

Financial Statements of

**CAPE BRETON-VICTORIA
REGIONAL SCHOOL BOARD**

Year ended March 31, 2016



Cape Breton-Victoria

Regional School Board

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Management's Responsibility for the Financial Statements

The accompanying financial statements of Cape Breton-Victoria Regional School Board are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, MGM & Associates, Chartered Accountants, 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 Cape Breton-Victoria Regional School Board and meet when required.

George Boudreau, Director of Financial Services

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Financial Statements

March 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Chairperson and Board Members
Cape Breton-Victoria Regional School Board

We have audited the accompanying financial statements of Cape Breton-Victoria Regional School Board which comprise the statement of financial position as at March 31, 2016 and the statements of operations, accumulated operating surplus, change in net financial 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, 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.

Auditors' 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 auditors' 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 auditors consider 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.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Cape Breton-Victoria Regional School Board as at March 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Chartered Accountants
Sydney, Canada
June 13, 2016

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Financial Position

March 31, 2016, with comparative figures for 2015

	2016	2015
FINANCIAL ASSETS		
Cash and cash equivalents		
General	\$ 7,274,767	\$ 6,202,268
School-based funds (note 2)	3,597,333	3,354,446
	10,872,100	9,556,714
Accounts receivable		
Province of Nova Scotia (note 3)	4,321,176	7,484,647
First Nation (note 4)	249,225	-
Government of Canada (note 5)	520,773	718,695
Other	1,897,225	1,741,320
	6,988,399	9,944,662
Province of Nova Scotia, other		
Retirement service awards receivable – teaching (note 6)	9,743,461	8,613,277
Retirement service awards receivable – non-teaching (note 6)	763,550	744,729
Sick leave receivable – teaching (note 7)	16,584,047	16,986,602
Sick leave receivable – non-teaching (note 7)	1,700,902	1,699,775
	28,791,960	28,044,383
Restricted cash and investment – scholarships	437,769	451,313
Total financial assets	47,090,228	47,997,072
FINANCIAL LIABILITIES		
Payables and accruals – trade	5,176,441	6,728,171
Teachers' salary payable	2,014,400	2,463,800
Non-teaching vacation pay payable	1,006,658	1,026,661
Other salary payable	2,335,921	1,897,307
	10,533,420	12,115,939
Payables and accruals – government		
Province of Nova Scotia	25,888	27,274
Government of Canada	2,754	270
Municipalities	21,468	18,438
	50,110	45,982
Province of Nova Scotia, other		
Retirement service awards obligation – teaching (note 6)	9,743,461	8,613,277
Retirement service awards obligation – non-teaching (note 6)	763,550	744,729
Accrued sick leave obligation – teaching (note 7)	16,584,047	16,986,602
Accrued sick leave obligation – non-teaching (note 7)	1,700,902	1,699,775
	28,791,960	28,044,383
Deferred revenue	3,091,333	2,892,777
Scholarship trust funds	437,769	451,313
Total financial liabilities	42,904,592	43,550,394
NET FINANCIAL ASSETS	4,185,636	4,446,678
NON-FINANCIAL ASSETS		
Prepaid expenses	304,413	351,072
Tangible capital assets (note 8)	146,935	168,047
Total non-financial assets	451,348	519,119
ACCUMULATED SURPLUS	\$ 4,636,984	\$ 4,965,797

Contingencies (note 14)

See accompanying notes to financial statements.

