



Financial Statements

Nova Scotia Public Service

Long Term Disability Plan Trust Fund

December 31, 2023

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# Independent auditor's report

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To the Trustees of  
Nova Scotia Public Service Long Term Disability Plan Trust Fund

## Opinion

We have audited the financial statements of Nova Scotia Public Service Long Term Disability Plan Trust Fund, which comprise the statement of financial position as at December 31, 2023, and the statements of changes in net assets available for benefits and changes in accrued liability for benefit for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nova Scotia Public Service Long Term Disability Plan Trust Fund as at December 31, 2023, and the changes in its net assets available for benefits and the changes in accrued liability for benefit for the year then ended in accordance with Canadian accounting standards for pension plans.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Nova Scotia Public Service Long Term Disability Plan Trust Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Nova Scotia Public Service Long Term Disability Plan Trust Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate Nova Scotia Public Service Long Term Disability Plan Trust Fund or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Nova Scotia Public Service Long Term Disability Plan Trust Fund's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nova Scotia Public Service Long Term Disability Plan Trust Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Nova Scotia Public Service Long Term Disability Plan Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Nova Scotia Public Service Long Term Disability Plan Trust Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Halifax, Canada  
April 18, 2024

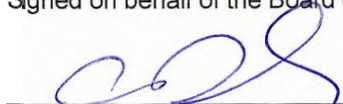
Chartered Professional Accountants

**Nova Scotia Public Service  
Long Term Disability Plan Trust Fund  
Statement of financial position**

| December 31                              | 2023                        | 2022                        |
|--|-----------------------------|-----------------------------|
| <b>Assets</b>                            |                             |                             |
| Investment assets (Note 4)               | \$ 151,674,102              | \$ 148,953,360              |
| Cash held for operations                 | 1,225,583                   | 1,267,915                   |
| Contributions receivable                 |                             |                             |
| Premiums                                 |                             |                             |
| Employer                                 | 339,239                     | 343,054                     |
| Employee                                 | 339,239                     | 343,054                     |
| EI rebates                               | 120,562                     | 112,435                     |
| Other assets                             |                             |                             |
| Deposit held with Manulife               | 2,800,000                   | 1,705,000                   |
| Other receivables                        | 412,041                     | 444,362                     |
| Capital assets (Note 5)                  | 7,232                       | 6,449                       |
| <b>Total assets</b>                      | <b><u>156,917,998</u></b>   | <b><u>153,175,629</u></b>   |
| <b>Liabilities</b>                       |                             |                             |
| Payables                                 | <u>2,299,397</u>            | <u>2,107,097</u>            |
| <b>Net assets available for benefits</b> | <b>154,618,601</b>          | <b>151,068,532</b>          |
| Accrual for benefits (Page 5)            | <u>121,125,000</u>          | <u>114,374,000</u>          |
| <b>Surplus</b>                           | <b><u>\$ 33,493,601</u></b> | <b><u>\$ 36,694,532</u></b> |

Contingencies (Note 10)

Signed on behalf of the Board of Trustees

  
\_\_\_\_\_ Chair

  
\_\_\_\_\_ Chief Executive Officer

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**Nova Scotia Public Service  
Long Term Disability Plan Trust Fund  
Statement of changes in net assets available for benefits**

Year ended December 31

2023

2022

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|  |                       |                       |
|--|-----------------------|-----------------------|
| Revenue  |                       |                       |
| Contributions  |                       |                       |
| Premiums   |                       |                       |
| Employer   | \$ 8,619,604          | \$ 8,454,081          |
| Employee   | 8,619,604             | 8,454,081             |
| EI premium rebates                                   | <u>2,299,285</u>      | <u>2,037,612</u>      |
|  | <u>19,538,493</u>     | <u>18,945,774</u>     |
| Investment income (Note 8)                           | 5,426,244             | 4,371,469             |
| Changes in the fair value of investment assets       | <u>5,438,066</u>      | <u>(18,732,525)</u>   |
|  | <u>10,864,310</u>     | <u>(14,361,056)</u>   |
|  | <u>30,402,803</u>     | <u>4,584,718</u>      |
| Expenses   |                       |                       |
| Benefits paid (Note 11)                              | 24,118,472            | 22,306,832            |
| Program administration (Note 12)                     | 1,534,556             | 1,368,331             |
| Administrative expenses (Note 13)                    | 788,765               | 752,023               |
| Investment expenses (Note 14)                        | <u>410,941</u>        | <u>428,453</u>        |
|  | <u>26,852,734</u>     | <u>24,855,639</u>     |
| Change in net assets available for benefits          | 3,550,069             | (20,270,291)          |
| Net assets available for benefits, beginning of year | <u>151,068,532</u>    | <u>171,339,453</u>    |
| Net assets available for benefits, end of year       | <u>\$ 154,618,601</u> | <u>\$ 151,068,532</u> |

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See accompanying notes to the financial statements.

