RE: unaudited

From: "Veinot, Cindy (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=veinot, cindy (tbs)d57">
To: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>, "Patel, Bharat (TBS)" <bharat.patel3@ontario.ca>
Cc: "Sun, Alicia (TBS)" <alicia.sun@ontario.ca>
Date: Fri, 30 Sep 2016 15:55:06 -0400

I think Note 18 stays as written.

Cindy

From: Petsche, Nadine (TBS)
Sent: September-30-16 3:52 PM
To: Patel, Bharat (TBS); Veinot, Cindy (TBS)
Cc: Sun, Alicia (TBS); Veinot, Cindy (TBS)
Subject: Re: unaudited

Bharat,
We need to review the note disclosure with Cindy. Please advise Hilary that a change will follow shortly. N

From: Patel, Bharat (TBS)
Sent: Friday, September 30, 2016 3:46 PM
To: Veinot, Cindy (TBS); Petsche, Nadine (TBS)
Cc: Sun, Alicia (TBS)
Subject: unaudited

Given CFS is unaudited can we remove reference to OAG?

18. Change in Accounting for Pension Assets of Jointly Sponsored Pension Plans

For the 2015-16 Public Accounts, the government legislated the accounting treatment for pension assets of its jointly sponsored pension plans. The legislation impacts the accounting for both the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan. The legislation requires a full valuation allowance be recorded against the pension assets, therefore writing off the value of the assets.

As described in Public Sector Accounting Standards (PSAS), a pension asset arises when the government's total contributions to a plan, including income earned thereon, are greater than the cumulative retirement benefit expense recognized since the start of the plan. Contributions reflect the funding objectives of the plan. The benefit expense reflects the estimated cost of the pensions earned during the year that will be paid out to retirees in the future. In prior years, the government recorded pension assets to the extent the government expected to benefit from the asset through future reductions in contributions to the plan.

These plans are now accounted for in accordance with PSAS and legislation requiring a full valuation allowance be recorded. The change was made to reflect the Auditor General of Ontario’s view that a full valuation allowance is required if the government does not have the legally enforceable right to unilaterally access the assets of the jointly sponsored pension plans, or in absence of that right, an irrevocable agreement in place at year-end with the joint sponsors of the plans to reduce contributions.