On behalf of the Board

_____ Chairperson

_____ Board Member

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Operations

Year ended March 31, 2016, with comparative figures for 2015

	2016		2015
	Budget	Actual	Actual
REVENUES (Schedule A)			
Province of Nova Scotia	\$ 123,710,260	\$ 136,472,359	\$ 142,011,593
Government of Canada	1,444,000	1,449,458	1,565,219
Municipal contributions	15,154,800	15,154,804	14,818,902
Board generated	3,135,176	4,585,723	4,326,337
School-based funds (note 2)	—	5,194,697	5,269,558
	143,444,236	162,857,041	167,991,609
EXPENSES			
Board governance	399,776	360,160	365,167
Financial services	1,743,934	1,833,100	1,985,357
Office of the Superintendent	505,587	547,132	531,117
Human resources	1,899,529	1,537,739	2,007,539
School services administration	3,449,146	3,576,247	3,410,459
School based	108,257,566	112,404,786	113,256,947
Operations administration	1,243,482	1,377,508	1,243,068
Property services	18,131,270	26,397,765	30,697,590
Transportation	6,462,736	6,613,867	6,646,943
Technology services	1,256,210	1,392,362	1,358,810
Tangible capital asset amortization	95,000	79,118	90,486
Other programs	—	1,957,281	2,014,131
School-based funds (note 2)	—	5,108,789	4,962,690
	143,444,236	163,185,854	168,570,304
OPERATING DEFICIT	\$ —	\$ (328,813)	\$ (578,695)

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Accumulated Operating Surplus

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR	\$ 4,965,797	\$ 5,544,492
Operating deficit	(328,813)	(578,695)
ACCUMULATED OPERATING SURPLUS, END OF YEAR	\$ 4,636,984	\$ 4,965,797
Accumulated operating surplus consisting of		
Unrestricted	\$ 1,069,913	\$ 1,484,634
Internally restricted funds School-based funds	3,567,071	3,481,163
	\$ 4,636,984	\$ 4,965,797

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Change in Net Financial Assets

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015
NET FINANCIAL ASSETS, BEGINNING OF YEAR	\$ 4,446,678	\$ 4,559,173
Changes during the year		
Operating deficit	(328,813)	(578,695)
Acquisition of tangible capital assets	(58,006)	(98,079)
Amortization of tangible capital assets	79,118	90,486
Decrease in prepaid expenses	46,659	473,793
Decrease in net financial assets	(261,042)	(112,495)
NET FINANCIAL ASSETS, END OF YEAR	\$ 4,185,636	\$ 4,446,678

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Cash Flows

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating deficit	\$ (328,813)	\$ (578,695)
Non-cash items		
Amortization of tangible capital assets	79,118	90,486
Change in non-cash operating working capital		
Decrease in accounts receivable	2,956,263	2,825,058
Decrease in prepaid expenses	46,659	473,793
Increase (decrease) in payables and accruals – trade	(1,551,730)	2,722,394
Increase (decrease) in salaries payable	(30,789)	273
Increase (decrease) in payables and accruals – government	4,128	(85,776)
Increase (decrease) in deferred revenue	198,556	(572,476)
	1,373,392	4,875,057
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of tangible capital assets	(58,006)	(98,079)
INCREASE IN CASH AND CASH EQUIVALENTS	1,315,386	4,776,978
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,556,714	4,779,736
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,872,100	\$ 9,556,714
Represented on the financial statements by		
General	\$ 7,274,767	\$ 6,202,268
School-based funds	3,597,333	3,354,446
	\$ 10,872,100	\$ 9,556,714

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Scholarship Fund Financial Position

March 31, 2016, with comparative figures for 2015

	2016	2015
ASSETS		
Cash and investments	\$ 437,769	\$ 451,313
FUND BALANCE		
Rossetti	\$ 162,465	\$ 162,159
O'Connell	61,445	73,239
George MacKay Bursary	145,176	145,034
Annie Bell Grady Memorial	19,373	20,180
Townsend	998	1,003
McDonagh	5,257	5,267
Panagiotakos	8,919	8,933
McQuarrie	3,174	3,174
Annie Hall	1,921	1,923
C.J.C.B.	3,994	3,994
Daniel Munroe	2,926	2,938
John D. MacLeod Memorial	949	960
T.L. Sullivan Memorial	1,815	1,822
Mary Elizabeth Brennan	2,215	2,224
William Hilchie Memorial	2,915	2,937
Isabel MacDermid Memorial	3,397	3,428
Wendell & Diane Coldwell Memorial	770	812
Jon David Corbett	2,984	3,015
Leonard Matheson	1,364	1,376
Ellen Dunn Balah	1,603	2,083
Minor Hockey	4,109	4,812
	\$ 437,769	\$ 451,313

