



Grant Thornton

Financial Statements

Tri-County Regional School Board

March 31, 2011

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Grant Thornton

Independent auditor's report

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

We have audited the accompanying financial statements of the Tri-County Regional School Board, which comprise the financial position as at March 31, 2011, and the statement of operations and surplus, changes in net financial assets, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

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 assets.

Qualified opinion

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of the Tri-County Regional School Board as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in the schedules on pages 6 to 12 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

The budget figures presented in the financial statements and the schedules are "unaudited" and accordingly, we express no opinion thereon.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Bridgewater, Nova Scotia
June 21, 2011

Chartered accountants

Tri-County Regional School Board

Statement of Financial Position

As at March 31

2011

2010

Financial Assets

Cash and Cash Equivalents	\$ 3,518,204	\$ 3,484,469
Cash Held by Schools (Note 2)	910,495	929,983
	<u>\$ 4,428,699</u>	<u>\$ 4,414,452</u>
Accounts Receivable		
Province of Nova Scotia	\$ 1,972,107	\$ 2,673,442
Government of Canada	296,597	249,348
Other	255,780	438,089
Accrued Benefit Asset (Note 3)	332,100	206,100
Receivable - Service Award Allowance (Note 7)	3,241,599	3,028,680
Total Financial Assets	<u>\$ 10,526,882</u>	<u>\$ 11,010,111</u>

Liabilities

Accounts Payable and Accrued Liabilities - Trade	\$ 2,317,781	\$ 2,381,741
Accrued Payroll and Employee Deductions	1,853,171	1,655,942
Payables and Accruals - Government		
Province of Nova Scotia	74,907	47,322
Government of Canada - Employee Deductions	-	933,197
Municipalities	6,892	13,799
Other (Government Service Organizations)	74,019	37,354
Deferred Revenue (Note 8)	1,222,281	1,233,044
Service Award Obligations (Note 7)	3,241,599	3,028,680
Total Liabilities	<u>\$ 8,790,650</u>	<u>\$ 9,331,079</u>

Net Financial Assets

	<u>\$ 1,736,232</u>	<u>\$ 1,679,032</u>
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Non-Financial Assets (Note 1)

Tangible Capital Assets	\$ 223,275	\$ 314,365
Inventory	280,632	243,804
Prepaid Expenses	305,579	419,437
	<u>\$ 809,486</u>	<u>\$ 977,606</u>

Accumulated Surplus (Note 1)

	<u>\$ 2,545,718</u>	<u>\$ 2,656,638</u>
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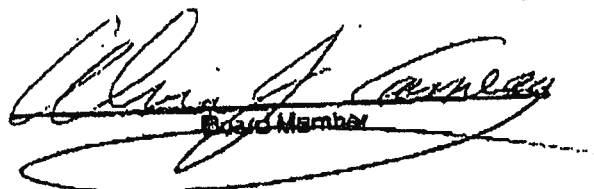
Trust Funds under Administration (Note 4 and Schedule D)

Contractual Obligations (Note 5)

Commitments and Contingencies (Note 7)

