NBIMC. NBIMC was appointed as trustee on 11 March 1996 by an Act of the New Brunswick Legislature which bears its name (NBIMC Act) and assumed responsibility for the management of the Fund's assets effective 1 April 1996.

**(b) Investments**

There are currently 12 unit trust funds, each with a specific investment mandate. The unit trust funds are established pursuant to a Unit Trust Declaration made by the NBIMC on 1 April 1998. Each fund is an open-end, unincorporated trust, governed by the laws of the Province of New Brunswick.

Following is a description of each unit trust fund in existence during the year ended March 31, 2001:

**Nominal Bond:**

Invests primarily in investment grade bonds (a minimum of triple-B rated by a major rating agency) of G-7 countries and Canadian provinces paying a nominal rate of interest. The return objective is to add 20 basis points to its benchmark, the Scotia Capital All Government Index, over a four-year moving average.

**New Brunswick Fixed Income Opportunity:**

Invests in fixed income issues to finance economic activity in New Brunswick. The return objective is to add 20 basis points to its benchmark, the Scotia Capital All Government Index, over a four-year moving average.

**Inflation Linked Securities:**

Invests primarily in fixed income instruments of G-7 countries that are adjusted for inflation. The return objective is to add 10 basis points to its benchmark, the Scotia Capital Real Return Bond Index, over a four-year moving average.

**Money Market:**

Invests primarily in fixed income securities having a maturity of less than one year. The return objective is to add 20 basis points to its benchmark, which is calculated as 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate.

**Allocation Equity International:**

This fund is used to implement asset allocation decisions and diversify equity investments by participating in the equity markets of the U.S., Japan, the U.K., Germany, France and Italy. Its primary investments are derivative products such as futures, options and swaps. Leverage is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments.

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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**3. Investments (continued)**

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Allocation Equity Domestic:

This fund is used to implement asset allocation decisions by investing in the Canadian equity market. Its primary investments are derivative products such as futures, options and swaps. Leverage is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments.

New Brunswick and Atlantic Canada Equity Opportunity:

This fund invests in public and private equities of New Brunswick and Atlantic Canada companies. The return objective is to add 80 basis points to its benchmark, the TSE 300, over a four-year moving average.

Canadian Equity:

Investments are selected primarily from the top 120 companies on the Toronto Stock Exchange. The return objective is to add 80 basis points to its benchmark, the TSE 300, over a four-year moving average.

TSE Small-Cap:

Managed by an external manager, this fund invests primarily in the bottom 180 companies of the TSE 300 Index. The return objective is to exceed the performance of its benchmark, the S&P/TSE Small-Cap Index, by 100 basis points.

Private Equity:

This fund, which was launched on February 1, 2001, is managed by external managers that invest primarily in non-publicly traded securities of U.S. and European companies. The return objective is to exceed the performance of its benchmark, a blend of the S&P 500, FTSE-100, DAX, CAC-40 and MIB-30 total return indices, by 300 basis points over a four-year moving average.

U.S. Real Estate:

This fund, which was launched on February 1, 2001, is managed by an external manager that invests primarily in publicly traded securities of U.S. Real Estate Investment Trusts. The return objective is to add 150 basis points to the NAREIT® Equity Index.

Student Investment:

This fund is managed by students at the University of New Brunswick who are registered in the Student Investment Fund Program. Its initial base was \$1 million and is to be invested using the same philosophy as that used by NBIMC. The overall benchmark for this fund is composed of 50% S&P/TSE 60, 45% Scotia Capital All Government Index and 5% Scotia Capital 91-Day Treasury Bill Index.

**TRUST FUND NO. 10**  
**PROVINCIAL COURT JUDGES' PENSION PLANS**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 MARCH 2001**

**3. Investments (continued)**

The following table reflects the holdings of the Provincial Court Judges' Pension Plans in the unit trust funds for which NBIMC is trustee.

	Units	Unit Value	2001 Amount	2000 Amount
Fixed Income:				
Nominal Bond	4,590 \$	1,109 \$	5,091,676 \$	6,337,068
New Brunswick Fixed Income Opportunity	139	1,182	164,731	188,439
			5,256,407	6,525,507
Inflation Linked Securities	1,942	1,242	2,412,169	2,260,479
Money Market	591	1,119	661,022	1,564,672
			8,329,598	10,350,658
Equities:				
Allocation Equity International	3,875	1,146	4,439,676	3,193,015
Allocation Equity Domestic	702	1,297	910,651	651,796
New Brunswick and Atlantic Canada Equity Opportunity	128	1,234	158,009	51,351
Canadian Equity	5,524	1,052	5,813,110	6,961,010
TSE Small-Cap	501	1,017	509,177	810,614
Private Equity	720	857	617,473	-
U.S. Real Estate	481	969	465,774	-
			12,913,870	11,667,786
Balanced:				
Student Investment	4	1,237	4,479	4,782
			\$ 21,247,947	\$ 22,023,226

**(c) Risk Management**

Rates of return vary based on the degree of uncertainty. The fundamental sources of uncertainty to which investments are exposed are credit risk and price risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk is the risk that the value of an investment will fluctuate due to future changes in foreign exchange rates. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates.

Market risk is the risk that the value of a financial instrument will fluctuate as a result of future changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

**TRUST FUND NO. 10**  
**PROVINCIAL COURT JUDGES' PENSION PLANS**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 MARCH 2001**

**3. Investments (continued)**

Risk is reduced through asset class diversification, diversification within each asset class, quality constraints on fixed income instruments and restrictions by limiting most investments to G-7 countries. Borrowing or leveraging is not allowed. Controls are in place respecting the use of derivatives. Forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency.

**4. Investment Income**

The following table reflects the investment income of the Provincial Court Judges' Pension Plans in each of the unit trust plans for which NBIMC is trustee for the year ended 31 March 2001.

	Interest	Dividends	Current Period Increase/ (Decrease) in Market Value	Total
Fixed Income:				
Nominal Bond	\$ 355,495		\$ 202,161	\$ 557,656
New Brunswick				
Fixed Income Opportunity	11,519		2,548	14,067
	367,014	-	204,709	571,723
Inflation Linked Securities	87,468		184,824	272,292
Money Market	59,790		(1,701)	58,089
	514,272	-	387,832	902,104
Equities:				
Allocation Equity International	196,379	22,601	(971,167)	(752,187)
Allocation Equity Domestic	43,647		(270,481)	(226,834)
New Brunswick and Atlantic				
Canada Equity Opportunity	1,864	3,102	(82,382)	(77,416)
Canadian Equity	23,322	(368)	(1,396,491)	(1,373,537)
TSE Small-Cap	467	5,739	(7,767)	(1,561)
Private Equity	5,750		(107,106)	(101,356)
U.S. Real Estate	527	4,923	(20,138)	(14,688)
	271,956	35,997	(2,855,532)	(2,547,579)
Balanced:				
Student Investment	148	46	(497)	(303)
<b>Total - 2001</b>	<b>\$ 786,376</b>	<b>\$ 36,043</b>	<b>\$ (2,468,197)</b>	<b>\$ (1,645,778)</b>
<b>Total - 2000</b>	<b>\$ 540,480</b>	<b>\$ 104,117</b>	<b>\$ 3,485,096</b>	<b>\$ 4,129,693</b>

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**TRUST FUND NO. 10**  
**PROVINCIAL COURT JUDGES' PENSION PLANS**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 MARCH 2001**

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**5. Funding Policy**

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Judges' Pension Plan under the Provincial Court Act (PCA) and the Provincial Court Judges' Pension Act (PCJPA)

Effective February 18, 2000 members are required to contribute 7% of salary. The employer contributes an amount determined by an actuarial valuation that together with judges' contributions is necessary to cover current service cost. Contributions must cease when the maximum pension benefit amount (65% of average salary) is reached or age 69 whichever occurs earlier.

