



Grant Thornton

Financial statements

Strait Regional School Board

March 31, 2014

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Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements yearly. The Board also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Strait Regional School Board and meet when required. The accompanying independent auditor's report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.



Director of Finance



Superintendent

Independent auditor's report

To the Chairperson and Members of the Board of the
Strait Regional School Board

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We have audited the accompanying statement of financial position of the Strait Regional School Board (the "Board") as at March 31, 2014, and the results of its operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Board's 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 Board'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 Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board's 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Strait Regional School Board as at March 31, 2014, and the results of its operations, changes in its net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in the schedules on pages 21 to 26 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.

Port Hawkesbury, Canada

June 18, 2014



Chartered accountants

Strait Regional School Board

Statement of financial position

March 31 2014 2013

Financial assets

Cash and cash equivalents	\$ 1,743,950	\$ 2,858,810
Receivables		
Province of Nova Scotia	19,880,128	20,481,843
Municipal councils	-	263,169
Government of Canada	856,843	231,441
Other	<u>2,713,028</u>	<u>2,340,205</u>
Total financial assets	<u>25,193,949</u>	<u>26,175,468</u>

Liabilities

Payables and accruals - trade	4,604,592	5,939,039
Payables and accruals - government		
Province of Nova Scotia	23,218	40,034
Municipalities	14,656	23,375
Deferred revenues	895,598	1,173,639
Post-employment benefits (Note 7)	7,455,860	7,343,108
Compensated absences benefits (Note 8)	<u>8,817,255</u>	<u>8,424,923</u>
Total liabilities	<u>21,811,179</u>	<u>22,944,118</u>

Net assets

3,382,770 3,231,350

Non-financial assets

Capital assets (net of depreciation) (Page 26)

School buildings and improvements	1,497,730	1,576,558
Equipment and furnishings	51,397	64,246
Motor vehicles	<u>100,500</u>	<u>103,302</u>
	1,649,627	1,744,106
Prepays	<u>391,716</u>	<u>401,043</u>
	<u>2,041,343</u>	<u>2,145,149</u>

Accumulated surplus (Note 10)

\$ 5,424,113 **\$ 5,376,499**

On behalf of the Board

 Chairperson

 Superintendent

See accompanying notes to the financial statements.

Strait Regional School Board

Statement of operations

Year ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Province of Nova Scotia	\$ 64,568,642	\$ 66,676,228	\$ 65,933,849
Government of Canada	112,343	204,554	185,904
Local First Nations	1,174,500	1,164,021	1,177,098
Municipal contributions	12,282,900	12,282,851	11,721,701
Other revenues	4,556,979	5,051,437	4,683,071
School generated funds	<u>-</u>	<u>2,238,483</u>	<u>2,030,861</u>
	<u>82,695,364</u>	<u>87,617,574</u>	<u>85,732,484</u>
Expenditure			
Board governance	298,074	329,166	289,180
Regional management	2,597,535	2,569,130	2,457,802
School management and support	6,344,259	6,355,343	6,455,559
Instructional and school services	36,354,641	36,774,396	35,963,495
Student support	10,249,179	10,137,239	9,915,817
Property services	16,547,680	17,340,011	16,682,050
Student transportation	7,376,906	7,448,255	7,355,672
Other programs	2,875,272	3,739,237	3,497,466
Interest expense	-	637,049	651,771
School generated funds	-	2,094,341	2,043,447
Depreciation	<u>51,818</u>	<u>145,793</u>	<u>154,662</u>
	<u>82,695,364</u>	<u>87,569,960</u>	<u>85,466,921</u>
School Board annual surplus	<u>\$ -</u>	<u>\$ 47,614</u>	<u>\$ 265,563</u>

Accumulated surplus (Note 10)

Balance, beginning of year	\$ 5,376,499	\$ 5,110,936
School Board annual surplus	<u>47,614</u>	<u>265,563</u>
Balance, end of year	<u>\$ 5,424,113</u>	<u>\$ 5,376,499</u>

See accompanying notes to the financial statements.

