



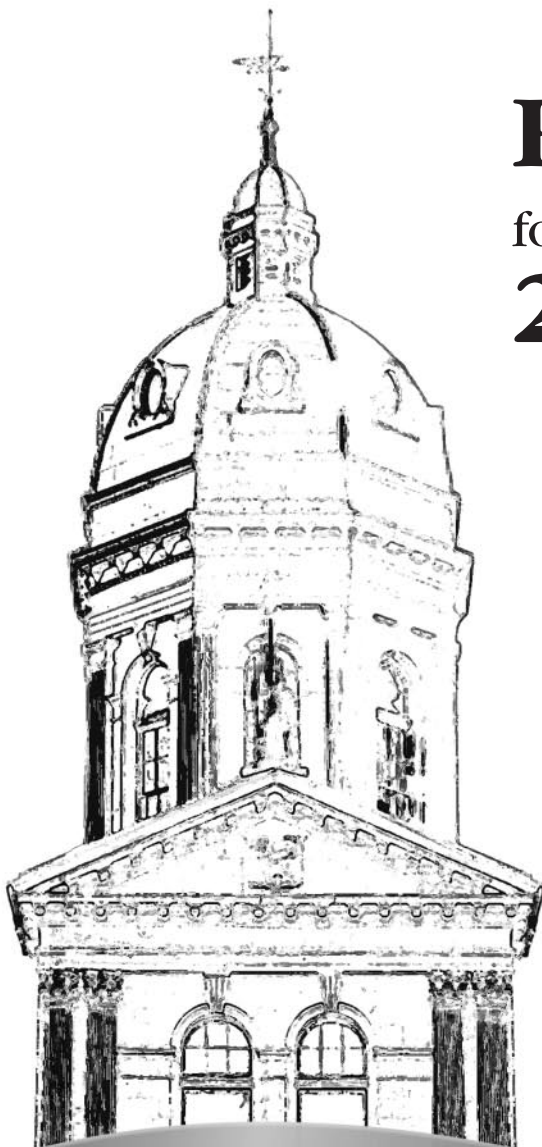
# Public Accounts

for the fiscal year ended 31 March  
**2000**

## Volume 4 Trust Funds

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





# Public Accounts

for the fiscal year ended 31 March  
**2000**

## Volume 4 Trust Funds

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Authority of the Legislature  
Fredericton, N.B.  
ISSN 0382-1277



**TABLE OF CONTENTS**

Trust Fund No. 4 - Public Service Superannuation Plan	1
Trust Fund No. 7 - Teachers' Pension Plan	13
Trust Fund No. 8 - Group Insurance Trust Fund	25
Trust Fund No. 9 - Mental Health Trust Fund	29
Trust Fund No. 10 - Provincial Court Judges' Pension Plans	33
Trust Fund No. 16 - Margaret R. Lynds Bequest	47
Trust Fund No. 19 - The New Brunswick Power Corporation Sinking Fund	51
Trust Fund No. 20 - Viscount Bennett Bequest	55
Trust Fund No. 23 - Arts Development Trust Fund	59
Trust Fund No. 24 - Sport Development Trust Fund	63
Trust Fund No. 25 - New Brunswick Public Libraries Trust Fund	67
Trust Fund No. 29 - Environmental Trust Fund	71
Trust Fund No. 30 - Pension Plan for Management Employees of New Brunswick School Districts	75
Trust Fund No. 31 - Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts	83
Trust Fund No. 32 - Pension Plan for Full-Time CUPE 2745 Employees of New Brunswick School Districts	91
Pension Plan for CUPE Employees of New Brunswick Hospitals	99

## 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 and Capital Loans, 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).

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 1999 in excess of \$40,000.

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FINANCIAL STATEMENTS

**PUBLIC SERVICE SUPERANNUATION  
PLAN**

**31 MARCH 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 Public Service Superannuation Plan as at 31 March 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 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 2000 and the results of its activities for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
26 January 2001



**TRUST FUND NO. 4  
PUBLIC SERVICE SUPERANNUATION PLAN  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
31 MARCH 2000**

	2000	1999
<b>ASSETS</b>		
Investments (note 3)	\$ 3,172,267,069	\$ 2,601,919,501
Receivables		
Employee contributions	6,412,010	4,715,588
Employer contributions	10,847,640	8,537,409
Due from other plan (note 7)	-	4,402,895
	<u>17,259,650</u>	<u>17,655,892</u>
Total assets	<u>3,189,526,719</u>	<u>2,619,575,393</u>
<b>LIABILITIES</b>		
Accounts payable	<u>494,519</u>	<u>440,056</u>
Total liabilities	<u>494,519</u>	<u>440,056</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$ 3,189,032,200</u>	<u>\$ 2,619,135,337</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 2000**

	2000	1999
<b>INCREASE IN ASSETS</b>		
Investment income (loss) (note 4)	\$ 561,222,646	\$ (21,486,586)
Pension contributions		
Employee	46,302,517	42,838,703
Employer - normal (note 5)	39,042,768	36,748,676
- special payment re unfunded liability (note 6)	40,554,028	39,170,092
Transfer from Pension Plan for Management Employees of New Brunswick School Districts (note 7)	64,812	4,402,895
Transfers under reciprocal agreements	630,674	655,706
	<hr/>	<hr/>
Total increase in assets	687,817,445	102,329,486
<b>DECREASE IN ASSETS</b>		
Pensions	106,556,834	101,325,929
Refunds	5,223,827	5,332,537
Transfers under reciprocal agreements	1,838,378	5,993,250
Administrative expenses	2,100,003	2,185,079
Investment management fees	2,201,540	1,719,861
	<hr/>	<hr/>
Total decrease in assets	117,920,582	116,556,656
<b>INCREASE (DECREASE) IN NET ASSETS</b>	569,896,863	(14,227,170)
<b>NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR</b>	<hr/>	<hr/>
	2,619,135,337	2,633,362,507
<b>NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR</b>	<hr/>	<hr/>
	\$ 3,189,032,200	\$ 2,619,135,337

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 2000**

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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 Plan is administered by the Department of Finance.

**(b) Funding Policy**

Under the Plan, contributions are made by the Plan members and the Plan sponsor. 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**

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 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 pensionable service. Reduced benefits are available at age 55 with 5 years of service.

**(d) Disability Pensions**

An active member who becomes disabled after 31 December 1992 is no longer eligible for an immediate pension from the Plan.

**(e) Death Benefits**

On death prior to completing 5 years of pensionable service, the benefit payable is a refund of the member's contributions with interest. An immediate pension 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.

**(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 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.

**(g) 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 2000**

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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.

**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 2000**

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**3. Investments (continued)**

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**(b) Investments**

There are currently 10 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, 2000:

**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 Bond:**

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.

**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 2000**

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**3. Investments (continued)**

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**New Brunswick Equity:**

This fund invests in public and private equities of New Brunswick 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.

**Canadian Small Capitalization Equity:**

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.

**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 EAFE Equity Fund and United States Equity Fund were closed at the opening of business on April 1, 1999.

**TRUST FUND NO. 4  
PUBLIC SERVICE SUPERANNUATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

**3. Investments (continued)**

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

	Units	Unit Value	2000 Amount	1999 Amount
<b>Fixed Income:</b>				
Nominal Bond	1,068,366	\$ 1,017	\$ 1,086,695,082	\$ 930,445,122
New Brunswick Bond	24,550	1,105	27,139,007	13,673,971
			1,113,834,089	944,119,093
Inflation Linked Securities	278,477	1,112	309,772,963	272,553,467
Money Market	214,363	1,057	226,616,895	143,004,533
			1,650,223,947	1,359,677,093
<b>Equities:</b>				
Allocation Equity International	286,073	1,386	396,482,089	192,706,027
Allocation Equity Domestic	51,273	1,831	93,869,483	-
New Brunswick Equity	3,821	1,936	7,395,523	7,973,956
Canadian Equity	696,342	1,318	917,468,219	934,281,041
Canadian Small Capitalization Equity	103,602	1,025	106,187,092	78,435,259
EAFE Equity	-	-	-	1,472,936
United States Equity	-	-	-	26,857,751
			1,521,402,406	1,241,726,970
<b>Balanced:</b>				
Student Investment	485	1,320	640,716	515,438
			<b>\$ 3,172,267,069</b>	<b>\$ 2,601,919,501</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 2000**

