BRITISH
COLUMBIA

Resource Management Division

LIABILITIES FOR EMPLOYEE FUTURE BENEFITS

For British Columbia School Districts

April 2013

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SECTION 1: BACKGROUND AND CHANGES IN ACCOUNTING POLICIES

Boards have entered into various contracts with their employee groups to provide certain post-employment benefits. Obligations for these benefits vary between school districts, based on collective agreement terms negotiated at the school district level (vested and non-vested sick leave, early retirement/severance, vested vacation and overtime, death benefits, etc). Prior to the implementation of GAAP, boards had discretion whether or not to fund these liabilities. As a result, some boards fully provided for these amounts, others made no provisions, while the balance set aside some funds to cover a portion of the liabilities.

Effective July 1, 2004, school districts are required to report full accruals for employee future benefits (EFB) in accordance with GAAP. Beginning with the year ended June 30, 2013, school districts follow Public Sector Accounting Standards (PSAS) section PS3250 & PS3255. These standards specify that non-vested benefits must be included in the calculation of EFB and specify the discount rates to be used. In addition, school districts are required to recognize any unamortized actuarial gains/losses as at July 1, 2011 (the date of transition to PSAS). PSAS requires that the June 30, 2013 financial statements also present restated figures for June 30, 2012 and July 1, 2011 (the date of transition to PSAS). The Ministry, in conjunction with the actuary, has provided an actuarial tool that will calculate the figures and adjustments required for school districts' transition to PSAS.

SECTION 2: PSAB HANDBOOK REFERENCES

CICA Public Sector Accounting Handbook, sections PS3250 and PS3255 establishes the criteria for measurement and disclosure of retirement and other post-employment benefits.

SECTION 3: FINANCIAL STATEMENT NOTE DISCLOSURE

Sample note disclosure (see Appendix 1) has been provided to assist school districts with preparation of their audited financial statements. EFB disclosure is provided in sample notes 2, 3(i), 11 and 12. Note 11 is generated by the Actuarial Calculation Tool Tab 4 (see Appendix 2).

The "2012/13 Notes to Financial Statements" document is posted on the District Financial Accountability website at: http://www.bced.gov.bc.ca/accountability/district/ .

SECTION 4: PLAN TO RETIRE UNFUNDED LIABILITIES

A plan to fully retire the unfunded liability for EFB over a specified number of years is required and should be disclosed in the Notes to Financial Statements (see Sample Note 12).

Districts that still carry an **Unfunded Liability for EFB** (8 Districts @ June 30, 2012) are still expected to apply funds in order to eliminate this deficit. The Ministry will be monitoring the reduction of the unfunded liabilities for EFB by annual reviews of the audited Financial Statements and annual Budgets until all boards have fully provided for the unfunded accrued EFB.

If the sum of the **July 1, 2011** PSAS EFB restatements (see section 10: Financial Statement Reporting at June 30, 2013) result in an increase (CR) to surplus, it must first be applied to reduce any Unfunded EFB balance at June 30, 2011. The remaining balance may then be allocated to unrestricted operating surplus. If the sum of these adjustments results in a decrease (DR) to surplus, districts are permitted to report this deficit as "Unfunded EFB" per *Accounting Practices Order 033/09.*

SECTION 5: ACTUARIAL CALCULATION TOOL

School district financial statements and budgets must include actuarial considerations. The Ministry has provided an “Actuarial Tool” for completion as at June 30, 2013. This tool is preloaded with information specific to each school district. For completion instructions, sample actuarial appendices C and E, and a sample of a completed actuarial tool, please refer to Appendix 2.

The 2012/13 actuarial tool will also calculate the adjustments and balances required for the July 1, 2011 and June 30, 2012 PSAS restatements (see Section 10). The tool will also calculate the estimated 2013/14 EFB expense for use in budgeting.

SECTION 6: ACTUARIAL VALUATION PROCESS

Generally accepted actuarial practice is to undertake a new actuarial study every 3 years based on updated employee census data and benefit plan descriptions. Valuation Results and Projections are then provided in actuarial appendices A to E for each school district.

The result of the most recent study at March 31, 2013, based on the census data provided by School Districts at October 31, 2012, was provided to Districts in an e-mail "SDXX District March 2013 Actuarial Results & Actuarial Tool" in early May 2013. This valuation complies with CICA Public Sector Accounting Handbook, sections PS3250 and PS3255.