If additional amounts are required to amortize any unfunded liability in relation to benefits payable as determined by an actuarial valuation, the Minister of Finance shall, at the request of Board of Management, pay equal annual installments over a period determined by the Minister out of the Consolidated Fund into the Trust Fund.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco, a firm of consulting actuaries, as of 1 April 2001. This valuation disclosed an unfunded liability at 1 April 2001.

**6. Obligation for Pension Benefits**

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The present value of accrued pension benefits was determined using the accrued benefit actuarial cost method, prorated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 April 2001 by Morneau Sobeco.

Significant long-term assumptions used in the valuation are:

Rate of return on assets	7.9%
Annual wage and salary increase	4.5%
Inflation	3.5%
Rate of pension escalation after retirement	Subject to 5% maximum- 3.3% Subject to 6% maximum- 3.4%

The Canadian Institute of Chartered Accountants recommends disclosing the principal components of change in pension obligations during the year. This includes items such as interest on accrued benefits, benefits accrued, benefits paid, changes in actuarial assumptions and experience gains or losses.

Previously, pension liabilities had been extrapolated from the actuarial valuation dated March 31, 1992. Since a number of significant benefit amendments have been instituted in the interim, a comparison to March 31, 2000 would not provide a fair representation of changes in the pension obligation. For this reason, the actuarial present value of accrued pension benefits is presented as at 1 April 2001 and changes to this amount will be detailed in future notes to the financial statements.

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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2001**

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**6. Obligation for Pension Benefits (continued)**

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Any benefits exceeding those allowed under the Income Tax Act are paid by the Consolidated Fund and not Trust Fund 10. These benefits are detailed below separately from those to be paid through the Trust Fund.

Actuarial present value of accrued pension benefits to be paid through the Consolidated Fund, as at 1 April, 2001	\$2,220,100
Actuarial present value of accrued pension benefits to be paid by this Fund, as at 1 April, 2001	\$20,850,200
Net assets available for benefits as at 1 April, 2001	\$21,284,751

**7. Investments in Plan Sponsor**

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As at 31 March 2001, the Provincial Court Judges' Pension Plans held 0.3% of the total nominal bond unit trust fund of \$1,734,165,579. Of this total, \$11,845,830 consisted of Province of New Brunswick and Province of New Brunswick guaranteed securities. The Provincial Court Judges' Pension Plans held 0.4% of the total \$182,350,037 in the Money Market Fund. Of this total, \$22,844,369 consisted of New Brunswick t-bills and short term Province of New Brunswick guaranteed securities.

As at 31 March 2000, the Provincial Court Judges' Pension Plans held 0.3% of the total nominal bond unit trust fund of \$2,244,460,080. Of this total, \$11,711,389 consisted of Province of New Brunswick and Province of New Brunswick guaranteed securities. The Provincial Court Judges' Pension Plans held 0.3% of the total \$442,416,102 in the Money Market Fund. Of this total, \$19,835,091 consisted of New Brunswick t-bills.

**TRUST FUND NO. 16**  
**MARGARET R. LYND'S BEQUEST**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2001**

**TRUST FUND NO. 16**  
**MARGARET R. LYND'S BEQUEST**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2001**

<b>ASSETS</b>	<b>2001</b>	<b>2000</b>
Current:		
Cash .....	\$ 62,000	\$ 46,263
Accrued interest receivable .....	1,940	2,394
	<u>63,940</u>	<u>48,657</u>
Investments (market value \$65,135) (Note 3) .....	60,000	75,000
Deferred Charges:		
Unamortized premiums less discounts .....	(353)	27
	<u>\$ 123,587</u>	<u>\$ 123,684</u>

**FUND EQUITY**

Fund equity .....	<u>\$ 123,587</u>	<u>\$ 123,684</u>
	<u>\$ 123,587</u>	<u>\$ 123,684</u>

The accompanying notes are an integral part of these Financial Statements.

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the year ended 31 March 2001**

	<b>2001</b>	<b>2000</b>
Fund equity at beginning of year .....	<u>\$ 123,684</u>	<u>\$ 121,147</u>
Add:		
Bank interest .....	2,839	1,602
Interest earned on investments .....	6,047	7,688
	<u>8,886</u>	<u>9,290</u>
Deduct:		
Payment of E. Belle Lynds Scholarships .....	8,604	6,066
Amortization of premiums less discounts .....	379	687
	<u>8,983</u>	<u>6,753</u>
Fund equity at end of year .....	<u>\$ 123,587</u>	<u>\$ 123,684</u>

The accompanying notes are an integral part of these Financial Statements.

**TRUST FUND NO. 16  
MARGARET R. LYND'S BEQUEST  
NOTES TO FINANCIAL STATEMENTS  
(unaudited)  
31 MARCH 2001**

**1. General**

The Margaret R. Lynds Bequest Fund is held in trust by the Minister of Finance under the authority of the Last Will and Testament of Margaret R. Lynds, and a Decree Varying Trust issued by the Court of Queen's Bench of New Brunswick. Investment income from the Fund is used to award a maximum of three annual scholarships, of equal value, to students pursuing the study of communications at specified Universities. For the year ending 31 March 2001, three scholarships were awarded.

**2. Summary of Significant Accounting Policies**

**a) Basis of Accounting**

Bank interest and interest earned on investments are reported on the statement of activity on the accrual basis.

**b) Investments**

Investments in bonds and debentures are reported on the statement of financial position at par value. Unamortized premiums less discounts are reported separately on the statement as deferred charges.

**c) Discounts and Premiums**

Discounts and premiums are deferred and amortized to income on a constant yield basis over the remaining life of the related security.

