

Financial Statements

Tri-County Regional School Board

March 31, 2009

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Grant Thornton

## Auditors' Report

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To the Chairperson and Members of the Board of  
The Tri-County Regional School Board

We have audited the statement of financial position of the Tri-County Regional School Board as at March 31, 2009, and the statements of operations and surplus, changes in net financial resources and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit except as explained in the following paragraph.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with other School Boards in Nova Scotia, the Board is ultimately accountable for revenue earned by schools from school generated funds, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues and opening balances is limited to the amounts recorded in the records of the schools in which these funds are held. Therefore, we are not able to determine whether any adjustments might be necessary to school generated revenue, excess of revenue over expenditure, assets and net financial resources.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2009 and the results of its operations, changes in net financial resources and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

Bridgewater, Nova Scotia  
June 22, 2009

Chartered Accountants

# Tri-County Regional School Board

## Statement of Financial Position

As at March 31

2009

2008

### Financial Assets

Cash and Cash Equivalents	\$ 3,468,079	\$ 163,182
Cash Held by Schools (Note 2)	868,796	935,189
	<u>\$ 4,336,875</u>	<u>\$ 1,098,371</u>
Accounts Receivable		
Province of Nova Scotia	\$ 2,066,076	\$ 2,282,132
Government of Canada	183,909	413,412
Other	141,193	111,710
Accrued Benefit Asset (Note 3)	248,900	144,300
Receivable - Service Award Allowance (Note 6)	2,760,697	2,526,057
<b>Total Financial Assets</b>	<u>\$ 9,737,650</u>	<u>\$ 6,575,982</u>

### Liabilities

Accounts Payable and Accrued Liabilities - Trade	\$ 1,885,359	\$ 1,659,462
Payroll and Employee Deductions	2,200,428	1,447,824
Payables and Accruals - Government		
Province of Nova Scotia	18,060	14,022
Government of Canada - Employee Deductions	593,198	1,659
Municipalities	22,558	8,089
Other (Government Service Organizations)	80,639	116,930
Deferred Revenue (Note 8)	1,234,146	771,587
Service Award Obligations (Note 6)	2,760,697	2,526,057
<b>Total Liabilities</b>	<u>\$ 8,795,085</u>	<u>\$ 6,545,630</u>

### Net Financial Resources

	<u>\$ 942,565</u>	<u>\$ 30,352</u>
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### Non-Financial Assets (Note 1)

Tangible Capital Assets	\$ 162,657	\$ 110,701
Inventory	242,356	229,890
Prepaid Expenses	384,658	433,270
	<u>\$ 789,671</u>	<u>\$ 773,861</u>

### Accumulated Surplus (Note 1)

	<u>\$ 1,732,236</u>	<u>\$ 804,213</u>
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Trust Funds under Administration (Note 4 and Schedule D)

Contractual Obligations (Note 5)

Commitments and Contingencies (Note 6)

On Behalf of the Board

  
Chairperson

  
Board Member

**Tri-County Regional School Board**  
**Statement of Operations and Surplus**

For the year ended March 31

2009

2008

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenues (Schedule A)</b>			
Province of Nova Scotia	\$ 54,176,305	\$ 53,803,057	\$ 50,946,297
Government of Canada	195,600	263,149	195,598
Municipal Contributions	9,790,100	9,790,090	9,786,152
School Generated Funds (Note 2)	2,600,000	2,950,264	2,551,481
Board Operations	1,321,364	1,438,359	1,181,168
<b>Total Revenues</b>	<u>\$ 68,083,369</u>	<u>\$ 68,244,919</u>	<u>\$ 64,660,696</u>
<b>Expenses (Schedule B)</b>			
Board Governance	\$ 273,661	\$ 250,280	\$ 277,306
Regional Management	2,301,115	2,300,352	2,229,469
School Management & Support	6,472,948	6,415,666	5,984,001
Instruction & School Services	30,220,073	30,397,603	30,423,754
Student Support	7,913,618	7,750,448	7,728,396
Adult & Community Education	429,477	426,899	417,453
Property Services	9,598,741	9,523,732	8,712,959
Student Transportation	4,649,559	4,642,307	4,460,033
School Generated Funds (Note 2)	2,600,000	3,016,658	2,510,583
Other Programs	3,493,201	2,697,551	2,220,401
Defined Benefit Pension Plan Recovery	-	(104,600)	(29,300)
	<u>\$ 67,952,393</u>	<u>\$ 67,316,896</u>	<u>\$ 64,935,055</u>
<b>School Board Surplus/(Deficit), on an expense basis</b>	<u>\$ 130,976</u>	<u>\$ 928,023</u>	<u>\$ (274,359)</u>
<b>Transfer to Operating-prior year deficit</b>	<u>(130,976)</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 928,023</u>	<u>\$ (274,359)</u>
<b>Accumulated Surplus, beginning of year</b>		<u>\$ 804,213</u>	<u>\$ 1,078,572</u>
<b>Accumulated Surplus, end of year</b>		<u>\$ 1,732,236</u>	<u>\$ 804,213</u>