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**Nova Scotia Public Service  
Long Term Disability Plan Trust Fund  
Statement of changes in accrual for benefit**

| Year ended December 31                    | 2023                  | 2022                  |
|---|-----------------------|-----------------------|
| Accrual for benefit, beginning of year    | <u>\$ 114,374,000</u> | <u>\$ 119,233,000</u> |
| Change in accrual for benefit             |                       |                       |
| Changes in actuarial assumptions          | -                     | (26,306,000)          |
| Interest accrued on benefits              | 4,824,000             | 2,979,000             |
| Experience losses                         | -                     | 18,615,000            |
| Benefits accrued                          | 25,529,000            | 24,391,000            |
| Benefits paid                             | (25,254,000)          | (22,307,000)          |
| Expense release                           | (2,020,000)           | (2,231,000)           |
| Plan changes                              | 3,672,000             | -                     |
|   | <u>6,751,000</u>      | <u>(4,859,000)</u>    |
| Accrual for benefit, end of year (Note 6) | <u>\$ 121,125,000</u> | <u>\$ 114,374,000</u> |

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# **Nova Scotia Public Service Long Term Disability Plan Trust Fund**

## **Notes to the financial statements**

December 31, 2023

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### **1. Description of plan**

The following description of Nova Scotia Public Service Long Term Disability Plan (the “Plan”) is a summary only. For more complete information, reference should be made to the Plan text.

#### **General**

The Plan was established to provide a long term disability plan for the employees of the Province of Nova Scotia and such other employee groups as approved by the Trustees.

The Plan was established by Order in Council dated September 26, 1985, as a Health and Welfare Trust Fund. In accordance with the Federal Department of Finance ‘Backgrounder: Summary of Draft Legislature Proposals’, as issued May 2, 2019, the Plan has elected to continue as an Employee Life and Health Trust.

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### **2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for pension plans.

Accounting standards for pension plans apply to all pension plans as well as benefit plans with characteristics similar to pension plans (such as long term disability plans) and require entities to select accounting policies for accounts that do not relate to its investment portfolio or accrued benefit obligations in accordance with either Part I (International Financial Reporting Standards (“IFRS”)) or Part II (Canadian accounting standards for private enterprises (“ASPE”)) of the CPA Handbook. The Plan selected to apply Part II for such accounts on a consistent basis and to the extent that these standards do not conflict with the requirements of the accounting standards for pension plans.

#### **(a) Financial instruments**

Financial assets and financial liabilities are recognized when the Plan becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

All financial assets and financial liabilities are initially measured at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act.

Financial assets and financial liabilities are subsequently measured as described below.



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# **Nova Scotia Public Service Long Term Disability Plan Trust Fund**

## **Notes to the financial statements**

December 31, 2023

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### **2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)**

#### **(a) Financial instruments (continued)**

##### *Cash held for operations*

Cash held for operations is defined as cash on held with banks and is measured at amortized cost.

##### *Investment assets*

All investment assets are measured at fair value at the date of the statement of financial position in accordance with IFRS 13 Fair Value Measurement in Part I of the CPA Handbook. Fair values of the investment assets are determined as follows:

1. Short term notes and deposits are valued at closing bid prices.
2. Bonds and other fixed income securities are valued at closing bid prices. Where the bid price is not available, fair value is calculated using discounted cash flows based on current market yields of instruments with similar characteristics.
3. Pooled funds are valued at the unit value supplied by the pooled fund administrator and which represent the Plan's proportionate share of underlying net assets at fair value determined using closing bid prices.
4. Equities are valued at quoted closing bid prices.

Transaction costs are not included in the fair value of investment assets either on initial recognition or on subsequent re-measurement. Transaction costs are included in the statement of changes in net assets available for benefits as part of expenses incurred in the period.

Investment income, which excludes changes in the fair value of investments, and changes in the fair value of investments, are separately presented in the statement of changes in net assets available for benefits.