**3. Investments**

Value of the investments at 31 March 2001 is as follows:

	Par Value	Net Book Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick .....	\$50,000	\$49,773	\$53,945
Bonds and debentures issued or guaranteed by other Provinces .....	<u>10,000</u>	<u>9,875</u>	<u>11,190</u>
	<u>\$60,000</u>	<u>\$59,648</u>	<u>\$65,135</u>



**TRUST FUND NO. 19**  
**THE NEW BRUNSWICK POWER CORPORATION SINKING FUND**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2001**

**TRUST FUND NO. 19**  
**THE NEW BRUNSWICK POWER CORPORATION SINKING FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2001**

ASSETS	2001	2000
Current:		
Cash .....	\$ 25,827	\$ 44,518
Short term deposits .....	-	5,800,000
Accrued interest receivable .....	848,468	1,476,179
	<u>874,295</u>	<u>7,320,697</u>
Investments (market value \$29,429,954) (Note 2) .....	29,573,000	39,528,000
Deferred charges:		
Unamortized premiums less discounts .....	(1,598,215)	4,318,865
	<u>\$ 28,849,080</u>	<u>\$ 51,167,562</u>
<b>FUND EQUITY</b>		
Fund equity .....	<u>\$ 28,849,080</u>	<u>\$ 51,167,562</u>
	<u>\$ 28,849,080</u>	<u>\$ 51,167,562</u>

The accompanying notes are an integral part of these Financial Statements.

**TRUST FUND NO. 19**  
**THE NEW BRUNSWICK POWER CORPORATION SINKING FUND**  
**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the year ended 31 March 2001**

	2001	2000
Fund equity at beginning of year .....	\$ 51,167,562	\$ 110,050,858
Add:		
Bank interest.....	2,802	6,217
Interest earned on investments .....	2,431,770	7,718,266
Net gain on disposal of debentures .....	204,583	1,635,389
Sinking fund instalments .....	2,000,000	4,000,000
Amortization of discounts less premiums.....	(1,220,638)	(2,071,008)
	<u>3,418,517</u>	<u>11,288,864</u>
Deduct:		
Funds provided for redemption of debentures:		
12.50% 01 May 2005.....	25,736,999	-
13.25% 01 November 2004.....	-	34,824,353
11.25% 10 January 2005.....	-	35,347,807
	<u>25,736,999</u>	<u>70,172,160</u>
Fund equity at end of year	<u>\$ 28,849,080</u>	<u>\$ 51,167,562</u>

The accompanying notes are an integral part of these Financial Statements.

**TRUST FUND NO. 19**  
**THE NEW BRUNSWICK POWER CORPORATION SINKING FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2001**

**1. Summary of Significant Accounting Policies**

a) The Accounting Entity

The New Brunswick Power Corporation Sinking Fund is held in trust by the Minister of Finance under the authority of Section 15 of the Electric Power Act. The Act provides that the Corporation shall pay to the Minister such payments for sinking fund purposes as may be required by the terms of any bond or debenture issue and such funds shall be retained and invested for the account of the Corporation to make payment at the maturity of any such bonds or debentures.

b) Accrual Accounting

Interest earned on investments is reported on the statement of activity on the accrual basis.

c) Foreign Currency Translation

Investments and accrued interest receivable on securities held in foreign currencies are translated at the rate of exchange prevailing at the statement of financial position date. Unrealized gains and losses arising on translation of long-term investments are deferred and amortized to income on a straight-line basis over the remaining life of the related security.

d) Valuation of Investments

Investments in bonds and debentures are reported on the statement of financial position at par value. Unamortized discounts less premiums and the unamortized balance of unrealized foreign exchange gains or losses are reported separately on the statement as deferred credits or charges. Short term deposits are reported on the statement of financial position at cost.

e) Discounts and Premiums

Discounts and premiums are deferred and amortized to income on a constant yield basis over the remaining life of the related security.

For investments in bonds and debentures in foreign currencies, the cost of investments is amortized to Canadian dollar par value, calculated as foreign currency par value at the exchange rate at the date the fund purchased the investment.

**2. Investments**

Value of the investments at 31 March 2001 is as follows:

	Par Value	Carrying Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick.....	\$ 29,573,000	\$ 27,974,785	\$ 29,429,954
	<u>\$ 29,573,000</u>	<u>\$ 27,974,785</u>	<u>\$ 29,429,954</u>

**TRUST FUND NO. 20**  
**VISCOUNT BENNETT BEQUEST**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2001**

**TRUST FUND NO. 20**  
**VISCOUNT BENNETT BEQUEST**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at March 31, 2001**

ASSETS	2001	2000
Current:		
Cash .....	\$ 95,468	\$ 96,033
Accrued interest receivable .....	4,179	4,143
	<u>99,647</u>	<u>100,176</u>
Investments (market value \$148,983) (Note 3) .....	135,000	135,000
Deferred Charges:		
Unamortized premiums less discounts .....	1,023	1,315
	<u>\$ 235,670</u>	<u>\$ 236,491</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities:		
Unexpended trust income (Note 4) .....	\$ 32,640	\$ 33,462
Fund equity .....	<u>203,030</u>	<u>203,030</u>
	<u>\$ 235,670</u>	<u>\$ 236,491</u>

The accompanying notes are an integral part of these Financial Statements.

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the Year Ended 31 March 2001**

	2001	2000
Fund equity at beginning of year .....	\$ 203,030	\$ 203,030
Add:		
Bank interest .....	5,612	2,788
Interest earned on investments .....	11,264	13,827
	<u>16,876</u>	<u>16,615</u>
Deduct:		
Amortization of premiums less discounts .....	292	734
Trust income available for expenditure .....	16,584	15,880
	<u>16,876</u>	<u>16,615</u>
Fund equity at end of year .....	<u>\$ 203,030</u>	<u>\$ 203,030</u>

The accompanying notes are an integral part of these Financial Statements.

**TRUST FUND NO. 20**  
**VISCOUNT BENNETT BEQUEST**  
**NOTES TO FINANCIAL STATEMENTS**  
(unaudited)  
**31 MARCH 2001**

**1. General**

The Viscount Bennett Bequest is held in trust by the Minister of Finance under the authority of Board of Management Minute 88-0051. The income from the fund is used for the development of the Province's historic resources.

**2. Summary of Significant Accounting Policies**

a) Basis of Accounting

Bank interest and interest earned on investments are reported on the statement of activity on the accrual basis.

b) Investments

Investments in bonds and debentures are reported on the statement of financial position at par value. Unamortized premiums less discounts are reported separately on the statement as deferred charges.

c) Discounts and Premiums

Discounts and premiums are deferred and amortized to income on a constant yield basis over the remaining life of the related security.

**3. Investments**

Value of the investments at 31 March 2001 is as follows:

	Par Value	Net Book Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick .....	\$105,000	\$106,399	\$115,413
Other bonds and debentures .....	<u>30,000</u>	<u>29,624</u>	<u>33,570</u>
	<u>\$135,000</u>	<u>\$136,023</u>	<u>\$148,983</u>

**4. Unexpended Trust Income**

Unexpended trust income from the date of inception of the fund is recorded on the balance sheet as a current liability. This represents the amount available for expenditure for the purposes of the trust.