On Behalf of the Board


Chairperson


Board Member

Tri-County Regional School Board
Statement of Operations and Surplus

For the year ended March 31

2011

2010

	Budget (Unaudited)	Actual	Actual
Revenues (Schedule A)			
Province of Nova Scotia	\$ 54,470,292	\$ 55,004,658	\$ 53,448,563
Government of Canada	289,500	377,071	283,504
Municipal Contributions	9,795,200	9,795,180	9,876,100
School Generated Funds (Note 2)	2,600,000	2,517,442	2,682,572
Board Operations	1,475,164	1,737,635	1,505,334
Total Revenues	<u>\$ 68,630,156</u>	<u>\$ 69,431,986</u>	<u>\$ 67,796,073</u>
Expenses (Schedule B)			
Board Governance	\$ 314,848	\$ 302,855	\$ 301,586
Regional Management	2,759,747	2,621,822	2,298,511
School Management & Support	6,933,614	7,012,366	6,790,880
Instruction & School Services	31,125,888	31,026,421	30,412,770
Student Support	8,422,478	8,274,633	8,295,234
Adult & Community Education	510,120	465,288	453,466
Property Services	7,624,882	8,828,896	8,131,612
Student Transportation	5,066,580	5,128,587	4,591,907
School Generated Funds (Note 2)	2,600,000	2,536,931	2,621,386
Other Programs	3,764,676	3,471,107	2,931,519
Defined Benefit Pension Plan Recovery	-	(126,000)	42,800
	<u>\$ 69,122,833</u>	<u>\$ 69,542,906</u>	<u>\$ 66,871,671</u>
School Board (Deficit) Surplus, on an expense basis	<u>\$ (492,677)</u>	<u>\$ (110,920)</u>	<u>\$ 924,402</u>
Transfer to Operating-prior year deficit	<u>492,677</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ (110,920)</u>	<u>\$ 924,402</u>
Accumulated Surplus, beginning of year		<u>\$ 2,656,638</u>	<u>\$ 1,732,236</u>
Accumulated Surplus, end of year		<u>\$ 2,545,718</u>	<u>\$ 2,656,638</u>
Designation of Accumulated Surplus: (Note 1)			
Operating Surplus (Deficit) Unrestricted, beginning of year	\$ 1,520,555	\$ 614,540	
School Board (Deficit) Surplus, on an expense basis	(110,920)	924,402	
	<u>1,409,635</u>	<u>1,538,942</u>	
Operating (Surplus) Deficit - Designated to Defined Benefit Pension Plan	(126,000)	42,800	
Operating Deficit (Surplus) - Designated to School Funds	19,488	(61,187)	
Operating Surplus - Unrestricted, end of year	<u>\$ 1,303,123</u>	<u>\$ 1,520,555</u>	
Defined Pension Plan - Accrued Benefit Asset, beginning of year	206,100	248,900	
Defined Pension Plan - Accrued Benefit Asset, net surplus for year	126,000	(42,800)	
Defined Pension Plan - Accrued Benefit Asset, end of year	<u>\$ 332,100</u>	<u>\$ 206,100</u>	
School Funds - Restricted, beginning of year	\$ 929,983	\$ 868,796	
School Funds - Restricted - net (deficit) surplus for year	(19,488)	61,187	
School Funds-Restricted, end of year	<u>\$ 910,495</u>	<u>\$ 929,983</u>	
	<u>\$ 2,545,718</u>	<u>\$ 2,656,638</u>	

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

For the year ended March 31

	2011	2010
	<u>Actual</u>	<u>Actual</u>
Net Financial Assets, beginning of year	\$ 1,679,032	\$ 942,565
Changes in the Year		
School Board Surplus, on an expense basis	(110,920)	924,402
Amortization of Tangible Capital Assets	116,240	101,437
Purchases of Tangible Capital Assets	(30,430)	(253,145)
Write offs of Tangible Capital Assets	5,280	-
Increase in inventories of supplies	(36,828)	(1,448)
Decrease (increase) in prepaid expenses	113,858	(34,779)
Increase in net financial assets	57,200	736,467
Net Financial Assets, end of year	\$ 1,736,232	\$ 1,679,032

Tri-County Regional School Board

Statement of Cash Flows

For the year ended March 31

2011

2010

Operating Transactions

School Board Surplus, on an expense basis	\$ (110,920)	\$ 924,402
Items not affecting cash:		
Write off of vehicles	5,280	-
Capital asset amortization	116,240	101,437
	<u>10,600</u>	<u>1,025,839</u>
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	836,395	(969,701)
(Increase) in receivables - service awards	(212,919)	(267,983)
(Increase) in inventories of supplies	(36,828)	(1,448)
Decrease (increase) in prepaid expenses	113,858	(34,779)
(Increase) decrease in accrued benefit asset	(126,000)	42,800
(Decrease) increase in accounts payable and accruals	(742,585)	269,113
(Decrease) increase in deferred revenue	(10,763)	(1,102)
Increase in retirement obligations payable	212,919	267,983
	<u>34,077</u>	<u>(695,117)</u>
Cash provided by operating activities	<u>44,677</u>	<u>330,722</u>