##### *Contributions and other receivables*

Contributions and other receivables are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

##### *Deposit held with Manulife*

The deposit held with Manulife consists of cash, as required under terms of agreement with Manulife Financial to provide a float for monthly benefit payments and is recorded at amortized cost.

##### *Financial liabilities*

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

#### **(b) Investment income**

Income from investments is recognized on an accrual basis and includes both dividend income and interest income.

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# Nova Scotia Public Service

## Long Term Disability Plan Trust Fund

### Notes to the financial statements

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December 31, 2023

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#### 2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

##### (c) Changes in the fair value of investment assets

This includes both realized gains or losses on sale of investments and unrealized gains or losses on investments.

Realized gains or losses on sale of investments are the difference between the proceeds received and the cost of investments sold.

Unrealized gains or losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains or losses in respect of disposals during the year.

##### (d) Contributions

Revenue from premiums and EI premium rebates are recognized as they become receivable. Premiums and EI premium rebates both relate to required contribution payments which are evenly split by both employer and employee.

##### (e) Benefits paid

Benefit payments to Plan members are recorded in the period in which they are paid.

##### (f) Capital assets

Computer and office equipment and software are recorded at cost and amortized at the annual rate of 30% using the declining balance method.

##### (g) Estimation uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, revenue and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenue and expenses are discussed below.

##### *Fair value of financial instruments*

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument.

# Nova Scotia Public Service Long Term Disability Plan Trust Fund

## Notes to the financial statements

December 31, 2023

### 2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

#### (g) Estimation uncertainty (continued)

##### *Fair value of financial instruments (continued)*

Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

##### *Accrual obligation*

Management estimates the accrued liability obligation annually with the assistance of an independent actuary; however, the actual outcome may vary due to estimation uncertainties. The estimate of its accrual obligation of \$121,125,000 (2022 - \$114,374,000) is based on industry standard disability recovery tables.

### 3. Related party transactions

During the year, the Trustees attended meetings and educational conferences as part of their ongoing governance responsibilities for the Plan. The expenses associated with these activities have been paid for by the Plan and are disclosed separately in Note 13. At year end, there were no significant amounts payable to the Trustees.

| 4. Investment assets             | <u>2023</u>           | <u>2022</u>           |
|----------------------------------|-----------------------|-----------------------|
| Pooled funds                     |                       |                       |
| Beutel Goodman Money Market Fund | \$ 12,647,264         | \$ 12,072,919         |
| Beutel Goodman Income Fund       | 106,286,038           | 94,572,900            |
| Beutel Goodman Balanced Fund     | <u>32,740,800</u>     | <u>42,307,541</u>     |
|                                  | <u>\$ 151,674,102</u> | <u>\$ 148,953,360</u> |

| 5. Capital assets             |                   |                                     | <u>2023</u>               | <u>2022</u>               |
|-------------------------------|-------------------|-------------------------------------|---------------------------|---------------------------|
|                               | <u>Cost</u>       | <u>Accumulated<br/>Depreciation</u> | <u>Net<br/>Book Value</u> | <u>Net<br/>Book Value</u> |
| Computer and office equipment | \$ 158,065        | \$ 150,833                          | \$ 7,232                  | \$ 6,449                  |
| Software                      | <u>9,109</u>      | <u>9,109</u>                        | <u>-</u>                  | <u>-</u>                  |
|                               | <u>\$ 167,174</u> | <u>\$ 159,942</u>                   | <u>\$ 7,232</u>           | <u>\$ 6,449</u>           |

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# Nova Scotia Public Service Long Term Disability Plan Trust Fund

## Notes to the financial statements

December 31, 2023

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### 6. Accrual for benefits

The present value of accrual for benefits was determined using the accrued benefits actuarial cost method. Under this method, the actuarial liability is determined as the present value of benefits accrued up to the valuation date.

The most recent issued actuarial valuation was made as of December 31, 2022, by HUB International, a firm of consulting actuaries. The Plan has adopted a biennial schedule for valuation; accordingly the next formal actuarial valuation of the Plan is scheduled for December 31, 2024. As of December 31, 2023 an extrapolation was performed by HUB International. Extracts from the 2023 actuarial extrapolation follow.