Changes in the balance of unexpended trust income during the year were as follows:

Unexpended trust income at beginning of year .....	\$33,462
Add: Trust income for the year .....	16,584
	50,046
Less: Grants paid .....	<u>17,406</u>
Unexpended trust income at end of year .....	<u>\$32,640</u>



**TRUST FUND NO. 23**  
**ARTS DEVELOPMENT TRUST FUND**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2001**

**TRUST FUND NO. 23**  
**ARTS DEVELOPMENT TRUST FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2001**

ASSETS	2001	2000
Current:		
Cash .....	\$ 29,299	\$ 49,164
Short term deposits (par value \$1,400,000) .....	1,400,000	1,600,000
Lottery revenue receivable .....	641,405	---
Accrued interest receivable .....	299	63
	<u>\$ 2,071,003</u>	<u>\$ 1,649,227</u>

**LIABILITIES AND FUND EQUITY**

Current liabilities:		
Accounts payable .....	\$ 1,039,420	\$ 355,616
Fund equity .....	<u>1,031,583</u>	<u>1,293,611</u>
	<u>\$ 2,071,003</u>	<u>\$ 1,649,227</u>

The accompanying notes are an integral part of these Financial Statements.

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the Year Ended 31 March 2001**

	2001	2000
Fund equity at beginning of year .....	<u>\$ 1,293,611</u>	<u>\$ 1,097,030</u>
Add:		
Lottery revenues .....	700,000	700,000
Investment income .....	75,489	46,666
Bank interest .....	<u>1,903</u>	<u>2,709</u>
	<u>777,392</u>	<u>749,375</u>
Deduct:		
Arts development expenditures .....	<u>1,039,420</u>	<u>552,795</u>
Fund equity at end of year .....	<u>\$ 1,031,583</u>	<u>\$ 1,293,611</u>

The accompanying notes are an integral part of these Financial Statements.

**TRUST FUND NO. 23  
ARTS DEVELOPMENT TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
(unaudited)  
31 MARCH 2001**

**1. General**

The Arts Development Trust Fund is established under the authority of the Arts Development Trust Fund Act. The Act provides that the net profits of the Lotteries Commission of New Brunswick from the lottery scheme designated under paragraph 11.1(a) of the Lotteries Act shall be paid into the Fund. In the event that the amount paid pursuant to paragraph 11.1(a) does not total seven hundred thousand dollars, an amount sufficient to ensure that the total amount paid equals seven hundred thousand dollars shall be paid into the Fund. The Fund is held in trust by the Minister of Finance and assets of the Fund are used to provide grants to individuals and arts organizations so as to promote artistic creation and excellence in the Arts.

**2. Summary of Significant Accounting Policies**

**a) Basis of Accounting**

Revenues and expenditures are reported on the accrual basis.

**b) Short Term Deposits**

Short term deposits are reported on the statement of financial position at cost.



**TRUST FUND NO. 24**  
**SPORT DEVELOPMENT TRUST FUND**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2001**

**TRUST FUND NO. 24**  
**SPORT DEVELOPMENT TRUST FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2001**

ASSETS	2001	2000
Current:		
Cash .....	\$ 162,486	\$ 189,843
Lottery revenue receivable .....	438,552	---
Accrued interest receivable .....	655	92
	<u>\$ 601,693</u>	<u>\$ 189,935</u>

**LIABILITIES AND FUND EQUITY**

Current liabilities:		
Accounts payable .....	\$ 500,232	\$ 85,614
Fund equity .....	<u>101,461</u>	<u>104,321</u>
	<u>\$ 601,693</u>	<u>\$ 189,935</u>

The accompanying notes are an integral part of these Financial Statements.

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the Year Ended 31 March 2001**

	2001	2000
Fund equity at beginning of year .....	<u>\$ 104,321</u>	<u>\$ 96,864</u>
Add:		
Lottery revenues .....	500,000	500,000
Bank interest .....	7,372	3,845
	<u>507,372</u>	<u>503,845</u>
Deduct:		
Sport development expenditures .....	<u>510,232</u>	<u>496,389</u>
Fund equity at end of year .....	<u>\$ 101,461</u>	<u>\$ 104,321</u>

The accompanying notes are an integral part of these Financial Statements.

**TRUST FUND NO. 24**  
**SPORT DEVELOPMENT TRUST FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2001**

**1. General**

The Sport Development Trust Fund is established under the authority of the Sport Development Trust Fund Act. The Act provides that the net profits of the Lotteries Commission of New Brunswick from the lottery scheme designated under paragraph 11.1(b) of the Lotteries Act shall be paid into the Fund. In the event that the amount paid pursuant to paragraph 11.1(b) does not total five hundred thousand dollars, an amount sufficient to ensure that the total amount paid equals five hundred thousand dollars shall be paid into the Fund. The Fund is held in trust by the Minister of Finance and assets of the Fund are used to provide grants to individual athletes and sport organizations to promote leadership and excellence in sport.

**2. Summary of Significant Accounting Policies**

**a) Basis of Accounting**

Revenues and expenditures are reported on the accrual basis.

**b) Short Term Deposits**

Short-term deposits are reported on the statement of financial position at cost.



**TRUST FUND NO. 25**  
**NEW BRUNSWICK PUBLIC LIBRARIES TRUST FUND**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2001**

**TRUST FUND NO. 25**  
**NEW BRUNSWICK PUBLIC LIBRARIES TRUST FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2001**

ASSETS	2001	2000
Current:		
Cash .....	\$ 111,894	\$ 106,093
Accrued interest receivable .....	451	429
	<u>\$ 112,345</u>	<u>\$ 106,522</u>

**LIABILITIES AND FUND EQUITY**

Fund equity .....	\$ 112,345	\$ 106,522
	<u>\$ 112,345</u>	<u>\$ 106,522</u>

The accompanying notes are an integral part of these Financial Statements.

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the year ended 31 March 2001**

	2001	2000
Fund equity at beginning of year .....	\$ 106,522	\$ 101,467
Add:		
Bank interest .....	5,823	5,775
	<u>5,823</u>	<u>5,775</u>
Deduct:		
Grant earned by the Foundation .....	---	720
Fund equity at end of year .....	<u>\$ 112,345</u>	<u>\$ 106,522</u>

The accompanying notes are an integral part of these Financial Statements.

**TRUST FUND NO. 25**  
**NEW BRUNSWICK PUBLIC LIBRARIES TRUST FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2001**

**1. General**

The New Brunswick Public Libraries Trust Fund is established under the authority of the New Brunswick Public Libraries Foundation Act. The Fund is held in trust by the Minister of Finance. The purpose of the Foundation includes receiving gifts of real and personal property to support public libraries and public library services in the Province.

**2. Summary of Significant Accounting Policies**

**a) Basis of Accounting**

Revenues and expenditures are reported on the accrual basis.



**TRUST FUND NO. 29**  
**ENVIRONMENTAL TRUST FUND**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2001**

**TRUST FUND NO. 29**  
**ENVIRONMENTAL TRUST FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2001**

ASSETS	2001	2000
Current:		
Cash .....	\$ 51,373	\$ 38,765
Short term deposits (par value \$ 2,100,000) .....	2,100,000	7,100,000
Environmental fees receivable .....	833,792	860,306
Accrued interest receivable .....	602	342
	<u>\$ 2,985,767</u>	<u>\$ 7,999,412</u>

**LIABILITIES AND FUND EQUITY**

Current liabilities:		
Accounts payable .....	\$ 1,573,915	\$ 6,630,282
Fund equity .....	<u>1,411,852</u>	<u>1,369,130</u>
	<u>\$ 2,985,767</u>	<u>\$ 7,999,412</u>

The accompanying notes are an integral part of these Financial Statements.

