



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachment**

Report on Negotiations with the City's Actuaries

Date:	January 22, 2010
To:	Audit Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reason for Confidential Information:	This report is about litigation or potential litigation that affects the City.
Reference Number:	P:\2009\Internal Services\Acc\ac10002Acc (AFS#10653)

SUMMARY

The report provides Audit Committee with the outcome of negotiations with Mercer (Canada) Limited with respect to a refund of certain fees paid for actuarial services.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. This report be received for information.
2. The confidential information contained in Attachment 1 remains confidential and not be released publicly as it involves litigation or potential litigation that affects the City.

Financial Impact

There are no financial implications as a result of this report.

DECISION HISTORY

At its meeting held on September 24, 2009, the Audit Committee requested the Deputy City Manager and Chief Financial Officer to report back to the Audit Committee on issues relating to negotiations with Mercer and in particular, a refund of a certain amount of fees paid for actuarial services (re: AU12.1 "City of Toronto - 2008 Audited Consolidated Financial Statements").

ISSUE BACKGROUND

The City is required to recognize its employee benefits liabilities in its annual financial statement. These include post retirement benefits, post employee benefits, sick leave gratuity benefits and self insured WSIB benefits. Since 2002, the City has retained Mercer (Canada) Limited to prepare on a periodic basis actuarial valuations of non-pension employee benefit liabilities. Valuations require complex actuarial calculations based on the City's benefit plans and assumptions regarding costs, inflation and employee demographics.

As reported to Audit Committee at its meeting of September 24, 2009, City staff identified, and Mercer acknowledged, an error in the actuarial valuation of sick leave liabilities which resulted in an understatement of the City's employee benefit liabilities. A revised actuarial valuation was prepared by Mercer resulting in a restatement of the 2007 comparative financial statements. The restatement did not impact the City's annual operating budget as these liabilities are to be funded from future revenues.

COMMENTS

The results of staff's negotiations with Mercer are outlined in the confidential attachment to this report.

CONTACT

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SIGNATURE

Cam Weldon
Deputy City Manager and
Chief Financial Officer

ATTACHMENTS

Attachment 1: Confidential Information:
Negotiations with Mercer (Canada) Limited