PROVINCE OF NOVA SCOTIA
ACCOUNTS ESTABLISHED UNDER THE MEMBERS' RETIRING ALLOWANCES ACT
FINANCIAL STATEMENTS
MARCH 31, 2010

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AUDITORS' REPORT

To the Members of the Legislative Assembly of Nova Scotia; and
To the Minister of Finance

We have audited the statement of net assets available for benefits and accrued pension benefit obligations of the **Accounts Established Under the Members' Retiring Allowances Act** as at **March 31, 2010**, and the statements of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Department of Finance. 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 net assets available for benefits and accrued pension benefit obligations of the accounts established under the Members' Retiring Allowances Act as at March 31, 2010 and changes in net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

The prior year financial statements were audited by the Auditor General of the Province of Nova Scotia who expressed an opinion without reservation on those statements in his report dated May 11, 2009.

Dockrill Horwich Rossiter

Halifax, Nova Scotia
May 31, 2010

Chartered Accountants

Statement of Net Assets Available for Benefits and Accrued Pension Benefit Obligations
March 31, 2010

NET ASSETS AVAILABLE FOR BENEFITS	**2010**	**2009**
Receivable from the Consolidated Fund (Note 3)		
Members' Retiring Allowance Account	$ 29,805,769	$ 27,968,174
Less: Accounts payable and accruals	1,569	1,674
	29,804,200	27,966,500
Members' Supplementary Retiring Allowance Account	$ 63,045,831	$ 63,314,926
Less: Accounts payable and accruals	3,431	3,826
	63,042,400	63,311,100
	$ 92,846,600	$ 91,277,600
ACCRUED PENSION BENEFIT OBLIGATIONS		
Members' Retiring Allowance Account (Note 4)	$ 29,804,200	$ 27,966,500
Members' Supplementary Retiring Allowance Account (Note 4)	63,042,400	63,311,100
	$ 92,846,600	$ 91,277,600

APPROVED BY:

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Minister of Finance

(See accompanying notes to financial statements)

Province of Nova Scotia
Accounts Established Under the
Members' Retiring Allowances Act
Statement of Changes in Net Assets Available for Benefits
in the Members' Retiring Allowance Account
For the Year Ended March 31, 2010

	2010	2009
Increase in Assets		
Interest	$ 2,428,065	$ 2,241,484
Contributions		
Members' – matched	508,502	521,421
Government – matched	508,502	521,421
Government – unmatched	473,698	511,179
Total increase in assets	3,918,767	3,795,505
Decrease in Assets		
Allowances (pensions)	1,241,941	1,006,600
Refunds – contributions and interest	120,865	5,014
Professional services	6,805	5,027
Total decrease in assets	1,369,611	1,016,641
Increase in Net Assets before Actuarial Adjustment	2,549,156	2,778,864
Actuarial adjustment (Note 4)	(711,456)	(906,464)
Increase in Net Assets after Actuarial Adjustment	1,837,700	1,872,400
Net Assets Available for Benefits, beginning of year	27,966,500	26,094,100
Net Assets Available for Benefits, end of year	$ 29,804,200	$ 27,966,500

(See accompanying notes to financial statements)

Province of Nova Scotia
Accounts Established Under the
Members' Retiring Allowances Act
Statement of Changes in Net Assets Available for Benefits
in the Members' Supplementary Retiring Allowance Account
For the Year Ended March 31, 2010

	2010	2009
Increase in Assets		
Interest	$ 5,310,555	$ 5,120,860
Government unmatched contributions	2,471,300	2,877,100
Total increase in assets	7,781,855	7,997,960
Decrease in Assets		
Allowances (pensions)	3,040,615	2,749,371
Refunds – contributions and interest	-	-
Professional services	14,883	11,484
Total decrease in assets	3,055,498	2,760,855
Increase in Net Assets before Actuarial Adjustment	4,726,357	5,237,105
Actuarial adjustment (Note 4)	(4,995,057)	(2,120,905)
Increase (decrease) in Net Assets after Actuarial Adjustment	(268,700)	3,116,200
Net Assets Available for Benefits, beginning of year	63,311,100	60,194,900
Net Assets Available for Benefits, end of year	$ 63,042,400	$ 63,311,100

(See accompanying notes to financial statements)

1. Authority and Description of Plan

Members of the House of Assembly are entitled to receive retiring allowances pursuant to provisions of the Members' Retiring Allowances Act. The Act, as amended November 25, 1993, establishes in the Consolidated Fund of the Province a Members' Retiring Allowance Account (a registered pension plan under the Income Tax Act) and a Members' Supplementary Retiring Allowance Account to which Member and government contributions and interest are credited, and payments to pensioners and terminating Members are charged. If at any time the balances of the accounts are insufficient to make required payments, an amount will be credited to the accounts from the Consolidated Fund.

Members contribute 10% of indemnities and salaries to the Members' Retiring Allowance Account. The Province contributes an equal amount. The Province makes additional contributions to the accounts equal to the current service cost (annual cost of benefits accrued) less Members' contributions and the Province's matching contributions. Contributions cease after 15 years. Pensions are paid on the basis of the average indemnities and expense allowances for the last three years, and average salaries for the best three years, at the rate of 5% for each year for which contributions were made. As of November 25, 1993 there is no longer a minimum retiring allowance.

There are 52 seats in the House of Assembly. At year end, 48 Members were active contributors to the accounts, 2 Members had ceased contributing because they had reached the maximum of 15 years, and 2 seats were vacant. There were also 114 retiring allowances in pay at March 31, 2010 to former Members of the House of Assembly, surviving spouses, former spouses and dependent children.