In accordance with CICA Public Sector Accounting Handbook section PS3250, figures in actuarial appendix C and appendix E may be recalculated annually for a change in the discount rate at March 31. The financial statements and budgets should reflect these revised figures.

The next actuarial study is planned for March 31, 2016 based on data provided at October 31, 2015 and retiree experience data for the three years ended June 30, 2015. **In order to ease some of the data gathering requirements, it may be useful for Districts to collect their retiree experience data on an annual basis as at June 30, 2013 – 2015** in preparation for the 2015/16 actuarial study.

SECTION 7: EARLY MEASUREMENT DATE

CICA Public Sector Accounting Handbook section PS3250 allows for the measurement of a benefit obligation to occur prior to the date of the annual financial statements provided the government adopts this practice consistently from year to year and as long as no significant change relevant to the valuation of the plan occurs between the valuation date and the financial statement date.

The measurement date of March 31 was adopted beginning June 30, 2005 to comply with GAAP in effect at that time (CICA section 3461). The accrued benefit obligation measured as at March 31, less the April to June cash payments, plus/minus any unamortized gain/loss will equal the EFB liability as at June 30 (please refer to the "Actuarial Calculation Tool"). This allows school districts to receive information required to prepare their annual financial statements prior to fiscal year end. There is a further advantage in that the Province has a fiscal year end date of March 31.

SECTION 8: YEAR-END DISCOUNT RATES

The discount rate used to calculate the EFB is covered in section PS3250.044 of the Public Sector Accounting Handbook. This section prescribes that the discount rate should be based on the plan's assets earnings or the average borrowing rate. Since school districts have no plan assets, the rate used will be the average borrowing rate as determined by the actuary (province's cost of borrowing).

SECTION 9: EXPECTED AVERAGE REMAINING SERVICE LIFETIME (EARSL)

The EARSL, calculated by the actuary for each school district, is provided on Actuarial Appendix E. This figure is used as the amortization period for gains or losses that occur under the plan.

SECTION 10: FINANCIAL STATEMENT REPORTING AT JUNE 30, 2013

School district's EFB liability at March 31, 2013 (for use at June 30, 2013) has been recalculated by the actuary based on the census data provided by School Districts as at October 31, 2012. The final report, including appendices A to E specific to each school district and an actuarial calculation tool, were provided to each district in an e-mail "SDXX District March 2013 Actuarial Results & Actuarial Tool" in early May 2013.

Districts will need to populate the actuarial tool with actual vested benefits paid (cash payments) for the periods April 1, 2012 to March 31, 2013 and April 1, 2013 to June 30, 2013 (after measurement date). This payment information includes all employees. Individual amounts for each employee group are not required. The tool will then calculate the balances and adjustment required for the June 30, 2013 audited financial statements for all three reporting periods (July 1, 2011, June 30, 2012 and June 30, 2013) per PSAS (see Appendix 2). Sample financial statement note disclosure is provided in Appendix 1. The adjustments required to transition to PSAS are as follows:

July 1, 2011	- Recognize non-vested benefits liability (non-vested sick leave)
	- Recognize unamortized actuarial gain (loss)
June 30, 2012	- Restate 2011/12 expense to remove amortization of actuarial gain (loss)
	- Restate 2011/12 expense to add service & interest costs for non-vested benefits
	- Restate 2011/12 expense to reclassify non-vested cash payments to reduce liability

SECTION 10: FINANCIAL STATEMENT REPORTING AT JUNE 30, 2013 *cont'd*

The following table summarizes the effects of the EFB adjustments on the financial statement balances:

	Statement of Financial Position		Statement of Operations
July 1, 2011 restatements:	**EFB Liability**	**Operating Surplus**	**EFB expense**
Balance per June 30, 2011 FS's	$ XX	$ XX	N/A
Non-vested ABO June 30, 2011 (per non-vested App F)	CR (increase)	DR (decrease)[1]	N/A
Unamortized actuarial Gain at June 30, 2011 (per 2011/12 actuarial tool)	DR (decrease)	CR (increase)[1]	N/A
Unamortized actuarial Loss at June 30, 2011 (per 2011/12 actuarial tool)	CR (increase)	DR (decrease)[1]	N/A
Balance as at July 1, 2011 (restated)	$ XX	$ XX	N/A
June 30, 2012 restatements:			
Reclassify cash payments for non-vested (per non-vested App F)	DR (decrease)	CR (increase)	CR (decrease)
Add non-vested service and interest costs to expense (per non-vested App F)	CR (increase)	DR (decrease)	DR (increase)
Remove amortization of actuarial gains from expense (per 2011/12 actuarial tool)	CR (increase)	DR (decrease)	DR (increase)
Remove amortization of actuarial losses from expense (if applicable)	DR (decrease)	CR (increase)	CR (decrease)
Balance as at June 30, 2012 (restated)	$ XX	$ XX	$ XX
Year-ended June 30, 2013 transactions:			
Record cash payments for vested benefits (actual)	DR (decrease)	N/A	N/A
Record cash payments for non-vested benefits (per non-vested App F)[2]	DR (decrease)	CR (increase)	CR (decrease)
Record net benefit expense (per 2012/13 actuarial tool)	CR (increase)	DR (decrease)	DR (increase)
Balance as at June 30, 2013	$ XX	$ XX	$ XX

