



Office of the Provincial Controller Division

Accounting for Pension Assets – OTTP and OPSEUPP

September 12, 2016

Draft – for discussion purposes

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Auditor General's position

- The AG does not agree with the Province's determination of the pension assets reported for OTTP and OPSEUPP
- Assets recognized in the Public Accounts for these two plans are:

(in billions)	March 31, 2016	March 31, 2015
OTTP	\$ 10.1	\$ 8.7
OPSEUPP	\$ 0.5	\$ 0.5

- Based on a discussion with the AG on September 12, 2016, she is focused on the surplus based on the funding valuation as a starting point to support a pension asset value as well as evidence of plans in place to use that asset
- Given the relative size of the assets, the balance of the deck will focus on OTTP.

Estimated impact to FS based on AG's methodology

- The following table compares the financial statement assets as currently reported by the Province to 50% of the surplus based on the funding valuation as disclosed on the OTTP website

(in billions)	2016	2015
100% of surplus per funding valuation (OTTP Website)	13.2	6.8
50% of surplus per funding valuation	6.6	3.4
Asset recorded by the Province	10.1	8.7
Excess of asset over 50% of surplus per funding valuation	(3.5)	(5.3)

- Adopting this methodology would require the following entries:
1. Increase opening accumulated deficit for the March 31, 2016 year by \$5.3 billion
 2. Reduce the annual deficit for the 2015-16 year by \$1.7 billion (\$5.3 – 3.5)
 3. Increase total liabilities as at March 31, 2016 (impacts debt and net debt) by \$3.5 billion

Impact on financial statements

(in billions)	As currently reported	Adjustment	As adjusted
Statement of Ops			
Revenues	\$ 128.4		\$ 128.4
Expenses	132.2	(1.7)	130.5
Annual Deficit	(3.8)	(1.7)	(2.1)
Statement of financial position			
Financial assets	\$ 83.5		\$ 83.5
Liabilities	378.4	3.5	381.9
Net debt	(294.9)	(3.5)	(298.4)
Non-financial assets	102.5		102.5
Accumulated deficit	(192.4)	(3.5)	(195.9)