

Report of the Auditor General of British Columbia

*To the Chief Executive Officer
British Columbia Pension Corporation, and*

*To the Minister of Finance and Corporate Relations,
Province of British Columbia:*

I have audited the statement of net assets of the *Members of the Legislative Assembly Superannuation Account* as at March 31, 2000 and the statement of changes in net assets for the year then ended. These financial statements are the responsibility of the British Columbia Pension Corporation's management. 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 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 *Members of the Legislative Assembly Superannuation Account* as at March 31, 2000 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



*Victoria, British Columbia
June 7, 2000*

Wayne Strelieff, CA
Auditor General


MEMBERS OF THE LEGISLATIVE ASSEMBLY
SUPERANNUATION ACCOUNT

ADMINISTRATOR'S RESPONSIBILITY FOR FINANCIAL REPORTING


The financial statements of the Members of the Legislative Assembly Superannuation Account were prepared by the British Columbia Pension Corporation (previously known as the Superannuation Commission), the benefit administrator for the account. The corporation is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting policies consistent with generally accepted accounting principles in Canada. Other financial information contained in the Annual Report for the Members of the Legislative Assembly Pension Plan conforms to these financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, the corporation maintains the internal controls necessary to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded.

The Auditor General of British Columbia has performed an independent audit of the financial statements of the account in accordance with generally accepted auditing standards. The resulting audit opinion is set out in the Report of the Auditor General attached to these financial statements.



JOHN A. MOCHRIE
Chief Executive Officer
British Columbia Pension Corporation



K. LOUISE YOUNG, C.A.,
Vice-President, Information Management,
Finance and Administration
British Columbia Pension Corporation

June 7, 2000

MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT
STATEMENT OF NET ASSETS
(\$ Thousands)

March 31	2000	1999
ASSETS		
Investments (Note 4)	\$ 3,964	\$ 3,302
Employer contributions receivable	204	246
Receivable from sale of investments	85	-
Cash	14	5
Total Assets	4,267	3,553
LIABILITIES		
Due to the Public Service Superannuation Fund	633	259
Payable for purchase of investments	50	-
Total Liabilities	683	259
NET ASSETS AVAILABLE FOR BENEFITS	\$ 3,584	\$ 3,294

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



John A. Mochrie
 Chief Executive Officer
 British Columbia Pension Corporation



P. Louise Young, C.A.,
 Vice-President, Information Management,
 Finance and Administration
 British Columbia Pension Corporation

MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT
STATEMENT OF CHANGES IN NET ASSETS
(\$ Thousands)

For the year ended March 31	2000	1999
INCREASE IN ASSETS		
Net Investment income (Note 5)	\$ 497	\$ 50
Past service contributions		
Members	204	214
Employer	204	215
	408	429
Total Increase in Assets	905	479
DECREASE IN ASSETS		
Transfer to the Public Service Superannuation Fund (Note 6)	615	248
Total Decrease in Assets	615	248
INCREASE (DECREASE) IN NET ASSETS	290	231
NET ASSETS AVAILABLE FOR BENEFITS		
AT BEGINNING OF YEAR	3,294	3,063
NET ASSETS AVAILABLE FOR BENEFITS		
AT END OF YEAR	\$ 3,584	\$ 3,294

MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

1. THE MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT

Under Part 2 of the *Legislative Assembly Allowances and Pension Act*, the Members of the Legislative Assembly Superannuation Account (the account) is an account in the Ministry of Finance and Corporate Relations of the Province of British Columbia.

When a member is granted a pension, the present value of the amount required to provide his or her future pension benefits is transferred from the account to the Public Service Superannuation Fund and monthly pensions are paid from that fund. The province provides additional funding if accumulated contributions for that member are less than the present value of the amount required to fund the pension granted.

2. DESCRIPTION OF THE MEMBERS OF THE LEGISLATIVE ASSEMBLY PENSION PLAN

The following brief description of the Members of the Legislative Assembly Pension Plan (the plan) is provided for general information only. For more information refer to the *Legislative Assembly Allowances and Pension Act*.

a) General

The plan is a contributory defined benefit pension plan for Members of the Legislative Assembly. The *Legislative Assembly Allowance and Pension Act* was amended in July 1995 to discontinue the accrual of benefit entitlements after June 19, 1996. Only member service prior to this date will be taken into account for determining a member's pension or termination benefit. A member's eligibility for a pension or termination benefit will be determined using all service as a member.

b) Roles and Responsibilities

The British Columbia Investment Management Corporation (previously known as the Office of the Chief Investment Officer of the Ministry of Finance and Corporate Relations) carries out the day-to-day investment management services for the account.

Up until March 31, 2000, pension benefits are administered by the Superannuation Commission of the Ministry of Finance and Corporate Relations. On April 1, 2000, the *Public Service Pension Plans Act* creates the British Columbia Pension Corporation to replace the commission and to continue carrying out benefit administration services.

MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

2. DESCRIPTION OF THE MEMBERS OF THE LEGISLATIVE ASSEMBLY
PENSION PLAN (continued)

c) Pension Benefits

A member of the plan is entitled to a pension after having served seven years or for more than two parliaments and:

- ceasing to be an MLA and attaining the age of 55; or
- ceasing to be an MLA and attaining an age plus years of service as an MLA totalling 60 or more years; or
- having reached the calendar year end of the year in which the member becomes 69 years old.

The plan provides a pension of 5% per year of service, up to a maximum of 16 years service, of the average legislative allowance, special allowance and ministerial salary earned in the highest four years of service as an MLA, and as a minister or specified office holder.

Increases to pension payments are provided each January 1. These increases are based on the annual increase in the Consumer Price Index (CPI) as at the previous September 30, and are subject to availability of funds.

At January 1, 2000 pensioners received a full CPI increase of 2.6% (1999 - .7%).

d) Termination Benefits

A member of the plan who ceases to be an MLA may choose between leaving accumulated contributions on deposit or obtaining a refund of contributions with interest.

e) Other Benefits

Survivor benefits are available under the plan.

f) Income Taxes

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

MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements present the aggregate financial position of the account as a separate financial reporting entity, independent of the account's contributing employer and members.

b) Investments

Investments are stated at market value. Market value is derived from external quotations or appraisals. Investment purchases and sales are recorded on trade date.

c) Investment Income

Investment income is recorded on the accrual basis.

4. INVESTMENTS (Market Value)

	2000	1999
	<i>(\$ Thousands)</i>	
Short-term	\$ 578	\$ 408
Canadian Bonds	2,240	1,948
Canadian Equities	1,146	946
	<u>\$3,964</u>	<u>\$3,302</u>

Pension account investments consist primarily of direct ownership in units of pooled investment portfolios, managed by the British Columbia Investment Management Corporation. Each unit gives its holder a proportionate share in the equity of the pooled investment fund. One or more pooled investment portfolios exist for different types of investments, such as short-term investments, Canadian bonds and Canadian equities.

Short-term investments consist of Canadian money market securities, such as treasury bills, with terms of 15 months or less. Canadian bonds consist of government and corporate bonds and debentures. Equities consist primarily of publicly traded shares.

MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2000

5. INVESTMENT INCOME

	2000		1999
	Income Allocation	Current Period Change In Market Value	Total
		Total	Total
		(\$ Thousands)	
Short-term	\$ 27	\$ -	\$ 27
Canadian Bonds	118	(72)	46
Canadian Equities	19	405	424
Net Investment Income	\$164	\$333	\$497
			\$ 50

The income allocation portion of investment income represents pooled investment portfolio income attributable to the pension account, as a unitholder, and as calculated by the British Columbia Investment Management Corporation, as well as any interest income from directly held investments. All income earned within a pooled investment portfolio is reinvested within the portfolio.

6. RELATED PARTY TRANSACTIONS

a) Transfers to the Public Service Superannuation Fund

	2000	1999
	(\$ Thousands)	
Accumulated assets available for pensions granted	\$559	\$188
Terminal funding from the Province of British Columbia	-	-
Present value of pensions granted	559	188
Indexing contributions	56	60
Total Transfer	\$615	\$248

When a member is granted a pension, the present value of the pension is transferred to the Public Service Superannuation Fund and monthly benefits are paid from that fund. The province provides additional funding in the year the pension is granted (terminal funding) if accumulated contributions with interest for that member and unused account investment income are less than the present value of the pension granted. During the year ended March 31, 2000, 2 members (1999 - 1) were granted a pension.

MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2000

6. RELATED PARTY TRANSACTIONS (continued)

a) Transfers to the Public Service Superannuation Fund (continued)

The ten-year history of the present value of pensions granted is as follows:

	Accumulated Assets Available for Pensions Granted	Terminal Funding Received from the Province <i>(\$ Thousands)</i>	Present Value of Pensions Granted
1991	\$ 307	\$ -	\$ 307
1992	2,765	6,417	9,182
1993	-	-	-
1994	193	412	605
1995	129	117	246
1996	-	-	-
1997	2,365	2,322	4,687
1998	-	-	-
1999	188	-	188
2000	559	-	559

Under the *Legislative Assembly Allowances and Pension Act*, amounts contributed by members and the employer to help provide for the payment of indexing supplements are transferred each year from the account to the Public Service Superannuation Fund, from which the indexing supplements are paid.

b) Administrative Expenses and Investment Management Fees

Administrative expenses and internal investment management fees relating to the account are paid from the Public Service Superannuation Fund. Administrative expenses were \$31,676 for 2000 (1999 - \$33,264). Internal investment management fees were \$5,324 for 2000 (1999 - \$3,521).

7. ACTUARIAL VALUATION

An actuarial valuation of the plan is not required by the *Legislative Assembly Allowances and Pension Act* and a valuation has not been performed to date because the benefit obligation does not have a reasonable basis for measurement. To value the benefit, obligation assumptions would have to be made including those regarding the turnover, eligibility and retirement age of members. Pension eligibility and retirement of Members of the Legislative Assembly depends on election results and is not readily predictable.