RE: Two follow-up items

From: "Donaldson, Mark (TBS)" <mark.donaldson@ontario.ca>
To: Uros Karadzic <uros.karadzic@ca.ey.com>
Cc: Christina Chan <christina.chan@ca.ey.com>, "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Date: Wed, 30 Aug 2017 18:19:23 -0400

PLEASE TREAT AS CONFIDENTIAL

Hi Uros,

In addition to Cindy's email below, there are other communication materials being crafted that will go out for circulation in which EY is reference. The references with respect to OTPP and OPSEUPP read consistently as:

"After significant deliberation, including consideration of the recommendations of the panel, Ontario confirmed that the accounting for these plans prior to 2015-16 was appropriate. Further, EY LLP provided additional analysis and concluded that no valuation allowance was required for either plan. The 2016-17 financial statements includes these pension assets, and we continue to apply the accounting treatment of pension assets that the Province has used consistently since 2001."

This paragraph appears in our backgrounder, and twice in our Q&As.

Just wanting to confirm this was acceptable.

Cheers,
Mark

Mark Donaldson, CPA, CMA
Director, Accounting Policy and Financial Reporting
Office of the Provincial Controller Division, Treasury Board Secretariat
7 Queen's Park Cres, 2nd Floor
Toronto, Ontario
M7A 1Y7
Tel: 416.325.8027

From: Uros Karadzic [mailto:uros.karadzic@ca.ey.com]
Sent: August 29, 2017 6:13 PM
To: Veinot, Cindy (TBS)
Cc: Christina Chan; Gregory Winston
Subject: RE: Two follow-up items

Hi Cindy,

Thank you for sharing the wording with us. We agree that it fairly represents our work. A minor point is to perhaps consider referring to EY instead of Ernst & Young LLP, but if there is a reason for using the legal name that's ok. Should there be further changes to the text, please let us know.

Following up on the other three remaining items from our discussion:

- **Assumption setting and documentation** : reviewing our files, it appears that MOF developed assumptions in November last year, TBS reviewed and approved them in December, the actuaries prepared reports based on those assumptions by the end of January and in February TBS/MOF prepared documentation supporting the assumptions. As discussed, I believe we could add value both in terms of the assumption setting process, and separately in terms of support and documentation to assist AG's review. With accelerated timelines this year, we should likely start those discussions in the coming weeks in September.
- **Meeting with Nancy Kennedy** : Thank you for suggesting this meeting. Should we attempt to organize it in the next couple of weeks?
- **HOOPP/CAAT modelling** : I briefly re-confirmed with Christina and it sounds like we have done all the modelling work for HOOPP/CAAT, but if there are any follow up questions or additional items needed, of course we can complete those. Christina will follow up with her contacts to clarify.

Please let me know your thoughts.

Uros

Uros Karadzic, FSA, FCIA | Partner | People Advisory Services

Ernst & Young LLP
Office: +1 416 943 2087 | Mobile: +1 416 970 2087 | uros.karadzic@ca.ey.com
Assistant: Sarah Anderton | Phone: +1 416 943 3143 | sarah.anderton@ca.ey.com

---

From: Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
Sent: Tuesday, August 29, 2017 7:51 AM
To: Uros Karadzic <uros.karadzic@ca.ey.com>
Subject: RE: Two follow-up items

Hi Uros,

With respect to the references to the EY report, here is a first draft of what we may communicate:

- * The professional staff's interpretation of PSAB standards is supported by their own research and analysis as well as:
- * The report of the Pension Asset Expert Advisory Panel released on xxx, which can be found at xxxxxx.xxx stating that the Government should record an asset for its share of the surplus reported in the accounting valuations for each plan and that no valuation allowance is required.
- * An opinion from Deloitte LLP on OTPP, a summary of which is included in Appendix A, supporting the ability to recognize a pension asset in the absence of having a unilateral right to reduce contributions to the plan.
- *** Analysis completed by Ernst & Young LLP as to whether any valuation allowance is required to be recorded for OTPP or OPSEUPP as of March 31, 2017. Ernst & Young LLP confirmed no valuation allowance was required for either plan.**

We are still working through our communication plan, so the text above may change, but in the meantime, if you could let me know if you are OK with the bullet on EY, that would be great.

Please treat as confidential.

Thanks,

Cindy

From: Uros Karadzic [mailto:uros.karadzic@ca.ey.com]
Sent: August 25, 2017 5:30 PM
To: Veinot, Cindy (TBS)
Cc: Gregory Winston; Christina Chan
Subject: Two follow-up items

Hi Cindy,

It was very nice to see you again today. Thank you for a good discussion.

While there were a few follow-up items, I wanted to get back to you today on two of the most urgent:

- **References to EY report: I connected with Greg and Blake, and all three of us were in agreement that you can refer to our work as you pull together the supporting documents on which you based your accounting decision. We would like to ask, however, if you could share with us the wording you're planning to use (and continue sharing it as it may evolve through the Public Accounts communications materials sign-off process), just so we are aware of what is being communicated.**
- **Security clearance: Greg has connected with Mark on this today. Apparently they know each other as they have already worked together on some prior projects.**

I hope you have a great weekend, and I will get back to you next week on the other items.

Uros

Uros Karadzic, FSA, FCIA | Partner | People Advisory Services

Ernst & Young LLP
EY Tower, 100 Adelaide Street West, PO Box 1, Toronto, ON M5H 0B3, Canada
Office: +1 416 943 2087 | Fax: +1 416 943 2201 | uros.karadzic@ca.ey.com
Mobile: +1 416 970 2087 | EY/Comm: 1685272
Website: http://www.ey.com/ca
Assistant: Sarah Anderton | Phone: +1 416 943 3143 | sarah.anderton@ca.ey.com

CONFIDENTIAL and/or PRIVILEGED. If received in error please notify the sender and permanently delete. CONFIDENTIEL et/ou PRIVILÉGIÉ. Si ce courriel est reçu par erreur, veuillez nous en aviser et en effacer toute trace. EY, 100 Adelaide Street West, PO Box 1 Toronto, ON M5H 0B3. www.ey.com/ca To unsubscribe from commercial electronic messages / Pour vous désabonner des messages électroniques commerciaux : Unsubscribe@ca.ey.com

Any tax advice in this e-mail should be considered in the context of the tax services we are providing to you. Preliminary tax advice should not be relied upon and may be insufficient for US penalty protection. Tout conseil de fiscalité contenu dans le présent courriel doit être pris dans le contexte des services de fiscalité que nous vous offrons. Aucune décision ou position ne doit être prise à la lumière de conseils de fiscalité

préliminaires, lesquels pourraient ne pas permettre d'éviter des pénalités aux États-Unis.