**Designation of Accumulated Surplus: (Note 1)**

Operating (Deficit)/Surplus-Unrestricted, beginning of year	\$ (130,976)	\$ 184,281
School Board Surplus/(Deficit), on an expense basis	928,023	(274,359)
	<u>797,047</u>	<u>(90,078)</u>
Operating Surplus/(Deficit)-Designated to School Funds	66,393	(40,898)
Operating Surplus/(Deficit)-Unrestricted, end of year	<u>\$ 863,440</u>	<u>\$ (130,976)</u>
School Funds-Restricted, beginning of year	\$ 935,189	\$ 894,291
School Funds-Restricted-net (deficit)/surplus for year	(66,393)	40,898
School Funds-Restricted, end of year	<u>\$ 868,796</u>	<u>\$ 935,189</u>
	<u>\$ 1,732,236</u>	<u>\$ 804,213</u>

**Tri-County Regional School Board**  
**Statement of Changes in Net Financial Resources**

For the year ended March 31

2009

2008

	<u>Actual</u>	<u>Actual</u>
Net Financial Resources, beginning of year	\$ 30,352	\$ 476,753
<b>Changes in the Year</b>		
School Board Surplus/(Deficit), on an expense basis	928,023	(274,359)
(Increase) in Tangible Capital Assets	(51,956)	(81,122)
(Increase) in inventories of supplies	(12,466)	(43,545)
Decrease (Increase) in prepaid expenses	48,612	(47,375)
Increase (decrease) in net financial resources	<u>912,213</u>	<u>(446,401)</u>
Net Financial Resources, end of year	<u>\$ 942,565</u>	<u>\$ 30,352</u>

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**Tri-County Regional School Board****Statement of Cash Flows**

For the year ended March 31

2009

2008

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## Indirect Method

## Operating Transactions

School Board Surplus/(Deficit), on an expense basis	\$ 928,023	\$ (274,359)
Items not affecting cash:		
Capital asset amortization	<u>70,731</u>	<u>37,153</u>
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	416,076	(618,288)
(Increase) in receivables - service awards	(234,640)	(303,105)
(Increase) in inventories of supplies	(12,466)	(43,545)
Decrease (increase) in prepaid expenses	48,612	(47,375)
(Increase) in accrued benefit asset	(104,600)	(29,300)
Increase (decrease) in accounts payable and accruals	1,552,256	(1,083,463)
Increase (decrease) in deferred revenue	462,559	(152,949)
Increase in retirement obligations payable	<u>234,640</u>	<u>303,105</u>
	<u>2,362,437</u>	<u>(1,974,920)</u>
Cash provided (used) by operating activities	<u>3,361,191</u>	<u>(2,212,126)</u>
Cash used to acquire tangible capital assets	<u>(122,687)</u>	<u>(118,276)</u>
Increase (decrease) in cash	\$ 3,238,504	\$ (2,330,402)
Cash, beginning of year	<u>\$ 1,098,371</u>	<u>\$ 3,428,773</u>
Cash, end of year	<u>\$ 4,336,875</u>	<u>\$ 1,098,371</u>

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**Tri-County Regional School Board**  
**Schedule A - Supplementary Details of Revenues**

For the year ended March 31

2009

2008

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Province of Nova Scotia</b>			
Operating	\$ 38,320,480	\$ 38,293,082	\$ 36,640,800
Restricted	10,766,837	10,038,761	9,965,049
Capital	2,657,500	2,650,242	1,762,615
Other	2,431,488	2,820,972	2,577,833
	<u>\$ 54,176,305</u>	<u>\$ 53,803,057</u>	<u>\$ 50,946,297</u>
<b>Government of Canada</b>			
First Nations	\$ 195,600	\$ 263,149	\$ 195,598
	<u>\$ 195,600</u>	<u>\$ 263,149</u>	<u>\$ 195,598</u>
<b>Municipal Contributions - Mandatory</b>	\$ 9,790,100	\$ 9,790,090	\$ 9,786,152
	<u>\$ 9,790,100</u>	<u>\$ 9,790,090</u>	<u>\$ 9,786,152</u>
<b>School Generated Funds (Note 2)</b>	\$ 2,600,000	\$ 2,950,264	\$ 2,551,481
	<u>\$ 2,600,000</u>	<u>\$ 2,950,264</u>	<u>\$ 2,551,481</u>
<b>Board Operations</b>			
Board Generated Revenue - Other Revenue	\$ 1,207,226	\$ 1,371,919	\$ 1,073,944
Rental of Facilities	-	2,436	-
Interest/Investment	106,138	55,975	106,597
Sale of Assets	8,000	8,029	627
	<u>\$ 1,321,364</u>	<u>\$ 1,438,359</u>	<u>\$ 1,181,168</u>
<b>Total Revenue</b>	<u>\$ 68,083,369</u>	<u>\$ 68,244,919</u>	<u>\$ 64,660,696</u>