**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 2000.

	Interest	Dividends	Current Period Increase/ (Decrease) in Market Value	Total
<b>Fixed Income:</b>				
Nominal Bond	\$ 46,950,643	\$ -	\$ (39,395,518)	\$ 7,555,125
New Brunswick Bond	1,464,582	-	(730,591)	733,991
	48,415,225	-	(40,126,109)	8,289,116
Inflation Linked Securities	10,580,531	-	21,577,075	32,157,606
Money Market	7,391,807	-	1,044,526	8,436,333
	66,387,563	-	(17,504,508)	48,883,055
<b>Equities:</b>				
Allocation Equity International	11,834,994	25,841	67,024,268	78,885,103
Allocation Equity Domestic	3,442,414	99,789	47,312,168	50,854,371
New Brunswick Equity	3,163	59,442	5,701,495	5,764,100
Canadian Equity	1,135,753	11,436,621	343,842,260	356,414,634
Canadian Small Capitalization Equity	37,335	2,095,011	18,163,759	20,296,105
	16,453,659	13,716,704	482,043,950	512,214,313
<b>Balanced:</b>				
Student Investment	17,888	5,084	102,306	125,278
<b>Total - 2000</b>	<b>\$ 82,859,110</b>	<b>\$ 13,721,788</b>	<b>\$ 464,641,748</b>	<b>\$ 561,222,646</b>
<b>Total - 1999</b>	<b>\$ 82,201,823</b>	<b>\$ 20,116,924</b>	<b>\$ (123,805,333)</b>	<b>\$ (21,486,586)</b>

**5. Pension Contributions from Employers**

Pension contributions from employers are as follows:

	2000	1999
Province of New Brunswick	\$ 22,711,975	\$ 22,356,648
New Brunswick Power Corporation	7,778,772	7,115,109
University of New Brunswick	1,691,759	1,592,595
Workplace Health, Safety and Compensation Commission	929,862	866,205
New Brunswick Liquor Corporation	619,833	619,308
Other	5,310,567	4,198,811
	<b>\$ 39,042,768</b>	<b>\$ 36,748,676</b>



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**TRUST FUND NO. 4  
PUBLIC SERVICE SUPERANNUATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**6. Funding Policy**

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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, there will no longer be special payments made by the Consolidated Fund and certain government agencies.

These special payments were pursuant to the Public Service Superannuation Act, which stated that the Consolidated Fund and certain government agencies were to pay an amount into the Public Service Superannuation Fund that was in addition to the employer contribution for current service costs. The additional amount paid during the fiscal year ended 31 March 2000 was \$40.6 million (\$39.2 million for 1999). The special payment amounts were to be paid in each fiscal year until the benefits under the Act were fully funded as determined by an actuarial valuation.

**7. Transfer from Pension Plan for Management Employees of New Brunswick School Districts**

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Members in the Pension Plan for Management Employees as at 1 January 1996 had to elect by 31 March 1998 whether they wished to transfer service from the Pension Plan for Management Employees 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 September 30, 1999. The amount transferred was \$4,467,707.

**8. 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. An actuarial valuation was made as of 1 April 2000 by Morneau Sobeco.

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

	<b>Long-term Assumptions</b>	<b>Short-term Assumptions</b>
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 2000**

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**8. 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)	
	2000	1999
Actuarial present value of accrued pension benefits at beginning of year	\$ 2,506.12	\$ 2,322.94
Interest accrued on benefits	210.15	194.36
Benefits accrued	93.17	83.29
Benefits paid	(113.62)	(112.65)
Change in assumptions	(54.26)	-
Experience loss	42.04	18.18
	<hr/>	<hr/>
Actuarial present value of accrued pension benefits at end of year	\$ 2,683.60	\$ 2,506.12
	<hr/>	<hr/>
Net assets available for benefits	\$ 3,189.03	\$ 2,619.14

**9. Investments in Plan Sponsor**

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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.

As at 31 March 1999, the Public Service Superannuation Plan held 49% of the total nominal bond unit trust fund of \$1,899,377,598. Of this total, \$25,009,613 consisted of Province of New Brunswick and Province of New Brunswick guaranteed securities and \$5,997,120 of Strait Crossing Finance Inc. bonds. The Public Service Superannuation Plan's share of the total \$28,104,465 in the New Brunswick Bond Fund was \$13,673,971.

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**FINANCIAL STATEMENTS**

**TEACHERS' PENSION PLAN**

**31 MARCH 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 Teachers' Pension Plan as at 31 March 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 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 2000 and the results of its activities for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".

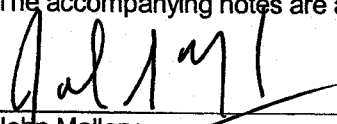
Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
26 January 2001

**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
31 MARCH 2000**

	2000	1999
<b>ASSETS</b>		
Investments (note 3)	\$ 3,008,904,365	\$ 2,521,601,472
Receivables		
Employee contributions	1,967,459	3,389,025
Employer contributions	349,250	570,794
	<u>2,316,709</u>	<u>3,959,819</u>
Total assets	<u>3,011,221,074</u>	<u>2,525,561,291</u>
<b>LIABILITIES</b>		
Accounts payable	<u>335,072</u>	<u>280,209</u>
Total liabilities	<u>335,072</u>	<u>280,209</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$ 3,010,886,002</u>	<u>\$ 2,525,281,082</u>

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

  
 John Mallory  
 Deputy Minister of Finance

**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED 31 MARCH 2000**

	2000	1999
<b>INCREASE IN ASSETS</b>		
Investment income (loss) (note 4)	\$ 493,503,718	\$ (10,165,449)
Pension contributions		
Employee	30,271,161	29,899,987
Employer - normal	28,478,306	28,181,096
- special payment re unfunded liability (note 5)	58,852,130	57,027,258
Transfers under reciprocal agreements	202,343	401,601
<b>Total increase in assets</b>	<b>611,307,658</b>	<b>105,344,493</b>
<b>DECREASE IN ASSETS</b>		
Pensions	120,237,818	110,392,462
Refunds	1,942,847	1,026,746
Transfers under reciprocal agreements	269,990	672,328
Administrative expenses	1,138,251	1,223,543
Investment management fees	2,113,832	1,662,983
<b>Total decrease in assets</b>	<b>125,702,738</b>	<b>114,978,062</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>485,604,920</b>	<b>(9,633,569)</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR</b>	<b>2,525,281,082</b>	<b>2,534,914,651</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR</b>	<b>\$ 3,010,886,002</b>	<b>\$ 2,525,281,082</b>

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 2000**

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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 Plan is administered by the Department of Finance.

**(b) Funding Policy**

Under the Plan, contributions are made by the Plan members and the Plan Sponsor. 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**

The basic pension benefit is 1.3% of the average annual salary during the highest paid continuous 5 year period (after 1 September 1966) 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 (after 1 September 1966). Pension benefits are indexed annually to a maximum of 4.75%.

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

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 death prior to completing 5 years of pensionable service, the benefit payable is a refund of the member's contributions with interest. An immediate pension 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 commencing when the member attains retirement age. To receive a deferred pension, the member must have 5 or more years of pensionable service at the date of termination of employment.

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**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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

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**(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 own contributions to the Plan with interest or a deferred pension.

**(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.

**(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.



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**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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

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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 10 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, 2000:

**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 Bond:**

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.

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**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**3. Investments (continued)**

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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 Equity:

This fund invests in public and private equities of New Brunswick 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.

Canadian Small Capitalization Equity:

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.

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 EAFE Equity Fund and United States Equity Fund were closed at the opening of business on April 1, 1999.

**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

**3. Investments (continued)**

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

	Units	Unit Value	2000 Amount	1999 Amount
<b>Fixed Income:</b>				
Nominal Bond	1,132,007	\$ 1,017	\$ 1,151,427,930	\$ 963,659,148
New Brunswick Bond	23,301	1,105	25,757,967	14,356,196
			1,177,185,897	978,015,344
Inflation Linked Securities	291,234	1,112	323,963,637	264,140,079
Money Market	202,650	1,057	214,234,535	138,528,492
			1,715,384,069	1,380,683,915
<b>Equities:</b>				
Allocation Equity International	227,919	1,386	315,884,525	186,757,431
Allocation Equity Domestic	48,668	1,831	89,100,298	-
New Brunswick Equity	3,626	1,936	7,019,182	7,727,810
Canadian Equity	599,638	1,318	790,055,050	842,400,907
Canadian Small Capitalization Equity	88,554	1,025	90,763,646	76,014,060
EAFE Equity	-	-	-	1,427,468
United States Equity	-	-	-	26,028,685
			1,292,822,701	1,140,356,361
<b>Balanced:</b>				
Student Investment	528	1,320	697,595	561,196
			<b>\$ 3,008,904,365</b>	<b>\$ 2,521,601,472</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.

**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

**3. Investments (continued)**

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 2000.