Strait Regional School Board

Statement of change in net assets

Year ended March 31

2014

2013

	<u>Actual</u>	<u>Actual</u>
Net assets, beginning of year	\$ 3,231,350	\$ 2,814,156
Changes in the year		
School Board annual surplus	47,614	265,563
Acquisition of tangible capital assets	(51,314)	(51,874)
Depreciation of tangible capital assets	145,793	154,662
Increase in prepaids	<u>9,327</u>	<u>48,843</u>
Increase in net assets	<u>151,420</u>	<u>417,194</u>
Net assets, end of year	<u>\$ 3,382,770</u>	<u>\$ 3,231,350</u>

See accompanying notes to the financial statements.

Strait Regional School Board

Statement of cash flows

Year ended March 31

2014

2013

Increase (decrease) in cash and cash equivalents

Operating transactions

School Board annual surplus	\$ 47,614	\$ 265,563
Non-cash items included in annual surplus		
Depreciation	145,793	154,662
Increase in receivables	(133,341)	(2,093,287)
(Decrease) increase in payables	(1,359,982)	1,958,948
Increase in post-employment benefits	112,752	136,528
Increase in compensated absences benefits	392,332	367,013
Decrease in prepaids	9,327	48,843
Decrease in deferred revenue	<u>(278,041)</u>	<u>(128,654)</u>
Cash (used) provided by operating transactions	<u>(1,063,546)</u>	<u>709,616</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(51,314)</u>	<u>(51,874)</u>
Cash applied to capital transactions	<u>(51,314)</u>	<u>(51,874)</u>
Net (decrease) increase in cash and cash equivalents	(1,114,860)	657,742
Cash and cash equivalents, beginning of year	<u>2,858,810</u>	<u>2,201,068</u>
Cash and cash equivalents, end of year	<u>\$ 1,743,950</u>	<u>\$ 2,858,810</u>

See accompanying notes to the financial statements.

Strait Regional School Board

Notes to the financial statements

March 31, 2014

1. Nature of operations

The Strait Regional School Board manages education programs and finances of public schools within Inverness, Guysborough, Richmond, and Antigonish counties. The Board is registered as a charitable organization under the Income Tax Act and therefore, is exempt from income tax.

2. Summary of significant accounting policies

These financial statements have been 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:

Reporting entity

The consolidated statement of financial position is presented using the principles of consolidation prescribed by the Department of Education. Trust funds are not included in the consolidation.

Revenues

Provincial government transfers for operating and capital purposes are recognized as revenue in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions is deferred until conditions have been met. When revenue is received without eligibility criteria or stipulations, it is recognized when the transfer(s) from the Province of Nova Scotia and Municipalities are authorized.

All non-government contribution or grant/revenues that are externally restricted, such that they must be used for a specified purpose, are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

International Student Program revenues are recognized as revenue when the related service is rendered.

Rental income is recognized over the term of the lease.

Investment income is recognized as revenue in the year in which it is earned.

Strait Regional School Board

Notes to the financial statements

March 31, 2014

2. Summary of significant accounting policies (continued)

Expenditures

Expenditures are the cost of goods and services acquired in the period whether or not payment has been made or invoices recorded. Expenditures 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 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.

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.

Net assets

Net assets represents the direct liabilities of the Board less financial assets.

Non-financial assets

Tangible capital assets that 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 (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, construction, development and installation of the tangible capital asset, except interest. Tangible capital assets include land, buildings, computer equipment and software, and vehicles. Tangible capital assets do not include intangibles or assets acquired by right, such as forests, water and mineral resources, or works of art and historical treasures.

Prior to 2001, all building improvements and acquisitions of furniture and equipment were recorded at cost. Commencing in 2001, 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. These thresholds are as follows:

Buildings	\$ 250,000
Leasehold improvements	\$ 250,000
Computer hardware	\$ 25,000
Motor vehicles	\$ 15,000
Major equipment	\$ 50,000

Under the agreement with the municipal councils, all school buildings and land on hand at January 1, 1982, remain assets of the Municipality but are under the operational control of the Board until such time, as the Board no longer requires the asset for school purposes. At that time, control will revert back to the municipal councils.