**Tri-County Regional School Board**  
**Schedule B - Supplementary Details of Expenditures**

For the year ended March 31

2009

2008

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Board Governance</b>			
Salaries	\$ 127,456	\$ 129,980	\$ 128,950
Benefits	6,222	6,437	5,532
Travel	25,427	38,309	30,034
Supplies/Materials/Telecommunications	26,671	27,276	39,764
Professional Development	30,900	(8,706)	20,900
NSSBA Dues	56,985	56,984	52,126
<b>Total Board Governance</b>	<u>\$ 273,661</u>	<u>\$ 250,280</u>	<u>\$ 277,306</u>
<b>Regional Management</b>			
Salaries	\$ 1,089,051	\$ 1,061,842	\$ 1,053,315
Benefits	186,821	168,419	174,677
Travel	91,160	71,900	102,674
Professional Services-Legal and Audit	95,115	87,112	116,516
Contracted Services	830,213	836,053	770,050
Repairs/Maintenance	35,000	226	3,978
Vehicle Expense	1,000	6,041	267
Supplies/Materials/Telecommunications	204,332	184,546	184,529
Utilities	37,447	30,892	36,642
Professional Development	89,894	49,043	53,011
Bank/Interest Costs	100	-	-
Insurance	75,296	70,298	86,032
Amortization	13,313	12,590	-
Recovery-Shared Services	(447,627)	(278,410)	(352,222)
<b>Total Regional Management</b>	<u>\$ 2,301,115</u>	<u>\$ 2,300,352</u>	<u>\$ 2,229,469</u>
<b>School Management &amp; Support</b>			
Salaries	\$ 4,938,004	\$ 4,982,346	\$ 4,633,927
Benefits	500,292	503,425	471,784
Travel	116,597	96,032	94,017
Contracted Services	16,669	16,419	16,585
Repairs/Maintenance	1,865	2,272	1,824
Vehicle Expense	-	1,993	605
Supplies/Materials/Telecommunication/Utilities	701,269	637,082	574,921
Utilities-IT	6,654	6,934	6,718
Severance	20,000	19,115	-
Professional Development	171,598	150,048	183,620
<b>Total School Management &amp; Support</b>	<u>\$ 6,472,948</u>	<u>\$ 6,415,666</u>	<u>\$ 5,984,001</u>
<b>Instruction &amp; School Services</b>			
Salaries	\$ 27,121,562	\$ 27,183,297	\$ 27,056,810
Benefits	1,465,611	1,476,217	1,522,650
Service Award Allowances-Current	342,900	285,940	263,325
Travel	18,949	18,142	17,124
Contracted Services	142,110	141,857	195,807
Supplies/Materials/Telecommunications	543,421	542,288	614,873
Textbook Allocation	465,800	465,800	475,800
Service Award Allowances-Interest	-	164,600	153,900
Professional Development	119,720	119,462	123,465
<b>Total Instruction &amp; School Services</b>	<u>\$ 30,220,073</u>	<u>\$ 30,397,603</u>	<u>\$ 30,423,754</u>

**Tri-County Regional School Board**  
**Schedule B - Supplementary Details of Expenditures**

For the year ended March 31

2009

2008

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Student Support</b>			
Salaries	\$ 6,894,434	\$ 6,900,231	\$ 6,895,289
Benefits	620,589	612,784	621,194
Travel	109,051	68,217	77,318
Supplies/Materials/Telecommunications	239,264	130,967	100,264
Professional Development	50,280	38,249	34,331
<b>Total Student Support</b>	<u>\$ 7,913,618</u>	<u>\$ 7,750,448</u>	<u>\$ 7,728,396</u>
<b>Adult &amp; Community Education</b>			
Salaries	\$ 363,634	\$ 370,479	\$ 365,993
Benefits	29,197	34,267	29,162
Travel	8,195	995	1,555
Contracted Services	-	2,808	3,683
Supplies/Materials/Telecommunications	26,451	18,350	17,060
Professional Development	2,000	-	-
<b>Total Adult &amp; Community Education</b>	<u>\$ 429,477</u>	<u>\$ 426,899</u>	<u>\$ 417,453</u>
<b>Property Services</b>			
Salaries	\$ 2,307,127	\$ 2,358,812	\$ 2,226,662
Benefits	474,510	515,846	459,337
Travel	8,080	5,969	13,569
Contracted Services	394,754	430,514	450,654
Repairs/Maintenance	3,434,827	3,555,718	2,708,120
Vehicle Expenses	23,191	50,874	41,227
Supplies/Materials/Telecommunications	250,332	217,474	250,463
Utilities	2,433,764	2,116,844	2,269,990
Professional Development	6,250	8,860	8,482
Insurance	210,900	210,894	253,618
Amortization	55,006	51,927	30,837
<b>Total Property Services</b>	<u>\$ 9,598,741</u>	<u>\$ 9,523,732</u>	<u>\$ 8,712,959</u>
<b>Student Transportation</b>			
Salaries	\$ 2,178,465	\$ 2,256,145	\$ 2,213,771
Benefits	484,575	464,971	456,713
Travel	187,641	208,789	186,466
Contracted Services	52,587	55,398	49,074
Repairs/Maintenance	97,450	44,452	37,238
Vehicle Maintenance	1,353,754	1,395,934	1,287,415
Conveyance	85,000	58,550	72,087
Supplies/Materials/Telecommunications	121,688	87,730	68,976
Utilities	26,474	25,680	24,880
Professional Development	23,296	20,185	16,542
Insurance	78,618	78,618	86,847
Amortization	6,011	6,211	6,315
Recoveries	(46,000)	(60,356)	(46,291)
<b>Total Student Transportation</b>	<u>\$ 4,649,559</u>	<u>\$ 4,642,307</u>	<u>\$ 4,460,033</u>