#### Actuarial Surplus

The actuarial surplus is the excess of the market value of assets over the actuarial liabilities as at December 31 of the respective year.

|                        | <u>2023</u>          | <u>2022</u>          |
|------------------------|----------------------|----------------------|
| Market value of assets | \$ 154,618,601       | \$ 151,068,532       |
| Actuarial liabilities  | <u>121,125,000</u>   | <u>114,374,000</u>   |
| Actuarial surplus      | <u>\$ 33,493,601</u> | <u>\$ 36,694,532</u> |

The assumptions used in determining the actuarial value of accrued benefits were developed by reference to expected medium term market conditions. Significant actuarial assumptions used in the 2022 valuation are:

|                              |   |
|------------------------------|---|
| Claim Termination            | The Canadian Institute of Actuaries 2015-2019 Group Long Term Disability Study tables, modified for historical Plan experience                    |
| Discount rate                | 4.25%   |
| Inflation                    | 2.5%  |
| Retirement age               | Pre 2002: Age 63<br>May 2002 to December 2008: Age 60<br>Post December 2008: Age 63 (those over 63 at time of disability get 2 years of benefits) |
| Future admin expense         | 8.0% of expected benefit payments   |
| Acceptance rate pending CPPD | As follows:<br>0 – 12 months 0%<br>12 – 24 months 20%<br>24 – 36 months 50%<br>36 – 48 months 75%<br>48 months+ 90%                               |

# Nova Scotia Public Service Long Term Disability Plan Trust Fund Notes to the financial statements

December 31, 2023

## 7. Financial risk factors

### *Financial instruments risk exposure and measurement*

The Plan is exposed to various risks in relation to its investment portfolio, consisting of investment assets and investment liabilities. The main types of risks are market risk, credit risk and liquidity risk.

The Plan's risk management is coordinated by management with the investment manager, at the direction of the Board of Trustees, and focuses on actively securing the Plan's short to medium term cash flows by ensuring appropriate liquidity. Long term financial investments are managed to generate lasting returns.

The Plan does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Plan is exposed are described below.

### (a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, the Plan segregates market risk into three categories: interest rate risk, currency risk and other price risk.

#### *i. Interest rate risk*

Interest rate risk refers to the effect on the market value of the Plan's assets and liabilities due to fluctuations in interest rates. The value of the Plan's assets is affected by short term changes in nominal and real interest rates. As of December 31, 2023, the Plan had the following exposure to interest rate risk:

|                                  | <u>Fair value</u>     | <u>Impact of a 1%<br/>absolute change<br/>in interest rates<br/>On net assets</u> |
|----------------------------------|-----------------------|---|
| <b>2023</b>                      |                       |   |
| Pooled funds                     |                       |   |
| Beutel Goodman Money Market Fund | \$ 12,647,264         | \$ 126,473  |
| Beutel Goodman Income Fund       | <u>106,286,038</u>    | <u>1,062,860</u>  |
|                                  | <u>\$ 118,933,302</u> | <u>\$ 1,189,333</u>   |
| <br>2022                         |                       |   |
| Pooled funds                     |                       |   |
| Beutel Goodman Money Market Fund | \$ 12,072,919         | \$ 120,729  |
| Beutel Goodman Income Fund       | <u>94,572,900</u>     | <u>945,729</u>  |
|                                  | <u>\$ 106,645,819</u> | <u>\$ 1,066,458</u>   |

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

# Nova Scotia Public Service Long Term Disability Plan Trust Fund Notes to the financial statements

December 31, 2023

## 7. Financial risk factors (continued)

### (a) Market risk (continued)

#### ii. Currency risk

Foreign currency exposure arises from the holding of investments denominated in foreign currencies. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value of investments. Consistent with the prior year the entity does not hold any foreign denominated securities.

#### iii. Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk. Securities held for trading are valued at market and, as such, changes in market value affect net assets available for benefit as they occur. The Plan periodically assesses the quality of its investments and is satisfied with the current investments in place.

The carrying amounts for receivables and accounts payable on the balance sheet approximate fair value due to their short term maturity. The Plan is primarily exposed to other price risk as a result of investments held. The fair value of these investments is based on quoted market prices of the underlying investments within each of the investment accounts.

