

SUPPLEMENTARY RETIREMENT PLAN RESERVE FUND
FINANCIAL STATEMENTS
MARCH 31, 2003

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 Supplementary Retirement Plan Reserve Fund as at March 31, 2003 and the statement of changes in net assets for the year then ended. 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, 2003 and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed]

Fred J. Dunn, FCA
Auditor General

Edmonton, Alberta
June 13, 2003

SUPPLEMENTARY RETIREMENT PLAN RESERVE FUND
BALANCE SHEET
MARCH 31, 2003
(\$ thousands)

	2003	2002
Assets		
Cash and cash equivalents (Note 3)	\$ 14,057	\$ 7,210
Receivable from participating employers	509	410
	<u>14,566</u>	<u>7,620</u>
Liabilities		
Amounts owing to the Supplementary Retirement Plan for Public Service Managers (Notes 2(c) and 4)	14,566	7,620
Net Assets	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are part of these financial statements.

SUPPLEMENTARY RETIREMENT PLAN RESERVE FUND
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2003
(\$ thousands)

	2003	2002
Increase in assets		
Contributions from participating employers	\$ 6,638	\$ 3,801
Investment income	308	189
	<u>6,946</u>	<u>3,990</u>
Decrease in assets		
Increase in amounts owing to the Supplementary Retirement Plan for Public Service Managers	6,946	3,984
Administration expenses	-	6
	<u>6,946</u>	<u>3,990</u>
Increase in net assets	-	-
Net assets at beginning of year	-	-
Net assets at end of year	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are part of these financial statements.

SUPPLEMENTARY RETIREMENT PLAN RESERVE FUND

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2003

NOTE 1 AUTHORITY AND PURPOSE

The Supplementary Retirement Plan Reserve Fund (Reserve Fund) operates under the authority of the Financial Administration Act, Chapter F-12, Revised Statutes of Alberta 2000 and Treasury Board Directive 05/99.

The Reserve Fund is established to collect contributions from participating employers and to invest the funds which are reserved to meet future benefit payments of the Supplementary Retirement Plan for Public Service Managers (SRP). The SRP is established effective July 1, 1999 to provide additional pension benefits to eligible public service managers whose pensionable earnings are in excess of \$86,111, the yearly maximum pensionable earnings limit allowed by the federal Income Tax Act for 2002 and 2003.

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 SRP.

(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) Liabilities

Accrued liabilities of the Reserve Fund are funded by investment income and contributions from participating employers at a rate determined by the SRP's actuary and approved by the government. The rate in effect at March 31, 2003 was unchanged from 2002 at 42.5% of the pensionable salary of eligible public service managers 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 SRP over the long term. Based on an actuarial valuation of the SRP as at December 31, 2002, the Plan's actuary has recommended that the employer contribution rate decreases, effective July 1, 2003, to 6.8% of pensionable salary in excess of the yearly maximum pensionable earnings limit.

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, 2003, securities held by the CCITF had an average effective market yield of 3.23% (2002 2.58%) per annum and an average duration of 71 days (2002 68 days).

NOTE 4 SUPPLEMENTARY RETIREMENT PLAN FOR PUBLIC SERVICE MANAGERS (SRP)

An actuarial valuation of the SRP was carried out as at December 31, 2002 by Aon Consulting Inc.

As at December 31, 2002, the SRP reported an actuarial surplus of \$6.5 million (2001 actuarial deficiency of \$0.4 million), taking into account the amounts owing from the Reserve Fund.

NOTE 5 APPROVAL OF FINANCIAL STATEMENTS

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