RE: Revised bullets for Q3 (rush)

From: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Cc: "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
Date: Tue, 24 Jan 2017 22:20:25 -0500

Cindy,

It was unclear at the time that these bullets were prepared whether the historical financials would be excluded from the deck and the extent to which the Q3 vs. FES narrative was going to be covered in Q3. Assuming you were OK with the deck presented this afternoon to Karen, we should be fine as it reflected my discussions with Selena. Please note that additional bullet to be inserted following today's discussion will likely appear as follows:

- For consistency and comparability, an adjustment to the 2015/16 actuals may be required to reflect the government's decision to adopt the Panel's recommendations. The adjustment to historical results would impact the previously reported net debt and deficit results.

We will update Selena following our discussion with Legal if there are any other considerations.

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From: Veinot, Cindy (TBS)
Sent: January-24-17 10:02 PM
To: Petsche, Nadine (TBS)
Cc: Hosick, Sarah (TBS)
Subject: RE: Revised bullets for Q3 (rush)

We should discuss – I don't think this reflects the discussion with had with MOF late this afternoon – also, were these bullets for the deck that MOF prepared for the FPC meeting tomorrow?

From: Petsche, Nadine (TBS)
Sent: January-24-17 12:20 PM
To: Veinot, Cindy (TBS)
Cc: Hosick, Sarah (TBS)
Subject: Revised bullets for Q3 (rush)

Cindy,

Based on discussion with Selena, a decision on content of the Q3 report is still outstanding. *Under FTAA, there is no requirement to include historical information and the format/content of Q1 is the most relevant reference. There is only one table under section E of the Q1 report that included select historical financial data (15/16 amounts were Interim). If the table is excluded, then there would be no risk or consideration of the 2015/16 results (audited vs. unaudited restated).*

On the <u>assumption that the comparative historical results would be excluded</u>, the following bullets might apply:

The 2016/17 Budget and Q3 Forecast are based on the Province's accounting standards in place at the time that the 2016 Budget was prepared.

Final results for 2016/17 will be reported in the 2016/17 Public Accounts and take into account the results of the Pension Asset Expert Advisory Panel which was engaged to assess the Province's accounting for jointly sponsored pension plans under public sector accounting standards.

The results of the Panel will be considered by the government and help to inform the Province's accounting treatment for reporting in both the upcoming 2017 Budget as well as the 2016/17 Public Accounts.

The two main issues considered by the Panel focused on whether the assets for the plans should be recognized under the accounting standards and if so, how they should be measured

The main focus of the Panel has been on the accounting for the two jointly sponsored pension plans – the Ontario Teachers' Pension Plan (OTPP) and Ontario Public Service Employees' Union Pension Plan (OPSEUPP).

At the time of Q3 release, the Panel's results as related to the OTPP and the OPSEUPP had been released; however, work related to pension plans related to the hospital sector and college sector was still in progress.

The government will consider the Panel's recommendations, and decide whether to accept the recommendations related to accounting for OTPP, OPSEUPP and the other two sector plans.

The government's accounting decision will be reflected in the upcoming 2017 Budget, both in the interim results for 2016/17 and the fiscal forecast which is based on consistent accounting policies.

Note that if a decision is made to continue to include the historical financial data, then a decision will need to be made as to whether to restate the 2015/16 results or report as published in the Public Accounts. Additional narrative would be required to provide background and context on the pension accounting issue and Province's decision to reverse the pension adjustments. In addition, the numbers would need to be clearly marked as unaudited.