**Tri-County Regional School Board**  
**Schedule B - Supplementary Details of Expenditures**

For the Year Ended March 31

2009

2008

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>School Generated Funds</b>			
School Funded Activities (Note 2)	\$ 2,600,000	\$ 3,016,658	\$ 2,510,583
<b>Total School Generated Funds</b>	<u>\$ 2,600,000</u>	<u>\$ 3,016,658</u>	<u>\$ 2,510,583</u>
<b>Other Programs</b>			
Salaries	\$ 1,792,714	\$ 1,514,080	\$ 1,270,493
Benefits	119,297	91,380	69,308
Travel	116,140	69,060	87,966
Repairs/Maintenance	4,322	4,372	761
Supplies/Materials	1,433,535	1,011,595	777,203
Professional Development	27,193	7,064	14,670
<b>Total Other Programs</b>	<u>\$ 3,493,201</u>	<u>\$ 2,697,551</u>	<u>\$ 2,220,401</u>
<b>Defined Benefits Pension</b>			
Defined Benefits Pension Expense	\$ -	\$ (104,600)	\$ (29,300)
<b>Total Defined Benefits Pension</b>	<u>\$ -</u>	<u>\$ (104,600)</u>	<u>\$ (29,300)</u>
<b>Total Expenditures</b>			
	<u>\$ 67,952,393</u>	<u>\$ 67,316,896</u>	<u>\$ 64,935,055</u>

Tri-County Regional School Board  
 Schedule C - Supplementary Details of Tangible Capital Assets  
 For the year ended March 31, 2009

	Land, Buildings and Improvements	Major Equipment	Computer Hardware	Vehicles	2009 Total	2008 Total
<u>Cost of Tangible Assets</u>						
Opening Costs	\$ -	\$ -	\$ -	\$160,530	\$160,530	\$ 42,254
Additions	-	-	-	122,687	122,687	118,276
Closing Costs	\$ -	\$ -	\$ -	\$283,217	\$283,217	\$ 160,530
<u>Accumulated Amortization:</u>						
Opening Balance	\$ -	\$ -	\$ -	\$ 49,829	\$ 49,829	\$ 12,676
Amortization Expense	-	-	-	70,731	70,731	37,153
Closing Balance	-	-	-	120,560	120,560	49,829
Net Book Value (NBV)	\$ -	\$ -	\$ -	\$162,657	\$162,657	\$ 110,701
<u>Net Book Value (NBV):</u>						
Opening Balance	\$ -	\$ -	\$ -	\$110,701	\$110,701	\$ 29,578
Closing Balance	-	-	-	162,657	162,657	110,701
Increase in NBV	\$ -	\$ -	\$ -	\$ 51,956	\$ 51,956	\$ 81,123

**Tri-County Regional School Board**  
**Schedule D - Trust Funds Balance Sheet**

As at March 31

2009

2008

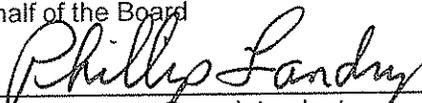
**Assets**

Cash (Note 4)	<u>\$ 475,529</u>	<u>\$ 415,632</u>
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**Equity**

Augusta Nickerson	15,001	15,259
J. Pask Memorial	53	150
Elsie Hemeon Fund	621	607
F. Dakin and P. Dakin Dickson	46,074	47,105
Dr. Charles and Mary Webster	44,796	53,653
Reserve for Scholarships		
Yarmouth District Scholarship Society		
Unassigned	4,327	4,231
Samuel Margolian Trust - Yarmouth High	5,115	5,198
Samuel Margolian Trust - St. Ambrose	5,114	5,199
Churchill Trust	911	891
Loraleis Trust	1,637	1,663
Blackader - Kirk Trust	512	572
Olson	3,373	3,189
Andrew Maxwell	2,285	2,431
Estate of Marjorie E. Jones	18,378	17,969
Digby Community Theatre Fund	2,365	2,312
Atlantic Philanthropy	9	8
Shelburne High - New School	98,281	103,226
Faith Guay	10,532	10,867
Barrington High - Enhancements - New School	41,221	40,974
Nicol Balcom	8,256	-
Emily Allen	97,144	100,128
Forest Ridge	18,609	-
Meadowfields	50,915	-
	<u>\$ 475,529</u>	<u>\$ 415,632</u>

On Behalf of the Board

  
 Superintendent

  
 Director of Finance

**Tri-County Regional School Board**  
**Schedule E - Supplementary Details of Trust Funds**  
For the year ended March 31, 2009