The following table demonstrates the sensitivity to a 5% absolute change in the fair value of the Plan's investments which are exposed to price risk:

|                                  | <u>Fair value</u>     | <u>Impact of a 5%<br/>absolute change<br/>in fair value<br/>On net assets</u> |
|----------------------------------|-----------------------|---|
| <b>2023</b>                      |                       |   |
| Pooled funds                     |                       |   |
| Beutel Goodman Money Market Fund | \$ 12,647,264         | \$ 632,363  |
| Beutel Goodman Income Fund       | 106,286,038           | 5,314,302   |
| Beutel Goodman Balanced Fund     | <u>32,740,800</u>     | <u>1,637,040</u>  |
|                                  | <u>\$ 151,674,102</u> | <u>\$ 7,583,705</u>   |
| <b>2022</b>                      |                       |   |
| Pooled funds                     |                       |   |
| Beutel Goodman Money Market Fund | \$ 12,072,919         | \$ 603,646  |
| Beutel Goodman Income Fund       | 94,572,900            | 4,728,645   |
| Beutel Goodman Balanced Fund     | <u>42,307,541</u>     | <u>2,115,377</u>  |
|                                  | <u>\$ 148,953,360</u> | <u>\$ 7,447,668</u>   |

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# Nova Scotia Public Service Long Term Disability Plan Trust Fund

## Notes to the financial statements

December 31, 2023

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### 7. Financial risk factors (continued)

#### (a) Market risk (continued)

##### *iii. Other price risk (continued)*

Since all other variables are held constant in assessing price risk sensitivity, it is possible to extrapolate a 5% absolute change in the fair value to any absolute percentage change in fair value.

In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

#### (b) Credit risk

The Plan is exposed to the risk that a counterparty defaults or becomes insolvent. Financial instruments that potentially subject the Plan to concentrations of credit risk are as follows:

|                            | <u>2023</u>         | <u>2022</u>         |
|----------------------------|---------------------|---------------------|
| Cash held for operations   | \$ 1,225,583        | \$ 1,267,915        |
| Contributions receivables  | 799,040             | 798,543             |
| Deposit held with Manulife | 2,800,000           | 1,705,000           |
| Other receivables          | 412,041             | 444,362             |
|                            | <u>\$ 5,236,664</u> | <u>\$ 4,215,820</u> |

The Plan manages its credit risks on contributions receivable by reviewing each outstanding account and determining the collectability based on its knowledge of the participating employers' situations. All contributions receivable are considered to be current.

Management believes that the Plan is not exposed to significant credit risks on its other receivables.

#### (c) Liquidity risk

Liquidity risk is the risk that the Plan will not be able to meet its obligations as they fall due. Management believes that cash flows generated from its investment assets and monthly contributions will be sufficient to cover its normal operating expenditures. The Plan monitors cash flows to ensure there is sufficient cash on hand to meet its obligations.

#### ***Fair value disclosure***

The financial instruments recognized at fair value on the statement of financial position must be classified as one of three fair value hierarchy levels. These levels reflect the significance of the input used in making the fair value measurements. The three levels of the fair value hierarchy are as follows

# Nova Scotia Public Service Long Term Disability Plan Trust Fund Notes to the financial statements

December 31, 2023

## 7. Financial risk factors (continued)

### *Fair value disclosure (continued)*

#### **Level 1**

Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Investment Manager has the ability to access at the measurement date.

#### **Level 2**

Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

#### **Level 3**

Inputs that are unobservable. There is little, if any, market activity. Inputs into the determination of fair value require significant management judgment or estimation.

The following fair value hierarchy table presents information about the Plan's assets measured at fair value on a recurring basis:

### **Financial assets at fair value as at December 31, 2023**

|                   | <u>Level 1</u> | <u>Level 2</u>        | <u>Level 3</u> | <u>Total</u>          |
|-------------------|----------------|-----------------------|----------------|-----------------------|
| Pooled funds      |                |                       |                |                       |
| Beutel Goodman    |                |                       |                |                       |
| Money Market Fund | \$ -           | \$ 12,647,264         | \$ -           | \$ 12,647,264         |
| Income Fund       | -              | 106,286,038           | -              | 106,286,038           |
| Balanced Fund     | -              | 32,740,800            | -              | 32,740,800            |
|                   | <u>\$ -</u>    | <u>\$ 151,674,102</u> | <u>\$ -</u>    | <u>\$ 151,674,102</u> |

### **Financial assets at fair value as at December 31, 2022**

|                   | <u>Level 1</u> | <u>Level 2</u>        | <u>Level 3</u> | <u>Total</u>          |
|-------------------|----------------|-----------------------|----------------|-----------------------|
| Pooled funds      |                |                       |                |                       |
| Beutel Goodman    |                |                       |                |                       |
| Money Market Fund | \$ -           | \$ 12,072,919         | \$ -           | \$ 12,072,919         |
| Income Fund       | -              | 94,572,900            | -              | 94,572,900            |
| Balanced Fund     | -              | 42,307,541            | -              | 42,307,541            |
|                   | <u>\$ -</u>    | <u>\$ 148,953,360</u> | <u>\$ -</u>    | <u>\$ 148,953,360</u> |

At year end, the Plan's financial assets and liabilities did not include any amounts classified in Level 3 using valuation techniques based on significant inputs that are not based on observable market data. There were no transfers between the level classifications in the current or prior year.