	Interest	Dividends	Current Period Increase/ (Decrease) in Market Value	Total
<b>Fixed Income:</b>				
Nominal Bond	\$ 49,747,424	\$ -	\$ (42,207,693)	\$ 7,539,731
New Brunswick Bond	1,390,053	-	(696,899)	693,154
	51,137,477	-	(42,904,592)	8,232,885
Inflation Linked Securities	11,065,225	-	22,912,508	33,977,733
Money Market	6,987,918	-	1,085,265	8,073,183
	69,190,620	-	(18,906,819)	50,283,801
<b>Equities:</b>				
Allocation Equity International	9,429,156	20,588	54,511,057	63,960,801
Allocation Equity Domestic	3,267,517	94,719	45,367,537	48,729,773
New Brunswick Equity	3,002	56,417	5,467,174	5,526,593
Canadian Equity	978,025	9,848,363	294,581,156	305,407,544
Canadian Small Capitalization Equity	31,912	1,790,715	17,636,180	19,458,807
	13,709,612	11,810,802	417,563,104	443,083,518
<b>Balanced:</b>				
Student Investment	19,476	5,536	111,387	136,399
<b>Total - 2000</b>	<b>\$ 82,919,708</b>	<b>\$ 11,816,338</b>	<b>\$ 398,767,672</b>	<b>\$ 493,503,718</b>
<b>Total - 1999</b>	<b>\$ 82,963,380</b>	<b>\$ 18,179,294</b>	<b>\$ (111,308,123)</b>	<b>\$ (10,165,449)</b>

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**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**5. Funding Policy**

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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, there will no longer be special payments made by the Province.

These special payments were pursuant to the Teachers' Pension Act, which stated that the Province would pay an amount into the Teachers' Pension Fund that was in addition to the employer contribution for current service costs. The additional amount paid during the fiscal year ended 31 March 2000 was \$58.9 million (\$57.0 million for 1999). This amount was to be paid in each fiscal year until the benefits under the Act were fully funded as determined by an actuarial valuation.

**6. 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. An actuarial valuation was made as of 1 April 2000 by Morneau Sobeco.

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

	<b>Long-term Assumptions</b>	<b>Short-term Assumptions</b>
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%

**TRUST FUND NO. 7  
TEACHERS' PENSION PLAN  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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

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)	
	2000	1999
Actuarial present value of accrued pension benefits at beginning of year	\$ 2,481.55	\$ 2,349.11
Interest accrued on benefits	206.31	195.52
Benefits accrued	59.79	57.92
Benefits paid	(122.45)	(112.09)
Change in assumptions	(9.03)	-
Experience loss (gain)	15.61	(8.91)
	<u>\$ 2,631.78</u>	<u>\$ 2,481.55</u>
Actuarial present value of accrued pension benefits at end of year		
	<u>\$ 3,010.89</u>	<u>\$ 2,525.28</u>
Net assets available for benefits		

**7. Investments in Plan Sponsor**

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.

As at 31 March 1999, the Teachers' Plan held 51% of the total Nominal Bond unit trust fund of \$1,899,377,598. Of this total, \$25,009,613 consisted of Province of New Brunswick and Province of New Brunswick guaranteed securities and \$5,997,120 of Strait Crossing Finance Inc. bonds. The Teachers' Pension Plan's share of the total \$28,104,465 in the New Brunswick Bond unit trust fund was \$14,356,196.

**TRUST FUND NO. 8**  
**GROUP INSURANCE TRUST FUND**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2000**

**TRUST FUND NO. 8**  
**GROUP INSURANCE TRUST FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2000**

<b>ASSETS</b>	<b>2000</b>	<b>1999</b>
Current:		
Cash .....	\$ 43,674	\$ 150,169
Short term investments .....	500,000	---
Receivable from Assumption Mutual Life Insurance Company .....	5,463,782	5,061,937
Accrued interest receivable .....	7,929	14,245
See Trial Balance	6,015,385	5,226,351
Investments (market value \$441,041) (Note 3) .....	416,000	741,000
Deferred Charges:		
Unamortized premiums less discounts .....	4,464	11,165
	\$ 6,435,849	\$ 5,978,516
<b>LIABILITIES AND FUND EQUITY</b>		
Fund equity .....	6,435,849	5,978,516
	\$ 6,435,849	\$ 5,978,516

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

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the year ended 31 March 2000**

	<b>2000</b>	<b>1999</b>
Fund equity at beginning of year .....	\$ 5,978,516	\$ 4,893,938
Add:		
Bank interest .....	4,671	8,506
Interest earned on investments .....	57,518	50,884
Net gain on disposal of investments .....	---	---
Amortization of premiums less discounts .....	(6,701)	(6,888)
Group Insurance refund (deficiency) .....	401,845	1,032,076
	457,333	1,084,578
Fund equity at end of year .....	\$ 6,435,849	\$ 5,978,516

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 2000**

**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 2000 is as follows:

	<b>Par Value</b>	<b>Net Book Value</b>	<b>Market Value</b>
Bonds and debentures issued or guaranteed by Canada .....	\$150,000	\$149,644	\$171,200
Bonds and debentures issued or guaranteed by New Brunswick .....	125,000	124,917	124,937
Bonds and debentures issued or guaranteed by other Provinces .....	<u>141,000</u>	<u>145,892</u>	<u>144,904</u>
	<u>\$416,000</u>	<u>\$420,453</u>	<u>\$441,041</u>

**4. Uncertainty due to Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue affecting the Fund, including those related to the efforts of third parties, have been fully resolved.



**TRUST FUND NO. 9**  
**MENTAL HEALTH TRUST FUND**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2000**

**TRUST FUND NO. 9**  
**MENTAL HEALTH TRUST FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2000**

ASSETS	2000	1999
Current:		
Cash .....	\$ 162,634	\$ 36,547
Accrued interest receivable .....	<u>12,009</u>	<u>13,288</u>
	174,643	49,835
Investments (market value \$521,382) (Note 3) .....	495,000	578,000
Unamortized premiums less discounts .....	<u>4,250</u>	<u>5,056</u>
	<u>\$ 673,893</u>	<u>\$ 632,891</u>

**FUND EQUITY**

Fund equity .....	<u>673,893</u>	<u>632,891</u>
	<u>\$ 673,893</u>	<u>\$ 632,891</u>

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

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the year ended 31 March 2000**

	2000	1999
Fund equity at beginning of year .....	\$ 632,891	\$ 592,911
Add:		
Bank interest .....	4,229	1,570
Interest earned on investments .....	<u>37,579</u>	<u>38,993</u>
	41,808	40,563
Deduct:		
Amortization of premiums less discounts .....	<u>806</u>	<u>583</u>
Fund equity at end of year .....	<u>\$ 673,893</u>	<u>\$ 632,891</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 2000**

**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 2000 is as follows:

	<b>Par Value</b>	<b>Net Book Value</b>	<b>Market Value</b>
Bonds and debentures issued or guaranteed by New Brunswick .....	\$385,000	\$382,819	\$407,920
Bonds and debentures issued or guaranteed by other Provinces .....	<u>110,000</u>	<u>116,431</u>	<u>113,462</u>
	<u>\$495,000</u>	<u>\$499,250</u>	<u>\$521,382</u>

**4. Uncertainty due to Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue affecting the Fund, including those related to the efforts of third parties, have been fully resolved.



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FINANCIAL STATEMENTS

**PROVINCIAL COURT JUDGES' PENSION PLANS**

31 MARCH 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 Provincial Court Judges' Pension Plans as at 31 March 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 Plans' trustee. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 2000 and the results of their activities for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
26 January 2001



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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
31 MARCH 2000**

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	2000	1999
<b>ASSETS</b>		
Investments (note 3)	\$ 22,023,226	\$ 16,965,072
Employee contributions receivable	7,047	-
	<hr/>	<hr/>
Total assets	22,030,273	16,965,072
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Accounts payable	2,824	2,439
	<hr/>	<hr/>
Total liabilities	2,824	2,439
	<hr/>	<hr/>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 22,027,449</b>	<b>\$ 16,962,633</b>

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

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

**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED 31 MARCH 2000**

	2000	1999
<b>INCREASE IN ASSETS</b>		
Investment income (loss) (note 4)	\$ 4,129,693	\$ (247,202)
Pension contributions		
Employee	225,460	214,921
Province of New Brunswick	1,796,000	1,765,000
	<hr/>	<hr/>
Total increase in assets	6,151,153	1,732,719
<b>DECREASE IN ASSETS</b>		
Pensions	1,071,619	1,088,986
Investment management fees	14,718	16,360
	<hr/>	<hr/>
Total decrease in assets	1,086,337	1,105,346
<b>INCREASE IN NET ASSETS</b>	5,064,816	627,373
<b>NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR</b>	<hr/> 16,962,633	<hr/> 16,335,260
<b>NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR</b>	<hr/> \$ 22,027,449	<hr/> \$ 16,962,633

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 2000**

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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.