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the year ended 31 March 2001**

	2001	2000
Fund equity at beginning of year .....	<u>\$ 1,369,130</u>	<u>\$ 1,806,891</u>
Add:		
Environmental fees .....	4,698,236	5,004,543
Video gaming revenues .....	---	10,000,000
Interest earned on investments .....	195,746	280,188
Bank interest .....	6,288	3,792
	<u>4,900,270</u>	<u>15,288,523</u>
Deduct:		
Expenditures .....	<u>4,857,548</u>	<u>15,726,284</u>
Fund equity at end of year .....	<u>\$ 1,411,852</u>	<u>\$ 1,369,130</u>

The accompanying notes are an integral part of these Financial Statements.

**TRUST FUND NO. 29  
ENVIRONMENTAL TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
(unaudited)  
31 MARCH 2001**

**1. General**

The Environmental Trust Fund is established under the authority of the Environmental Trust Fund Act. The Beverage Containers Act provides that fifty per cent of the environmental fees shall be paid into the Fund.

Under the Environmental Trust Fund Act, the Minister of Finance is the custodian and trustee of the Fund. The assets of the Fund are to be used to pay for costs incurred to provide for environmental protection and restoration, and to promote the sustainable development of natural resources within the Province.

**2. Summary of Significant Accounting Policies**

**a) Basis of Accounting**

Revenues and expenditures are recorded on the accrual basis.

**b) Short Term Deposits**

Short term deposits are reported on the statement of financial position at cost.



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**FINANCIAL STATEMENTS**

**PENSION PLAN FOR MANAGEMENT EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS**

**31 DECEMBER 2000**

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Office of the  
Auditor General

Bureau du  
vérificateur général



## AUDITOR'S REPORT

To the Honourable Norman Betts  
Minister of Finance  
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Pension Plan for Management Employees of New Brunswick School Districts as at 31 December 2000 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. 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 Plan's trustee, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at 31 December 2000 and the results of its activities for the year then ended in accordance with Canadian generally accepted accounting principles.

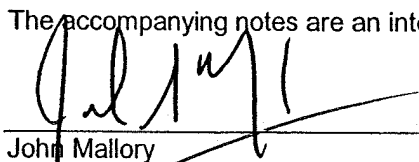
Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
30 April 2001

**TRUST FUND NO. 30  
PENSION PLAN FOR MANAGEMENT EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
31 DECEMBER 2000**

	2000	1999
<b>ASSETS</b>		
Investments		
Money market instruments	\$ 344,540	\$ 480,568
Bonds and debentures	7,632,516	6,336,915
Canadian common stocks	4,646,000	5,547,823
Foreign pooled equities	1,828,815	1,915,129
	<u>14,451,871</u>	<u>14,280,435</u>
Receivables		
Accrued interest and dividends	<u>66,334</u>	<u>71,934</u>
Cash	<u>4,193</u>	<u>11,842</u>
Total assets	<u>14,522,398</u>	<u>14,364,211</u>
<b>LIABILITIES</b>		
Accounts payable	<u>44,208</u>	<u>45,380</u>
Total liabilities	<u>44,208</u>	<u>45,380</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$ 14,478,190</u>	<u>\$ 14,318,831</u>

The accompanying notes are an integral part of these financial statements.

  
John Mallory  
Deputy Minister of Finance

**TRUST FUND NO. 30  
PENSION PLAN FOR MANAGEMENT EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED 31 DECEMBER 2000**

	2000	1999
<b>INCREASE IN ASSETS</b>		
Investment income		
Interest	\$ 477,779	\$ 548,448
Dividends	436,375	65,533
Current period increase (decrease) in market value of investment	(71,501)	984,130
Total increase in assets	842,653	1,598,111
<b>DECREASE IN ASSETS</b>		
Pensions	640,627	586,661
Refunds	8,190	3,868
Investment management fees	23,522	25,330
Custodial fees	10,574	8,473
Administrative expenses	381	619
Members electing to transfer past service to Public Service Superannuation Plan (Note 4)	-	51,849
Total decrease in assets	683,294	676,800
<b>INCREASE IN NET ASSETS</b>	159,359	921,311
<b>NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR</b>	14,318,831	13,397,520
<b>NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR</b>	\$ 14,478,190	\$ 14,318,831

The accompanying notes are an integral part of these financial statements.

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**TRUST FUND NO. 30  
PENSION PLAN FOR MANAGEMENT EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 2000**

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**1. Description of Plan**

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The following description of the Pension Plan for Management Employees of New Brunswick School Districts is a summary only. For more information, reference should be made to the Plan Document.

**(a) General**

The Plan is a contributory defined benefit pension plan which provides retirement benefits for Management Employees of New Brunswick School Districts and their dependents. The Plan is administered by the Department of Finance.

**(b) Funding Policy**

Prior to 1 September 1996, plan members contributed a percentage of their salaries and the employer was required to contribute the balance of the cost of providing accrued benefits under the Plan. The determination of the value of benefits is made on the basis of an actuarial valuation (see note 3).

Effective 1 September 1996, all active contributors to the plan ceased and those individuals still employed commenced membership in the Public Service Superannuation Plan.

**(c) Service Pensions**

Effective January 1996, normal retirement pension equals 2.0% (for service before 1990) and 1.5% (for service after 1989) of average annual salary during the highest paid continuous 5 years up to the year's maximum pensionable earnings (YMPE) and 2% of the average salary above the YMPE multiplied by the number of years of pensionable service. The pension continues for the lifetime of the pensioner. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 3%.

Normal retirement age is 65. Unreduced pension is available at age 60 with 5 years of pensionable service. Reduced benefits are available at age 55 with 5 years pensionable service.

A past service grant was provided for services rendered between 1 January 1967 and 1 March 1974 for individuals hired as management employees of NB School Boards prior to 1 March 1974 who have been continuously employed by a School Board and who were active contributors to the plan at 1 January 1996.

Individuals had until 31 December 1996 to decide on the following options with respect to accrued benefits under the said plan:

- a) take advantage of the intra-provincial reciprocal pension transfer agreement,
- b) transfer the value of their pension to the Public Service plan, or
- c) obtain a refund of contributions with interest, which was only permitted if the individual was not successful in obtaining employment covered by the Public Service Superannuation Act.

**(d) Disability Pensions**

A disability pension is not provided for under the terms of the Plan Agreement.

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**TRUST FUND NO. 30  
PENSION PLAN FOR MANAGEMENT EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 2000**

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**1. Description of Plan (Continued)**

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**(e) Death Benefits**

If a vested member dies after retirement and has a spouse or dependent children then an immediate 50% spouse's or dependent's pension is payable. If a member dies prior to retirement a refund of the member's required contributions with interest is payable to the deceased member's beneficiary.