# Nova Scotia Public Service Long Term Disability Plan Trust Fund Notes to the financial statements

December 31, 2023

| 8. Investment income     | <u>2023</u>         | <u>2022</u>         |
|--------------------------|---------------------|---------------------|
| Cash held for operations |                     |                     |
| Interest income          | \$ 82,909           | \$ 31,003           |
| Pooled funds             |                     |                     |
| Interest income          | 1,179,686           | -                   |
| Dividend income          | <u>4,163,649</u>    | <u>4,163,649</u>    |
|                          | <u>\$ 5,426,244</u> | <u>\$ 4,371,469</u> |

## 9. Capital risk management

The Plan employs a capital management plan, a Statement of Investment Policies and Procedures ("SIPP") that is reviewed annually by the Board of Trustees. The SIPP dictates the Plan's approach to growth, credit quality and profitability objectives.

The overall objectives in investing the assets of the Plan are to ensure sufficient liquidity to support its financial obligations, to continue to provide benefits in the best interest of its members, to remain financially self-sufficient and to preserve and enhance the value of capital through adequate diversification in high quality investments and achieve the highest investment return that can be obtained with the assumption of an acceptable degree of risk. The Plan monitors its capital structure and makes adjustments to it with reference to changes in economic conditions and risk characteristics associated with its underlying assets.

There has been no change in the overall strategy employed during the year ended December 31, 2023.

## 10. Contingencies

As at December 31, 2023, the Plan was involved in certain litigation and claims. The outcome of such litigation and claims is inherently difficult to predict; however, in the opinion of management, any liability which may arise from such contingencies would not have a significant adverse effect on the financial statements.

| 11. Benefits paid        | <u>2023</u>          | <u>2022</u>          |
|--------------------------|----------------------|----------------------|
| CPP recoveries           | \$ (863,907)         | \$ (744,984)         |
| Disability benefits paid | 25,254,054           | 23,890,968           |
| Subrogation recoveries   | (23,463)             | (193,538)            |
| WCB recoveries           | <u>(248,212)</u>     | <u>(645,614)</u>     |
|                          | <u>\$ 24,118,472</u> | <u>\$ 22,306,832</u> |

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**Nova Scotia Public Service  
Long Term Disability Plan Trust Fund  
Notes to the financial statements**

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| <b>12. Program administration</b> | <u><b>2023</b></u>         | <u><b>2022</b></u>         |
|-----------------------------------|----------------------------|----------------------------|
| Plan administration services      | \$ 1,196,163               | \$ 1,129,094               |
| Rehabilitation program            | 324,511                    | 213,342                    |
| Medical appeal hearings           | <u>13,882</u>              | <u>25,895</u>              |
|                                   | <u><b>\$ 1,534,556</b></u> | <u><b>\$ 1,368,331</b></u> |

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| <b>13. Administrative expenses</b>            | <u><b>2023</b></u>       | <u><b>2022</b></u>       |
|---|--------------------------|--------------------------|
| Actuarial valuation                           | \$ 8,050                 | \$ 25,875                |
| Amortization                                  | 2,414                    | 2,764                    |
| Audit and accounting                          | 37,330                   | 33,393                   |
| Legal   | 76,031                   | 101,772                  |
| Projects                                      | 50,485                   | 3,597                    |
| Public relations and professional development | 150                      | 7,585                    |
| Rent  | 62,976                   | 59,389                   |
| Salaries                                      | 455,846                  | 453,802                  |
| Office  | 28,814                   | 28,204                   |
| Trustees' expenses                            | <u>66,669</u>            | <u>35,642</u>            |
|   | <u><b>\$ 788,765</b></u> | <u><b>\$ 752,023</b></u> |

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| <b>14. Investment expenses</b> | <u><b>2023</b></u>       | <u><b>2022</b></u>       |
|--------------------------------|--------------------------|--------------------------|
| Investment manager             | \$ 344,687               | \$ 361,988               |
| Investment custodian           | 60,504                   | 62,152                   |
| Performance measurement        | <u>5,750</u>             | <u>4,313</u>             |
|                                | <u><b>\$ 410,941</b></u> | <u><b>\$ 428,453</b></u> |