Strait Regional School Board

Notes to the financial statements

March 31, 2014

2. Summary of significant accounting policies (continued)

Non-financial assets (continued)

The Board has made additions to school buildings, legal title to which is held by the Municipality. Under the Education Act, should the buildings in question be disposed of, the Board will be entitled to a portion of any net proceeds of disposition.

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 liabilities of the School Board less financial assets, and non-financial assets. This represents the accumulated balance of net deficit/surplus arising from the operations of the Board.

Reserves and reserve funds

Reserves and reserve funds represent funds appropriated for general and specific purposes. Reserves are charged or credited to the reserve fund as a part of the accumulated surplus and are not reported on the statement of operations in the year appropriated or drawn.

Trust funds

The trust funds represent capital contributed in trust on which the income thereon is used to provide scholarships for eligible students. In addition to these scholarships, individual schools and their students raise funds for various specific activities or projects. These funds can only be used for these designated activities and are thus shown as trust funds. Trust fund assets administered by the School Board are identified in Schedule C.

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.

Capital assets

Capital assets are depreciated using the declining balance method at the following rates:

Buildings	5%
Equipment	20%
Motor vehicles	35%

Strait Regional School Board

Notes to the financial statements

March 31, 2014

2. Summary of significant accounting policies (continued)

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 at the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

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 activity expenditures 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 detailed in Schedule D of the financial statements.

Post-employment benefits and compensated allowances

The Board provides defined service rewards and compensated absences to certain employee groups. These benefits include pension, service awards and non-vesting sick leave. The Board has adopted the following policies with respect to accounting for these employee benefits:

i)The costs of post-employment service awards are actuarially determined using management's best estimate of employee retention, retirement ages of employees, salary escalation, other cost escalation, long term inflation and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over estimated average remaining service life of the employee groups on a straight line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.

ii)The costs of non-vesting sick leave are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.

iii)The costs of multi-employer defined benefit pension are the employer's contributions due to the plan in the period and are accounted for as a defined contribution plan.

Strait Regional School Board

Notes to the financial statements

March 31, 2014

3. Pension plans

The Board contributes to the following pension plans on behalf of its employees:

- i) The Board's Canadian Union of Public Employees (CUPE) staff and non-union staff participate in a multi-employer defined pension plan held on behalf of the Regional School Board by the Nova Scotia School Boards Association.
- ii) The Board's teachers are covered by a multi-employer pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act.

The Regional School Board accounts for the above plans as defined contribution plans and as such no accrued liability is recorded, and only the contributions paid or payable are expensed in the year.

4. Bank indebtedness

The Board has an operating line of credit of \$600,000.

5. Related party transactions

These financial statements do not include certain expenditures paid and services provided on behalf of the Board by the Province of Nova Scotia, including but not limited to:

- Early Retirement Program payments;
 - P3 schools and facilities leases and operating costs;
 - Payments for the teachers' pension plan and medical premiums; and
 - Certain IT systems and support.
-

Strait Regional School Board

Notes to the financial statements

March 31, 2014

6. Remuneration

Pursuant to the Public Sector Compensation Disclosure Act, the Strait Regional School Board is required to disclose individuals with salaries greater than \$100,000. Those individuals are as follows:

<u>Name</u>	<u>Position</u>	<u>Salary</u>
Rena Forgeron	Finance Co-ordinator	\$ 105,522
Lois Landry	Principal	\$ 109,490
Darrell LeBlanc	Program Co-ordinator	\$ 101,084
Peter Goosens	Principal	\$ 106,260
Janice Gough	Principal	\$ 106,846
A Gerard Ryan	Principal	\$ 108,334
Monica Williams	Director Programs and Student Services	\$ 122,862
Sherman England	Director Human Resources	\$ 122,927
William Cormier	Director of Finance	\$ 123,800
Terry Doyle	Director of Operations	\$ 123,468
Shaun MacDonald	Principal	\$ 104,290
Bernadette Campbell	Principal	\$ 102,022
Kirk Johnstone	Principal	\$ 101,726
Paul Landry	Director Programs and Student Services	\$ 109,488
John MacDonald	Principal	\$ 102,322
Chrissi Lynch	Program Co-ordinator	\$ 101,084
Ford Rice	Superintendent	\$ 151,540
Mark Pettipas	Program Co-ordinator	\$ 101,232
April Weaver	Principal	\$ 101,544
Elizabeth Teasdale	Program Co-ordinator	\$ 106,062

