

Financial Statements of

NOVA SCOTIA PENSION AGENCY

Year ended March 31, 2007



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AUDITORS' REPORT

To the Minister of Finance

We have audited the statement of financial position of Nova Scotia Pension Agency as at March 31, 2007 and the statement of operations for the year then ended. These financial statements are the responsibility of the Nova Scotia Pension Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian 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 management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Pension Agency as at March 31, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Nova Scotia Pension Agency taken as a whole. The supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We have not audited the statement of financial position of the Nova Scotia Pension Agency as at March 31, 2006 and the statement of operations for the period then ended, and accordingly, we do not express an opinion on them.

Chartered Accountants

Halifax, Canada

May 18, 2007

NOVA SCOTIA PENSION AGENCY

Statement of Financial Position

March 31, 2007, with comparative figures for 2006

	2007	2006
		(Unaudited)
Assets		
Current assets:		
Cash	\$ 200	\$ -
Accounts receivables - pension plans	4,875,255	-
Accrued receivable - pension plans	3,797,838	2,442,825
	\$ 8,673,293	\$ 2,442,825
Liabilities		
Current liabilities:		
Accounts payable	\$ 814,223	\$ -
Accrued liabilities	3,870,756	-
Due to Province of Nova Scotia, advances	3,988,314	2,442,825
Commitments (note 2)		
	\$ 8,673,293	\$ 2,442,825

See accompanying notes to financial statements.

NOVA SCOTIA PENSION AGENCY

Statement of Operations

Year ended March 31, 2007, with comparative figures for the 50 day period ended March 31, 2006

	2007	2006
		(Unaudited)
Recoveries from pension plans (Schedule 1)	\$ 20,485,179	\$ 2,442,825
Operating expenses:		
Salaries and benefits	2,561,104	327,582
Travel	52,120	3,398
Professional services	786,929	73,911
Management fees	16,014,084	1,852,022
Supplies and services	514,845	101,637
Other	556,097	84,275
	20,485,179	2,442,825
Excess of recoveries over expenses	\$ -	\$ -

See accompanying notes to financial statements.

NOVA SCOTIA PENSION AGENCY

Notes to Financial Statements

Year ended March 31, 2007

Nova Scotia Pension Agency (the "Agency") was established on February 10, 2006 pursuant to Order in Council 2006-97. The Agency is responsible for providing pension administration and investment services as directed by the Trustee of the Teachers' Pension Plan and the Minister of Finance as Trustee for the Nova Scotia Public Service Superannuation Plan, Members of the Legislative Assembly Pension Plan and the Sydney Steel Corporation Superannuation Fund.

1. Significant accounting policies:

(a) Basis of presentation:

The policies used in preparing the Agency's financial statements are in accordance with Canadian generally accepted accounting principles. Expenses and recoveries are recognized on an accrual basis.

The Agency is funded from the pension plans on a full cost recovery basis. Transactions reported for the period February 10, 2006 to March 31, 2006 are derived from the Pensions and Investments Division accounts of the Department of Finance, Province of Nova Scotia.

(b) Statement of cash flows:

A statement of cash flows has not been presented as it would not provide additional meaningful information.

(c) Revenue recognition:

Revenue of the Agency is derived from the four Provincial Pension Plans and represents the recovery of 100% of the expenses allocated to the Agency.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

NOVA SCOTIA PENSION AGENCY

Notes to Financial Statements (continued)

Year ended March 31, 2007

2. Commitments:

As at March 31, 2007, the Agency was contractually obligated under various operating and occupancy leases. Future minimum annual lease payments over the next five years are as follows.

2008	\$	224,546
2009		220,163
2010		219,013
2011		219,013
2012		221,727
	\$	1,104,462

3. Related party transactions:

Included in the financial statements of the Agency are transactions with various provincial government departments. Funding of expenses for the Agency is provided initially by the Department of Finance on a full recovery basis. Significant related party transactions include:

	Recoveries from	Purchases from	Year-end payables
Department of Finance	\$ 22,500	\$ 450,042	\$ 3,988,314
Department of Transportation and Public Works	-	428,418	-
Department of Justice	-	113,655	-
Communications Nova Scotia	-	59,756	-
Office of the Auditor General	-	24,175	-
Department of Natural Resources	-	20,425	-
	\$ 22,500	\$ 1,096,471	\$ 3,988,314

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOVA SCOTIA PENSION AGENCY

Notes to Financial Statements (continued)

Year ended March 31, 2007

4. Employee pension plan:

Employees of the Agency participate in the Nova Scotia Public Service Superannuation Fund (the "Plan"), a contributory defined benefit pension plan, which provides pension benefits based on length of service and earnings. Contributions to the Plan are required by both the employees and the employer. Total employer contributions for 2007 were \$144,959 and are recognized as an expense in the period. The Agency is not responsible for any under-funded liability, nor does the Agency have any access to any surplus that may arise in the Plan.

5. Comparative figures:

Certain 2006 comparative figures have been reclassified to conform with the financial statement presentation adopted per the current year.

NOVA SCOTIA PENSION AGENCY

Schedule of Recoveries by Fund

Year ended March 31, 2007, with comparative figures for the 50 day period ended March 31, 2006

	2007	2006 (Unaudited)
Teachers' Pension Plan:		
Salaries and benefits	\$ 1,269,594	\$ 164,916
Travel	28,344	1,750
Professional services	414,655	38,876
Management fees	8,739,246	1,029,724
Supplies and services	253,997	49,444
Other	280,040	44,992
	<u>10,985,876</u>	<u>1,329,702</u>
Nova Scotia Public Service Superannuation Plan:		
Salaries and benefits	1,205,626	153,086
Travel	23,396	1,570
Professional services	286,619	33,801
Management fees	7,278,179	822,298
Supplies and services	242,091	48,262
Other	259,527	38,246
	<u>9,295,438</u>	<u>1,097,263</u>
Sydney Steel Corporation Superannuation Fund:		
Salaries and benefits	79,735	8,894
Travel	353	72
Professional services	37,648	1,146
Supplies and services	17,414	3,649
Other	15,346	963
	<u>150,496</u>	<u>14,724</u>
Members of the Legislative Assembly Pension Plan:		
Salaries and benefits	6,150	686
Travel	27	6
Professional services	22,165	88
Supplies and services	1,343	282
Other	1,184	74
	<u>30,869</u>	<u>1,136</u>
Miscellaneous recoveries - Department of Finance:		
Professional services	22,500	-
Total recoveries from pension funds	<u>\$ 20,485,179</u>	<u>\$ 2,442,825</u>