re-statement pension

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See below rough draft for your review and edit.

Disclosure -- PS 2120.34

When there has been a correction in the current period of an error in prior period financial statements, the following information should be disclosed:

(a) a description of the error;

(b) the effect of the correction of the error on the financial statements of the current and prior periods; and

(c) the fact that the financial statements of prior periods that are presented have been restated. [SEPT. 1997]

During the fiscal 2015-16 auditor found an error in pension asset accounting in prior years and directed the Province to make retroactive adjustment in compliance with Public Sector Accounting Standards. The Auditor General of Ontario directed the Province to record full valuation allowance against the accrued benefit asset, on an interpretation that there is uncertainty as to whether the Province had a unilateral legal right to use the net pension asset. The change was made retroactively to comply with the Auditor General of Ontario's interpretation of PS 3250.052 and 3250.059, on this matter which has been articulated as requiring a full valuation allowance if the Province does not have the legally enforceable right to unilaterally access the assets of the Plans, and as such. As pension asset were recorded by the Province for jointly sponsored plans, where the Province has shared control and not unilateral control over any surpluses in the plan.

Included in the pensions and other employee future benefits liability is a net pension asset related to the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan. The Public Sector Accounting Standards require a valuation allowance to be recorded where there is uncertainty as to the Province's legal right to use the net pension asset. This is a professional judgement and depends heavily on judgement rather than objective evidence. The auditor positioned that Province does not have the unilateral legal right to use this asset because its ability to reduce future minimum contributions or withdraw any pension plan surplus is subject to agreement with the respective pension plans' joint sponsors.

As at March 31, 2016, there were no such agreements in place. The retroactive adjustment to fiscal 2014-15 has resulted in an increase to the pension and other employee future benefits liability, accumulated deficit, and net debt of $9.2 billion and increase annual deficit of $1.0 billion . The effect of the retroactive change in accounting is as follows as at March 31, 2015 and for the year then ended:

($ Millions)		Balance as	Adjustment	Balance as

		reported		restated
Consolidated statement of Operations				
Expense Education		25,194	956	26,150
Expense General Government and Other		4,617	(3)	4,614
Total Expenses		128,861	953	129,814
Annual Deficit		(10,315)	(953)	(11,268)
Consolidated Statement of Financial Position				
Liabilities Pensions and Other Employee Future Benefits		3,151	9,154	12,305
Total Liabilities		367,089	9,154	376,243
Net Debt		(284,576)	(9,154)	(293,730)
Accumulated Deficit		(187,511)	(9,154)	(196,665)