7. Post-employment benefits

Retirement allowance – Teachers

For all service on or before July 31, 2002, 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 of service with the Board at varying rates.

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 ten 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, to a maximum of 30 years.

Strait Regional School Board

Notes to the financial statements

March, 31, 2014

7. Post-employment benefits (continued)

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 through an actuarial valuation obtained as required under Section 3250 of the Public Sector Accounting Handbook.

	<u>2014</u>	<u>2013</u>
Accrued benefit obligation, beginning of year	\$ 4,241,045	\$ 4,179,569
Current service cost	288,500	348,000
Interest on obligation	175,493	184,700
Less: benefits paid	(381,538)	(517,924)
Actuarial losses	<u>237,100</u>	<u>46,700</u>
Accrued benefit obligation, end of year	4,560,600	4,241,045
Pension assets, at market related values	-	-
Funded status – (deficiency)	(4,560,600)	(4,241,045)
Unamortized actuarial losses	<u>(288,871)</u>	<u>(519,018)</u>
Accrued benefit liability – Teachers	<u>\$ (4,849,471)</u>	<u>\$ (4,760,063)</u>

Retirement allowance – Non-Teachers

An actuarial valuation has been obtained by the Province of Nova Scotia which has been prepared under PSAB 3250 of the Public Sector Accounting Handbook. Retiring allowances benefits descriptions and copies of the relevant parts of the collective agreements and letters of understanding for the different boards and union/non-union groups were provided by the Province of Nova Scotia (“the Province”).

The calculations have been carried out based on the data provided by the Province of Nova Scotia in connection with post-retirement benefit valuations. This information was supplemented by data supplied by the individual boards. The data included the period of continuous service with the Province, the data of birth, annual salary and contractual hours of work and some detail regarding frozen awards.

	<u>2014</u>	<u>2013</u>
Accrued benefit obligation, beginning of year	\$ 2,598,053	\$ 2,456,353
Current service cost	144,277	140,288
Interest on obligation	105,441	107,772
Less: benefits paid	(228,042)	(121,368)
Actuarial losses	<u>43,716</u>	<u>15,008</u>
Accrued benefit obligation, end of year	2,663,445	2,598,053
Pension assets, at market related values	-	-
Funded status – (deficiency)	(2,663,445)	(2,598,053)
Unamortized actuarial gains	<u>57,056</u>	<u>15,008</u>
Accrued benefit liability – Non-Teachers	<u>\$ (2,606,389)</u>	<u>\$ (2,583,045)</u>

Strait Regional School Board

Notes to the financial statements

March, 31, 2014

7. Post-employment benefits (continued)

Summary of post-employment benefits

	<u>2014</u>	<u>2013</u>
Accrued benefit liability – Teachers	\$ (4,849,471)	\$ (4,760,063)
Accrued benefit liability – Non-teachers	<u>(2,606,389)</u>	<u>(2,583,045)</u>
Total post-employment benefit obligation	<u>\$ (7,455,860)</u>	<u>\$ (7,343,108)</u>

The following actuarial assumptions have been used in the determination of the accrued benefit obligation related to retiring allowances as at March 31, 2014:

	<u>2014</u>	<u>2013</u>
Discount rate	4.10%	4.30%
Rate of compensation increase	2.50% - 3.50%	2.25% - 3.25%
Termination rates	Nil	Nil
Mortality rates	Nil	Nil

The actuary assumed for teachers that 50% of employees will retire at rule of 85 but not earlier than age 55, and the remainder at earliest of 35 years of service, age 60 with 10 years of service, and age 65. Members past their unreduced retirement age are assumed to retire at the later of age 60 and their current age. The actuary assumed for non-teachers that 65% of employees will retire on the date they are first eligible for retirement (earliest of age 65 and 35 years of service), and the remainder will retire at rule of 80, minimum age of 55.