	Balance Beginning of Period	Additions	Interest	Disbursements	Balance End of Period
Augusta Nickerson	\$ 15,259	\$ -	\$ 342	\$ 600	\$ 15,001
J. Pask Memorial	150	-	3	100	53
Elsie Hemeon	607	-	14	-	621
F. Dakin/P. Dakin Dickson	47,105	-	1,069	2,100	46,074
Dr. Charles/Mary Webster	53,653	-	723	9,580	44,796
Yarmouth Dist Scholarship Society					
Unassigned	4,231	-	96	-	4,327
S. Margolian Trust - Yarmouth High	5,198	-	115	198	5,115
S. Margolian Trust - St. Ambrose	5,199	-	115	200	5,114
Churchill Trust	891	-	20	-	911
Loraleis Trust	1,663	-	37	63	1,637
Blackader - Kirk Trust	572	-	12	72	512
Olson Trust	3,189	300	73	189	3,373
Andrew Maxwell	2,431	-	54	200	2,285
Estate of Marjorie E. Jones	17,969	-	409	-	18,378
Digby Community Theatre Fund	2,312	-	53	-	2,365
Atlantic Philanthropy	8	-	1	-	9
Shelburne High - New School	103,226	-	2,247	7,192	98,281
Faith Guay	10,867	1,406	259	2,000	10,532
Barrington High - New School	40,974	-	926	679	41,221
Nicol Balcom	-	8,248	8	-	8,256
Emily Allen	100,128	-	2,016	5,000	97,144
Forest Ridge	-	18,608	1	-	18,609
Meadowfields	-	50,912	3	-	50,915
	<u>\$ 415,632</u>	<u>\$ 79,474</u>	<u>\$ 8,596</u>	<u>\$ 28,173</u>	<u>\$ 475,529</u>

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# Tri-County Regional School Board

## Notes to the Financial Statements

March 31, 2009

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### 1. Financial Reporting and Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector, which for purposes of the School Board's financial statements are represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards or pronouncements.

These financial statements have been prepared using the following significant accounting policies:

#### **Basis of Accounting and Consolidation**

##### **Revenues**

Revenue is reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. The main components of revenue are funding from the Province of Nova Scotia, Government of Canada and Municipal contributions.

The statement of financial position is presented using the principles prescribed by the Department of Education. Trust funds are not included in the statement of operations or in the statement of financial position. For a detailed review the reader should refer to the financial statements of each fund as presented in these financial statements.

##### **Expenses**

Expenses are the cost of goods and services acquired in the period whether or not payment has been made or invoices recorded. Expenses are recorded on the accrual basis and include the cost of supply inventories purchased during the year. Provisions are made for probable losses on certain loans, investments, accounts receivable, and are for contingent liabilities when it is likely that a liability exists and the amount can be reasonably determined. These provisions are updated as estimates are revised, at least annually.

##### **Use of estimates**

In preparing the Board's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenses. Actual amounts could differ from these estimates.

##### **Financial instruments**

The Board's financial instruments include receivables, cash and cash equivalents, bank indebtedness, investments, payable and accruals, due to/from related parties. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, except for payables to related parties, for which fair value was not readily determinable.

##### **Financial Assets**

Cash and cash equivalents are recorded at cost which approximates market value.

Accounts receivable are recorded at the principal amount less valuation allowances, if applicable.

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# Tri-County Regional School Board

## Notes to the Financial Statements

March 31, 2009

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### 1. Financial Reporting and Accounting Policies (continued)

#### Liabilities

Pension, Retirement and Other Obligations include various employee benefits. For purposes of these financial statements, the School Board's pension liabilities are calculated using an accrued benefits actuarial method and using accounting assumptions which reflect the Board's best estimates of performance over the long-term. The net pension liabilities represent accrued pension benefits less the market related value of pension assets (if applicable) and the balance of unamortized experience gains and losses.

#### Deferred Revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year that the related expenditures are incurred or service performed.

#### Net Financial Resources

Net financial resources represent the financial assets of the Board less financial liabilities.

#### Non-Financial Assets

Inventories are bus garage parts and bus tire inventories recorded at average cost. All other supplies and purchases are expensed.

#### Tangible Capital Assets

Tangible capital assets have useful lives extending beyond the accounting period, are held for use in the production or supply of goods and services and are not intended for sale in the ordinary course of operations. Tangible capital assets are recorded at net historical cost, when applicable. Tangible capital assets include land, buildings, computer equipment and software, and vehicles. Tangible capital assets do not include intangibles or assets acquired by right. The buildings and school buses financed by the Province of Nova Scotia and transferred to the school boards are not accounted for in the school board's financial statements; rather they are included in the Province of Nova Scotia's financial statements.

The Board adopted the Province of Nova Scotia's Tangible Capital Assets Accounting Policy thresholds and only those assets meeting the thresholds are recorded as additions. The thresholds and amortization rates using the declining balance method, as defined in the policy are as follows:

	<u>Threshold</u>	<u>Rates</u>
Building	\$250,000	5%
Leasehold improvements	\$150,000	5%
Computer hardware	\$25,000	50%
Motor vehicles	\$15,000	35%
Equipment	\$50,000	20%
Software	\$250,000	50%

#### Prepaid Expenses and Inventories

Prepaid expenses are cash disbursements for goods or services, other than tangible capital assets and inventories of supplies, of which some or all will provide economic benefits in one or more future periods. The prepaid amount is recognized as an expense in the year the good or service is used or consumed.