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.

**(b) Funding Policy**

Under the Plans, contributions are made by the Plan members and the Plan sponsor. 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

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.

Judges' Pension Plan under the Provincial Court Judges' Pension Act

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.

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 of 60. There are options for judges to choose alternate survivor pensions and guarantee periods.

There is no mandatory retirement age under this plan although provisions of the PCA that do not deal with pension benefits would continue to apply.

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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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

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**(d) Disability Benefits**

Judges' Pension Plan under the Provincial Court Act and the Provincial Court Judges' Pension Act

A disability benefit is available with a minimum of 2 years of service. The amount of the disability benefit is 60% of the salary being paid to the judge on the date on which the judge becomes entitled to be paid a disability benefit.

**(e) Death Benefits**

Judges' Pension Plan under the Provincial Court Act

In the event of death in service, the member's contributions with interest to the date of death will be refunded to the designated beneficiary or estate. However, if the member was entitled to a vested pension, a spousal pension of 50% of the pension benefit accrued 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.

Judges' Pension Plan under the Provincial Court Judges' Pension Act

In the event of death in service where the judge had at least two years of pensionable service and was not at least sixty-five, 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 had continued in service as a judge to the age of sixty-five. 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 at least sixty-five, 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 had retired on the date of the judge's 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.

If a member dies after retirement, a spousal pension is payable in the amount of 50% of the annual pension being paid to the judge on the date of the judge's 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.

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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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

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**(f) Benefits on Termination**

Judges' Pension Plan under the Provincial Court Act and the Provincial Court Judges' Pension Act

On termination of employment, prior to entitlement to a pension, a member will receive a refund of his own contributions, accumulated with interest, to the date of termination. Otherwise, a member is entitled to a deferred pension.

**(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 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.

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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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

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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 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 10 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, 2000:

**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 Bond:**

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.

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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**3. Investments (continued)**

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**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 Equity:**

This fund invests in public and private equities of New Brunswick 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.

**Canadian Small Capitalization Equity:**

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.

**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 EAFE Equity Fund and United States Equity Fund were closed at the opening of business on April 1, 1999.

**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

**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	2000 Amount	1999 Amount
<b>Fixed Income:</b>				
Nominal Bond	6,230	\$ 1,017	\$ 6,337,068	\$ 5,233,307
New Brunswick Bond	170	1,105	188,439	74,298
			6,525,507	5,307,605
Inflation Linked Securities	2,032	1,112	2,260,479	1,777,107
Money Market	1,480	1,057	1,564,672	931,934
			10,350,658	8,016,646
<b>Equities:</b>				
Allocation Equity International	2,304	1,386	3,193,015	1,256,485
Allocation Equity Domestic	356	1,831	651,796	-
New Brunswick Equity	27	1,936	51,351	51,992
Canadian Equity	5,283	1,318	6,961,010	6,939,965
Canadian Small Capitalization Equity	791	1,025	810,614	511,415
EAFE Equity	-	-	-	9,604
United States Equity	-	-	-	175,118
			11,667,786	8,944,579
<b>Balanced:</b>				
Student Investment	4	1,320	4,782	3,847
			<b>\$ 22,023,226</b>	<b>\$ 16,965,072</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. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

**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 2000.

	Interest	Dividends	Current Period Increase/ (Decrease) in Market Value	Total
<b>Fixed Income:</b>				
Nominal Bond	\$ 273,793	\$ -	\$ (220,228)	\$ 53,565
New Brunswick Bond	10,169	-	(4,942)	5,227
	283,962	-	(225,170)	58,792
Inflation Linked Securities	77,208	-	150,285	227,493
Money Market	51,037	-	5,484	56,521
	412,207	-	(69,401)	342,806
<b>Equities:</b>				
Allocation Equity International	95,312	208	520,084	615,604
Allocation Equity Domestic	23,903	693	316,737	341,333
New Brunswick Equity	22	413	38,520	38,955
Canadian Equity	8,617	86,772	2,558,973	2,654,362
Canadian Small Capitalization Equity	285	15,993	119,421	135,699
	128,139	104,079	3,553,734	3,785,952
<b>Balanced:</b>				
Student Investment	134	38	763	935
<b>Total - 2000</b>	<b>\$ 540,480</b>	<b>\$ 104,117</b>	<b>\$ 3,485,096</b>	<b>\$ 4,129,693</b>
<b>Total - 1999</b>	<b>\$ 491,548</b>	<b>\$ 148,884</b>	<b>\$ (887,634)</b>	<b>\$ (247,202)</b>

**5. Funding Policy**

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.

Judges' Pension Plan under the Provincial Court Act

Members are required to contribute 5.8 % of their earnings up to the YMPE plus 7.5% on earnings above the YMPE. The plan sponsor must contribute an amount not less than an amount equal to member contributions. If at any time the Fund is insufficient to make all payments required under the Plan, the sponsor must contribute an amount sufficient to fund the shortfall.

**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

**5. Funding Policy (continued)**

Judges Pension Plan under the Provincial Court Judges' Pension Act

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.

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 out of the Consolidated Fund into the Trust Fund.

The most recent actuarial valuation for funding purposes was prepared by William M. Mercer Ltd., a firm of consulting actuaries, as of 31 March 1992. This valuation disclosed an unfunded liability at 31 March 1992.

**6. Obligation for Pension Benefits**

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 31 March 1992 by William M. Mercer Ltd., and was then extrapolated to 31 March 2000.

Significant long-term assumptions used in the valuation are:

Rate of return on assets	8.16%
Annual wage and salary increase	5.25%
Inflation	4.5%
Rate of pension escalation after retirement	4.0%

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)	
	2000	1999
Actuarial present value of accrued pension benefits		
at beginning of year	\$ 29.63	\$ 27.54
Amendments to the plan	3.30	-
Interest accrued on benefits	2.41	2.24
Benefits accrued	0.99	0.94
Benefits paid	(1.07)	(1.09)
	<hr/>	<hr/>
Actuarial present value of accrued pension benefits at end of year	\$ 35.26	\$ 29.63
	<hr/>	<hr/>
Net assets available for benefits	\$ 22.00	\$ 16.96

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**TRUST FUND NO. 10  
PROVINCIAL COURT JUDGES' PENSION PLANS  
NOTES TO FINANCIAL STATEMENTS  
31 MARCH 2000**

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**7. Investments in Plan Sponsor**

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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.

As at 31 March 1999, the Provincial Court Judges' Pension Plans held 0.3% of the total nominal bond unit trust fund of \$1,899,377,598. Of this total, \$25,009,613 consisted of Province of New Brunswick and Province of New Brunswick guaranteed securities and \$5,997,120 of Strait Crossing Finance Inc. bonds. The Provincial Court Judges' Pension Plans share of the total \$28,104,465 in the New Brunswick Bond Fund was \$74,298.



**TRUST FUND NO. 16**  
**MARGARET R. LYNDS BEQUEST**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2000**

**TRUST FUND NO. 16**  
**MARGARET R. LYNDS BEQUEST**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2000**

<b>ASSETS</b>	<b>2000</b>	<b>1999</b>
<b>Current:</b>		
Cash .....	\$ 46,263	\$ 12,839
Accrued interest receivable .....	2,395	2,594
	48,658	15,433
Investments (market value \$80,768) (Note 3) .....	75,000	105,000
<b>Deferred Charges:</b>		
Unamortized premiums less discounts .....	27	714
	\$ 123,685	\$ 121,147

**FUND EQUITY**

Fund equity .....	\$ 123,685	\$ 121,147
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The accompanying notes are an integral part of these Financial Statements.

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the year ended 31 March 2000**

	<b>2000</b>	<b>1999</b>
Fund equity at beginning of year .....	\$ 121,147	\$ 121,021
<b>Add:</b>		
Bank interest .....	1,603	601
Interest earned on investments .....	7,688	9,488
	9,291	10,089
<b>Deduct:</b>		
Payment of E. Belle Lynds Scholarships .....	6,066	8,973
Amortization of premiums less discounts .....	687	990
	6,753	9,963
Fund equity at end of year .....	\$ 123,685	\$ 121,147

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

**TRUST FUND NO. 16  
MARGARET R. LYNDS BEQUEST  
NOTES TO FINANCIAL STATEMENTS  
(unaudited)  
31 MARCH 2000**

**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 2000, two 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 2000 is as follows:

	Par Value	Net Book Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick .....	\$65,000	\$65,181	\$69,723
Bonds and debentures issued or guaranteed by other Provinces .....	<u>10,000</u>	<u>9,845</u>	<u>11,045</u>
	<u>\$75,000</u>	<u>\$75,026</u>	<u>\$80,768</u>

**4. Uncertainty due to Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue affecting the Fund, including those related to the efforts of third parties, have been fully resolved.