The Board has recognized in these financial statements the liability associated with retirement allowances earned by staff. The Board has recorded a corresponding receivable from the Province of Nova Scotia which has assumed responsibility for the liability up to March 31, 2014.

Strait Regional School Board

Notes to the financial statements

March, 31, 2014

8. Compensated absences benefits

Qualifying employees are entitled to a prescribed number of sick leave days for use over their employment term.

The Board has recognized in these financial statements, the liability associated with accumulated sick leave earned by staff. The Board has also recorded a corresponding receivable from the Province of Nova Scotia which has assumed responsibility for the liability up to March 31, 2014. These amounts have been determined by the Department of Finance in relation to an independent actuarial evaluation performed for them. This evaluation has calculated the benefit obligation for the Board to be \$8,817,255 as of March 31, 2014 (2013 - \$8,424,923).

	<u>2014</u>	<u>2013</u>
Accrued benefit obligation, beginning of year	\$ 8,528,248	\$ 8,057,910
Current service cost	684,760	663,279
Interest on obligation	356,115	359,299
Less: Sick leave taken	(656,094)	(655,566)
Actuarial losses	<u>218,079</u>	<u>103,326</u>
Accrued benefit obligation, end of year	9,131,108	8,528,248
Pension assets, at market related values	-	-
Funded status – (deficiency)	(9,131,108)	(8,528,248)
Unamortized actuarial gains	<u>313,853</u>	<u>103,325</u>
Compensated absences benefits liability	<u>\$ (8,817,255)</u>	<u>\$ (8,424,923)</u>

These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the board's best estimate of expected rates of:

	<u>2014</u>	<u>2013</u>
Discount rate	4.10%	4.30%
Rate of compensation increase	2.50% - 3.50%	2.25% - 3.25%
Termination rates	2.50% - Nil	Nil
Mortality rates	3.50% - Nil	Nil

Strait Regional School Board

Notes to the financial statements

March 31, 2014

9. Expenditures by object	<u>2014</u>	<u>2013</u>
Salaries, wages, and benefits	\$ 64,064,002	\$ 63,474,486
Travel	505,328	480,164
Contracted services	723,076	595,121
Equipment	2,274,537	1,479,946
Property	5,887,705	5,725,922
Vehicle	1,980,886	1,830,005
Utilities	4,483,627	4,428,071
Supplies	3,787,104	3,648,448
Conferences	366,862	347,635
Professional development	619,650	597,541
Depreciation	145,793	154,662
School based funds	2,094,341	2,043,447
Interest expense	637,049	651,771
Other	<u>-</u>	<u>9,702</u>
	<u>\$ 87,569,960</u>	<u>\$ 85,466,921</u>

Strait Regional School Board

Notes to the financial statements

March 31, 2014

10. Accumulated surplus	<u>2014</u>	<u>2013</u>
Operating fund	\$ 2,535,240	\$ 2,537,289
School generated funds	1,239,246	1,095,104
Capital fund	<u>1,649,627</u>	<u>1,744,106</u>
	<u>\$ 5,424,113</u>	<u>\$ 5,376,499</u>
Operating fund		
Balance, beginning of year	\$ 2,537,289	\$ 2,156,352
School Board annual surplus	<u>47,614</u>	<u>265,563</u>
	2,584,903	2,421,915
Transfer from (to) school generated funds	(144,142)	12,586
Transfer from capital fund	145,793	154,662
Transfer to capital fund	<u>(51,314)</u>	<u>(51,874)</u>
	\$ 2,535,240	\$ 2,537,289
School generated funds		
Balance, beginning of year	\$ 1,095,104	\$ 1,107,690
Transfer from (to) operating fund	<u>144,142</u>	<u>(12,586)</u>
	\$ 1,239,246	\$ 1,095,104
Capital fund		
Balance, beginning of year	\$ 1,744,106	\$ 1,846,894
Transfer to operating fund	(145,793)	(154,662)
Transfer from operating fund	<u>51,314</u>	<u>51,874</u>
	<u>\$ 1,649,627</u>	<u>\$ 1,774,106</u>