Capital Transactions

Cash used to acquire tangible capital assets	<u>(30,430)</u>	<u>(253,145)</u>
Increase in cash	14,247	77,577
Cash, beginning of year	<u>4,414,452</u>	<u>4,336,875</u>
Cash, end of year	<u>\$ 4,428,699</u>	<u>\$ 4,414,452</u>

Tri-County Regional School Board

Schedule A - Supplementary Details of Revenues

For the year ended March 31

2011

2010

	Budget (Unaudited)	Actual	Actual
Province of Nova Scotia			
Operating	\$ 41,891,500	\$ 41,891,508	\$ 40,881,016
Restricted	10,838,711	10,235,361	10,386,164
Capital	57,500	683,703	590,144
Other	1,682,581	2,194,086	1,591,239
	<u>\$ 54,470,292</u>	<u>\$ 55,004,658</u>	<u>\$ 53,448,563</u>
Government of Canada			
First Nations	\$ 289,500	\$ 377,071	\$ 283,504
Municipal Contributions - Mandatory	<u>\$ 9,795,200</u>	<u>\$ 9,795,180</u>	<u>\$ 9,876,100</u>
School Generated Funds (Note 2)	<u>\$ 2,600,000</u>	<u>\$ 2,517,442</u>	<u>\$ 2,682,572</u>
Board Operations			
Board Generated Revenue - Other Revenue	\$ 1,447,164	\$ 1,687,719	\$ 1,486,026
Interest/Investment	25,000	42,028	16,241
Sale of Assets	3,000	7,888	3,067
	<u>\$ 1,475,164</u>	<u>\$ 1,737,635</u>	<u>\$ 1,505,334</u>
Total Revenue	<u>\$ 68,630,156</u>	<u>\$ 69,431,986</u>	<u>\$ 67,796,073</u>

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

For the year ended March 31

2011

2010

	Budget (Unaudited)	Actual	Actual
Board Governance			
Salaries	\$ 141,363	\$ 138,921	\$ 141,017
Benefits	6,908	6,793	6,597
Travel	38,900	31,273	31,817
Supplies/Materials/Telecommunications	36,492	39,121	28,278
Professional Development	34,200	34,247	36,892
NSSBA Dues	56,985	52,500	56,985
Total Board Governance	\$ 314,848	\$ 302,855	\$ 301,586
Regional Management			
Salaries	\$ 1,120,178	\$ 1,037,224	\$ 827,266
Benefits	258,342	357,061	120,078
Travel	73,131	53,103	60,757
Professional Services-Legal and Audit	115,625	72,955	147,417
Contracted Services	801,361	776,341	786,032
Repairs/Maintenance	-	-	9
Vehicle Expense	6,500	4,971	6,212
Supplies/Materials/Telecommunications	160,470	155,326	174,014
Utilities	33,464	34,650	36,377
Professional Development	98,129	40,660	40,361
Insurance	77,273	74,257	77,954
Amortization	15,274	15,274	22,034
Total Regional Management	\$ 2,759,747	\$ 2,621,822	\$ 2,298,511
School Management & Support			
Salaries	\$ 5,301,710	\$ 5,508,744	\$ 5,248,402
Benefits	471,640	481,292	513,002
Travel	101,888	113,639	101,283
Contracted Services	19,946	16,891	16,999
Repairs/Maintenance	4,452	903	744
Vehicle Expense	1,500	533	1,302
Supplies/Materials/Telecommunication/Utilities	758,831	737,928	733,826
Utilities-IT	7,825	7,508	7,478
Professional Development	265,822	144,928	167,844
Total School Management & Support	\$ 6,933,614	\$ 7,012,366	\$ 6,790,880
Instruction & School Services			
Salaries	\$ 27,942,272	\$ 27,825,600	\$ 27,375,876
Benefits	1,591,045	1,586,790	1,549,302
Service Award Allowances-Current	342,900	277,124	266,783
Travel	12,323	7,873	8,633
Contracted Services	151,975	151,975	144,665
Supplies/Materials/Telecommunications	547,812	514,874	507,337
Textbook Allocation	338,325	338,325	237,800
Service Award Allowances-Interest	-	175,200	166,500
Professional Development	199,236	148,660	155,874
Total Instruction & School Services	\$ 31,125,888	\$ 31,026,421	\$ 30,412,770