**TRUST FUND NO. 19**  
**THE NEW BRUNSWICK POWER CORPORATION SINKING FUND**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2000**

**TRUST FUND NO. 19**  
**THE NEW BRUNSWICK POWER CORPORATION SINKING FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2000**

<b>ASSETS</b>	<b>2000</b>	<b>1999</b>
Current:		
Cash .....	\$ 44,518	\$ 78,328
Short term deposits (par value \$5,800,000) .....	5,800,000	12,198,560
Accrued interest receivable .....	1,476,179	3,099,236
	<u>7,320,697</u>	<u>15,376,124</u>
Investments (market value \$44,449,583) (Note 2) .....	39,528,000	88,405,000
Deferred charges:		
Unamortized premiums less discounts.....	4,318,865	6,269,734
	<u>\$ 51,167,562</u>	<u>\$ 110,050,858</u>
<b>FUND EQUITY</b>		
Fund equity .....	<u>\$ 51,167,562</u>	<u>\$ 110,050,858</u>
	<u>\$ 51,167,562</u>	<u>\$ 110,050,858</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 2000**

	<u>2000</u>	<u>1999</u>
Fund equity at beginning of year .....	\$ 110,050,858	\$ 152,642,442
Add:		
Bank interest.....	6,217	5,651
Interest earned on investments .....	7,718,266	12,663,049
Net gain on disposal of debentures .....	1,635,389	1,689,996
Sinking fund instalments .....	4,000,000	5,500,000
Amortization of discounts less premiums.....	(2,071,008)	26,812
	<u>11,288,864</u>	<u>19,885,508</u>
Deduct:		
Funds provided for redemption of debentures:		
13.25% 01 November 2004.....	34,824,353	-
11.25% 10 January 2005.....	35,347,807	-
10.25% 21 December 2003.....	-	62,477,092
	<u>70,172,160</u>	<u>62,477,092</u>
Fund equity at end of year	<u>\$ 51,167,562</u>	<u>\$ 110,050,858</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 2000**

**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 2000 is as follows:

	Par Value	Carrying Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick.....	\$ 32,528,000	\$ 36,864,141	\$ 37,850,083
Bonds and debentures issued or guaranteed by other provinces .....	<u>7,000,000</u>	<u>6,982,724</u>	<u>6,599,500</u>
	<u>\$ 39,528,000</u>	<u>\$ 43,846,865</u>	<u>\$ 44,449,583</u>

**TRUST FUND NO. 20**  
**VISCOUNT BENNETT BEQUEST**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2000**

**TRUST FUND NO. 20**  
**VISCOUNT BENNETT BEQUEST**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2000**

<b>ASSETS</b>	<b>2000</b>	<b>1999</b>
Current:		
Cash .....	\$ 96,033	\$ 10,986
Accrued interest receivable .....	4,143	4,575
	100,176	15,561
Investments (market value \$148,518) (Note 3) .....	135,000	203,000
Deferred Charges:		
Unamortized premiums less discounts .....	1,315	2,050
	\$ 236,491	\$ 220,611
<b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities:		
Unexpended trust income (Note 4) .....	\$ 33,462	\$ 17,581
Fund equity .....	203,030	203,030
	\$ 236,491	\$ 220,611

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

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the year ended 31 March 2000**

	<b>2000</b>	<b>1999</b>
Fund equity at beginning of year .....	\$ 203,030	\$ 203,030
Add:		
Bank interest .....	2,788	558
Interest earned on investments .....	13,827	17,918
	16,615	18,476
Deduct:		
Amortization of premiums less discounts .....	734	1,483
Trust income available for expenditure .....	15,880	16,993
	16,615	18,476
Fund equity at end of year .....	\$ 203,030	\$ 203,030

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 2000**

**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 2000 is as follows:

	Par Value	Net Book Value	Market Value
Bonds and debentures issued or guaranteed by New Brunswick .....	\$105,000	\$106,779	\$115,383
Other bonds and debentures .....	<u>30,000</u>	<u>29,536</u>	<u>33,135</u>
	<u>\$135,000</u>	<u>\$136,315</u>	<u>\$148,518</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 .....	\$17,581
Add: Trust income for the year .....	<u>15,881</u>
	33,462
Less: Grants paid .....	<u>0</u>
Unexpended trust income at end of year .....	<u>\$33,462</u>

**TRUST FUND NO. 20  
VISCOUNT BENNETT BEQUEST  
NOTES TO FINANCIAL STATEMENTS  
(unaudited)  
31 MARCH 2000**

**5. Uncertainty due to the Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue affecting the Fund, including those related to the efforts of third parties, have been fully resolved.



**TRUST FUND NO. 23**  
**ARTS DEVELOPMENT TRUST FUND**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2000**

**TRUST FUND NO. 23**  
**ARTS DEVELOPMENT TRUST FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2000**

<b>ASSETS</b>	<b>2000</b>	<b>1999</b>
Current:		
Cash .....	\$ 49,164	\$ 87,380
Short term deposits (par value \$1,600,000) .....	1,600,000	800,000
Lottery revenue receivable .....	---	300,000
Accrued interest receivable .....	63	456
	<b>\$ 1,649,227</b>	<b>\$ 1,187,836</b>

**LIABILITIES AND FUND EQUITY**

Current liabilities:		
Accounts payable .....	\$ 355,616	\$ 90,806
Fund equity .....	1,293,611	1,097,030
	<b>\$ 1,649,227</b>	<b>\$ 1,187,836</b>

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

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the year ended 31 March 2000**

	<b>2000</b>	<b>1999</b>
Fund equity at beginning of year .....	\$ 1,097,030	\$ 796,221
Add:		
Lottery revenues .....	700,000	700,000
Investment income .....	46,666	39,548
Bank interest .....	2,709	3,811
	749,375	743,359
Deduct:		
Arts development expenditures .....	552,795	442,550
Fund equity at end of year .....	<b>\$ 1,293,611</b>	<b>\$ 1,097,030</b>

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 2000**

**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.

**3. Uncertainty due to the Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue affecting the Fund, including those related to the efforts of third parties, have been fully resolved.



**TRUST FUND NO. 24**  
**SPORT DEVELOPMENT TRUST FUND**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2000**

**TRUST FUND NO. 24**  
**SPORT DEVELOPMENT TRUST FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2000**

<b>ASSETS</b>	<b>2000</b>	<b>1999</b>
Current:		
Cash .....	\$ 189,843	\$ 176,731
Accrued interest receivable .....	92	841
	<u>\$ 189,935</u>	<u>\$ 177,572</u>

**LIABILITIES AND FUND EQUITY**

Current liabilities:		
Accounts payable .....	\$ 85,614	\$ 80,708
Fund equity .....	104,321	96,864
	<u>\$ 189,935</u>	<u>\$ 177,572</u>

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

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the year ended 31 March 2000**

	<b>2000</b>	<b>1999</b>
Fund equity at beginning of year .....	\$ 96,864	\$ 94,460
Add:		
Lottery revenues .....	500,000	400,000
Investment income .....	---	3,941
Bank interest .....	3,845	4,139
	<u>503,845</u>	<u>408,080</u>
Deduct:		
Sport development expenditures .....	496,389	405,676
Fund equity at end of year .....	<u>\$ 104,321</u>	<u>\$ 96,864</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 2000**

**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 four hundred thousand dollars, an amount sufficient to ensure that the total amount paid equals four 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.

**3. Uncertainty due to the Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue affecting the Fund, including those related to the efforts of third parties, have been fully resolved.





**TRUST FUND NO. 25**  
**NEW BRUNSWICK PUBLIC LIBRARIES TRUST FUND**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2000**

**TRUST FUND NO. 25**  
**NEW BRUNSWICK PUBLIC LIBRARIES TRUST FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**(unaudited)**  
**as at 31 March 2000**

<b>ASSETS</b>	<b>2000</b>	<b>1999</b>
Current:		
Cash .....	\$ 106,093	\$ 164,904
Accrued interest receivable .....	429	616
	\$ 106,522	\$ 165,520
<b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities:		
Accounts payable .....	\$ ---	\$ 64,053
Fund equity .....	106,522	101,467
	\$ 106,522	\$ 165,520

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

**STATEMENT OF ACTIVITY**  
**(unaudited)**  
**for the year ended 31 March 2000**

	<b>2000</b>	<b>1999</b>
Fund equity at beginning of year .....	\$ 101,467	\$ ---
Add:		
Department of Municipalities and Housing grant .....	---	99,800
Bank interest .....	5,775	1,667
	5,775	101,467
Deduct:		
Grant earned by the Foundation .....	720	---
Fund equity at end of year .....	\$ 106,522	\$ 101,467

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 2000**

**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.

**3. Comparative Figures**

Prior year's figures have been restated where necessary to conform to the 2000 presentation.