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Continuity of Scholarship Fund

Year ended March 31, 2016, with comparative figures for 2015

	Rossetti	O'Connell	MackKay	Grady	Townsend	McDonagh	Panagiotakos	McQuarrie
Balance, beginning of year	\$ 162,159	\$ 73,239	\$ 145,034	\$ 20,180	\$ 1,003	\$ 5,267	\$ 8,933	\$ 3,174
Interest earned	2,306	706	1,392	193	10	50	86	65
	164,465	73,945	146,426	20,373	1,013	5,317	9,019	3,239
Scholarship awarded	2,000	12,500	1,250	1,000	15	60	100	65
Balance, end of year	\$ 162,465	\$ 61,445	\$ 145,176	\$ 19,373	\$ 998	\$ 5,257	\$ 8,919	\$ 3,174

	Annie Hall	C.J.C.B.	Munroe	MacLeod	Sullivan	Brennan	Hilchie	MacDermid
Balance, beginning of year	\$ 1,923	\$ 3,994	\$ 2,938	\$ 960	\$ 1,822	\$ 2,224	\$ 2,937	\$ 3,428
Interest earned	18	-	28	9	18	21	28	69
	1,941	3,994	2,966	969	1,840	2,245	2,965	3,497
Scholarship awarded	20	-	40	20	25	30	50	100
Balance, end of year	\$ 1,921	\$ 3,994	\$ 2,926	\$ 949	\$ 1,815	\$ 2,215	\$ 2,915	\$ 3,397

	Coldwell	Corbett	Matheson	Dunn Balah	Minor Hockey	2016 Total	2015 Total
Balance, beginning of year	\$ 812	\$ 3,015	\$ 1,376	\$ 2,083	\$ 4,812	\$ 451,313	\$ 460,646
Interest earned	8	29	13	20	47	5,116	5,324
	820	3,044	1,389	2,103	4,859	456,429	465,970
Scholarship awarded	50	60	25	500	750	18,660	14,657
Balance, end of year	\$ 770	\$ 2,984	\$ 1,364	\$ 1,603	\$ 4,109	\$ 437,769	\$ 451,313

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements

Year ended March 31, 2016

The Cape Breton-Victoria Regional School Board is incorporated under the provisions of the Education Act of the Province of Nova Scotia and its principal business activity is operating a regional school system serving the Cape Breton Regional Municipality and the Municipality of the County of Victoria. The School 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.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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 the accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA), supplemented where appropriate by other CPA Canada accounting standards or pronouncements.

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

(a) Revenues

Revenues are recognized on an accrual basis. Grants received, donations and fees collected in advance of the provision or use of related services are deferred. The main components of revenue are funding from the Province of Nova Scotia, Government of Canada and Municipal contributions.

Each year, contributions by volunteers support the delivery of certain programs within schools. Due to the difficulty in determining or otherwise estimating the value of these contributions and because these services are not otherwise purchased, contributed services are not quantified and recognized in these financial statements.

(b) Expenses

Expenses are recorded on an accrual basis and include the cost of supply inventories purchased during the year. Provisions are made 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.

(c) Financial assets

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

Accounts receivable are recorded at the principal amount less valuation allowance. These allowances are recorded where collectability is considered doubtful.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements

Year ended March 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial liabilities

Teachers' salary and benefit costs are accrued at year end. As directed by the Province of Nova Scotia, an offsetting receivable is recorded from the Province. The annual accrual and offsetting receivable are adjusted as required.

Salaries, vacation pay and benefits of non-teaching employees are also accrued at year end. There is no equivalent offsetting receivable from the Province except for vacation pay.

(e) Net financial assets

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

(f) Non-financial 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 gross 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. Contributions are not netted against the cost of the related tangible asset. All tangible capital assets are capitalized in accordance with Province of Nova Scotia thresholds and are amortized over the estimated useful life of the asset. The amortization expense is recorded in the statement of operations.

Amortization of tangible capital assets is provided using the following methods and annual rate:

Asset	Basis	Rate
Service vehicles	Declining balance	35%

Prepaid expenses are cash disbursements or other transfers of economic resources 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.