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

For the year ended March 31

2011

2010

	Budget (Unaudited)	Actual	Actual
Student Support			
Salaries	\$ 7,332,316	\$ 7,295,791	\$ 7,353,192
Benefits	660,181	701,500	680,190
Travel	80,000	82,555	68,187
Supplies/Materials/Telecommunications	282,981	157,860	168,390
Professional Development	67,000	36,927	25,275
Total Student Support	\$ 8,422,478	\$ 8,274,633	\$ 8,295,234
Adult & Community Education			
Salaries	\$ 426,010	\$ 398,807	\$ 389,300
Benefits	41,354	39,798	37,091
Travel	5,000	1,842	1,329
Contracted Services	4,054	2,740	3,847
Supplies/Materials/Telecommunications	31,702	22,101	21,899
Professional Development	2,000	-	-
Total Adult & Community Education	\$ 510,120	\$ 465,288	\$ 453,466
Property Services			
Salaries	\$ 2,727,136	\$ 2,823,109	\$ 2,500,043
Benefits	568,133	568,324	539,700
Travel	10,291	10,407	10,635
Contracted Services	442,145	454,954	474,795
Repairs/Maintenance	1,240,500	2,300,932	2,206,446
Vehicle Expenses	30,844	42,409	28,766
Supplies/Materials/Telecommunications	267,141	256,222	235,058
Utilities	2,061,406	2,107,898	1,876,009
Professional Development	9,000	6,828	2,311
Insurance	171,746	173,380	189,365
Amortization	96,540	84,433	68,484
Total Property Services	\$ 7,624,882	\$ 8,828,896	\$ 8,131,612
Student Transportation			
Salaries	\$ 2,628,119	\$ 2,745,785	\$ 2,255,120
Benefits	496,273	550,024	498,432
Travel	196,436	173,557	203,458
Contracted Services	54,929	61,665	57,199
Repairs/Maintenance	67,600	89,072	88,912
Vehicle Maintenance	1,383,278	1,294,746	1,268,761
Conveyance	75,000	38,815	49,135
Supplies/Materials/Telecommunications	95,065	87,230	102,498
Utilities	27,352	22,944	26,932
Professional Development	22,900	19,351	15,202
Insurance	81,203	81,203	79,035
Amortization	12,425	21,814	10,919
Recoveries	(74,000)	(57,619)	(63,696)
Total Student Transportation	\$ 5,066,580	\$ 5,128,587	\$ 4,591,907

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

For the Year Ended March 31

2011

2010

	Budget (Unaudited)	Actual	Actual
School Generated Funds			
School Funded Activities (Note 2)	\$ 2,600,000	\$ 2,536,931	\$ 2,621,386
Total School Generated Funds	<u>\$ 2,600,000</u>	<u>\$ 2,536,931</u>	<u>\$ 2,621,386</u>
Other Programs			
Salaries	\$ 1,828,249	\$ 1,817,709	\$ 1,688,930
Benefits	70,437	107,680	101,675
Travel	122,547	146,104	91,856
Repairs/Maintenance		900	974
Supplies/Materials	1,668,443	1,351,614	1,028,096
Conveyance	20,000	10,550	4,338
Professional Development	55,000	36,550	15,650
Total Other Programs	<u>\$ 3,764,676</u>	<u>\$ 3,471,107</u>	<u>\$ 2,931,519</u>
Defined Benefits Pension			
Defined Benefits Pension (Recovery) Expense	\$ -	\$ (126,000)	\$ 42,800
Total Defined Benefits Pension	<u>\$ -</u>	<u>\$ (126,000)</u>	<u>\$ 42,800</u>
Total Expenditures	<u>\$ 69,122,833</u>	<u>\$ 69,542,906</u>	<u>\$ 66,871,671</u>