**(f) Benefits on Termination**

Upon termination of employment, a member who has less than 5 years of pensionable service is entitled to a refund of contributions made to the Plan with accumulated interest. A member with more than 5 years pensionable service may elect to receive an annual pension payable commencing on his normal retirement date or a refund of contributions made to the Plan with accumulated interest.

**(g) Income Taxes**

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

**2. Summary of Significant Accounting Policies**

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**(a) Basis of Presentation**

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

**(b) Investments**

All investments are recorded as of settlement date. Investments are carried at market value except for money market instruments, which are carried at cost.

**(c) Foreign Currency Translation**

Investments in equities denominated in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the statement of net assets available for benefits.

**3. Funding Policy**

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This Plan is being curtailed. All former members have been given the option to transfer their benefits to the Public Service plan or to take a deferred pension from this Plan. There are no current contributors to the Plan.

**TRUST FUND NO. 30  
PENSION PLAN FOR MANAGEMENT EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 2000**

**3. Funding Policy (Continued)**

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of 1 September 1996. This valuation disclosed fully funded accrued benefits as at 1 September 1996.

**4. Obligation for Pension Benefits**

The present value of accrued pension benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 January 1993 by Morneau Sobeco, a firm of consulting actuaries, and was then extrapolated to 31 December 2000.

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	Short-term Assumptions
Rate of return on assets	8.16%	6.08% to 7.64%
Annual wage and salary increase	4.75%	1.5% to 4.0%
Inflation	4.00%	2.0% to 3.5%
Rate of pension escalation after retirement	2.00%	2.0%

The actuarial present value of benefits as at 31 December and the principal components of changes in actuarial present values during the year, were as follows:

	(in millions)	
	2000	1999
Actuarial present value of accrued pension benefits at beginning of year	\$ 9.24	\$ 9.33
Interest accrued on benefits	0.54	0.55
Transfer to Public Service Superannuation Plan	-	(0.05)
Benefits paid	(0.65)	(0.59)
Actuarial present value of accrued pension benefits at end of year	\$ 9.13	\$ 9.24
Net assets available for benefits	\$ 14.48	\$ 14.32

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**TRUST FUND NO. 30  
PENSION PLAN FOR MANAGEMENT EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 2000**

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**4. Obligation for Pension Benefits (Continued)**

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Members in the Plan as at 1 January 1996 had to elect by 31 March 1998 whether they wished to transfer service from the Plan to the Public Service Superannuation Plan or elect a deferred pension. This information was received during 1998 and the value of the transfer calculated by the actuary was \$4.32 million as at 31 March 1998. This amount, accumulated with interest to the date of transfer, was transferred to the Public Service Superannuation Plan on 30 September 1999.

**5. Investments in Plan Sponsor**

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As at December 31, 2000, The Pension Plan for Management Employees of New Brunswick School Districts held \$60,438 of Province of New Brunswick bonds.

**6. Prior period adjustment**

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Since October 1998, the allocation of custodial fees between the Pension Plan for Management Employees of New Brunswick School Districts and the Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts has been incorrect. The problem was rectified in July 2000 and as a result, the 1999 comparative figures have been restated.

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**FINANCIAL STATEMENTS**

**PENSION PLAN FOR GENERAL LABOUR, TRADES  
AND SERVICES EMPLOYEES OF  
NEW BRUNSWICK SCHOOL DISTRICTS**

**31 DECEMBER 2000**

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Office of the  
Auditor General

Bureau du  
vérificateur général



## AUDITOR'S REPORT

To the Honourable Norman Betts  
Minister of Finance  
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts as at 31 December 2000 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. 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 Plan's trustee, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at 31 December 2000 and the results of its activities for the year then ended in accordance with Canadian generally accepted accounting principles.

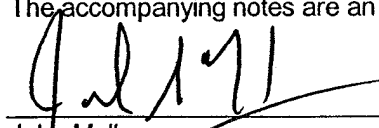
Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
30 April 2001

**TRUST FUND NO. 31  
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
31 DECEMBER 2000**

	2000	1999
<b>ASSETS</b>		
Investments		
Money market instruments	\$ 12,353,203	\$ 13,184,104
Bonds and debentures	64,466,535	52,433,441
Canadian equities	60,704,033	56,303,081
Foreign equities	34,875,734	29,714,076
	<u>172,399,505</u>	<u>151,634,702</u>
Receivables		
Employee contributions	120,775	164,271
Employer contributions	305,888	319,951
Accrued interest and dividends	853,373	604,306
Accounts receivable	390	390
	<u>1,280,426</u>	<u>1,088,918</u>
Cash	<u>224,532</u>	<u>(195,038)</u>
Total assets	<u>173,904,463</u>	<u>152,528,582</u>
<b>LIABILITIES</b>		
Accounts payable	<u>856,760</u>	<u>1,082,421</u>
Total liabilities	<u>856,760</u>	<u>1,082,421</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$ 173,047,703</u>	<u>\$ 151,446,161</u>

The accompanying notes are an integral part of these financial statements.

  
John Mallory  
Deputy Minister of Finance

**TRUST FUND NO. 31  
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED 31 DECEMBER 2000**

	2000	1999
<b>INCREASE IN ASSETS</b>		
Investment income		
Interest	\$ 3,676,793	\$ 3,098,026
Dividends	1,962,390	1,934,242
Current period increase in market value of investments	20,160,672	17,027,206
Pension contributions		
Employee	2,239,678	2,311,408
Employer	2,138,001	2,162,187
Total increase in assets	30,177,534	26,533,069
<b>DECREASE IN ASSETS</b>		
Pensions	5,554,180	5,193,757
Refunds	2,239,828	3,881,204
Administrative expenses	311,596	334,397
Investment management fees	427,794	437,921
Custodial fees	22,024	18,155
Performance measurement fees	20,570	12,060
Total decrease in assets	8,575,992	9,877,494
<b>INCREASE IN NET ASSETS</b>	21,601,542	16,655,575
<b>NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR</b>	151,446,161	134,790,586
<b>NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR</b>	\$ 173,047,703	\$ 151,446,161

The accompanying notes are an integral part of these financial statements.

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**TRUST FUND NO. 31  
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 2000**

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**1. Description of Plan**

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The following description of the Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts is a summary only. For more information, reference should be made to the Collective Agreement and Plan Document.

**(a) General**

The Plan is a contributory defined benefit pension plan covering General Labour, Trades and Services Employees of New Brunswick School Districts. The Plan is administered by Morneau Sobeco, under the direction and with the assistance of the Department of Finance.

**(b) Funding Policy**

Contributions are made by the Plan members and the Plan sponsor to fund the benefits determined under the Plan. The determination of the value of benefits is made on the basis of an actuarial valuation (see note 3).

