



January 31, 2017

Connie Morphet
Director of Finance and Administration
Manitoulin-Sudbury DSB
210 Mead Blvd,
Espanola, ON, P5E 1R9

Dear Connie:

Re: Post-Employment Benefits Accounting – Severance Benefit

The Manitoulin-Sudbury DSB (the “MSDSB”) has retained the services of Mondelis Corporation to perform a valuation of the Land Ambulance severance benefit as at December 31, 2016. The results have been prepared in accordance with Section 3250 and 3255 of the Public Sector Accounting Board Handbook (“PSAB 3250/3255”).

This document contains the accounting results for the fiscal year ending December 31, 2016 as well as a projection for fiscal 2017.

The detailed calculations and a summary of membership data, plan provisions and assumptions are provided later in this report.

SUMMARY OF RESULTS

The following table summarizes the results for fiscal years ending December 31, 2016 and the forecast results for the fiscal year ending December 31, 2017.

Fiscal period ending December 31	2016	Forecast 2017
	\$	\$
Benefit Expense/(Income)	102,900	133,700
Financial position – Dec 31		
Benefit obligation	1,154,100	1,244,100
Fair value of plan assets	—	—
Funded (unfunded) status	(1,154,100)	(1,244,100)
Unamortized amounts – Dec 31		
Actuarial gains/(losses)	(236,800)	(221,700)
Prior service costs	—	—
Accrued Benefit Asset/(Liability) – Dec 31	(917,300)	(1,022,400)

BENEFIT OBLIGATION AS AT DECEMBER 31, 2016

	Accrued Benefit Obligation	Service Cost
	(\$)	(\$)
Full-time	959,400	53,900
Part-time/Casual	194,700	22,100
Total	1,154,100	76,000

Benefit obligation is based on a discount rate of 3.50% per year.

ASSUMPTIONS AND METHODS**Actuarial Assumptions**

	Fiscal 2016
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Valuation Date	December 31, 2016
Economic Factors	
Discount rate for calculation of Fiscal year ending December 31, 2016 Benefit Expense	3.50%
Discount rate for calculation of Fiscal year ending December 31, 2016 disclosures	3.50%
Salary increase rate	2.0%
Demographic Factors	
Retirement age	Later of age 62 and age at the valuation date
Mortality	Canadian Pensioners' Mortality Table Public Sector projected on a generational basis using CPM Improvement Scale B (CPM2014Publ)
Termination of employment	Ontario Light Termination Rates truncated at age 60

In the table above, all rates and percentages are annualized unless otherwise noted.

Discount Rate used under PSAB 3250/3255

A discount rate of 3.50% per year is used to determine the value of obligations at December 31, 2016; this is the single rate which equates to values determined using the CIA-Fiera Capital spot rate yield curve in effect as at December 31, 2016.

Actuarial Methods

The following list outlines the methods that have been used to value the plan for accounting purposes.

- the benefit obligation and the current service cost were calculated using the projected benefit method pro-rated on service
- the attribution period is from the date of hire to date of first payment (expected retirement date).

MEMBERSHIP

We have based our valuation on membership data effective December 2016 as supplied by MSDSB which is summarized in the following tables. The data used in the prior valuation (data effective May 2015) is shown for comparison purposes.

	Dec 2016	May 2015
Number of full-time employees	76	73
Average age	42.6	41.1
Average service	14.4	12.9
Average weekly earnings	1,521	1,461
Number of part-time employees	63	55
Average age	33.6	33.0
Average service	5.4	2.5
Average weekly earnings (full-time rate)	1,412	1,408

PLAN PROVISIONS

The following summarizes the provisions of the plan for severance payments. The summary is based on information provided by MSDSB.

Benefits	<p>1 week’s pay per year of service to a maximum of 26 weeks Payable at death, termination, lay-off or retirement</p>
Eligibility	<p>Full and part-time/casual employees with 5 full years of service Retirement – after age 55 Termination – if age plus service is greater than 80</p>

CERTIFICATION

I confirm the following:

- The Plan's benefits are defined benefits for purposes of PSAB 3250/3255.
- The valuation and extrapolation thereof were performed in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from this extrapolation were determined in accordance with my understanding of PSAB 3250/3255.
- The results herein were prepared using the MSDSB's best-estimate assumptions as at December 31, 2016.
- I am not aware of any events subsequent to December 31, 2016 which, in my opinion, would have a material impact on the results of the valuations and extrapolations.
- I am a member in good standing of the Canadian Institute of Actuaries. I understand that this report will be used for audit evidence and may be relied on under the terms of the CIA/CICA Joint Policy Statement as described in Section 1630 of the Canadian Institute of Actuaries Standards of Practice.
- I am, and Mondelis Actuarial Services Corporation is, independent with respect to the Hospital.
- The data upon which this extrapolation is based are sufficient and reliable for the purposes of the extrapolation.
- This report has been prepared, and my opinion given, in accordance with generally accepted actuarial practice.

Actual results will differ from forecast results for future periods as experience differs from forecast assumptions.

Please contact me with any questions you may have.

Sincerely,



Ian Ingham, FSA,FCIA

ACCOUNTING SCHEDULE

Fiscal period ending December 31	2016	Forecast 2017
Discount Rate		
At start of period	3.50%	3.50%
At end of period	3.50%	3.50%
Interest rate on assets	0.00%	0.00%
EARSL Period	16.0	16.0
 Reconcile Obligation		
Obligation at start of period	912,700	1,154,100
Change in obligation on revaluation	0	0
Plan improvements in period	0	0
Current service accrual cost	65,800	76,000
Member contributions	0	0
Benefit payments	(42,400)	(28,600)
Interest on obligation	<u>33,500</u>	<u>42,600</u>
Obligation at end of period	969,600	1,244,100
Actual obligation at end of period	<u>1,154,100</u>	<u>1,244,100</u>
Total (Gains) & Losses	184,500	0
 Reconcile Plan Funds		
Fund at start of period	0	0
Company contributions	42,400	28,600
Benefit payments	(42,400)	(28,600)
Interest on fund	<u>0</u>	<u>0</u>
Expected fund at end of period	0	0
Actual fund at end of period	<u>0</u>	<u>0</u>
(Gains) & Losses	0	0
 Expense		
Current service cost	65,800	76,000
Interest on obligation	33,500	42,600
Interest on assets	0	0
Amortize transition amount	0	0
Amortize plan improvements	0	0
Amortize (gains) and losses	<u>3,600</u>	<u>15,100</u>
Expense	102,900	133,700

Fiscal period ending December 31	2016	Forecast 2017
Unamortized (Gains) & Losses		
Unamortized (gain)/loss at start of period	55,900	236,800
Restatement of Liability	0	0
(Gain)/Loss in period	184,500	0
Amortization in period	<u>3,600</u>	<u>15,100</u>
Unamortized (gain)/loss at end of period	236,800	221,700
Balance Sheet Asset (Liability)		
Asset/(Liability) at start of period	(856,800)	(917,300)
Restatement of Pension Liability	0	0
Income/(Expense) in period	(102,900)	(133,700)
Company contributions	<u>42,400</u>	<u>28,600</u>
Asset/(Liability) at end of period	(917,300)	(1,022,400)
Reconcile Balance Sheet Asset to Funded Status		
Funded status	(1,154,100)	(1,244,100)
Unamortized transition amount	0	0
Unamortized prior service costs	0	0
Unamortized gains & (losses)	<u>(236,800)</u>	<u>(221,700)</u>
Balance Sheet Asset/(Liability)	(917,300)	(1,022,400)