1) If the sum of the July 1, 2011 adjustments result in an increase (CR) to surplus, it must first be applied to reduce any Unfunded EFB balance at June 30, 2011. The balance may then be allocated to unrestricted operating surplus. If the sum of these adjustments results in a decrease (DR) to surplus, districts are permitted to report this deficit as "Unfunded EFB" per *Accounting Practices Order 033/09.*

2) Since districts are unable to determine the non-vested portion of sick leave paid out in the year of retirement, they will need to deem an estimated portion of benefits paid out as "non-vested" using Mercer's estimated cash costs.

SECTION 11: PLAN AMENDMENTS & CURTAILMENT GAINS/LOSSES

The change in the Accrued Benefit Obligation for employee future benefits at March 31, 2013 may include increases or decreases relating to plan amendments or curtailments. These will be calculated and presented in the Appendix E provided to districts and will be preloaded into the actuarial tool. Per PSAS, these gains and losses must be recognized immediately as part of employee benefit expenses. If available, unamortized gains/losses carried forward from 2011/12 must be recognized up to the amount available to offset the gain/loss from plan amendments. The actuarial tool will automatically calculate these amounts and whether or not they should be recognized. Districts should ensure that the total amount recognized as expense for the year ended June 30, 2013 agree with the amount calculated by the actuarial tool's "Net Benefit Expense (Income)" line.

Extract from "2012/13 Notes to Financial Statements"
Pertaining to Liabilities for Employee Future Benefits

NOTE 2 CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

PS 2125.20 - .22, PS 2120.18 - .23

Commencing with the 2012/13 fiscal year, the School District has adopted Canadian Public Sector Accounting ("PSA") standards without not-for-profit provisions except as described in Note 3 (a). These [consolidated] financial statements are the first [consolidated] financial statements for which the School District has applied PSA standards.

The School District has elected to use the following exemptions available as of July 1, 2011, the date of transition to the new accounting framework:

- Retirement and post-employment benefits:
  a. The School District has elected to delay the application of *Sections PS 3250* and *3255* relative to the discount rate used until June 30, 2013 (to coincide with the March 31, 2013 valuation) or within three years of the transition date to PSA standards, whichever is sooner;
  b. The School District has elected to recognize all cumulative actuarial gains and losses at July 1, 2011 directly in accumulated surplus (deficit); …..

Key adjustments on the School District's [consolidated] financial statements resulting from the adoption of these accounting standards are as follows:

- Previously, the School District was not required to record an accrued benefit obligation related to sick leave benefits as the benefits do not vest. PSA standards require that a liability and an expense be recognized for post-employment benefits and compensated absences that vest or accumulate in the period in which employees render services to the School District in return for the benefits. An adjustment was made to recognize a liability and an expense related to accumulated sick leave entitlements. The adjustment to the liability for employee future benefits at July 1, 2011 was $ resulting in a revised liability of $. An additional expense of $ was recognized in the 2012 fiscal year resulting in a revised liability for employee future benefits at June 30, 2012 of $ related to the accrual for accumulated sick leave entitlements, determined by an actuarial valuation.
- In accordance with the first time elections, the School District recognized all previous cumulative actuarial gains and losses relating to employee future benefits of $ at July 1, 2011 resulting in a decrease to the Employee Future Benefits liability and an increase in accumulated surplus *(note - if a district had an unamortized loss, this would be an increase to EFB and decrease to surplus).* An additional revenue (expense) of $ was recognized in the 2012 fiscal year as a result of removing the amortization of those cumulative actuarial gains and losses.