Strait Regional School Board

Notes to the financial statements

March 31, 2014

11. Financial instrument risk management

Credit risk

Credit risk is the risk of financial loss to the School Board if a debtor fails to make payments when due. The School Board is exposed to this risk relating to its receivables.

Receivables are ultimately due from the government. Credit risk is mitigated by management review of aging and collection of receivables and billings. The School Board recognizes a specific allowance for doubtful accounts when management considers the expected amounts to be recovered is lower than the actual receivable.

The School Board measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the authority's historical experience regarding collections.

The School Board mitigates credit risk by ensuring that grants are entered into by way of a contract and by continuous monitoring of outstanding balances to ensure collection is timely. Management closely evaluates the collectability of its receivables and maintains provisions for potential credit losses, which are assessed on a regular basis.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The School Board is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The School Board is exposed to this risk through its variable interest bearing bank overdraft. However, management does not feel that this represents a material risk to the School Board as fluctuations in market interest rates would not materially impact future cash flows and operations relating to the bank overdraft.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Strait Regional School Board

Notes to the financial statements

March 31, 2014

11. Financial instrument risk management (continued)

Liquidity risk

Liquidity risk is the risk that the School Board will not be able to meet all cash outflow obligations as they come due. The School Board mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining a bank overdraft credit facility if unexpected cash outflows arise.

All accounts payable and accrued liabilities are due within a one year period with the exception of post-employment benefits and compensated absences.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

12. Contractual obligations

During the year, the Board has entered into construction contracts totalling \$3,064,055, including applicable taxes for the renovation of schools. Payments totalling \$230,092 have been paid prior to March 31, 2014, relating to work completed prior to year end. The contracts are expected to be completed in fiscal year ended March 31, 2014. Construction costs are being fully funded by the Province of Nova Scotia.

Strait Regional School Board

Schedule A – Supplementary details of revenue

Year ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Province of Nova Scotia			
Operating	\$ 48,898,052	\$ 48,162,850	\$ 48,503,648
Accrued wages and vacation	-	1,213,800	1,005,400
Restricted	9,346,810	9,984,785	9,701,017
Capital	5,100,000	5,606,394	4,683,212
Special programs and projects	<u>1,223,780</u>	<u>1,708,399</u>	<u>2,040,572</u>
	<u>\$ 64,568,642</u>	<u>\$ 66,676,228</u>	<u>\$ 65,933,849</u>
Government of Canada			
Secretary of State	<u>\$ 112,343</u>	<u>\$ 204,554</u>	<u>\$ 185,904</u>
Board operations			
Board generated - other	\$ 10,000	\$ -	\$ 15,772
Other revenue - schools	1,970,000	2,463,039	2,080,794
Rentals	79,083	82,217	79,353
Investment income	50,000	58,284	59,257
Recoveries – non-governmental	<u>2,447,896</u>	<u>2,447,896</u>	<u>2,447,895</u>
	<u>\$ 4,556,979</u>	<u>\$ 5,051,437</u>	<u>\$ 4,683,071</u>