(g) Accumulated surplus

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

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Scholarship trust funds under administration

The scholarship trust funds represent capital contributed in trust from which the income thereon is used to provide scholarships for eligible students. A schedule of trust funds is included in the financial statements.

(i) Use of estimates

The preparation of the financial statements requires management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the carrying value of capital assets, valuation of post retirement benefits and obligations, valuation allowance of accounts receivable and obligations resulting from employee contract negotiations.

(j) Financial instruments

Measurement of financial instruments

The School Board initially measures its financial assets and financial liabilities at fair value.

Financial assets subsequently measured at amortized cost includes cash and cash equivalents, restricted cash and accounts receivable.

Financial liabilities subsequently measured at amortized cost includes payables and accruals and payroll related accruals.

The receivable and obligation relating to retirement service awards and sick leave are recorded based on actuarial valuation.

Investments are subsequently measured at fair market value.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Unless otherwise noted, the School Board is not exposed to significant credit, market or liquidity risks arising from these instruments.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2016

2. SCHOOL-BASED FUNDS

These financial statements include funds arising from certain school and student activities that are controlled and administered locally by each school, but for which the School Board is accountable. Revenues from school-based funds are recognized as the funds are received. School fund activities are recorded as funds are expended.

Changes in cash held by schools are as follows:

	2016	2015
Opening balance	\$ 3,354,446	\$ 3,102,321
Additions to school-based funds	5,194,697	5,269,558
School funded activities	(5,108,789)	(4,962,690)
Decrease (increase) in prepaids	59,838	(25,559)
Decrease (increase) in accounts receivable	17,028	(36,624)
Decrease in deferred revenue	(12,518)	(14,094)
Increase in accounts payable	92,631	21,534
	<u>\$ 3,597,333</u>	<u>\$ 3,354,446</u>

3. ACCOUNTS RECEIVABLE, PROVINCE OF NOVA SCOTIA

	2016	2015
TCA capital	\$ 919,585	\$ 4,094,726
Teachers' salary accrual	2,014,400	2,463,800
Other	352,422	128,777
Reading recovery – salaries and benefits	244,191	–
International student program	250,898	285,906
P-3 refresh	204,378	204,378
Non-Teaching Directors Service Award	151,650	151,650
Gas tax rebate	8,463	45,995
Information economy initiative	175,189	109,415
	<u>\$ 4,321,176</u>	<u>\$ 7,484,647</u>

4. ACCOUNTS RECEIVABLE, FIRST NATION

	2016	2015
Tuition receivable	\$ 249,225	\$ –

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2016

5. ACCOUNTS RECEIVABLE, GOVERNMENT OF CANADA

	2016	2015
Harmonized sales tax	\$ 520,773	\$ 718,695

6. RETIREMENT SERVICE AWARDS

Teachers receive a service award upon retirement, disability, death or termination, when entitled to a vested pension, under the contracts between the Nova Scotia Teachers' Union local and the predecessor boards. The contracts prescribe the formulae used in calculating the payment as well as the period over which the payment is to be made.

Non-teaching employees are entitled to 50% of sick leave accrual upon retirement, death, resignation or termination, provided the employee has at least ten years of service or an employee with at least ten years of service on retirement, death, resignation or termination shall be entitled to \$250 for each year of service to a maximum of thirty-five years of service, whichever is greater.

The Province of Nova Scotia assumed responsibility for the payment of service awards for all qualifying School Board employees effective April 1, 2002. As a result, school boards were required to make certain entries on their financial statements beginning with the year ending March 31, 2002, to record the value of projected liabilities, as well as a corresponding receivable from the Province of Nova Scotia. These entries have been determined by the Nova Scotia Department of Finance in relation to an independent actuarial evaluation performed for them. This evaluation calculated the present value of the service awards payable for past services for the School Board to be \$9,743,461 as of March 31, 2016 (2015 - \$8,613,277) – teaching; \$763,550 as of March 31, 2016 (2015 - \$744,729) – non-teaching.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2016

6. RETIREMENT SERVICE AWARDS (CONTINUED)

The information below provides further detail on the calculation of the accrued retirement service award obligations.