Extract from "2012/13 Notes to Financial Statements"
Pertaining to Liabilities for Employee Future Benefits
(Continued)

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Employee Future Benefits
PS 3250.84, .100-.104, PS 3255.35-.36

The School District provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements.

The School District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing except as per the election described in note 2.

The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2013 and projected to June 30, 2016. The next valuation will be performed at March 31, 2016 for use at June 30, 2016. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

The School district and its employees make contributions to the Teachers' Pension Plan and Municipal Pension Plan. The plans are multi-employer plans where assets and obligations are not separated. The costs are expensed as incurred.

Extract from "2012/13 Notes to Financial Statements"
Pertaining to Liabilities for Employee Future Benefits
(Continued)

NOTE 11 EMPLOYEE FUTURE BENEFITS

PS 3255.35-.36

Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. Funding is provided when the benefits are paid and accordingly, there are no plan assets. Although no plan assets are uniquely identified, the School District has provided for the payment of these benefits. The portion of these benefits that have not been provided for is identified as Unfunded Accrued Employee Future Benefits and disclosed in Note 12.

(this note can be copied/pasted from tab 4 of the Actuarial Calculation Tool provided early May 2013).

	June 30, 2013	June 30, 2012
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	$	$
Non-vested Benefit Obligation – July 1, 2011		
Service Cost		
Interest Cost		
Benefit Payments		
Increase (Decrease) in obligation due to Plan Amendment		
Actuarial (Gain) Loss		
Accrued Benefit Obligation – March 31	$	$
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	$	$
Market Value of Plan Assets – March 31		
Funded Status – Surplus (Deficit)		
Employer Contributions After Measurement Date		
Unamortized Net Actuarial (Gain) Loss		
Accrued Benefit Asset (Liability) – June 30	$	$
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	$	$
Recognize Non-Vested Benefits – July 1, 2011		
Recognize Unamortized (Gains) Losses – July 1, 2011		
Accrued Benefit Liability – July 1 (restated)		
Net expense for Fiscal Year		
Employer Contributions		
Accrued Benefit Liability – June 30	$	$

Extract from "2012/13 Notes to Financial Statements"
Pertaining to Liabilities for Employee Future Benefits
(Continued)

NOTE 11 EMPLOYEE FUTURE BENEFITS *(continued)*

	June 30, 2013	June 30, 2012
Components of Net Benefit Expense		
Service Cost	$	$
Interest Cost		
Immediate Recognition of Plan Amendment		
Amortization of Net Actuarial (Gain)/Loss		
Net Benefit Expense (Income)	$	$

The significant actuarial assumptions adopted for measuring the School District's accrued benefit obligations are:

	June 30, 2013	June 30, 2012
Discount Rate – April 1	4.25%	4.75%
Discount Rate – March 31	3.00%	4.25%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31		

NOTE 12 UNFUNDED ACCRUED EMPLOYEE FUTURE BENEFITS

It is planned that the initial unfunded liability for accrued employee future benefits upon adoption of accrual accounting and PSA standards will be eliminated in ___ years.

Unfunded liability, as at July 1, 2012 as previously reported	$
July 1, 2011 conversion to PSA standards *(if applicable)*	
Reductions during the year	
Unfunded liability, as at June 30, 2013	$

ACTUARIAL CALCULATION TOOL INSTRUCTIONS – DUE JULY 15, 2013
Please e-mail the completed actuarial tool to Linda.seabrook@gov.bc.ca by July 15, 2013

For your convenience, Ministry staff has preloaded your specific school district figures as provided by Mercer into the **Actuarial Calculation Tool**.

1. Actuarial Calculation Tool (tab 1)

The Actuarial Calculation Tool will calculate district's Employee Future Benefits (EFB) liability, expenses and journal entries for use in preparing your June 30, 2013 GRE report and audited financial statements. This tool will calculate the balances to report as at July 1, 2011 (restated), June 30, 2012 (restated) and June 30, 2013 under Public Sector Accounting Standards (PSAS). Ministry staff preloaded the most recent actuarial figures provided by the Actuarial Consultants as well as comparative figures reported by districts in the previous year. Ministry staff populated the yellow shaded cells.

Please refer to the paper "Liabilities for Employee Future Benefits (April 2013)" that is posted on the District Financial Accountability Website http://www.bced.gov.bc.ca/accountability/district/ in the Reference and Resource section under the heading "Employee Future Benefits".