Tri-County Regional School Board**Schedule C - Supplementary Details of Tangible Capital Assets**

For the year ended March 31, 2011

	Land, Buildings and Improvements	Major Equipment	Computer Hardware	Vehicles	2011 Total	2010 Total
Cost of Tangible Assets						
Opening Costs	\$ -	\$ -	\$ -	\$536,362	\$536,362	\$ 283,217
Additions	-	-	-	30,430	30,430	253,145
Dispositions	-	-	-	(42,254)	(42,254)	-
Closing Costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$524,538</u>	<u>\$524,538</u>	<u>\$ 536,362</u>
Accumulated Amortization:						
Opening Balance	\$ -	\$ -	\$ -	\$221,997	\$221,997	\$ 120,560
Amortization Expense	-	-	-	116,240	116,240	101,437
Amortization Adjustment on disposition	-	-	-	(36,974)	(36,974)	-
Closing Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$301,263</u>	<u>\$301,263</u>	<u>\$ 221,997</u>
Net Book Value (NBV)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$223,275</u>	<u>\$223,275</u>	<u>\$ 314,365</u>
Net Book Value (NBV):						
Opening Balance	\$ -	\$ -	\$ -	\$314,365	\$314,365	\$ 162,657
Closing Balance	-	-	-	223,275	223,275	314,365
(Decrease) Increase in NBV	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (91,090)</u>	<u>\$ (91,090)</u>	<u>\$ 151,708</u>

Tri-County Regional School Board

Schedule D - Trust Funds Balance Sheet

As at March 31

2011

2010

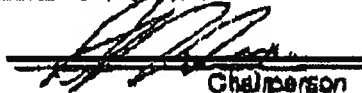
Assets

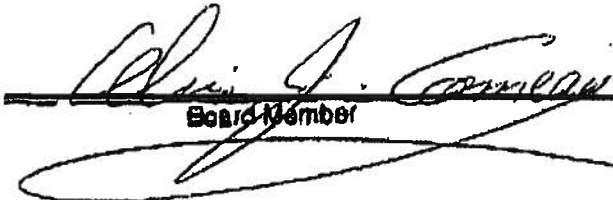
Cash and Cash Equivalents (Note 4)	\$	558,572	\$	500,457
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Equity

Augusta Nickerson	\$	14,713	\$	14,757
J. Pask Memorial		4		4
Elsie Hemeon Fund		628		623
F. Dakin and P. Dakin Dickson		45,403		45,711
Dr. Charles and Mary Webster		78,028		65,122
Reserve for Scholarships		-		-
Yarmouth District Scholarship Society				
Unassigned		4,382		4,344
Samuel Margolian Trust - Yarmouth High		4,930		5,020
Samuel Margolian Trust - St. Ambrose		5,179		5,134
Churchill Trust		922		914
Loraleis Trust		1,621		1,607
Blackader - Kirk Trust		18		514
Olson		3,404		3,386
Andrew Maxwell		2,112		2,293
Estate of Marjorie E. Jones		18,609		18,446
Digby Community Theatre Fund		1,047		1,923
Atlantic Philanthropy		9		9
Shelburne High - New School		64,018		83,886
Faith Guay		7,809		9,131
Barrington High - Enhancements - New School		39,860		39,510
Nicol Balcom		10,473		10,551
Emily Allen		108,482		114,493
Krista Harris		9,566		9,482
Forest Ridge		39,224		11,333
Meadowfields		82,303		52,264
Salida Capital Corporation		15,828		-
	\$	558,572	\$	500,457