Strait Regional School Board

Schedule B – Supplementary details of expenditure

Year ended March 31

2014

2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Board governance			
Board members	\$ 210,874	\$ 241,947	\$ 203,405
Board secretary	42,575	42,594	41,150
NSSBA and other	<u>44,625</u>	<u>44,625</u>	<u>44,625</u>
	<u>\$ 298,074</u>	<u>\$ 329,166</u>	<u>\$ 289,180</u>
Regional management			
Management services	\$ 974,074	\$ 1,007,657	\$ 841,647
Financial services	933,143	899,333	941,224
Human resource services	581,042	550,098	571,465
Communication services	<u>109,276</u>	<u>112,042</u>	<u>103,466</u>
	<u>\$ 2,597,535</u>	<u>\$ 2,569,130</u>	<u>\$ 2,457,802</u>
School management and support			
School management	\$ 4,649,481	\$ 4,650,212	\$ 4,556,063
Program and curriculum support	1,227,304	1,241,493	1,441,690
ITS – site specific	<u>467,474</u>	<u>463,638</u>	<u>457,806</u>
	<u>\$ 6,344,259</u>	<u>\$ 6,355,343</u>	<u>\$ 6,455,559</u>
Instructional and school services			
Instruction	\$ 34,586,838	\$ 33,780,526	\$ 33,135,499
Guidance services	1,089,984	1,113,987	1,121,417
Accrued wages – NSTU	-	1,213,800	1,005,400
Library services	<u>677,819</u>	<u>666,083</u>	<u>701,179</u>
	<u>\$ 36,354,641</u>	<u>\$ 36,774,396</u>	<u>\$ 35,963,495</u>
Student support			
Program management	\$ 281,532	\$ 268,119	\$ 269,713
Instruction	9,096,700	9,025,370	8,874,202
Program and curriculum support	<u>870,947</u>	<u>843,750</u>	<u>771,902</u>
	<u>\$ 10,249,179</u>	<u>\$ 10,137,239</u>	<u>\$ 9,915,817</u>

Strait Regional School Board

Schedule B – Supplementary details of expenditure

Year ended March 31 2014 2013

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Property services			
Management services	\$ 350,759	\$ 362,818	\$ 309,499
Custodial services	3,462,508	3,447,926	3,586,935
Maintenance services	12,026,465	12,539,473	11,842,542
Grounds services	<u>707,948</u>	<u>989,794</u>	<u>943,074</u>
	<u>\$ 16,547,680</u>	<u>\$ 17,340,011</u>	<u>\$ 16,682,050</u>
Student transportation			
Management services	\$ 414,770	\$ 450,962	\$ 415,069
Transportation (Board)	3,982,507	4,064,203	3,997,317
Maintenance (Board)	2,838,517	2,813,546	2,812,534
Transportation (Contract)	55,000	50,100	48,232
Site maintenance	<u>86,112</u>	<u>69,444</u>	<u>82,520</u>
	<u>\$ 7,376,906</u>	<u>\$ 7,448,255</u>	<u>\$ 7,355,672</u>

Strait Regional School Board

Schedule C – Supplementary details of trust funds

Year ended March 31, 2014

Trust fund - scholarships

	Equity <u>2013</u>	Donations & income	<u>Awards</u>	Equity <u>2014</u>
Catherine Avery Bursary	\$ 2,497	\$ 41	\$ -	\$ 2,538
Allistair Fraser Award	1,113	18	1,000	131
Ray Caldwell Scholarship	5,185	85	180	5,090
Dorothy Jost Drysdale Scholarship	2,355	39	100	2,294
Roy Fanning-Hillside Bursary	1,512	25	1,512	25
Norman Grant Scholarship	24,770	409	-	25,179
Carol Long Scholarship	12,017	198	-	12,215
NSP Employees Scholarship	19,211	318	300	19,229
James Russell Scholarship	2	-	-	2
Bertha Morgan Scholarship	1,069	18	70	1,017
Henry Marshall Tory Prize	133,602	2,209	2,448	133,363
James Tory Prize	86	15,001	1,000	14,087
Paul Hendsbee Memorial	10	-	-	10
Donald Archibald Memorial	1,040	17	40	1,017
Neil & Eileen MacIsaac Bursary	2,565	43	-	2,608
Thomas Williams Prize	5,367	88	178	5,277
Tina Munro Hickey Prize	10,009	167	167	10,009
AW Cameron Memorial	-	5,859	1,500	4,359
Jesse Sceles Memorial	<u>2,671</u>	<u>38</u>	<u>295</u>	<u>2,418</u>
	<u>\$ 225,081</u>	<u>\$ 24,573</u>	<u>\$ 8,790</u>	<u>\$ 240,864</u>