**TRUST FUND NO. 29**  
**ENVIRONMENTAL TRUST FUND**  
**FINANCIAL STATEMENTS**  
**(unaudited)**  
**31 MARCH 2000**

**TRUST FUND NO. 29  
ENVIRONMENTAL TRUST FUND  
STATEMENT OF FINANCIAL POSITION  
(unaudited)  
as at 31 March 2000**

<b>ASSETS</b>	<b>2000</b>	<b>1999</b>
Current:		
Cash .....	\$ 38,765	\$ 112,589
Short term deposits (par value \$ 7,100,000) .....	7,100,000	3,700,000
Environmental fees receivable .....	342	1,063,247
Accrued interest receivable .....	860,306	832
	<b>\$ 7,999,412</b>	<b>\$ 4,876,668</b>

**LIABILITIES AND FUND EQUITY**

Current liabilities:		
Accounts payable .....	\$ 6,630,282	\$ 3,069,777
Fund equity .....	1,369,130	1,806,891
	<b>\$ 7,999,412</b>	<b>\$ 4,876,668</b>

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

**STATEMENT OF ACTIVITY  
(unaudited)  
for the year ended 31 March 2000**

	<b>2000</b>	<b>1999</b>
Fund equity at beginning of year .....	<b>\$ 1,806,891</b>	<b>\$ 1,426,763</b>
Add:		
Environmental fees .....	5,004,543	4,568,969
Video gaming revenues .....	10,000,000	10,000,000
Interest earned on investments .....	280,188	356,775
Bank interest .....	3,792	5,332
	<b>15,288,523</b>	<b>14,931,076</b>
Deduct:		
Expenditures .....	15,726,284	14,550,948
Fund equity at end of year .....	<b>\$ 1,369,130</b>	<b>\$ 1,806,891</b>

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 2000**

**1. General**

The Environmental Trust Fund is established under the authority of the Environmental Trust Fund Act. The Environmental Trust Fund Act provides that the net profits of the Lotteries Commission of New Brunswick from the lottery scheme that utilizes video gaming devices shall be paid into the Fund up to a maximum of \$10 million. 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.

**3. Uncertainty due to the Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue affecting the Fund, including those related to the efforts of third parties, have been fully resolved.





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**FINANCIAL STATEMENTS**

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

**31 DECEMBER 1999**

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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 1999 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 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 1999 and the results of its activities for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'Daryl C. Wilson'.

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
10 April 2000

**TRUST FUND NO. 30  
PENSION PLAN FOR MANAGEMENT EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
31 DECEMBER 1999**

	1999	1998
<b>ASSETS</b>		
Investments		
Money market instruments	\$ 480,568	\$ 114,482
Bonds and debentures	6,336,915	9,102,688
Canadian common stocks	5,547,823	6,167,022
Foreign pooled equities	<u>1,915,129</u>	<u>2,365,948</u>
	<u>14,280,435</u>	<u>17,750,140</u>
Receivables		
Accrued interest and dividends	<u>71,934</u>	<u>120,612</u>
Cash	<u>11,842</u>	<u>4,413</u>
Total assets	<u>14,364,211</u>	<u>17,875,165</u>
<b>LIABILITIES</b>		
Accounts payable	<u>60,067</u>	<u>4,480,692</u>
Total liabilities	<u>60,067</u>	<u>4,480,692</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$ 14,304,144</u>	<u>\$ 13,394,473</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 1999**

	1999	1998
<b>INCREASE IN ASSETS</b>		
Investment income		
Interest	\$ 548,448	\$ 594,576
Dividends	65,533	136,975
Current period increase in market value of investments	<u>984,130</u>	<u>520,815</u>
Total increase in assets	<u>1,598,111</u>	<u>1,252,366</u>
<b>DECREASE IN ASSETS</b>		
Members electing to transfer past service to Public Service Superannuation Plan (Note 4)	51,849	4,415,858
Pensions	586,661	574,833
Refunds	3,868	3,539
Administrative expenses	619	-
Investment management fees	25,330	28,247
Custodial fees	<u>20,113</u>	<u>13,525</u>
Total decrease in assets	<u>688,440</u>	<u>5,036,002</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	909,671	(3,783,636)
<b>NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR</b>	<u>13,394,473</u>	<u>17,178,109</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR</b>	<u>\$ 14,304,144</u>	<u>\$ 13,394,473</u>

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 1999**

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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 1999**

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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 1999**

**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 prorated 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 1999.

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)	
	1999	1998
Actuarial present value of accrued pension benefits at beginning of year	\$ 9.33	\$ 10.49
Plan amendments	-	3.04
Restated actuarial present value of accrued pension benefits at beginning of year	9.33	13.53
Interest accrued on benefits	0.55	0.80
Transfer to Public Service Superannuation Plan	(0.05)	(4.42)
Benefits paid	(0.59)	(0.58)
Actuarial present value of accrued pension benefits at end of year	\$ 9.24	\$ 9.33
Net assets available for benefits	\$ 14.30	\$ 13.39

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**TRUST FUND NO. 30  
PENSION PLAN FOR MANAGEMENT EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 1999**

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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.



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**FINANCIAL STATEMENTS**

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

**31 DECEMBER 1999**

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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 1999 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 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 1999 and the results of its activities for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".

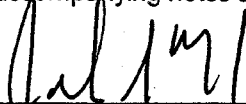
Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
10 April 2000

**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 1999**

	1999	1998
<b>ASSETS</b>		
Investments		
Money market instruments	\$ 13,184,104	\$ 21,918,697
Bonds and debentures	52,433,441	39,948,158
Canadian equities	56,303,081	47,120,005
Foreign equities	<u>29,714,076</u>	<u>25,660,955</u>
	<u>151,634,702</u>	<u>134,647,815</u>
Receivables		
Employee contributions	164,271	21,300
Employer contributions	319,951	58,359
Accrued interest and dividends	604,306	618,255
Accounts receivable	<u>390</u>	<u>390</u>
	<u>1,088,918</u>	<u>698,304</u>
Cash	<u>(195,038)</u>	<u>128,209</u>
Total assets	<u>152,528,582</u>	<u>135,474,328</u>
<b>LIABILITIES</b>		
Accounts payable	<u>1,070,202</u>	<u>680,672</u>
Total liabilities	<u>1,070,202</u>	<u>680,672</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$ 151,458,380</u>	<u>\$ 134,793,656</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 1999**

	1999	1998
<b>INCREASE IN ASSETS</b>		
Investment income		
Interest	\$ 3,098,026	\$ 4,147,567
Dividends	1,934,242	1,739,490
Current period increase in market value of investments	17,027,206	3,952,762
Pension contributions		
Employee	2,311,408	1,954,657
Employer	<u>2,162,187</u>	<u>1,869,496</u>
Total increase in assets	<u>26,533,069</u>	<u>13,663,972</u>
<b>DECREASE IN ASSETS</b>		
Pensions	5,193,757	4,235,785
Refunds	3,881,204	580,802
Administrative expenses	334,397	404,621
Investment management fees	437,921	211,545
Custodial fees	9,006	15,313
Performance measurement fees	<u>12,060</u>	<u>3,530</u>
Total decrease in assets	<u>9,868,345</u>	<u>5,451,596</u>
<b>INCREASE IN NET ASSETS</b>	16,664,724	8,212,376
<b>NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR</b>	<u>134,793,656</u>	<u>126,581,280</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR</b>	<u>\$ 151,458,380</u>	<u>\$ 134,793,656</u>

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 1999**

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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 before 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%.

Any member who retired prior to 1 April 1998 who retained the right to a benefit will receive a cost of living adjustment in their lifetime benefit. After the cost of living adjustment, a further increase of 5.1% will be applied to their lifetime pension.

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 early retirement.

**(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 1999**

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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 1999**

**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 1997. 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 1997 by Morneau Sobeco, a firm of consulting actuaries, and was then extrapolated to 31 December 1999.

