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August 28, 2015

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 Actuarial Services Corporation to perform a valuation of the Land Ambulance severance benefit as at January 1, 2015. 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 a projection of the accounting results for the fiscal year ending December 31, 2015.

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

SUMMARY OF RESULTS

The following table summarizes the results for fiscal years ending December 31, 2014 and the forecast results for the fiscal year ending December 31, 2015.

Fiscal period ending December 31	2014	Forecast 2015
	\$	\$
Benefit Expense/(Income)	-	92,300
Financial position – Dec 31		
Benefit obligation	1,020,400	912,700
Fair value of plan assets	—	—
Funded (unfunded) status	(1,020,400)	(912,700)
Unamortized amounts – Dec 31		
Actuarial gains/(losses)	(236,000)	(55,900)
Prior service costs	—	—
Accrued Benefit Asset/(Liability) – Dec 31	(784,400)	(856,800)

BENEFIT OBLIGATION AS AT JANUARY 1, 2015

	Accrued Benefit Obligation	Service Cost
	(\$)	(\$)
Full-time	744,600	46,800
Part-time/Casual	71,400	11,100
Total	816,000	57,900

Benefit obligation is based on a discount rate of 3.75%

ASSUMPTIONS AND METHODS

Actuarial Assumptions

	Fiscal 2015
Valuation Date	January 1, 2015
Economic Factors	
Discount rate for calculation of January 1, 2015 disclosures and estimate of Fiscal year ending December 31, 2015 Benefit Expense	3.75%
Discount rate for calculation of Fiscal year ending December 31, 2015 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 3.75% is used to determine the value of obligations at January 1, 2015; 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, 2014.

The discount rate of 3.50% used to determine the value of obligations at December 31, 2015 was based on the CIA-Fiera Capital spot rate yield curve in effect as at July 31, 2015.

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 May 2015 as supplied by MSDSB which is summarized in the following tables

	Total
Number of full-time employees	73
Average age	41.1
Average service	12.9
Average weekly earnings	1,461
Number of part-time employees	55
Average age	33.0
Average service	2.5
Average weekly earnings (full-time rate)	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	1 week's pay per year of service to a maximum of 26 weeks Payable at death, termination, lay-off or retirement
Eligibility	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

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, 2014.
- I am not aware of any events subsequent to December 31, 2014 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

		Forecast
Fiscal period ending December 31	2014	2015
Discount Rate		
At start of period	3.75%	3.75%
At end of period	3.75%	3.50%
Interest rate on assets	0.00%	0.00%
EARSL Period	16.0	16.0
Reconcile Obligation		
Obligation at start of period		1,020,400
Change in obligation on revaluation		(204,400)
Plan improvements in period		0
Current service accrual cost		57,900
Member contributions		0
Benefit payments		(19,900)
Interest on obligation		<u>32,400</u>
Obligation at end of period	1,020,400	886,400
Actual obligation at end of period	<u>1,020,400</u>	<u>912,700</u>
Total (Gains) & Losses	0	26,300
Reconcile Plan Funds		
Fund at start of period	0	0
Company contributions	0	19,900
Benefit payments	0	(19,900)
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	0	57,900
Interest on obligation	0	32,400
Interest on assets	0	0
Amortize transition amount	0	0
Amortize plan improvements	0	0
Amortize (gains) and losses	<u>0</u>	<u>2,000</u>
Expense	0	92,300

Fiscal period ending December 31	2014	Forecast 2015
Unamortized (Gains) & Losses		
Unamortized (gain)/loss at start of period	0	236,000
Restatement of Liability	0	0
(Gain)/Loss in period	0	(178,100)
Amortization in period	<u>0</u>	<u>2,000</u>
Unamortized (gain)/loss at end of period	236,000	55,900
Balance Sheet Asset (Liability)		
Asset/(Liability) at start of period	0	(784,400)
Restatement of Pension Liability	0	0
Income/(Expense) in period	0	(92,300)
Company contributions	<u>0</u>	<u>19,900</u>
Asset/(Liability) at end of period	(784,400)	(856,800)
Reconcile Balance Sheet Asset to Funded Status		
Funded status	(1,020,400)	(912,700)
Unamortized transition amount	0	0
Unamortized prior service costs	0	0
Unamortized gains & (losses)	<u>(236,000)</u>	<u>(55,900)</u>
Balance Sheet Asset/(Liability)	(784,400)	(856,800)