

Re: Public Account Description

From: "Kwamena, Boafoa (CAB)" <boafoa.kwamena@ontario.ca>
To: "Orsini, Steve (CAB)" <steve.orsini@ontario.ca>
Date: Fri, 07 Oct 2016 18:09:31 -0400

As requested.

Thanks

In connection with the preparation and audit of the 2015-16 Public Accounts, the Office of the Auditor General and the government's professional accounting staff disagreed regarding the application of Public Sector Accounting Standards (PSAS) to pension assets related to two pension plans that the Province jointly sponsors – Ontario Teachers' Pension Plan (OTPP) and Ontario Public Service Employees' Union Pension Plan (OPSEUPP).

As described in PSAS, a pension asset arises when the government's total contributions to a plan, including income earned thereon, are greater than the cumulative retirement benefit expense recognized since the start of the plan. Contributions reflect the funding objectives of the plan. The benefit expense reflects the estimated cost of the pensions earned during the year that will be paid out to retirees in the future.

The Province's position is that the asset balance (or plan surplus for accounting purposes) in OTPP and OPSEUPP are assets to the province and it is suitable to reflect them in the financial results. The Office of the Auditor General disagrees with this position and requested a valuation allowance to reduce the asset value which would result in an in-year expense.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Kwamena, Boafoa (CAB)
Sent: Friday, October 7, 2016 5:19 PM
To: Orsini, Steve (CAB)
Subject:

The paragraph you asked for is coming shortly. I will forward to you once it is approved.

Have a nice thanksgiving.

Boafoa