Actuarial figures are those provided by Mercer at March 31, 2013 (early measurement date for June 30, 2013). The package specific to your school district was provided in an e-mail "SDXX District March 2013 Actuarial Results & Actuarial Tool" in early May 2013 from the Ministry.

Figures provided in this tool should be those reported in your 2012/13 audited financial statements. **Please enter amounts in the green shaded cells only**, which are:

- **D13** - Vested Benefit Payments – April 1, 2012 to March 31, 2013 (see *NOTE below) (Please enter as a negative figure)
- **E30** - Employer Contributions (Vested only) After Measurement Date – April 1, 2013 to June 30, 2013 (3 months) (Please enter as a positive figure)

ENTRY IS NOT PERMITTED IN THE BALANCE OF CELLS. THEY ARE PROTECTED.

***NOTE**: The measurement date for the actuarial figures is March 31. As such, the opening accrued benefit obligation is as at April 1. In cell D13, districts need to enter their actual cash payments, for vested benefits only, for the period April 1, 2012 to March 31, 2013 (12 months). This amount should be the April 1, 2012 to June 30, 2012 payments (3 months) reported last year (see cell H30) plus the July 1, 2012 – March 31, 2013 payments (9 months) made in the current fiscal year. Cell E30 should equal the April 1 to June 30, 2013 payments (3 months after measurement date) used to arrive at the June 30, 2013 fiscal year end balance.

1. Actuarial Calculation Tool (tab 1) *cont'd*

Budget Reporting: The estimate of the **2013/14 expenses** calculated at the bottom of the actuarial tool should be used as the employee future benefit expense (vested & non-vested) reported in the 2013/14 Annual Budget and Amended Annual Budget as part of employee benefits. This amount will be calculated to include any amortization of gains/losses that must be reported in 2013/14.
The actual cash payments made by the district in the 2012/13 school year (July – June) for VESTED benefits only, should equal the total of the following amounts reported on tab 1:

> **Employer Contributions July 1, 2012 – March 31, 2013 (-cell D13 – cell H30)**
> **Employer Contributions April 1, 2013 – June 30, 2013 (cell E30)**

2. 2011-12 Original Tool (tab 2) – no entry required

This tab is a copy of district's 2011-12 Actuarial Tool as originally submitted. This is used to calculate the restated figures on tab 1.

3. 2011-12 Non-Vested data (tab 3) – no entry required

This tab contains district's non-vested actuarial figures from the June 30, 2012 Appendix F – Non-Vested benefits provided by the actuary for use in calculating the restated figures on tab 1.

4. Note Disclosure (tab 3) – no entry required

This tab automatically populates from tab 1.

This tab may be copied/pasted into District's Notes to Financial Statements (see Sample Notes to Financial Statements – Note 11).

5. Employee Future Benefits – Sample Journal Entries (tab 5)

All entries automatically populate from tab 1.

6. UNFUNDED LIABILITY

The July 1, 2011 PSAS restatements for EFB may result in an increase or decrease to your Unfunded EFB. Please refer to the paper "Liabilities for Employee Future Benefits (April 2013)" that is posted on the District Financial Accountability Website for more details
http://www.bced.gov.bc.ca/accountability/district/

The Ministry will be monitoring the reduction of the unfunded liabilities for EFB by annual reviews of the audited Financial Statements and annual Budgets. A plan to fully retire the unfunded liability over a specified number of years is required and should be disclosed in the Notes to Financial Statements (see Sample Note 12).

Ministry staff populated **YELLOW** cells			SD staff please populate **GREEN** cells	
SD: **SAMPLE**			**SD #:**	**XX**

ACTUARIAL CALCULATION TOOL
FISCAL YEAR - 2012/13 (and 2011/12 restated)