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# Tri-County Regional School Board

## Notes to the Financial Statements

March 31, 2009

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### 1. Financial Reporting and Accounting Policies (continued)

#### Accumulated Surplus

Accumulated surplus represents the financial assets and non-financial assets of the School Board less liabilities. This represents the accumulated balance of net surplus arising from the operations of the Board and school generated funds.

Changes in Surplus are as follows:	<u>2009</u>	<u>2008</u>
Operating Surplus, beginning of year	\$ 804,213	\$ 1,078,572
Operating Surplus (Deficit), current year	<u>928,023</u>	<u>(274,359)</u>
Operating Surplus, end of year	\$ <u>1,732,236</u>	\$ <u>804,213</u>
Designation of accumulated surplus:		
General Fund-unrestricted	\$ 863,440	\$ (130,976)
Schol general funds-restricted	<u>868,796</u>	<u>935,189</u>
Balance, end of year	\$ <u>1,732,236</u>	\$ <u>804,213</u>

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### 2. School Generated Funds

These financial statements include funds arising from certain school and student activities that are controlled and administered by each school, but for which the Board is accountable. Revenue from school funds is recognized as the funds are received. School funded activities expenses are recorded as the funds are expended. School Generated Funds, which include the revenues and expenditures and fund balances of various organizations that exist at the school level under the jurisdiction of the School Board

Changes in cash held by schools are as follows:

Changes in surplus are as follows:	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 935,189	\$ 894,291
Additions to school generated funds	2,950,264	2,551,481
School funded activities expenses	<u>(3,016,657)</u>	<u>(2,510,583)</u>
Net school generated funds for year	<u>(66,393)</u>	<u>40,898</u>
Balance, end of year	\$ <u>868,796</u>	\$ <u>935,189</u>

# Tri-County Regional School Board

## Notes to the Financial Statements

March 31, 2009

### 3. Defined Benefit Pension Plans

Details on the defined benefit plans are provided by Morneau Sobeco and have been determined by them in accordance with PS 3250 for the Southwest Regional School Board C.U.P.E. Staff Pension Plan (the "CUPE Plan") and the Southwest Regional School Board Support Staff Pension Plan (the "Support Staff Plan"). Results are presented for the fiscal year ending March 31, 2009.

Plan restructuring to separate each plan into the South Shore Regional School Board ("SSRSB") and the Tri-County Regional School Board ("TCRSB") is in progress as of March 31, 2009. The results are under the CUPE and Support Staff Plan names until the split between the SSRSB and TCRSB is finalized.

A discount rate of 5% per annum has been applied and following adjustments effective at the beginning of fiscal 2008:

- The asset split between SSRSB and TCRSB has been adjusted to reflect the most up-to-date information contained in the actuarial valuation reports for funding purposes that have been prepared as at March 31, 2007, in which assets for each plan were allocated according to solvency liabilities.
- A new valuation has been performed on an accounting basis at March 31, 2007 (and rolled back to the measurement date of December 31, 2006), and the Accrued Benefit Obligation has been adjusted accordingly at the beginning of fiscal 2009.

For both plans, employee contributions equal 5% of their salary, and the School Boards contribute the balance to fund the plan.

#### C.U.P.E defined benefit pension plan

The CUPE pension plan was last valued on March 31, 2007. These valuations were projected to December 31, 2007 and 2008 and 2009. The accrued benefit asset was adjusted to March 31, 2009 by including employer contributions made between January and March of 2009. The actuarial valuation projects deficits of \$1,461,200 for the SSRSB and \$320,800 for the TCRSB for a total of \$1,782,000 as of March 31, 2009. Plan assets are recorded at market value. The Board uses the Projected Unit Credit method of actuarial costs, which is prorated on service.

The following table shows the plan's pension expense for the 2009 fiscal year, the expected benefit asset as at March 31, 2009 and a reconciliation of the accrued benefit asset as at March 31, 2009.

Pension Expense:	<u>South Shore</u>	<u>Tri-County</u>	<u>Total plan</u>
Pension Expenditure/Expense:			
Current service cost (net of employee contributions)	\$ 309,200	\$ 236,100	\$ 545,300
Amortization of actuarial losses	42,200	14,900	57,100
Pension Interest Expenditure/Expense:			
Interest cost on the Accrued Benefit Obligation	449,900	110,100	560,000
Expected return on Plan Assets	<u>(517,000)</u>	<u>(121,300)</u>	<u>(638,300)</u>
Total 2009 pension expense	<u>\$ 284,300</u>	<u>\$ 239,800</u>	<u>\$ 524,100</u>

# Tri-County Regional School Board

## Notes to the Financial Statements

March 31, 2009

### 3. Defined Benefit Pension Plans (continued)

#### Development of Accrued Benefit Asset as at March 31, 2009

CUPE:	<u>South Shore</u>	<u>Tri-County</u>	<u>Total plan</u>
Accrued Benefit Asset as at March 31, 2008	\$ 217,600	\$ 23,700	\$ 241,300
Fiscal 2009 (income)	(284,300)	(239,800)	(524,100)
Fiscal 2009 School Board Contributions	<u>397,600</u>	<u>316,200</u>	<u>713,800</u>
Accrued Benefit Asset as at March 31, 2009	<u>\$ 330,900</u>	<u>\$ 100,100</u>	<u>\$ 431,000</u>

