



November 19, 2018

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, 2018. 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, 2018 as well as a projection for fiscal 2019. 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, 2018 and the forecast results for the fiscal year ending December 31, 2019.

Fiscal period ending December 31	2018	Forecast 2019
	\$	\$
Benefit Expense/(Income)	140,300	135,400
Financial position – Dec 31		
Benefit obligation	1,153,700	1,203,300
Fair value of plan assets	—	—
Funded (unfunded) status	(1,153,700)	(1,203,300)
Unamortized amounts – Dec 31		
Actuarial gains/(losses)	(82,300)	(69,800)
Prior service costs	—	—
Accrued Benefit Asset/(Liability) – Dec 31	(1,071,400)	(1,133,500)

BENEFIT OBLIGATION AS AT DECEMBER 31, 2018

	Accrued Benefit Obligation (\$)	Service Cost (\$)
Full-time	780,400	45,900
Part-time/Casual	373,300	28,800
Total	1,153,700	74,700

Benefit obligation is based on a discount rate of 3.80% per year.

ASSUMPTIONS AND METHODS**Actuarial Assumptions**

	Fiscal 2018
Valuation Date	December 31, 2018
Economic Factors	
Discount rate for calculation of Fiscal year ending December 31, 2018 Benefit Expense	3.50%
Discount rate for calculation of Fiscal year ending December 31, 2018 disclosures	3.80%
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 3.80% per year is used to determine the value of obligations at December 31, 2018; this is the single rate which equates to values determined using the CIA-Fiera Capital spot rate yield curve in effect as at October 31, 2018.

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 2018 as supplied by MSDSB which is summarized in the following tables. The data used in the prior valuation (data effective Dec 2016) is shown for comparison purposes.

	Dec 2018	Dec 2016
Number of full-time employees	78	76
Average age	41.6	42.6
Average service	14.3	14.4
Average weekly earnings	1,579	1,521
Number of part-time employees	52	63
Average age	35.2	33.6
Average service	6.4	5.4
Average weekly earnings (full-time rate)	1,510	1,412

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 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 were prepared using the MSDSB's best-estimate assumptions at December 31, 2018.
- I am not aware of any events subsequent to December 31, 2018 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 Joint Policy Statement approved by the Actuarial Standards Board and the Auditing and Assurance Standards Board as described in Section 1520 of the Canadian Institute of Actuaries Standards of Practice.
- I am, and Mondelis Corporation is, independent with respect to the District Services Board.
- 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,



Kathryn T Licata, FSA, FCIA, MAAA

Kathy.Licata@Mondelis.com

ACCOUNTING SCHEDULE

Fiscal period ending December 31	2018	Forecast 2019
Discount Rate		
At start of period	3.50%	3.80%
At end of period	3.80%	3.80%
Interest rate on assets	0.00%	0.00%
EARSL Period	16.0	15.9
Reconcile Obligation		
Obligation at start of period	1,244,100	1,153,700
Change in obligation on revaluation	(83,700)	0
Plan improvements in period	0	0
Current service accrual cost	80,400	77,500
Member contributions	0	0
Benefit payments	(91,300)	(73,300)
Interest on obligation	<u>44,800</u>	<u>45,400</u>
Obligation at end of period	1,194,300	1,203,300
Actual obligation at end of period	<u>1,153,700</u>	<u>1,203,300</u>
Total (Gains) & Losses	(40,600)	0
Reconcile Plan Funds		
Fund at start of period	0	0
Company contributions	91,300	73,300
Benefit payments	(91,300)	(73,300)
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	80,400	77,500
Interest on obligation	44,800	45,400
Interest on assets	0	0
Amortize transition amount	0	0
Amortize plan improvements	0	0
Amortize (gains) and losses	<u>15,100</u>	<u>12,500</u>
Expense	140,300	135,400
Unamortized (Gains) & Losses		
Unamortized (gain)/loss at start of period	221,700	82,300
Restatement of Liability	0	0
(Gain)/Loss in period	(124,300)	0
Amortization in period	<u>15,100</u>	<u>12,500</u>
Unamortized (gain)/loss at end of period	82,300	69,800

Balance Sheet Asset (Liability)

Asset/(Liability) at start of period	(1,022,400)	(1,071,400)
Restatement of Pension Liability	0	0
Income/(Expense) in period	(140,300)	(135,400)
Company contributions	<u>91,300</u>	<u>73,300</u>
Asset/(Liability) at end of period	(1,071,400)	(1,133,500)

Reconcile Balance Sheet Asset to Funded Status

Funded status	(1,153,700)	(1,203,300)
Unamortized transition amount	0	0
Unamortized prior service costs	0	0
Unamortized gains & (losses)	<u>(82,300)</u>	<u>(69,800)</u>
Balance Sheet Asset/(Liability)	(1,071,400)	(1,133,500)

Gain/Loss

Change to due revaluation	(83,700)
Change to due discount rate	<u>(40,600)</u>
Total (Gain)/Loss	(124,300)