			2013	Notes	(restated) 2012	Notes
Reconciliation of Accrued Benefit Obligation						
Accrued Benefit Obligation - April 1			2,579,637		2,028,637	
Non-vested Benefits - July 1, 2011					116,500	(1)
Service Cost			136,500	(1)	136,500	(1)
Interest Cost			130,400	(1)	131,500	(1)
Benefit Payments - April 1 to March 31 - VESTED	(Enter as a NEGATIVE numbe	(90,000)				
Benefit Payments - April 1 to March 31 - NON-VESTED		(9,200)	(99,200)		(93,500)	
Increase (Decrease) in obligation due to plan amendment			(427,000)	(1)	0	(1)
Actuarial (Gain)/Loss			199,275		260,000	
Accrued Benefit Obligation - March 31			2,519,612	(1)	2,579,637	(1)
Change in Plan Assets						
Market Value of Plan Assets - April 1			0		0	
Actual Return on Plan Assets			0		0	
Employer Contributions - April 1 to March 31			99,200		93,500	
Benefit Payments - April 1 to March 31			(99,200)		(93,500)	
Market Value of Plan Assets - March 31			0		0	
Reconciliation of Funded Status at End of Fiscal Year						
Accrued Benefit Obligation - March 31			2,519,612		2,579,637	
Market Value of Plan Assets - March 31			0		0	
Funded Status - Surplus/(Deficit)			(2,519,612)		(2,579,637)	
Employer Contributions After Measurement Date - April 1 to June 30 - VESTED	(Enter as a POSITIVE number)		40,000		80,000	
Unamortized Net Actuarial (Gain)/Loss			199,275		260,000	
Accrued Benefit (Liability) Asset - June 30			(2,280,337)		(2,239,637)	
Components of Net Benefit Expense						
Service Cost			136,500		136,500	
Interest Cost			130,400		131,500	
Immediate Recognition of Plan Amendment			(427,000)			
Amortization of Net Actuarial (Gain)/Loss			260,000			
Net Benefit Expense (Income)			99,900		268,000	
Reconciliation of Change in Accrued Benefit Liability (Asset)						
Accrued Benefit Liability (Asset) - July 1			2,239,637		2,158,744	
Recognize Non-Vested Benefits - July 1, 2011					116,500	
Recognize Unamortized (Gains)/Losses - July 1, 2011					(210,107)	
Accrued Benefit Liability (Asset) - July 1 (restated)			2,239,637		2,065,137	
Net Expense for Fiscal Year			99,900		268,000	
Employer Contributions - July 1 to March 31			(19,200)		(13,500)	
Employer Contributions - April 1 to June 30			(40,000)		(80,000)	
Accrued Benefit Liability (Asset) - June 30			2,280,337		2,239,637	
Assumptions						
Discount Rate - April 1			4.25%		5.00%	
Discount Rate - March 31			3.00%		4.25%	
Long Term Salary Growth - April 1			2.50%	+ seniority	2.50%	+ seniority
Long Term Salary Growth - March 31			2.50%	+ seniority	2.50%	+ seniority
EARSL - March 31			11.9		11.9	

ESTIMATE OF 2013/14 EXPENSE

Service Cost	138,280	(1)
Interest Cost	129,000	(1)
Amortization of Net Actuarial (Gain)/Loss (straight-line over EARSL)	16,746	
Net Benefit Expense (Income)	284,026	

NOTES:

(1) As per Appendix E - March 31, 2013 (prepared April 2013) (includes vested & non-vested results)

Please e-mail completed actuarial tool to:	Linda Seabrook (Resource Management Division) linda.seabrook@gov.bc.ca (250) 356-5088
DUE DATE	July 15, 2013

SD: SAMPLE | **SD #: XX**

EMPLOYEE FUTURE BENEFITS - SAMPLE NOTE TO FINANCIAL STATEMENTS
FISCAL YEAR 2012/13

	June 30, 2013		June 30, 2012	
Reconciliation of Accrued Benefit Obligation				
Accrued Benefit Obligation – April 1	2,579,637		2,028,637	
Non-vested Benefit Obligation - July 1, 2011			116,500	
Service Cost	136,500		136,500	
Interest Cost	130,400		131,500	
Benefit Payments	(99,200)		(93,500)	
Increase (Decrease) in obligation due to Plan Amendment	(427,000)		0	
Actuarial (Gain) Loss	199,275		260,000	
Accrued Benefit Obligation – March 31	2,519,612		2,579,637	
Reconciliation of Funded Status at End of Fiscal Year				
Accrued Benefit Obligation - March 31	2,519,612		2,579,637	
Market Value of Plan Assets - March 31	0		0	
Funded Status - Surplus (Deficit)	(2,519,612)		(2,579,637)	
Employer Contributions After Measurement Date	40,000		80,000	
Unamortized Net Actuarial (Gain) Loss	199,275		260,000	
Accrued Benefit Asset (Liability) - June 30	(2,280,337)		(2,239,637)	
Reconciliation of Change in Accrued Benefit Liability				
Accrued Benefit Liability (Asset) - July 1	2,239,637		2,158,744	
Recognize Non-Vested Benefits - July 1, 2011			116,500	
Recognize Unamortized (Gains) Losses - July 1, 2011			(210,107)	
Accrued Benefit Liability (Asset) - July 1 (restated)	2,239,637		2,065,137	
Net Expense for Fiscal Year	99,900		268,000	
Employer Contributions	(59,200)		(93,500)	
Accrued Benefit Liability (Asset) - June 30	2,280,337		2,239,637	
Components of Net Benefit Expense				
Service Cost	136,500		136,500	
Interest Cost	130,400		131,500	
Immediate Recognition of Plan Amendment	(427,000)		0	
Amortization of Net Actuarial (Gain)/Loss	260,000		0	
Net Benefit Expense (Income)	99,900		268,000	
Assumptions				
Discount Rate - April 1	4.25%		5.00%	
Discount Rate - March 31	3.00%		4.25%	
Long Term Salary Growth - April 1	2.50%	+ seniority	2.50%	+ seniority
Long Term Salary Growth - March 31	2.50%	+ seniority	2.50%	+ seniority
EARSL - March 31	11.9		11.9	

