

PROVINCIAL JUDGES AND MASTERS IN CHAMBERS
RESERVE FUND
FINANCIAL STATEMENTS
MARCH 31, 2002

Auditor's Report

Balance Sheet

Statement of Changes in Net Assets

Notes to the Financial Statements



AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Provincial Judges and Masters in Chambers Reserve Fund as at March 31, 2002 and the statement of changes in net assets for the period from November 23, 2001 to March 31, 2002. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, 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 Fund as at March 31, 2002 and the changes in its net assets for the period from November 23, 2001 to March 31, 2002 in accordance with Canadian generally accepted accounting principles.

[original signed] Fred Dunn, CA
Auditor General

Edmonton, Alberta
May 23, 2002

PROVINCIAL JUDGES AND MASTERS IN CHAMBERS RESERVE FUND
BALANCE SHEET
MARCH 31, 2002
(\$ thousands)

ASSETS	
Cash and cash equivalents (Note 3)	\$ 18,624
Receivable from the Province of Alberta	3,587
	22,211
LIABILITIES	
Amounts owing to the Provincial Judges and Masters in Chambers (Unregistered) Pension Plan (Notes 2(c) and 4)	22,211
NET ASSETS	\$ -

The accompanying notes are part of these financial statements.

PROVINCIAL JUDGES AND MASTERS IN CHAMBERS RESERVE FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD FROM NOVEMBER 23, 2001 TO MARCH 31, 2002
(\$ thousands)

Increase in assets	
Initial transfer from the Province of Alberta	\$ 14,728
Contributions from the Province of Alberta	7,362
Investment income	121
	22,211
Decrease in assets	
Increase in amounts owing to the Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	22,211
Increase in net assets	-
Net assets at beginning of period	-
Net assets at end of period	\$ -

The accompanying notes are part of these financial statements.

PROVINCIAL JUDGES AND MASTERS IN CHAMBERS RESERVE FUND

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002

NOTE 1 AUTHORITY AND PURPOSE

The Provincial Judges and Masters in Chambers Reserve Fund (Reserve Fund) operates under the authority of the Financial Administration Act, Chapter F-12, Revised Statutes of Alberta 2000 and the Provincial Judges and Masters in Chambers Reserve Fund Directive (Treasury Board Directive 03/01).

The Reserve Fund is established to collect contributions from the Province of Alberta and to invest the funds which are reserved to meet future benefit payments of the Provincial Judges and Masters in Chambers (Unregistered) Pension Plan (Unregistered Plan). The Unregistered Plan is established effective April 1, 1998 to provide pension benefits to Provincial Judges and Masters in Chambers which are in addition to those payable under the Provincial Judges and Masters in Chambers (Registered) Pension Plan.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

(a) Basis of Presentation

These financial statements are prepared on the going concern basis in accordance with Canadian generally accepted accounting principles. The statements provide information about the net assets available in the Reserve Fund to meet future benefit payments of the Unregistered Plan.

(b) Valuation of Assets and Liabilities

Short-term securities included in cash and cash equivalents are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

The fair values of deposits, receivables and accrued liabilities are estimated to approximate their book values.

(c) Accrued Liabilities

Accrued liabilities of the Reserve Fund are funded by investment income and contributions from the Province of Alberta at a rate determined by the Unregistered Plan's actuary and approved by the Minister of Finance. The rate in effect at March 31, 2002 was 39.97% of the pensionable earnings of Provincial Judges and Masters in Chambers that were in excess of \$86,111. These amounts represent assets held by the Reserve Fund, which are available to meet future benefit payments of the Unregistered Plan over the long term.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of a deposit in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is managed with the objectives of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. As at March 31, 2002, securities held by the CCITF had an average effective market yield of 4.03% per annum and an average duration of 65.7 days.

**NOTE 4 PROVINCIAL JUDGES AND MASTERS IN CHAMBERS (UNREGISTERED) PENSION PLAN
(UNREGISTERED PLAN)**

An actuarial valuation of the Unregistered Plan was carried out as at March 31, 2000 by Johnson Incorporated and was then extrapolated to March 31, 2002.

The Unregistered Plan reported an actuarial surplus of \$3.1 million as at March 31, 2002, taking into account the amounts recoverable from the Reserve Fund.

The assumptions used in the actuarial valuation were developed based on management's best estimates of short-term and long-term market conditions and other future events. Differences between actual results and management's expectations will be reflected as experience gains and losses in the next actuarial valuation of the Unregistered Plan.

NOTE 5 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Deputy Minister of Finance.