On Behalf of the Board


Chairperson


Board Member

Tri-County Regional School Board
Schedule E - Supplementary Details of Trust Funds
For the year ended March 31, 2011

	<u>Balance Beginning of Period</u>	<u>Additions</u>	<u>Interest</u>	<u>Disbursements</u>	<u>Balance End of Period</u>
Augusta Nickerson	\$ 14,757	\$ -	\$ 156	\$ (200)	\$ 14,713
J. Pask Memorial	4	-	-	-	4
Elsie Hemeon	623	-	5	-	628
F. Dakin/P. Dakin Dickson	45,711	-	403	(711)	45,403
Dr. Charles/Mary Webster	65,122	12,450	790	(334)	78,028
Yarmouth Dist Scholarship Society					
Unassigned	4,344	-	38	-	4,382
S. Margolian Trust - Yarmouth High	5,020	-	44	(134)	4,930
S. Margolian Trust - St. Ambrose	5,134	-	45	-	5,179
Churchill Trust	914	-	8	-	922
Loraleis Trust	1,607	-	14	-	1,621
Blackader - Kirk Trust	514	-	4	(500)	18
Olson Trust	3,386	150	31	(163)	3,404
Andrew Maxwell	2,293	-	19	(200)	2,112
Estate of Marjorie E. Jones	18,446	-	163	-	18,609
Digby Community Theatre Fund	1,923	-	9	(885)	1,047
Atlantic Philanthropy	9	-	-	-	9
Shelburne High - New School	83,886	-	592	(20,460)	64,018
Faith Guay	9,131	605	73	(2,000)	7,809
Barrington High - New School	39,510	-	350	-	39,860
Nicol Balcom	10,551	50	372	(500)	10,473
Emily Allen	114,493	-	989	(7,000)	108,482
Krista Harris	9,482	-	84	-	9,566
Forest Ridge	11,333	43,722	165	(15,996)	39,224
Meadowfields	52,264	78,828	486	(49,275)	82,303
Salida Capital Corporation	-	19,985	93	(4,250)	15,828
	\$ 500,457	\$ 155,790	\$ 4,933	\$ (102,608)	\$ 558,572

Tri-County Regional School Board

Notes to the Financial Statements

March 31, 2011

Tri-County Regional School Board (the "Entity") is an independent legal entity with an elected governing board as stipulated under the Education Act. The Board provides a full range of educational services for all instructional programs from Grade Primary through Grade 12 at public schools within Digby, Shelburne and Yarmouth counties. The Board is registered as a charitable organization under the Income Tax Act and, therefore, is exempt from income tax and may issue official receipts to donors for income tax purposes, in accordance with Board policy.

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

Reporting entity

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.

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.

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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts, and highly liquid temporary money instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Tri-County Regional School Board

Notes to the Financial Statements

March 31, 2011

1. Financial Reporting and Accounting Policies (continued)

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.

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 Assets

Net financial assets 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.

Tri-County Regional School Board

Notes to the Financial Statements

March 31, 2011

1. Financial Reporting and Accounting Policies (continued)

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.

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>2011</u>	<u>2010</u>
Operating Surplus, beginning of year	\$ 2,656,638	\$ 1,732,236
Operating (Deficit) Surplus, current year	<u>(110,920)</u>	<u>924,402</u>
Operating Surplus, end of year	<u>\$ 2,545,718</u>	<u>\$ 2,656,638</u>
Designation of accumulated surplus:		
General Fund - unrestricted	\$ 1,303,123	\$ 1,520,555
Defined Pension Plan – Accrued Benefit Asset	332,100	206,100
School general funds - restricted	<u>910,495</u>	<u>929,983</u>
Balance, end of year	<u>\$ 2,545,718</u>	<u>\$ 2,656,638</u>