APPENDIX 2
(PAGE 5 of 7)

			SD staff can populate **GREEN** cells			
SD:	**SAMPLE**				**SD #:**	**XX**

EMPLOYEE FUTURE BENEFITS - SAMPLE JOURNAL ENTRIES
FISCAL YEAR - 2012/13, 2011/12 (restated) and July 1, 2011 opening

AJE				Debit	Credit
(1)	July 1, 2011	Unrestricted Surplus/Unfunded Accrued EFB	note 1	116,500	
		Accrued Employee Future Benefits			116,500
		To record non-vested benefits as at July 1, 2011			
(2)	July 1, 2011	Accrued Employee Future Benefits		210,107	-
		Unrestricted Surplus/Unfunded Accrued EFB	note 1	-	210,107
		To recognize unamortized gain/loss as at July 1, 2011			
(3)	June 30, 2012	Salaries & Benefits expense		11,109	
		Accrued Employee Future Benefits			11,109
		To restate 2011/12 EFB expense under PSAB			
(4)	June 30, 2012	Accrued Employee Future Benefits		8,500	
		Salaries & Benefits expense			8,500
		To restate 2011/12 expense to reclassify cash payments for non-vested benefits from expense to EFB liability			
(5)	June 30, 2013	Accrued Employee Future Benefits		59,200	
		Cash			59,200
		To record the annual benefit payments made from operating.			
(6)	June 30, 2013	Salaries & Benefits expense		99,900	
		Accrued Employee Future Benefits			99,900
		To record the annual EFB expense (PSAB) per the actuarial report			
(7)	June 30, 2013	Operating Surplus			
		Unfunded Accrued Employee Future Benefits			-
		To record the amount of the 2012/13 annual surplus applied to unfunded.			
				505,316	505,316

		Statement of Financial Position		
Opening Balance Sheet - July 1, 2011	June 30, 2011	Debit	Credit	July 1, 2011
Financial Assets				
Cash	2,158,744			2,158,744
Liabilities				
Accrued Employee Future Benefits	(2,158,744)	210,107	116,500	(2,065,137)
			-	
Accumulated (Surplus) Deficit				
Operating Surplus/Unfunded accrued EFB (note 1)		116,500	210,107	(93,607)
		-		
	-	326,607	326,607	-

		Statement of Financial Position		
Restated Year Ended June 30, 2012	June 30, 2012 audited FS's	Debit	Credit	June 30, 2012 (restated)
Financial Assets				
Cash	2,330,636			2,330,636
Liabilities				
Accrued Employee Future Benefits	(2,330,636)	210,107	116,500	(2,239,637)
		-	-	
		8,500	11,109	
Accumulated (Surplus) Deficit				
Operating Surplus/Unfunded accrued EFB (note 1)		116,500	210,107	(90,999)
		-		
		2,609	-	
	-	337,716	337,716	-
		Statement of Operations		
Expenses				
Employee Benefits		11,109	-	2,609
			8,500	
	-	11,109	8,500	2,609

Year Ended June 30, 2013	June 30, 2012 (restated)	Debit	Credit	June 30, 2013
Financial Assets				
Cash	2,330,636		59,200	2,271,436
Liabilities				
Accrued Employee Future Benefits	(2,239,637)	59,200	99,900	(2,280,337)
Accumulated (Surplus) Deficit				
Operating Surplus/Unfunded accrued EFB	(90,999)	-		8,901
		99,900	-	
	-	159,100	159,100	(0)
		Statement of Operations		
Expenses				
Employee Benefits		99,900		99,900
	-	99,900	-	99,900

Note 1 - If the sum of the July 1, 2011 adjustments result in an increase (CR) to surplus, it must first be applied to reduce any Unfunded EFB balance at June 30, 2011. The balance may then be allocated to unrestricted operating surplus. If the sum of these adjustments results in a decrease (DR) to surplus, districts are permitted to report this deficit as "Unfunded EFB" per Accounting Practices Order 033/09.