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	8.42%	8.42%
Annual wage and salary increase	4.5%	2.0 % to 4.50%
Inflation	4.0%	2.0% to 3.0%
Rate of pension escalation after retirement	2.0%	2.0%

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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 1999**

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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)	
	1999	1998
Actuarial present value of accrued pension benefits at beginning of year	\$ 112.30	\$ 83.50
Plan amendments	-	22.82
Interest accrued on benefits	9.27	6.99
Benefits accrued	4.57	3.81
Benefits paid	<u>(9.07)</u>	<u>(4.82)</u>
Actuarial present value of accrued pension benefits at end of year	<u>\$ 117.07</u>	<u>\$ 112.30</u>
Net assets available for benefits	<u>\$ 151.46</u>	<u>\$ 134.79</u>



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FINANCIAL STATEMENTS

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

31 DECEMBER 1999

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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 1999 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 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 1999 and the results of its activities for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Daryl C. Wilson".

Daryl C. Wilson, FCA  
Auditor General

Fredericton, N. B.  
10 April 2000

**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 1999**

	1999	1998
<b>ASSETS</b>		
Investments		
Money market instruments	\$ 3,321,358	\$ 2,050,632
Bonds and debentures	9,126,488	8,028,140
Canadian equities	9,620,872	8,107,500
Foreign equities	<u>6,773,217</u>	<u>5,659,829</u>
	<u>28,841,935</u>	<u>23,846,101</u>
Receivables		
Employee contributions	31,123	5,787
Employer contributions	64,390	11,510
Accrued interest and dividends	<u>126,823</u>	<u>115,084</u>
	<u>222,336</u>	<u>132,381</u>
Cash	<u>14,136</u>	<u>7,061</u>
Total assets	<u>29,078,407</u>	<u>23,985,543</u>
<b>LIABILITIES</b>		
Accounts payable	<u>55,728</u>	<u>76,115</u>
Total liabilities	<u>55,728</u>	<u>76,115</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$ 29,022,679</u>	<u>\$ 23,909,428</u>

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

  
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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 1999**

	1999	1998
<b>INCREASE IN ASSETS</b>		
Investment income		
Interest	\$ 640,158	\$ 717,089
Dividends	191,081	289,711
Current period increase in market value of investments	4,205,466	1,141,786
Pension contributions		
Employee	454,521	446,642
Employer	<u>427,907</u>	<u>434,009</u>
Total increase in assets	<u>5,919,132</u>	<u>3,029,237</u>
<b>DECREASE IN ASSETS</b>		
Pensions	323,485	296,412
Refunds	323,570	81,387
Administrative expenses	105,348	136,825
Investment management fees	46,182	35,634
Custodial fees	<u>7,296</u>	<u>13,863</u>
Total decrease in assets	<u>805,881</u>	<u>564,121</u>
<b>INCREASE IN NET ASSETS</b>	5,113,251	2,465,116
<b>NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR</b>	<u>23,909,428</u>	<u>21,444,312</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR</b>	<u>\$ 29,022,679</u>	<u>\$ 23,909,428</u>

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 1999**

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**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 1999**

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**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**

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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 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.

**TRUST FUND NO. 32  
PENSION PLAN FOR FULL-TIME CUPE 2745 EMPLOYEES  
OF NEW BRUNSWICK SCHOOL DISTRICTS  
NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 1999**

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

**(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 YMPE. In no case can an employee contribution exceed \$1,000 plus 70% of the member's pension adjustment amount for the Plan year as defined in the Income Tax Act. 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 most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of 1 January 1997. 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 1997 by Morneau Sobeco, a firm of consulting actuaries, and was then extrapolated to 31 December 1999.

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	8.42%	8.42%
Annual wage and salary increase	4.5%	2.0% to 4.50%
Inflation	4.0%	2.0% to 3.0%
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 1999**

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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)	
	1999	1998
Actuarial present value of accrued pension benefits		
at beginning of year	\$ 19.53	\$ 13.34
Plan amendments	-	4.73
Interest accrued on benefits	1.65	1.14
Benefits accrued	0.73	0.70
Benefits paid	<u>(0.65)</u>	<u>(0.38)</u>
Actuarial present value of accrued pension benefits		
at end of year	<u>\$ 21.26</u>	<u>\$ 19.53</u>
Net assets available for benefits	<u>\$ 29.02</u>	<u>\$ 23.91</u>



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FINANCIAL STATEMENTS

PENSION PLAN FOR **CUPE** EMPLOYEES  
OF **NEW BRUNSWICK HOSPITALS**

31 DECEMBER 1999

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## Appendix A

Grant Thornton LLP  
Chartered Accountants  
Management Consultants  
Canadian Member Firm of  
Grant Thornton International

Grant Thornton 

### Auditors' Report

To the Board of Trustees:

We have audited the statement of net assets available for benefits of the Pension Fund of the Pension Plan For CUPE Employees of New Brunswick Hospitals as at December 31, 1999 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Board of Trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we 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 Board of Trustees, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits as at December 31, 1999 and the changes in net assets available for benefits for the year then ended in accordance with the disclosed basis of accounting as described in note 2 to the financial statements.

Fredericton, New Brunswick

April 4, 2000

P. O. Box 1054  
Suite 500, Barker House  
570 Queen Street  
Fredericton, N. B. E3B 5C2  
Telephone: (506) 458-8200  
Fax: (506) 453-7029

*Grant Thornton LLP*  
Chartered Accountants

**Pension Plan For CUPE Employees Of New Brunswick Hospitals  
Statement of Net Assets Available for Benefits**

**December 31, 1999 1998**

**Assets**

**Investments**

Money market instruments	\$ 19,372,513	\$ 8,557,260
Bonds and debentures	129,922,091	107,452,225
Canadian common stocks	150,032,350	108,795,360
Foreign common stocks	57,453,424	43,759,543
Venture capital	<u>21,073</u>	<u>                    </u>

356,801,451      268,564,388

**Receivables**

Employee contributions	464,791	511,356
Accrued interest and dividends	<u>1,774,950</u>	<u>1,807,784</u>

2,239,741      2,319,140

**Cash**

275,984      271,742

**Total assets**

359,317,176      271,155,270

**Liabilities**

Accounts payable	1,321,092	969,030
Deferred credit		
Pension education fund (Note 3)	<u>                    </u>	<u>88,864</u>

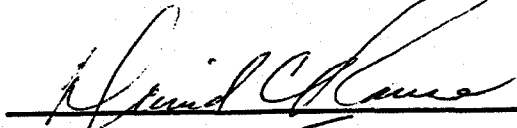

**Total liabilities**

1,321,092      1,057,894

**Net assets available for benefits**

\$357,996,084      \$270,097,376

ON BEHALF OF THE BOARD OF TRUSTEES

  
\_\_\_\_\_  
  
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See accompanying notes to the financial statements.

**Pension Plan For CUPE Employees Of New Brunswick Hospitals**  
**Statement of Changes in Net Assets Available for Benefits**  
Year Ended December 31, 1999 1998

<b>Increase in net assets</b>		
Contributions		
Employee	\$ 4,135,326	\$ 4,030,058
Employer (Note 4)	<u>58,501,139</u>	<u>                    </u>
	<u>62,636,465</u>	<u>4,030,058</u>
Investment income		
Interest	7,610,103	9,261,251
Dividends	<u>3,024,690</u>	<u>3,197,158</u>
	<u>10,634,793</u>	<u>12,458,409</u>
Current period increase in market value of investments	<u>25,339,138</u>	<u>11,218,965</u>
Termination of pension education fund (Note 3)	<u>99,705</u>	<u>                    </u>
Total increase in assets	<u>98,710,101</u>	<u>27,707,432</u>
<b>Decrease in assets</b>		
Benefit payments		
Pensions	8,400,173	6,430,804
Refunds	<u>1,212,698</u>	<u>1,155,727</u>
	<u>9,612,871</u>	<u>7,586,531</u>
Fees and expenses		
Investment management fees	599,114	469,721
Administrative expenses	501,558	665,122
Custodial fees	72,649	71,305
Performance measurement fees	14,360	14,630
Pension education fund - interest earned (Note 3)	<u>10,841</u>	<u>7,487</u>
	<u>1,198,522</u>	<u>1,228,265</u>
Total decrease in assets	<u>10,811,393</u>	<u>8,814,796</u>
Increase in net assets	87,898,708	18,892,636
Net assets available for benefits, beginning of year	<u>270,097,376</u>	<u>251,204,740</u>
Net assets available for benefits, end of year	<u>\$357,996,084</u>	<u>\$270,097,376</u>

See accompanying notes to the financial statements.