Tri-County Regional School Board

Notes to the Financial Statements

March 31, 2011

2. School Generated Funds

These financial statements include funds arising from certain school and student activities that are controlled and administered by each school, 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 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>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 929,983	\$ 868,796
Additions to school generated funds	2,517,442	2,682,573
School funded activities expenses	<u>2,536,930</u>	<u>(2,621,386)</u>
Net school generated funds for year	<u>(19,488)</u>	<u>61,187</u>
Balance, end of year	<u>\$ 910,495</u>	<u>\$ 929,983</u>

Tri-County Regional School Board

Notes to the Financial Statements

March 31, 2011

3. Defined Benefit Pension Plans

Details on the defined benefit plans were provided by Morneau Shepell on June 8, 2011 and have been determined by them in accordance with PS 3250 for the Tri-County Regional School Board C.U.P.E. Staff Pension Plan (the "CUPE Plan") and the Tri-County Regional School Board Support Staff Pension Plan (the "Support Staff Plan"). Results are presented for the fiscal year ending March 31, 2011 based on the information received on June 8, 2011.

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

C.U.P.E defined benefit pension plan

The CUPE pension plan was last valued on December 31, 2009. These valuations were projected to December 31, 2010. The accrued benefit asset was adjusted to March 31, 2011 by including employer contributions made between January and March of 2011. The reconciliation of the accrued benefit asset shows a funded status of \$85,300 as of March 31, 2011. Plan assets are recorded at market value. The Board uses the Projected Unit Credit method of actuarial costs, which is prorated on service.

Major assumptions regarding the CUPE pension plan are as follows:

Actuarial Cost Method: Projected Unit Credit Prorated on Service

Discount rate per annum for the fiscal 2011 pension expense: 5.5%

Discount rate per annum for the end of fiscal 2011 disclosure calculation: 6%

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 December 31, 2009. These valuations were projected to December 31, 2010. The accrued benefit asset was adjusted to March 31, 2011 by including employer contributions made between January and March of 2011. The reconciliation of the accrued benefit asset shows a funded status of \$179,300 as of March 31, 2011. Plan assets are recorded at market value. The Board uses the Projected Unit Credit method of actuarial costs, which is prorated on service.

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

Actuarial Cost Method: Projected Unit Credit Prorated on Service

Discount rate per annum for the fiscal 2011 pension expense: 5.5%

Discount rate per annum for the end of fiscal 2011 disclosure calculation: 6%

Expected rate of return on plan assets: 6%

Annual salary increases: 3%

Interest credited on employee contributions: 6%

Retirement age: 60 years (or in one year, if later)

Administrative Expenses: Implicitly recognized in the interest rate

Tri-County Regional School Board

Notes to the Financial Statements

March 31, 2011

3. Defined Benefit Pension Plans (continued)

The following table shows the plan's pension expense for the 2011 fiscal year, the expected benefit asset as at March 31, 2011 and a reconciliation of the accrued benefit asset as at March 31, 2011.

Pension Expense:	<u>CUPE</u>	<u>Support Staff</u>	<u>Total</u>
Pension Expenditure/Expense:			
Current service cost (net of employee contributions)	\$ 312,100	\$ 231,500	\$ 543,600
Amortization of actuarial losses	14,000	12,000	26,000
Pension Interest Expenditure/Expense:			
Interest cost on the Accrued Benefit Obligation	160,700	109,000	269,700
Expected return on Plan Assets	<u>(166,000)</u>	<u>(117,000)</u>	<u>(283,000)</u>
Total 2011 pension expense	<u>\$ 320,800</u>	<u>\$ 235,500</u>	<u>\$ 556,300</u>

Development of Accrued Benefit Asset as at March 31, 2011

CUPE:	<u>CUPE</u>	<u>Support Staff</u>	<u>Total</u>
Accrued Benefit Asset as at March 31, 2010	\$ 73,400	\$ 149,200	\$ 222,600
Fiscal 2011 income	(320,800)	(235,500)	(556,300)
Fiscal 2011 School Board Contributions	<u>356,100</u>	<u>309,700</u>	<u>665,800</u>
Accrued Benefit Asset as at March 31, 2011	<u>\$ 108,700</u>	<u>\$ 223,400</u>	<u>\$ 332,100</u>