Vested/Non-Vested Results at June 30, 2013
SAMPLE SCHOOL DISTRICT
Actuarial Appendix C

District		**Teachers**	**Administrative Officers**	**Union Groups**	**Other Employees**	**Grand Total**
XX	Number of Employees	1,060	85	725	24	1,894
	Accrued Benefit Obligation as at June 30, 2013					
	- Vested Sick Leave	0	0	1,498,362	179,000	1,677,362
	- Early Retirement	0	0	0	0	0
	- Retirement/Severance	0	0	366,000	0	366,000
	- Vacation	0	0	0	54,000	54,000
	- Overtime	0	0	0	0	0
	- Death Benefit	308,000	0	0	1,250	309,250
	- Non Vested Sick Leave	98,000	4,000	10,000	1,000	113,000
	Total	406,000	4,000	1,874,362	235,250	2,519,612
	2013/14 Service Cost					
	- Vested Sick Leave	0	0	103,500	1,280	104,780
	- Early Retirement	0	0	0	0	0
	- Retirement/Severance	0	0	12,500	0	12,500
	- Vacation	0	0	0	2,100	2,100
	- Overtime	0	0	0	0	0
	- Death Benefit	7,100	0	0	100	7,200
	- Non Vested Sick Leave	9,000	750	1,500	450	11,700
	Total	16,100	750	117,500	3,930	138,280
	2013/14 Cash Costs					
	- Vested Sick Leave	0	0	26,000	15,000	41,000
	- Early Retirement	0	0	0	0	0
	- Retirement/Severance	0	0	45,000	0	45,000
	- Vacation	0	0	0	13,600	13,600
	- Overtime	0	0	0	0	0
	- Death Benefit	34,000	0	0	2,100	36,100
	- Non Vested Sick Leave	8,900	400	1,100	130	10,530
	Total	42,900	400	72,100	30,830	146,230

Vested and Non-Vested Benefit Projections
PSAB Accounting Basis
SAMPLE SCHOOL DISTRICT
Actuarial Appendix E

		Based on March 31, 2010 valuation (CICA)			Based on March 31, 2013 valuation (PSAB)		
District		2010 / 2011	2011 / 2012	2012 / 2013	2013 / 2014	2014 / 2015	2015 / 2016
XX	Accrued Benefit Obligation – July 1	**1,971,637**	2,028,637	2,579,637	2,519,612	2,640,662	2,762,662
	Non-Vested accrued benefit obligation - July 1, 2011		116,500				
	Service Cost*	128,000	136,500	136,500	138,280	137,000	136,000
	Interest Cost*	139,000	131,500	130,400	129,000	125,000	120,000
	Subtotal	2,238,637	2,413,137	2,846,537	2,786,892	2,902,662	3,018,662
	Expected Cash Costs - Vested Benefits	(110,000)	(140,000)	(115,000)	(135,700)	(130,000)	(125,000)
	Expected Cash Costs - Non-Vested Benefits		(8,500)	(9,200)	(10,530)	(10,000)	(9,500)
	Curtailment (Gain) / Loss	(150,000)					
	Change in Obligation Due to Plan Amendment***			(427,000)			
	(Gain) / Loss	50,000	315,000	224,275			
	Accrued Benefit Obligation – June 30**	2,028,637	2,579,637	2,519,612	2,640,662	2,762,662	2,884,162
	Interest Rate at Beginning of Period	7.00%	5.00%	4.25%	3.00%	3.00%	3.00%
	Interest Rate at End of Period	5.00%	4.25%	3.00%	3.00%	3.00%	3.00%

EARSL	**11.9**

*NOTE: Beginning 2011/12, service and interest costs include non-vested

**NOTE: The Accrued Benefit Obligation is measured as at March 31

***NOTE: The change in obligation due to plan amendments is for both the Vested and Non-Vested benefits combined