

**2004: SB6**

**MEMORANDUM TO:** Secretary/Treasurers of School Authorities

**FROM:** Wayne Burntyk  
Director  
Transfer Payments and Financial Reporting Branch

**DATE:** April 15, 2004

**SUBJECT:** **Reporting of Employee Future Benefits for School Authorities**

---

The ministry issued memorandum 2004:B2 advising boards that beginning with the 2003-04 financial statements, school boards will be required to adopt Public Sector Accounting Board (PSAB) recommendations for local governments as the financial reporting standard. As indicated in the memorandum, one of the impacts of moving to PSAB reporting for school boards is that boards will be required to report accumulated liabilities for employee future benefits.

To assist school authorities on the implementation of this financial reporting requirement, the ministry has engaged the services of School Boards' Co-operative Inc. (SBCI) to undertake an actuarial study of the employee future benefits liability 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". Staff from SBCI will contact each school authority to obtain the necessary information to calculate and produce a report before October 31, 2004 for the board with the following information:

1. 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, 2004 and August 2003. Benefits from Pension Plans, if any and WSIB Schedule 2 employer liabilities where applicable are also included in this study.
2. An estimate of the accounting expense (including detail as to the benefit cost and interest components of that expense) 2002/03, 2003/04 and each of the next 3 years.
3. An estimate of the cash requirements to pay for these benefits for each of the next 3 years.

4. A calculation of the average remaining service period of active employees.
5. An age profile for those employees receiving such benefits for each of the Participating school authority.
6. Detailed information on the accrued liability estimate, the accounting expense and the cash requirement by major type of benefit (ie; Gratuity, Health & Dental) and employee group.
7. Detailed information on the average remaining service life and employee data by employee group.
8. A description of all of the actuarial assumptions used in the study.

Ministry Finance Officers will forward to SBCI information on contact persons for each school authority; as the study will involve considerable information gathering, it is expected that SBCI will start the project within the next two weeks. If you have any questions on the above, please contact your Ministry Finance Officers.

A handwritten signature in dark ink, appearing to read 'W. Burtnyk', with a stylized flourish at the end.

Wayne Burtnyk