Strait Regional School Board

Schedule D – Supplementary details of school generated funds

Year ended March 31, 2014

	<u>Equity</u>	<u>Revenue</u>	<u>Disbursements</u>	<u>Equity</u>
	<u>2013</u>	<u>& interest</u>	<u>Disbursements</u>	<u>2014</u>
Antigonish Education Centre	\$ 153,622	\$ 59,373	\$ 50,389	\$ 162,606
Bayview Education Centre	32,683	43,283	47,225	28,741
Canso Academy	15,541	128,965	79,059	65,447
Cape Breton Highlands Academy/ Education Centre	84,406	137,141	118,510	103,037
Chedabucto Place	46,732	129,982	104,219	72,495
Dalbrae Academy	64,167	160,252	161,389	63,030
Dr. J.H. Gillis Regional	116,932	288,760	272,929	132,763
East Antigonish Academy/ Education Centre	89,097	149,881	128,829	110,149
East Richmond Education Centre	37,972	57,652	57,700	37,924
Fanning Education Centre	43,798	5,370	49,168	-
Felix Marchand Education Centre	(389)	27,021	26,009	623
H.M. MacDonald Elementary School	5,988	36,128	35,769	6,347
Inverness Academy/Education Centre	82,294	131,944	104,931	109,307
Mulgrave Memorial Education Centre	11,938	20,020	20,232	11,726
Rev. H.J. MacDonald Elementary School	(31)	-	-	(31)
Richmond Academy	48,832	162,459	164,380	46,911
SAERC	85,169	218,296	201,045	102,420
St. Andrew's Consolidated School	19,663	61,990	57,460	24,193
St. Andrew Junior High	58,928	109,477	98,967	69,438
St. Mary's Academy	18,564	161,845	135,711	44,698
St. Mary's Education Centre	27,337	21,463	48,799	1
Tamarac Education Centre	13,584	70,429	67,882	16,131
West Richmond Education Centre	8,702	12,849	21,572	(21)
Whyhocomagh Education Centre	<u>29,575</u>	<u>43,903</u>	<u>42,167</u>	<u>31,311</u>
	<u>\$ 1,095,104</u>	<u>\$ 2,238,483</u>	<u>\$ 2,094,341</u>	<u>\$1,239,246</u>

Strait Regional School Board

Schedule E – Supplementary details of capital assets

Year ended March 31, 2014

	<u>School buildings</u>	<u>Equipment</u>	<u>Motor vehicles</u>	<u>2014</u>	<u>2013</u>
Cost					
Opening	\$ 3,141,287	\$1,291,709	\$ 794,786	\$ 5,227,782	\$ 5,175,908
Additions	<u>-</u>	<u>-</u>	<u>51,314</u>	<u>51,314</u>	<u>51,874</u>
Closing	<u>3,141,287</u>	<u>1,291,709</u>	<u>846,100</u>	<u>5,279,096</u>	<u>5,227,782</u>
Accumulated depreciation					
Opening	1,564,729	1,227,463	691,484	3,483,676	3,329,014
Depreciation	<u>78,828</u>	<u>12,849</u>	<u>54,116</u>	<u>145,793</u>	<u>154,662</u>
Closing	<u>1,643,557</u>	<u>1,240,312</u>	<u>745,600</u>	<u>3,629,469</u>	<u>3,483,676</u>
Net book value	1,497,730	51,397	100,500	1,649,627	1,744,106
Opening balance	<u>1,576,558</u>	<u>64,246</u>	<u>103,302</u>	<u>1,744,106</u>	<u>1,846,894</u>
Decrease in net book value	<u>\$ (78,828)</u>	<u>\$ (12,849)</u>	<u>\$ (2,802)</u>	<u>\$ (94,479)</u>	<u>\$ (102,788)</u>