A Member qualifies for benefits on ceasing to be a Member after having served five years during two or more General Assemblies, and having attained age 55. Former Members who qualify for a retiring allowance may make application for an actuarially reduced allowance as early as 45 years of age. Retiring allowances are increased annually on January 1 by the lesser of the increase in the Consumer Price Index and 6%.

2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles, the most significant of which are described below.

a) Basis of Presentation

A statement of cash flow is not provided since disclosure in each of the statements of changes in net assets available for benefits is considered adequate.

2. Summary of Significant Accounting Policies (Continued)

b) Contributions

Contributions to the accounts are recorded on an accrual basis. An amount representing interest on the balances in the accounts is calculated and credited to the accounts annually at a rate of 8.5% according to the regulations of the Members' Retiring Allowances Act.

c) Allowances

Allowances (pensions) paid to retired members and commuted value refund payments are recorded in the period in which they are paid. Accrued allowances are recorded as part of accrued actuarial liabilities.

d) Use of Estimates

In preparing these financial statements in conformity with generally accepted accounting principles, management must make certain estimates and assumptions that primarily affect the reported values of assets and liabilities, related income and expense and related disclosures. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years could differ from those estimates.

3. Receivable from the Consolidated Fund

The pension plan established under the Members' Retiring Allowances Act is an unfunded arrangement. No separate investment fund is maintained. All contributions received and disbursements made are through accounts administered by the Department of Finance. These accounts are included in the Consolidated Fund of the Province. The only asset of the pension plan is the amount due from the Consolidated Fund.

4. Accrued Pension Benefit Obligations

Actuarial valuations of benefit obligations under the Members' Retiring Allowances Act are carried out periodically and provide an estimate of pension benefit obligations calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Plan's consulting actuaries, Morneau Sobeco, performed an actuarial valuation for funding purposes as at September 30, 2009 and issued their report in January 2010. The results of the September 30, 2009 valuation were extrapolated to March 31, 2010. The results of the valuation and related extrapolation are summarised as follows:

4. Accrued Pension Benefit Obligations (Continued)

	Extrapolation March 31, 2010	Valuation September 30, 2009
Members' Retiring Allowance Account	$29,804,200	$27,966,500
Members' Supplementary Retiring Allowance Account	$63,042,400	$63,311,100

Actuarial adjustments were recorded to adjust net assets to the revised estimates as of March 31, 2010.

Reconciliation of changes in accrued pension benefits – Members' Retiring Allowance Account:

	2010	2009
Accrued pension benefits, beginning of year	$ 27,966,500	$ 26,094,100
Impact of changes in assumptions	747,600	-
Current service cost	1,500,400	1,571,300
Benefits paid	(1,279,300)	(1,004,600)
Interest on average accrued pension benefit obligations	1,369,200	1,305,700
Net impact of other experience gains and losses	(500,200)	-
Accrued pension benefits, end of year	$ 29,804,200	$ 27,966,500

Reconciliation of changes in accrued pension benefits – Members' Supplementary Retiring Allowance Account:

	2010	2009
Accrued pension benefits, beginning of year	$ 63,311,100	$ 60,194,900
Impact of changes in assumptions	1,612,500	-
Current service cost	2,471,300	2,877,100
Benefits paid	(3,132,100)	(2,743,800)
Interest on average accrued pension benefits obligations	3,068,200	2,982,900
Net impact of other experience gains and losses	(4,288,600)	-
Accrued pension benefits, end of year	$ 63,042,400	$ 63,311,100

4. Accrued Pension Benefit Obligations (Continued)

The actuarial valuation for funding purposes projects liabilities for each member on the basis of service earned to date and the employee's projected three year average indemnity, expense allowance (if applicable) and executive council salary (where applicable) at the expected date of retirement. The projected unit credit method was adopted for the actuarial valuation to determine the current cost and actuarial liability. The valuation results are adjusted for any changes in economic assumptions, and an extrapolation to fiscal year end is performed. The major economic and demographic assumptions used for the extrapolation and the most recent actuarial valuation for funding purposes are as follows. (The investment earnings assumption and the mortality assumption for the 2010 extrapolation changed from those used in the 2009 extrapolation, which were 4.95% pre-retirement/2.20% post-retirement and UP-94 projected to 2015 using scale AA.):

	Extrapolation March 31, 2010	Valuation September 30, 2009
Investment earnings		
- pre-retirement rate	4.75%	4.75%
- post-retirement rate	2.20%	2.20%
(Net of assumed pensioner cost-of-living increases per annum)		
Salary escalation	2.50%	2.50%
Cost of living	2.50%	2.50%
Retirement age	Latest of: a) age 55 b) 4 years since last election c) earliest of i) 8 years since last election ii) 12 years of service iii) age 65 with 5 years of service	Latest of: a) age 55 b) 4 years since last election c) earliest of i) 8 years since last election ii) 12 years of service iii) age 65 with 5 years of service
Mortality	UP-94 projected to 2020 using scale 'AA"	UP-94 projected to 2020 using scale 'AA"

5. Subsequent Event

On May 11, 2010, the Financial Measures (2010) Act received Royal Assent. Contained in this act were changes to the Members' Retiring Allowances Act. Future indexing of pensions payable under the Members' Retiring Allowances Act will be linked to indexing of pensions payable under the Public Service Superannuation Act. The estimated impact of this change as at March 31, 2011 is a reduction in the total accrued pension benefit obligation of $13.3 million.