

Ministry of Education

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**2003: B3**

MEMORANDUM TO: Directors of Education

FROM: Norbert J. Hartmann
Assistant Deputy Minister

DATE: March 5, 2003

SUBJECT: Reporting of Employee Future Benefits

This is to advise you that beginning with the 2002-03 financial statements, District School Boards will be required to include in their note disclosure the actuarially determined amount of their employee future benefits liability. To assist school boards with the cost of implementing this financial reporting requirement, the ministry will be providing an amount of \$360,000 to boards in 2002-03. The funds will be distributed evenly to each District School Board (\$5,000 per board).

During the summer, the ministry sought input from COSBO on the implementation of an actuarial study and costing of employee future benefits for District School Boards. This is part of a larger study on the adoption of GAAP standards in the school board system. We explored several options and in discussions with school boards, it is my understanding that some boards have undertaken previous actuarial studies (on cooperative and individual approaches) related to employee benefits while others have not.

Boards are encouraged to adopt a cooperative approach in contracting for the actuarial study. You may wish to discuss with your Senior Business Official the options that may be available to facilitate this process.

The determination of employee future benefits liability should be in accordance with the Canadian Institute of Chartered Accountants (CICA) Public Sector Accounting Handbook Section 3250 "Retirement Benefits" and Section 3255 "Post-employment Benefits, Compensated Absences and Termination Benefits" and should provide the necessary information for boards to be able to fulfill all of the reporting requirements of these handbook sections.

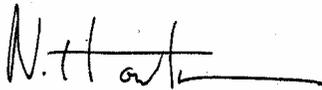
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Suggested deliverables that boards may wish to consider in negotiating for the study are listed below:

- An actuarial estimate of the present value of existing accrued liabilities for retirement benefits, post-employment benefits, compensated absences and termination benefits as of August 31, 2002.
- An estimate of the accounting expense for 2002-03 and each of the next 4 years.
- An estimate of the cash requirements to pay for these benefits for 2002-03 and each of the next 4 years.
- A calculation of the average remaining service of active employees within the following employee groups:
 - Elementary teachers
 - Secondary teachers
 - All other staff
- A breakdown of the accrued liability estimate by major type of benefit (i.e. Gratuity, Health & Dental) and employee group.

Boards will receive payment for this initiative before the end of March and due to the limited time available for the study, are asked to take prompt action.

If you have questions on the above, please contact Marie Li at (416) 326-0201 or Marion Jarrell at (416) 325-2056.



Norbert J. Hartmann
Assistant Deputy Minister
Business and Finance Division

c.c. Superintendents of Business and Finance