**(c) Service Pensions**

Effective 1 April 1998, normal retirement pension equals 1.75% (for service before 1997) of average annual salary during the highest paid consecutive 5 years up to the year's maximum pensionable earnings (YMPE) and 2% (for service after 1997) of the average salary above the YMPE multiplied by the number of years of pensionable service plus 1.4% (for service after 1997) of average annual salary during the highest paid consecutive 5 years multiplied by the number of years of pensionable service. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 2%.

A member may elect from one of three optional forms of pensions being: 1) life pension with no guarantee period; 2) life pension with guarantee period of 5 or 10 years or 3) joint life and last survivor pension. There are also supplementary pension benefits available when the normal retirement pension is less than \$1,500 per year.

Normal retirement age is 65. Unreduced pension benefits are available at age 60 with 5 years continuous employment. Reduced benefits are available on retirement as early as age 55 with 5 years of continuous employment. Bridging benefits are available for retirement commencing between the ages of 55 to 65.

**(d) Disability Pensions**

A disability pension is not provided for under the terms of the Plan Agreement.

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**TRUST FUND NO. 31  
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 2000**

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**1. Description of Plan (Continued)**

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**(e) Death Benefits**

If a member dies prior to retirement and before completing 5 years continuous employment, the benefit payable to his beneficiary or estate is a refund of all contributions made by the member with accumulated interest.

If a member dies after 31 December 1997 and prior to retirement and has completed 5 or more years of continuous employment, the beneficiary or estate shall be paid the Commuted Value of the deferred pension as at the date of the member's death. The Commuted Value is the deferred pension to which the member would have been entitled had the member's continuous employment terminated just prior to their death. In addition, excess contributions (if applicable) to which the member would have been entitled would be refunded to the designated beneficiary or estate.

If the member dies after 31 December 1997 and after retirement and was in receipt of a pension benefit, the death benefit payable is determined in accordance with the provisions of the form of pension selected by the member.

**(f) Benefits on Termination**

A member who has less than 5 years of continuous employment and is terminated is entitled to a refund of contributions made to the Plan with accumulated interest.

A member with more than 5 years continuous employment who has terminated may elect to receive a deferred pension commencing on his normal retirement date or an amount equal to the Commuted Value. The Commuted Value is, as at the date of the member's termination, the deferred pension to which the member would have been entitled. The Commuted Value of the deferred pension is to be transferred on a locked-in basis to any registered retirement savings arrangement where the transfer is allowed under the Pension Benefits Act.

**(g) Income Taxes**

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

**2. Summary of Significant Accounting Policies**

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**(a) Basis of Presentation**

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

**TRUST FUND NO. 31  
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 2000**

**2. Summary of Significant Accounting Policies (Continued)**

**b) Investments**

All investments are recorded as of settlement date. Investments are carried at market value except for money market instruments, which are carried at cost.

**(c) Foreign Currency Translation**

Investments in equities denominated in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the statement of net assets available for benefits.

**(d) Pension Contributions**

Contributions are recorded in the period that the payroll deductions are made.

**3. Funding Policy**

In accordance with the Plan Agreement, employees are required to contribute 4.5% of their earnings up to the year's maximum pensionable earnings (YMPE) plus 6% of earnings above the YMPE. The employer is required to contribute an amount necessary in the opinion of an actuary based on an actuarial valuation, which when combined with employee contributions will provide for the benefits stipulated under the Plan. In no event shall employer-required contributions be less than 95% of employee contributions.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of 1 January 2000. This valuation disclosed that accrued benefits are fully funded.

**4. Obligation for Pension Benefits**

The present value of accrued benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. An actuarial valuation was made as of 1 January 2000 by Morneau Sobeco, a firm of consulting actuaries, and was then extrapolated to 31 December 2000.

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	Short-term Assumptions
Rate of return on assets	7.9%	7.9%
Annual wage and salary increase	4.0%	2.0% to 4.0%
Inflation	2.0%	2.0%
Rate of pension escalation after retirement	2.0%	2.0%

**TRUST FUND NO. 31  
PENSION PLAN FOR GENERAL LABOUR, TRADES AND SERVICES EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 2000**

**4. Obligation for Pension Benefits (Continued)**

The actuarial present value of benefits as at 31 December and the principal components of changes in actuarial present values during the year, were as follows:

	(in millions)	
	2000	1999
Actuarial present value of accrued pension benefits at beginning of year	\$ 117.07	\$ 112.30
Effect of experience gains and losses and change in assumptions	6.22	-
Restated actuarial present value of accrued pension benefits at beginning of year	123.29	112.30
Interest accrued on benefits	9.63	9.27
Benefits accrued	5.04	4.57
Benefits paid	(7.79)	(9.07)
Plan amendments	10.58	-
Actuarial present value of accrued pension benefits at end of year	\$ 140.75	\$ 117.07
Net assets available for benefits	\$ 173.05	\$ 151.45

**5. Prior period adjustment**

Since October 1998, the allocation of custodial fees between the Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts and the Pension Plan for Management Employees of New Brunswick School Districts has been incorrect. The problem was rectified in July 2000 and as a result, the 1999 comparative figures have been restated.

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FINANCIAL STATEMENTS

**PENSION PLAN FOR FULL-TIME  
CUPE 2745 EMPLOYEES OF  
NEW BRUNSWICK SCHOOL DISTRICTS**

**31 DECEMBER 2000**

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Office of the  
Auditor General

Bureau du  
vérificateur général



## AUDITOR'S REPORT

To the Honourable Norman Betts  
Minister of Finance  
Province of New Brunswick

I have audited the statement of net assets available for benefits of the Pension Plan for Full Time CUPE 2745 Employees of New Brunswick School Districts as at 31 December 2000 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's trustee. 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 Plan's trustee, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at 31 December 2000 and the results of its activities for the year then ended in accordance with Canadian generally accepted accounting principles.

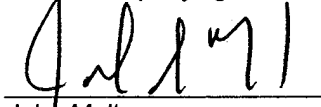
Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
30 April 2001

**TRUST FUND NO. 32  
PENSION PLAN FOR FULL-TIME CUPE 2745 EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
31 DECEMBER 2000**

	2000	1999
<b>ASSETS</b>		
Investments		
Money market instruments	\$ 3,928,411	\$ 3,321,358
Bonds and debentures	12,288,714	9,126,488
Canadian equities	10,292,160	9,620,872
Foreign equities	7,244,835	6,773,217
	<u>33,754,120</u>	<u>28,841,935</u>
Receivables		
Employee contributions	16,036	31,123
Employer contributions	50,438	64,390
Accrued interest and dividends	196,146	126,823
	<u>262,620</u>	<u>222,336</u>
Cash	<u>23,134</u>	<u>14,136</u>
Total assets	<u>34,039,874</u>	<u>29,078,407</u>
<b>LIABILITIES</b>		
Accounts payable	<u>66,341</u>	<u>55,728</u>
Total liabilities	<u>66,341</u>	<u>55,728</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$ 33,973,533</u>	<u>\$ 29,022,679</u>

The accompanying notes are an integral part of these financial statements.