TEACHING

			2016	2015
	Actual Obligation	Unamortized Losses	Total	Total
Balance, beginning of year	\$ 9,695,987	\$ (1,082,710)	\$ 8,613,277	\$ 7,612,037
Current service cost	210,500	–	210,500	568,600
Interest cost	361,095	–	361,095	376,098
Impact of curtailment	(312,400)	–	(312,400)	–
Assumption change	351,500	–	351,500	–
Unamortized items Recognized on curtailment (prior year)	–	1,362,510	1,362,510	–
Amortization of actuarial losses	–	–	–	331,595
Benefit payments	(563,221)	–	(563,221)	(275,053)
Actuarial losses	(279,800)	–	(279,800)	–
Balance, end of year	\$ 9,463,661	\$ 279,800	\$ 9,743,461	\$ 8,613,277

The information below provides further detail on the calculation of retirement service award expense.

TEACHING

	2016	2015
Current service cost	\$ 210,500	\$ 568,600
Interest obligation	361,095	376,098
Amortization of actuarial losses	–	331,595
Other adjustments	(312,400)	–
Unamortized items recognized on curtailment	1,434,210	–
	\$ 1,693,405	\$ 1,276,293

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2016

6. RETIREMENT SERVICE AWARDS (CONTINUED)

NON-TEACHING

			2016	2015
	Actual Obligation	Unamortized Losses	Total	Total
Balance, beginning of year	\$ 762,601	\$ (17,872)	\$ 744,729	\$ 763,344
Current service cost	–	–	–	12,544
Interest cost	28,453	–	28,453	30,786
Impact of curtailment	39,132	–	39,132	–
Unamortized items Recognized on curtailment (prior year)	–	30,213	30,213	–
Amortization of actuarial loss	–	–	–	2,262
Other adjustments	(2,966)	–	(2,966)	(13,538)
Benefit payments	(63,670)	–	(63,670)	(50,669)
Actuarial (gains) losses	(12,341)	–	(12,341)	–
Balance, end of year	\$ 751,209	\$ 12,341	\$ 763,550	\$ 744,729

The information below provides further detail on the calculation of retirement service award expense.

	2016	2015
Current service cost	\$ –	\$ 12,544
Interest obligation	28,453	30,786
Amortization of actuarial loss	–	2,262
Other adjustments	36,166	(13,538)
Plan amendment/curtailment	17,872	–
	\$ 82,491	\$ 32,054

7. ACCRUED SICK LEAVE

The School Board has recognized in these consolidated financial statements, the liability associated with accumulated sick leave earned by teaching and non-teaching staff. The School Board has recorded a corresponding receivable from the Province of Nova Scotia which has assumed responsibility for the liability up to March 31, 2016. These entries have been determined by the Nova Scotia Department of Finance in relation to an independent actuarial evaluation performed for them.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2016

7. ACCRUED SICK LEAVE (CONTINUED)

This evaluation calculated the present value of the accumulated sick leave for past services for the School Board to be \$16,584,047 as of March 31, 2016 (2015 - \$16,986,602) – teaching; \$1,700,902 as of March 31, 2016 (2015 - \$1,699,775) – non-teaching.

The information below provides further detail on the calculation of the accrued benefit obligation.

TEACHING

			2016	2015
	Actual Obligation	Unamortized Losses	Total	Total
Balance, beginning of year	\$ 12,264,000	\$ 4,722,602	\$ 16,986,602	\$ 16,045,071
Current service cost	484,900	–	484,900	1,322,000
Interest cost	461,763	–	461,763	685,000
Sick leave taken	(961,000)	–	(961,000)	(1,114,000)
Amortization of actuarial loss	–	(388,218)	(388,218)	48,531
Actuarial gains	29,400	(29,400)	–	–
Balance, end of year	\$ 12,279,063	\$ 4,304,984	\$ 16,584,047	\$ 16,986,602

The information below provides further detail on the calculation of accumulated sick leave expense.