#### Reconciliation of the Accrued Benefit Asset as at March 31, 2009

	<u>South Shore</u>	<u>Tri-County</u>	<u>Total plan</u>
Assets	\$ 7,470,500	\$ 1,945,700	\$ 9,416,200
Accrued Benefit Obligation	<u>8,931,700</u>	<u>2,266,500</u>	<u>11,198,200</u>
Funded status as at March 31, 2009	(1,461,200)	(320,800)	(1,782,000)
Less: unamortized actuarial gains	1,741,100	380,900	2,121,000
Plus: Employer Contributions January to March 2009	<u>52,000</u>	<u>40,000</u>	<u>92,000</u>
Accrued Benefit Asset as at March 31, 2009	<u>\$ 330,900</u>	<u>\$ 100,100</u>	<u>\$ 431,000</u>

Major assumptions regarding the CUPE pension plan are as follows:

Actuarial Cost Method	Projected Unit Credit Prorated on Service
Discount rate	5% March 31, 2008; 5.5% March 31, 2009
Expected rate of return on plan assets	6%
Annual salary increases	3%
Interest credited on employee contributions	6%
Retirement age	65 years (or in one year, if later)
Administrative Expenses	Implicitly recognized in the interest rate

#### Support staff defined benefit pension plan

The Support Staff pension plan was last valued on March 31, 2007. These valuations were projected to December 31, 2007, 2008 and 2009. The accrued benefit asset was adjusted to March 31, 2009 by including employer contributions made between January and March of 2009. The actuarial valuation projects a deficit of \$1,918,500 for the SSRSB and a deficit of \$132,600 for the TCRSB for a total deficit of \$2,051,100. Plan assets are recorded at market value. The Board uses the Projected Unit Credit method of actuarial costs, which is prorated on service.

# Tri-County Regional School Board

## Notes to the Financial Statements

March 31, 2009

### 3. Defined Benefit Pension Plans (continued)

The following table shows the plan's pension expense for the 2009 fiscal year, expected benefit asset as at March 31, 2009 and a reconciliation of the accrued benefit asset as at March 31, 2009.

Pension Expense:	<u>South Shore</u>	<u>Tri-County</u>	<u>Total plan</u>
Pension Expenditure/Expense:			
Current Service Cost (net of employee contributions)	\$ 572,600	\$ 238,600	\$ 811,200
Amortization of actuarial losses	32,100	6,800	38,900
Pension Interest Expenditure/Expense:			
Interest cost on accrued benefit obligation	561,100	72,200	633,300
Expected return on plan assets	<u>(638,800)</u>	<u>(87,000)</u>	<u>(725,800)</u>
Total fiscal 2008 pension expense	<u>\$ 527,000</u>	<u>\$ 230,600</u>	<u>\$ 757,600</u>
<b>Development of Accrued Benefit (Liability) as at March 31, 2009</b>			
<b>Support Staff:</b>	<u>South Shore</u>	<u>Tri-County</u>	<u>Total plan</u>
Accrued benefit asset (liability) as at March 31, 2008	\$ (46,300)	\$ 120,600	\$ 74,300
Fiscal 2009 expense	(527,000)	(230,600)	(757,600)
Fiscal 2009 contributions	<u>626,700</u>	<u>258,800</u>	<u>885,500</u>
Accrued benefit asset as at March 31, 2009	<u>\$ 53,400</u>	<u>\$ 148,800</u>	<u>\$ 202,200</u>
<b>Reconciliation of the Accrued Benefit Asset as at March 31, 2009</b>			
<b>Support Staff:</b>	<u>South Shore</u>	<u>Tri-County</u>	<u>Total plan</u>
Assets	\$ 9,241,400	\$ 1,399,200	\$ 10,640,600
Accrued benefit obligation	<u>11,159,900</u>	<u>1,531,800</u>	<u>12,691,700</u>
Funded status as at March 31, 2009	(1,918,500)	(132,600)	(2,051,100)
Less: unamortized actuarial losses	1,863,000	244,100	2,107,100
Plus: employer contributions January to March 2009	<u>108,900</u>	<u>37,300</u>	<u>146,200</u>
Accrued benefit assets as at March 31, 2009	<u>\$ 53,400</u>	<u>\$ 148,800</u>	<u>\$ 202,200</u>

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# Tri-County Regional School Board

## Notes to the Financial Statements

March 31, 2009

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### 3. Defined Benefit Pension Plans (continued)

Major assumptions regarding the Support Staff pension plan are as follows:

Actuarial Cost Method	Projected Unit Credit Prorated on Service
Discount rate	5% March 31, 2008; 5.5% March 31, 2009
Expected rate of return on plan assets	6%
Annual salary increases	3%
Interest credited on employee contributions	6%
Retirement age	60 years
Administrative Expenses	Implicitly recognized in the interest rate

The combined Defined Benefit Pension Plans for the Tri Regional School Board is recorded on the balance sheet as follows:

Accrued Benefit Asset – March 31, 2008	\$ 144,300
Accrued Benefit Asset – March 31, 2009	\$ 248,900

#### Other pension plans

The School Board's teaching staff is covered by a pension plan established by the Province of Nova Scotia pursuant to the Teachers Pension Act. Employer contributions for these employees are provided directly by the Province of Nova Scotia. The pension costs and obligations related to these plans are the direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's financial statements. Some non-teaching employees are covered by a multi-employer pension plan by the Nova Scotia School Board Association.