  
John Mallory  
Deputy Minister of Finance

**TRUST FUND NO. 32  
PENSION PLAN FOR FULL-TIME CUPE 2745 EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED 31 DECEMBER 2000**

	2000	1999
<b>INCREASE IN ASSETS</b>		
Investment income		
Interest	\$ 909,443	\$ 640,158
Dividends	364,175	191,081
Current period increase in market value of investments	3,489,560	4,205,465
Pension contributions		
Employee	420,685	454,521
Employer	385,944	427,907
Total increase in assets	5,569,807	5,919,132
<b>DECREASE IN ASSETS</b>		
Pensions	383,596	323,485
Refunds	86,292	323,570
Administrative expenses	88,232	105,348
Investment management fees	54,350	46,182
Custodial fees	6,483	7,296
Total decrease in assets	618,953	805,881
<b>INCREASE IN NET ASSETS</b>	4,950,854	5,113,251
<b>NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR</b>	29,022,679	23,909,428
<b>NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR</b>	\$ 33,973,533	\$ 29,022,679

The accompanying notes are an integral part of these financial statements.

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**TRUST FUND NO. 32  
PENSION PLAN FOR FULL-TIME CUPE 2745 EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 2000**

---

**1. Description of Plan**

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The following description of the Pension Plan for Full-Time CUPE 2745 Employees of New Brunswick School Districts is a summary only. For more information, reference should be made to the Collective Agreement and Plan Document.

**(a) General**

The Plan is a contributory defined benefit pension plan covering Full-Time CUPE 2745 Employees of New Brunswick School Districts. The Plan is administered by Morneau Sobeco, under the direction and with the assistance of the Department of Finance.

**(b) Funding Policy**

Contributions are made by the Plan members and the Plan sponsor to fund the benefits determined under the Plan. The determination of the value of benefits is made on the basis of an actuarial valuation (see note 3).

**(c) Service Pensions**

Effective 8 October 1998, normal retirement pension equals 2% (for service before January 1997) of average annual salary during the highest paid consecutive 5 years multiplied by the number of years of pensionable service plus 1.45% (for service between 1 January 1997 and 1 September 1997) of average annual salary during the highest paid consecutive 5 years multiplied by the number of years of pensionable service plus 1.3% (for service after 31 August 1997) of average annual salary during the highest paid consecutive 5 years multiplied by the number of years of pensionable service. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 2%.

A member may elect from one of three optional forms of pensions being: 1) life pension with no guarantee period; 2) life pension with guarantee period of 5 or 10 years or 3) joint life and last survivor pension. There are also supplementary pension benefits available when the normal retirement pension is less than \$1,500 per year.

Normal retirement age is 65. Unreduced pension benefits are available at age 60 with 5 years continuous employment. Reduced benefits are available on retirement at age 55 with 5 years continuous employment.

**(d) Disability Pensions**

A disability pension is not provided for under the terms of the Plan Agreement.

**(e) Death Benefits**

If a member dies prior to retirement and before completing 5 years continuous employment, the benefit payable to his beneficiary or estate is a refund of all contributions made by the member with accumulated interest.

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**TRUST FUND NO. 32  
PENSION PLAN FOR FULL-TIME CUPE 2745 EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 2000**

---

**1. Description of Plan (Continued)**

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If a member dies after 31 December 1997 and prior to retirement and has completed 5 or more years of continuous employment, the beneficiary or estate shall be paid an amount equal to the Commuted Value. The Commuted Value is, as at the date of the member's death, the deferred pension to which the member would have been entitled had the member's continuous employment terminated just prior to their death. In addition, excess contributions (if applicable) to which the member would have been entitled would be refunded to the designated beneficiary or estate.

If the member dies after 31 December 1997 and after retirement and was in receipt of a pension benefit, the death benefit payable is determined in accordance with the provisions of the form of pension selected by the member.

**(f) Benefits on Termination**

A member who has less than 5 years of continuous employment and is terminated is entitled to a refund of contributions made to the Plan with accumulated interest.

A member with more than 5 years continuous employment who has terminated may elect to receive a deferred pension commencing on his normal retirement date or an amount equal to the Commuted Value. The Commuted Value is, as at the date of the member's termination, the deferred pension to which the member would have been entitled. The Commuted Value of the deferred pension is to be transferred on a locked-in basis to any registered retirement savings arrangement where the transfer is allowed under the Pension Benefits Act.

**(g) Income Taxes**

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

**2. Summary of Significant Accounting Policies**

---

**(a) Basis of Presentation**

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsor and plan members. These statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

**(b) Investments**

All investments are recorded as of settlement date. Investments are carried at market value except for money market instruments which are carried at cost.

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**TRUST FUND NO. 32  
PENSION PLAN FOR FULL-TIME CUPE 2745 EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 2000**

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**2. Summary of Significant Accounting Policies (Continued)**

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**(c) Foreign Currency Translation**

Investments in equities denominated in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the statement of net assets available for benefits.

**(d) Pension Contributions**

Contributions are recorded in the period that the payroll deductions are made.

**3. Funding Policy**

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In accordance with the Plan Agreement, employees are required to contribute 4.5% of their earnings up to the year's maximum pensionable earnings (YMPE), plus 6% of earnings above YMPE. The employer is required to contribute an amount necessary, in the opinion of an actuary based on an actuarial valuation, which when combined with employee contributions will provide for the benefits stipulated under the Plan. The employer contributions shall not exceed 95% of the employee contributions.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of 1 January 2000. This valuation disclosed that accrued benefits are fully funded.

**4. Obligation for Pension Benefits**

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The present value of accrued benefits was determined using the projected unit credit method pro-rated on service and actuarial assumptions which reflect management's best estimate for the future. A preliminary actuarial valuation was made as of 1 January 2000 by Morneau Sobeco, a firm of consulting actuaries, and was then extrapolated to 31 December 2000.

Significant long-term assumptions and the range of short-term assumptions used in the valuation are:

	Long-term Assumptions	Short-term Assumptions
Rate of return on assets	7.9%	7.9%
Annual wage and salary increase	4.0%	2.0% to 4.0%
Inflation	2.0%	2.0%
Rate of pension escalation after retirement	2.0%	2.0%

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**TRUST FUND NO. 32  
PENSION PLAN FOR FULL-TIME CUPE 2745 EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 2000**

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**4. Obligation for Pension Benefits (Continued)**

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The actuarial present value of benefits as at 31 December and the principal components of changes in actuarial present values during the year, were as follows:

	(in millions)	
	2000	1999
Actuarial present value of accrued pension benefits at beginning of year	\$ 21.26	\$ 19.53
Effect of experience gains and losses and change in assumptions	1.12	-
Restated actuarial present value of accrued pension benefits at beginning of year	22.38	19.53
Interest accrued on benefits	1.78	1.65
Benefits accrued	0.78	0.73
Benefits paid	(0.47)	(0.65)
Actuarial present value of accrued pension benefits at end of year	\$ 24.47	\$ 21.26
Net assets available for benefits	\$ 33.97	\$ 29.02