**Pension Plan For CUPE Employees Of New Brunswick Hospitals**  
**Notes to the Financial Statements**  
**December 31, 1999**

<b>1. Description of Plan</b>	<p>The following description of the Pension Plan for CUPE Employees of New Brunswick Hospitals is a summary only. For more information, reference should be made to the Plan Document.</p> <p><b>(a) General</b></p> <p>The Plan is a defined benefit pension plan covering full-time CUPE Employees of New Brunswick Hospitals and Fundy Linen Inc. The benefits as defined in the pension plan may be modified from time to time by the Board of Trustees upon advice from the Plan's actuary.</p> <p><b>(b) Funding Policy</b></p> <p>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 4).</p> <p><b>(c) Service Pensions</b></p> <p>Normal retirement pension is 1.75% (for service before 1997) and 1.4% (for service after 1996) 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 salary above the YMPE 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%.</p> <p>A member may elect from one of six optional forms of pensions being: 1) life pension with no guarantee period; 2) life pension with guarantee period of 5 years; 3) life pension with guarantee period of 10 years; 4) joint life and last survivor pension at 50%; 5) joint life and last survivor pension at 66 2/3%; or 6) joint life and last survivor pension at 100%.</p>
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**Pension Plan For CUPE Employees Of New Brunswick Hospitals**  
**Notes to the Financial Statements**  
**December 31, 1999**

<p><b>1. Description of Plan (continued)</b></p>	<p><b>(c) Service Pensions (continued)</b></p> <p>Normal retirement age is 65. Unreduced pension benefits are available at age 60 with 5 years of continuous employment. Reduced benefits are available at age 55 with 5 years of continuous employment.</p> <p><b>(d) Disability Benefits</b></p> <p>A disability pension is not provided for under the terms of the Plan Document.</p> <p><b>(e) Death Benefits</b></p> <p>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.</p> <p>If a member dies after December 31, 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. The Commuted Value, as at the date of the member's death, 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.</p> <p>If a member dies after retirement, the death benefit payable is determined in accordance with the provisions of the form of pension selected.</p> <p><b>(f) Benefits on Termination</b></p> <p>A member who has less than five years of continuous employment and is terminated is entitled to a refund of contributions made to the Plan with accumulated interest.</p>
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**Pension Plan For CUPE Employees Of New Brunswick Hospitals**  
**Notes to the Financial Statements**  
**December 31, 1999**

<p><b>1. Description of Plan (continued)</b></p>	<p><b>(f) Benefits on Termination (continued)</b></p> <p>A member with more than five years continuous employment who is terminated after December 31, 1997 may elect to receive a deferred pension commencing on his normal retirement date or an amount equal to the Commuted Value of the deferred pension as at the date of the member's termination. 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.</p> <p><b>(g) Income Taxes</b></p> <p>The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.</p>
<p><b>2. Summary of significant accounting policies</b></p>	<p><b>(a) Basis of Presentation</b></p> <p>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 financial 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.</p> <p><b>(b) Investments</b></p> <p>All investments are recorded as of settlement date. Investments are carried at market value except for money market instruments, which are carried at cost.</p>

**Pension Plan For CUPE Employees Of New Brunswick Hospitals**  
**Notes to the Financial Statements**  
**December 31, 1999**

<b>2. Summary of significant accounting policies (continued)</b>	<p><b>(c) Foreign currency translation</b></p> <p>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.</p> <p><b>(d) Pension Contributions</b></p> <p>Contributions are recorded in the period that the payroll deductions are made.</p>																		
<b>3. Pension Education Fund</b>	<p>Pursuant to Board of Management Minute 93-0311, assets in the amount of \$60,000 were segregated, effective January 1, 1990, for the purpose of providing education and training on pension related matters to members of the Pension Committee. Interest on these assets accrued at the annual rate of return earned by the Pension Fund.</p> <p>On January 14, 2000, the Board of trustees for the Pension Plan for CUPE Employees of New Brunswick Hospitals approved a motion to no longer segregate funds for education and training purposes and that the current balance in Pension Education Fund be transferred to the general trust fund.</p> <p>Changes in the balance of the Fund during the year were as follows:</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>1999</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>1998</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Pension Education Fund, beginning of year</td> <td style="text-align: right;">\$ 88,864</td> <td style="text-align: right;">\$ 81,377</td> </tr> <tr> <td style="text-align: left;">Add: interest earned</td> <td style="text-align: right; border-bottom: 1px solid black;">10,841</td> <td style="text-align: right; border-bottom: 1px solid black;">7,487</td> </tr> <tr> <td style="text-align: left;">Pension Education Fund, end of year</td> <td style="text-align: right;">99,705</td> <td style="text-align: right;">88,864</td> </tr> <tr> <td style="text-align: left;">Less: Transfer to General Trust Fund</td> <td style="text-align: right; border-bottom: 1px solid black;">99,705</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: left;">Pension Education Fund, end of year</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 0</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 88,864</td> </tr> </tbody> </table>		<u>1999</u>	<u>1998</u>	Pension Education Fund, beginning of year	\$ 88,864	\$ 81,377	Add: interest earned	10,841	7,487	Pension Education Fund, end of year	99,705	88,864	Less: Transfer to General Trust Fund	99,705		Pension Education Fund, end of year	\$ 0	\$ 88,864
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<b>4. Funding Policy</b>	<p>On September 23, 1999, effective March 15, 1999, the Canadian Union of Public Employees "CUPE" and the Province of New Brunswick "Province" approved the following:</p>																		



**Pension Plan For CUPE Employees Of New Brunswick Hospitals**  
**Notes to the Financial Statements**  
**December 31, 1999**

<p><b>4. Funding Policy</b> (continued)</p>	<ul style="list-style-type: none"> <li>• A joint trustee governance model for the Pension Plan for CUPE Employees of New Brunswick Hospitals where the operation and administration of the Trust is now the responsibility of a Board of Trustees ("Board"). The Board consists of eight Trustees, four appointed by CUPE and four appointed by the Province:</li>   <li>• The payment of \$58.5 million from the Province of New Brunswick to the Pension Plan for CUPE Employees of New Brunswick Hospitals. The payment is to be utilized by the Trustees as follows: <ul style="list-style-type: none"> <li>▪ The first \$10 million is to be used at the Trustees discretion; and</li>   <li>▪ The remaining \$48.5 million is considered a contribution by the Province and will accrue interest at the rate of return of the Fund. Beginning in October, 1999, the Province shall be deemed to have remitted the sum of 5.15% of the earnings of plan members. This deemed remittance shall continue until the Actuary determines that the current value of the \$48.5 million has been exhausted by the deemed contributions from the Province. Until that time, the Province will be considered on a contribution holiday.</li> </ul> </li> </ul> <p>For accounting purposes, the entire \$58.5 million payment is recognized as an "employer contribution" in 1999. However, in accordance with the agreement entered into on September 23, 1999, the Board must account separately for all monies deemed to be received by the Fund from the Province for the contribution holiday. This amount will be reported in the Pension Plan for CUPE Employees of New Brunswick Hospitals audited financial statements on a yearly basis.</p> <table style="margin-left: auto; margin-right: auto; border: none;"> <tr> <td style="padding-right: 20px;">Contribution, October 1, 1999</td> <td style="text-align: right;">\$48,501,139</td> </tr> <tr> <td>Accrued interest</td> <td style="text-align: right;">1,393,670</td> </tr> <tr> <td>Deemed Employer contribution paid</td> <td style="text-align: right;"><u>(1,262,442)</u></td> </tr> <tr> <td> Balance, December 31, 1999</td> <td style="text-align: right;"> <u>\$48,632,367</u></td> </tr> </table>	Contribution, October 1, 1999	\$48,501,139	Accrued interest	1,393,670	Deemed Employer contribution paid	<u>(1,262,442)</u>	 Balance, December 31, 1999	 <u>\$48,632,367</u>
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**Pension Plan For CUPE Employees Of New Brunswick Hospitals**  
**Notes to the Financial Statements**  
**December 31, 1999**

<b>5. Obligation for Pension Benefit</b>	<p>The present value of accrued pension benefits was determined using the projected benefit method prorated on service and Board of Trustees best estimated assumptions. An actuarial valuation was made as of January 1, 2000 by Morneau Sobeco, a firm of consulting actuaries.</p> <p>The Actuarial present value of benefits as at January 1, 2000 was \$289,722,600.</p> <p>The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long term market conditions. Significant long term actuarial assumptions used in the valuation were:</p> <table data-bbox="627 828 1238 911"><tr><td>Asset rate of return</td><td>7.38% per annum</td></tr><tr><td>Salary escalation rate</td><td>3.50% per annum</td></tr></table> <p>The actuarial value of net assets available for benefits has been determined at amounts that reflect long term market trends (consistent with assumptions underlying the valuation of accrued pension benefits).</p>	Asset rate of return	7.38% per annum	Salary escalation rate	3.50% per annum
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