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### 4. Trust Funds under Administration

Trust fund assets administered by the School Board are identified in Schedule D. The Trust funds represent capital contributed in trust as well as income thereon. Such income is used to provide scholarships for eligible students or expenditures for specifically, designated purposes.

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### 5. Contractual Obligations

Minimum payments over the next five years are as follows:

	Rental Leases	Copier Leases	Total
2009	254,301	76,454	330,755
2010	249,459	73,323	322,782
2011	249,459	27,751	277,210
2012	187,094	5,778	192,872
Total	<u>\$ 940,313</u>	<u>\$ 183,306</u>	<u>\$1,123,619</u>

# Tri-County Regional School Board

## Notes to the Financial Statements

March 31, 2009

### 6. Commitments and Contingencies

#### Service Awards

For all service on or before July 31, 2000, under the terms of agreements with local units of the Nova Scotia Teachers' Union, the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years service with the Board. The amounts of the awards are as follows:

Shelburne District	- \$90 per year of service (maximum 35 years)
Yarmouth District	- 0.75 of 1% of annual salary (maximum TC6) per year of service (maximum 30 years)
Digby District	- \$80 per year of service (maximum 30 years)
Clare-Argyle District	- 0.6 of 1% of annual salary per year of service (maximum 35 years)

For all service commencing on or after August 1, 2000 under the terms of agreement with the NSTU and the Province of Nova Scotia, the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years service with the Board. The amount of the award is as follows: .75 of 1% for each year of service with the Board multiplied by the annual salary rate on the last day of employment with the Board.

For all service commencing on or after August 1, 2002 under the terms of agreement with the NSTU and Province of Nova Scotia the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years of service with the Board. The amount of the award is as follows: 1% of each year of service with the Board multiplied by the annual salary rate on the last day of employment with the Board.

The Province of Nova Scotia assumed responsibility for the payment of Service Awards for teachers effective April 1, 2002. The Board has recorded a service award and interest expense for the service awards for teachers, as provided by the Province of Nova Scotia.

<b>Continuity of Service Award Allowance Liability</b>	<u>March 31, 2009</u>	<u>March 31, 2008</u>
Accrued benefit obligation, beginning of the year	\$ 3,314,680	\$ 2,832,900
Current service cost	237,900	230,400
Interest on obligation	164,600	153,900
Less: benefits paid	(215,900)	(114,120)
Actuarial (gains) losses	<u>(93,200)</u>	<u>211,600</u>
Closing benefit obligation, end of year	3,408,080	3,314,680
Pension assets, at market related values	-	-
Funded status – (deficiency)	(3,408,080)	(3,314,680)
Unamortized actuarial losses	<u>647,383</u>	<u>788,623</u>
Accrued benefit obligation, end of year	<u>\$ (2,760,697)</u>	<u>\$ (2,526,057)</u>

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# Tri-County Regional School Board

## Notes to the Financial Statements

March 31, 2009

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### 6. Commitments and Contingencies (continued)

#### Collective agreements

The collective agreement with the Nova Scotia Government Employees Union expires on March 31, 2009. The collective agreement with the Nova Scotia Teachers Union expired on July 31, 2008. A new collective agreement with the Nova Scotia Teachers Union was signed April 2, 2009 with an expiry date of July 31, 2010.

CUPE collective agreements expired on March 31, 2007. As of March 31, 2009, no agreements have been signed. SIEU expires March 31, 2010.

#### Environmental and Legal Matters

As at year end there are potential costs with respect to environmental issues at Ragged Islands School and Barrington Municipal High School. Management has estimated and accrued costs of \$241,288 associated with the cleanup of these environmental matters. However, the full impact is not determinable at this time and the actual amount paid could be higher or lower than estimated.

Subsequent to year end there was a Human Rights Complaint filed against the Board. The outcome of this Complaint is not determinable and therefore no amounts have been recorded in the accounts of the Board. Any settlements resulting from arbitration or resolution of this claim will be treated as a charge to operations in the period any settlement occurs.

#### Sick leave

The Board has not recognized in these consolidated financial statements, the liability associated with accumulated sick leave as the liability cannot be reasonably estimated.

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### 7. Bank Indebtedness

The Board has not utilized the available operating line of credit as of March 31, 2009, with the Bank of Montreal.

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### 8. Deferred Revenue

Deferred revenue as of March 31:	<u>2009</u>	<u>2008</u>
Teachers PD Fund	\$ 32,755	\$ 11,396
International Student Fund	31,333	33,764
Other Programs	<u>1,170,058</u>	<u>726,427</u>
	<u>\$ 1,234,146</u>	<u>\$ 771,587</u>