	2016	2015
Current service cost	\$ 484,900	\$ 1,322,000
Interest cost	461,763	685,000
Amortization of actuarial loss	(388,218)	48,531
	\$ 558,445	\$ 2,055,531

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2016

7. ACCRUED SICK LEAVE (CONTINUED)

NON-TEACHING

			2016	2015
	Actual Obligation	Unamortized Gains (losses)	Total	Total
Balance, beginning of year	\$ 1,739,149	\$ (39,374)	\$ 1,699,775	\$ 1,694,459
Current service cost	210,148	-	210,148	200,303
Interest cost	64,302	-	64,302	69,868
Sick leave taken	(277,362)	-	(277,362)	(269,939)
Actuarial gains (loss)	(77,603)	77,603	-	-
Amortization of actuarial loss	-	4,039	4,039	5,084
Balance, end of year	\$ 1,658,634	\$ 42,268	\$ 1,700,902	\$ 1,699,775

The information below provides further detail on the calculation of accumulated sick leave expense.

	2016	2015
Current service cost	\$ 210,148	\$ 200,303
Interest cost	64,302	69,868
Amortization of actuarial loss	4,039	5,084
	\$ 278,489	\$ 275,255

8. TANGIBLE CAPITAL ASSETS

			2016	2015
	Cost	Accumulated amortization	Net	Net
Service vehicles	\$ 1,192,848	\$ 1,045,913	\$ 146,935	\$ 168,047

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2016

9. DEFERRED TEACHERS' SALARIES

Under the terms of the teachers' contract, the School Board withholds a portion of certain eligible teachers' salaries and deposits it with the Nova Scotia Teachers' Credit Union. These amounts are subsequently withdrawn by the teachers in a year when they are on leave of absence. As at March 31, 2016, the Board had \$477,820 (2015 - \$614,839) of such funds on deposit together with a corresponding liability of \$478,576 (2015 - \$589,427) the difference which is set up as a payable to (receivable from) the Nova Scotia Teachers' Credit Union as at March 31, 2016.

10. PENSION PLANS

(a) Teachers

The School Board's teachers are members of the pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act. The Province of Nova Scotia has accepted responsibility for funding this plan and accordingly, no provision is included in the Board's financial statements for the related pension amounts.

(b) Non-teachers

The School Board's Canadian Union of Public Employees (CUPE) staff participate in a money purchase pension plan which is accounted for by the School Board as a defined contribution plan. Employer pension costs of \$1,196,990 (2015 - \$1,226,014) are included in the statement of operations which represent the cost of employer contributions for current service of participating employees during the year. Employees and the School Board both contribute at the rate of 5% of pensionable earnings.

The School Board also contributes to an RRSP plan for its confidential non-CUPE employees. Employees and the School Board both contribute at the rate of 9% of pensionable earnings. Included in the March 31, 2016 statement of operations are employer contributions of \$82,445 (2015 - \$81,057), which represents the pension cost to the School Board.

11. INSURANCE

The School Board is a member of the School Insurance Exchange, which provides all insurance coverage, with the exception of fleet insurance, which is contracted to a private carrier.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2016

12. RELATED PARTY TRANSACTIONS

These financial statements do not include certain expenses paid on behalf of the School Board by the Province of Nova Scotia, including but not limited to:

- P-3 schools and facilities leases and operating costs, and
- Payments for the teachers' pension plans and medical premiums.

13. FINANCIAL INSTRUMENTS

The School Board is exposed to various risks through its financial instruments and includes the following significant risk at March 31, 2016.

Credit risk

The School Board's exposure to credit risk relates to accounts receivable and arises from the possibility that creditors do not fulfill their obligations. This risk is mitigated due to receivables being from various levels of government based on approved agreements.

The School Board performs continuous evaluation of its accounts receivable.

Liquidity risk

Liquidity risk is the risk that the School Board will encounter difficulty raising funds to meet its liabilities. This is mitigated through regular monitoring of cash flows.

14. CONTINGENCIES

The Board has been named a defendant in four legal matters. The outcome of the matters is not determinable and settlement, if any, will be accounted for as a charge to operations in the period of settlement.

15. COMPARATIVE FIGURES

Certain 2015 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.