



# Financial Statements

University of Victoria Staff Pension Plan

December 31, 2015

# Contents

	<b>Page</b>
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Changes in Net Assets Available for Benefits	4
Statement of Changes in Obligations for Benefits	5
Notes to the Financial Statements	6-17



# Independent Auditors' Report

Grant Thornton LLP  
3rd Floor  
888 Fort Street  
Victoria, BC  
V8W 1H8  
T +1 250 383 4191  
F +1 250 381 4623  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Investments and Administration Committee



Opinion

---

**University of Victoria Staff Pension Plan  
Statement of Financial Position**

See accompanying notes to the financial statements.

---

**University of Victoria Staff Pension Plan**  
**Statement of Changes in Net Assets Available for Benefits**

Year ended December 31 (expressed in \$000's) 2015 2014

**Change in net assets**

Net return on investments (Note 5)

Interest and other income \$ **3,190**

---

## University of Victoria Staff Pension Plan

### Statement of Changes in Obligations for Benefits

Year ended December 31 (expressed in \$000's) 2015 2014

#### Change in obligations for benefits – accrued pension benefits

Beginning balance	\$	190,319	\$	183,355
Actual plan experiences and changes in actuarial assumptions		-		(2,309)
Interest accrued on benefits		11,394		10,805
Benefits accrued		7,041		6,733
Benefits paid		(8,281)		(8,265)
Change in obligations for benefits		10,154		6,964
Ending balance	\$	200,473	\$	190,319

#### Change in obligations for benefits – supplementary benefits

Beginning balance	\$	12,463	\$	11,107
Interest accrued on benefits		882		1,156
Contributions		235		229
Benefits paid		(25)		(29)

---

**Uni**

---





---

---

---

# University of Victoria Staff Pension Plan

## Notes to the Financial Statements

December 31, 2015 (expressed in \$000's)

---

2.

---

# University of Victoria Staff Pension Plan

## Notes to the Financial Statements

December 31, 2015 (expressed in \$000's)

### 3. Summary of significant accounting policies (continued)

#### Use of estimates

The preparation of financial statements, in conformity with Canadian accounting standards for pension plans, requires management, within the assumption parameters regarding pension liabilities approved by the Plan's actuaries, to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in assets during the period. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the valuation of investments and the estimate of the actuarial position of the obligations for benefits.

### 4. Investments (fair value)

The Plan's investments are recorded at fair value or at amounts that approximate fair value. Fair value is the amount at which the investment could be exchanged in a current financial transaction between willing parties. The investments are categorized according to a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 – Inputs that are unobservable for the asset or liability.

The Plan's proportionate share of investments in each fund, categorized according to the fair value hierarchy, is as follows:

		<u>2015</u>	<u>2014</u>
Short-term	Level 1	\$ 1,600	\$ 1,861
Canadian bonds	Level 1	43,353	38,725
Canadian bonds	Level 2	45,845	40,549
Mortgages	Level 1	7,680	6,762
Canadian equities	Level 1	27,764	31,369
Foreign equities	Level 2	78,240	72,282
Currency hedges	Level 2	-	187
Real estate	Level 3	22,756	24,563
Infrastructure	Level 3	15,994	11,906
		<u>\$ 243,232</u>	<u>\$ 228,204</u>
Fair value hierarchy			
Level 1		\$ 80,397	\$ 78,717
Level 2		124,085	113,018
Level 3		38,750	36,469
		<u>\$ 243,232</u>	<u>\$ 228,204</u>

---

# University of Victoria Staff Pension Plan

## Notes to the Financial Statements

December 31, 2015 (expressed in \$000's)

---

#### 4. Investments (fair value) (continued)

The following table summarizes the changes in the fair value of the Plan's financial instruments classified as level 3 investments:

		Real Estate		Infrastructure		Total
Beginning balance, January 1, 2015	\$	24,563	\$	11,906	\$	<b>36,469</b>
Purchases		-		2,988		<b>2,988</b>
Sales		(2,185)		(81)		<b>(2,266)</b>
Unrealized gains		378		1,181		<b>1,559</b>
Ending balance, December 31, 2015	\$	22,756	\$	15,994	\$	<b>38,750</b>
Beginning balance, January 1, 2014	\$	22,862	\$	11,007	\$	<b>33,869</b>
Purchases		-		326		<b>326</b>
Sales		(152)		(105)		<b>(257)</b>
Unrealized gains		1,853		678		<b>2,531</b>
Ending balance, December 31, 2014	\$	24,563	\$	11,906	\$	<b>36,469</b>

---

---

# University of Victoria Staff Pension Plan

## Notes to the Financial Statements

December 31, 2015 (expressed in \$000's)

---

### 5. Net return on investments

The Plan earned a gross rate of return of 7.59

---

# University of Victoria Staff Pension Plan

## Notes to the Financial Statements

December 31, 2015 (expressed in \$000's)

---

### 6. Obligations for pension benefits (continued)

#### Demographic Assumptions:

Mortality table	115% of the 2014 Canadian Pensioners Mortality Table projected generationally using improvement scale CPM-B	115% of the 2014 Canadian Pensioners Mortality Table projected generationally using improvement scale CPM-B
-----------------	---	---

---

### 7. Net assets available for benefits

The net assets available for benefits as at December 31 have been allocated as follows:

	<u>2015</u>	<u>2014</u>
Basic Plan	\$ 230,885	\$ 216,166
Supplementary Retirement Benefit Account	13,555	12,463
Additional Voluntary Contribution Accounts	<u>914</u>	<u>863</u>
	<u>\$ 245,354</u>	<u>\$ 229,492</u>

---

---

# University of Victoria Staff Pension Plan

## Notes to the Financial Statements

December 31, 2015 (expressed in \$000's)

---

### 9. Supplementary retirement benefit account

The Supplementary Retirement Benefit Account is a reserve to provide pensioners who have reached age 66 with increases that are supplemental to the increases provided under the Basic Pension Plan (Note 1(f)). Supplementary increases are authorized by the Staff Pension Plan Investments and Administration Committee in consultation with the plan actuary and are subject to the availability of funds in the Supplementary Retirement Benefit Account. The increases are limited such that the total increase in compensation from the combined basic and supplementary provisions does not exceed the pensioner's PBI.

---

### 10. Related party transactions

Administrative costs of \$217 (2014: \$209) represent a portion of the general administration costs incurred by the University and charged to the Pension Plan. The costs include salaries for the Pension Plan and other operating and administrative costs.

---

### 11. Financial instruments

The Plan's investments are recorded at fair value. Other financial instruments consist of cash, receivables, and payables and accruals. The carrying value of these financial instruments approximates their fair value. Fair value measurements are exposed to price risk, liquidity risk and credit risk.

#### Price risk



---

---

---

# University of Victoria Staff Pension Plan

## Notes to the Financial Statements

December 31, 2015 (expressed in \$000's)

---

### 11. Risk management (continued)

#### Liquidity risk

---

---

# **University of Victoria Staff Pension Plan**

## **Notes to the Financial Statements**

December 31, 2015

---