Reconciliation of the Accrued Benefit Asset as at March 31, 2011

	<u>CUPE</u>	<u>Support Staff</u>	<u>Total</u>
Assets	\$ 3,157,600	\$ 2,258,700	\$ 5,416,300
Accrued Benefit Obligation	<u>(3,072,300)</u>	<u>(2,079,400)</u>	<u>(5,151,700)</u>
Funded status as at March 31, 2011	85,300	179,300	264,600
Less: unamortized actuarial gains	(47,000)	(35,500)	(82,500)
Plus: Employer Contributions January to March 2011	<u>70,400</u>	<u>79,600</u>	<u>150,000</u>
Accrued Benefit Asset as at March 31, 2011	<u>\$ 108,700</u>	<u>\$ 223,400</u>	<u>\$ 332,100</u>

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

Accrued Benefit Asset – March 31, 2011	\$ 332,100
Accrued Benefit Asset – March 31, 2010	\$ 206,100

Tri-County Regional School Board

Notes to the Financial Statements

March 31, 2011

3. Defined Benefit Pension Plans (continued)

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.

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.

5. Contractual Obligations

Minimum payments over the next four years are as follows:

	Rental Leases	Copier Leases	Total
2012	\$ 186,962	\$ 34,846	\$ 221,808
2013	-	8,827	8,827
2014	-	1,686	1,686
2015	-	702	702
Total	\$ 186,962	\$ 46,061	\$ 233,023

6. Legal

Environmental and Legal Matters

There are potential costs with respect to environmental issues at Barrington Municipal High School. The school board is currently involved in a lawsuit with the owner of the property. However, the full impact is not determinable at this time and any costs cannot be reasonably determined.

There are several outstanding grievances against the Board. The outcomes of these grievances are 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.

Tri-County Regional School Board

Notes to the Financial Statements

March 31, 2011

7. 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.

Continuity of Service Award Allowance Liability

	<u>March 31, 2011</u>	<u>March 31, 2010</u>
Opening benefit obligation, beginning of the year	\$ 3,698,780	\$ 3,408,080
Current service cost	236,100	225,400
Interest on obligation	175,200	166,500
Less: benefits paid	(239,404)	(165,300)
Actuarial (gains) losses	<u>(413,000)</u>	<u>64,100</u>
Closing benefit obligation, end of year	3,457,676	3,698,780
Pension assets, at market related values	-	-
Funded status – (deficiency)	<u>(3,457,676)</u>	<u>(3,698,780)</u>
Unamortized actuarial losses	<u>216,077</u>	<u>670,100</u>
Accrued benefit liability	<u>\$ (3,241,599)</u>	<u>\$ (3,028,680)</u>

Tri-County Regional School Board

Notes to the Financial Statements

March 31, 2011

7. Commitments and Contingencies (continued)

Collective agreements

The provincial collective agreement with the Nova Scotia Teachers Union expired on July 31, 2010. As of March 31, 2011, no agreement has been signed.

The local collective agreement with the Nova Scotia Teachers Union expires March 31, 2012.

The collective agreement with SIEU expired March 31, 2010. As of March 31, 2011, no agreement has been signed.

The collective agreement with the Nova Scotia Government Employees Union expires on March 31, 2012.

The collective agreement with CUPE expires March 31, 2012.

Sick leave

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

8. Deferred Revenue

Deferred revenue as of March 31:

	<u>2011</u>	<u>2010</u>
Teachers PD Fund	\$ 101,042	\$ 62,616
International Student Fund	173,229	175,427
Other Programs	<u>948,010</u>	<u>995,001</u>
	<u>\$ 1,222,281</u>	<u>\$ 1,233,044</u>

9. Bank Indebtedness

The Board has not utilized the available operating line of credit as of March 31, 2011, with the Bank of Montreal.

10. Reclassification

Certain of the 2010 comparative figures have been reclassified to conform to the financial statement's presentation adopted for 2011.