Re: Non-standard accounting measures: the media, regulators, and shareholders zero in | Canada | Norton Rose Fulbright

From:	"Schuurman, Tim (MOF)" <tim.schuurman@ontario.ca>
To:	"Mayman, Gadi (OFA)" <gadi.mayman@ofina.on.ca>, "Thompson, Scott (MOF)" <scott.thompson@ontario.ca>, "Lewis, Brian (MOF)" <brian.lewis@ontario.ca>
Date:	Fri, 30 Sep 2016 08:24:26 -0400
Attachments:	2016-17Budget.pdf (1.44 MB)

We'll do some more digging on this, but I always struggle with the way other provinces do their budgets vs their public accounts. As I suspected, pensions appear to be part of the puzzle in some places.

Sask does exactly that with their pensions. See page 62 and 64 of their budget (attached). They present their surplus/deficit before "accrual adjustment for pension expense" (gotta look at the footnote on 62).

They then disclose in a paragraph on page 64 what that is. Think the issue is almost the opposite to ON. While in Sask doing the accrual adjusment would add $800M to their expense, in ON doing the accrual gives us a benefit. Either way, we could look into mirroring something like this. It's subtle but apparently acceptable in some jurisdictions.

More work required to better understand this, as I am neither an actuary nor an accountant. Of course, public accounts and Estimates would need to be on the basis approved by the AG, but that's not unusual for things to be on a different basis.

Tim

Original Message
From: Gadi Mayman
Sent: Thursday, September 29, 2016 10:50 PM
To: Thompson, Scott (MOF)
Cc: Schuurman, Tim (MOF); Lewis, Brian (MOF)
Subject: Non-standard accounting measures: the media, regulators, and shareholders zero in | Canada | Norton Rose Fulbright

Hi Scott. For some reason, I must have signed up for this a long time ago, I'm on Norton Rose Fulbright Canada's mailing list for their legal bulletins on financial and securities matters.

I got this one tonight, and found it somewhat ironic timing given what we're going through and thinking about how we can get our fiscal message out without the accounting rules confusing the readers of our financial statements. I was surprised to read that almost half of the companies in the S&P 500 and S&P/TSX60 use non-standard (i.e., non-GAAP) accounting, because they believe it gives their investors more useful information than GAAP does, or at least supplements it.

The bulletin warns companies to be careful that they're not misleading investors when using non-GAAP measures, and talks about how regulators are looking at this (which might interest you from a perspective of one of the other hats you wear).

Anyhow, it's a short bulletin and you might find it an interesting distraction from what we're dealing with, and something to keep in mind as we think about how we communicate our fiscal position as we go forward with the FES and Budget.

http://www.nortonrosefulbright.com/knowledge/publications/142899/non-standard-accounting-measures-the-media-regulators-and-shareholders-zero-in

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