

PROVINCIAL JUDGES AND MASTERS IN CHAMBERS RESERVE FUND

Financial Statements
YEAR ENDED MARCH 31, 2005

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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, 2005 and the statement of changes in net assets for the year then ended. These financial statements are the responsibility of the management of the Fund. 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, 2005 and the changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
May 20, 2005

[Original Signed]
Fred J. Dunn, FCA
Auditor General

PROVINCIAL JUDGES AND MASTERS IN CHAMBERS RESERVE FUND

BALANCE SHEET

As at March 31, 2005 (*thousands*)

	2005	2004 Restated (Note 5)
Assets		
Cash and cash equivalents (Note 3)	\$ 38,437	\$ 30,399
Receivable from the Province of Alberta	394	1,447
	38,831	31,846
Liabilities		
Amounts owing to the Provincial Judges and Masters in Chambers (Unregistered) Pension Plan (Notes 2(c) and 4)	38,831	31,846
Net Assets	\$ -	\$ -

STATEMENT OF CHANGES IN NET ASSETS

Year Ended March 31, 2005 (*thousands*)

	2005	2004 Restated (Note 5)
Increase in assets		
Contributions from the Province of Alberta		
Current service	\$ 5,297	\$ 3,989
Unfunded liabilities	862	521
Investment income	826	851
	6,985	5,361
Decrease in assets		
Increase in amounts owing to the Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	6,985	5,361
Increase in net assets	-	-
Net assets at beginning of year	-	-
Net assets at end of year	\$ -	\$ -

The accompanying notes are part of these financial statements.

PROVINCIAL JUDGES AND MASTERS IN CHAMBERS RESERVE FUND

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2005

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 to provide additional pension benefits to Provincial Judges and Masters in Chambers whose pensionable earnings are in excess of the *maximum benefit accrual limit* as set out in the federal *Income Tax Act* effective April 1, 1998.

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.

Due to their short term nature, the fair values of deposits, receivables and accrued liabilities are estimated to approximate their book values.

(c) Liabilities

Accrued liabilities of the Reserve Fund are funded by investment income and contributions from the Province of Alberta.

In 2004-05, current service contributions rates remained unchanged at 36.04% of the pensionable earnings of Provincial Judges and Masters in Chambers that were in excess of the *maximum benefit accrual limit*. The rate was determined by the Unregistered Plan's actuary and approved by the Minister of Finance.

PROVINCIAL JUDGES AND MASTERS IN CHAMBERS RESERVE FUND

NOTE 2 (continued)

The unfunded liability arising as a result of judicial salary increases recommended by the 2003 Judicial Compensation Commission is financed by additional contributions from the Province of Alberta. The contribution rate is set on the basis that the additional contributions will eliminate the unfunded liability over 15 years.

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 three years. As at March 31, 2005, securities held by the CCITF had an average effective market yield of 2.8% (2004 2.1%) per annum and an average duration of 131 days (2004 142 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, 2003 by Johnson Incorporated and was then extrapolated to March 31, 2005.

As at March 31, 2005, the Unregistered Plan reported an actuarial deficiency of \$0.5 million (2004 surplus of \$0.3 million), taking into account the amounts owing from the Reserve Fund.

NOTE 5 COMPARATIVE FIGURES

Additional contributions from the Province of Alberta to retire unfunded liabilities of the Unregistered Plan were deposited into the Reserve Fund in 2004-05.

Comparative figures have been restated to be consistent with 2004-05 presentation.

NOTE 6 APPROVAL OF FINANCIAL STATEMENTS

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

