

**Annapolis Valley Regional  
School Board  
Consolidated Financial Statements  
March 31, 2017**

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# Morse Brewster Lake

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## Independent Auditor's Report

To the Chairman and Members of the

**Annapolis Valley Regional School Board**

We have audited the accompanying consolidated financial statements of **Annapolis Valley Regional School Board**, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statement of operations and accumulated surplus, change in net debt and cash flow statement 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2017 and the results of operations, changes in net debt and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Berwick, Nova Scotia  
June 28, 2017

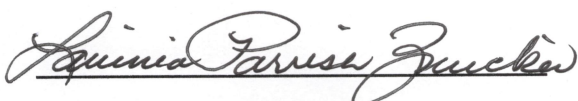
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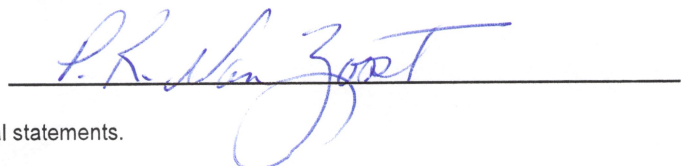
Chartered Professional Accountants  
Licensed Public Accountants

Annapolis Valley Regional School Board  
Consolidated Statement of Financial Position  
As at March 31, 2017

	2017	2016
<b>Financial Assets</b>		
Cash and Cash Equivalents		
Cash	\$ 6,862,087	\$ 4,212,451
School Based Funds (Note 3)	3,524,914	2,662,886
<b>Total Cash and Cash Equivalents</b>	10,387,001	6,875,337
Accounts Receivable		
Province of Nova Scotia	16,479,925	20,587,622
PNS - Teacher's Salary Accrual	2,139,100	1,715,100
Government of Canada	304,454	519,225
Other	606,230	517,656
PNS - Long-Term Service Awards	8,454,882	8,956,209
<b>Total Financial Assets</b>	38,371,592	39,171,149
<b>Capital Assets</b>		
New Book Value of Capital Assets (Note 2)	-	-
<b>Total Financial and Capital Assets</b>	38,371,592	39,171,149
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,943,261	3,399,612
Payables and Accruals - Government		
Province of Nova Scotia	123,238	80,885
Municipalities	30,953	38,057
Government of Canada	1,240,981	1,282,286
Other Payables & Accrued Liabilities	2,164,948	2,799,272
Teachers Salary Accruals	2,139,100	1,715,100
Deferred Revenues	3,754,759	2,262,809
Long-Term Service Awards Liability (Note 8)	8,454,882	8,956,209
Long-Term Sick Leave Accrual (Note 7)	14,038,858	13,961,694
<b>Total Liabilities</b>	33,890,980	34,495,924
Equity - Capital	-	-
<b>Total Liabilities and Capital Equity</b>	33,890,980	34,495,924
<b>Net (debt)/surplus</b>	4,480,612	4,675,225
<b>Non-Financial assets</b>		
Prepaid expenses	485,592	453,871
Tangible capital assets (Schedule E)	1,201,489	1,036,643
<b>Accumulated surplus/(deficit) end of year</b>	6,167,693	6,165,739
<b>Committed Surplus</b>		
School Based Funds	3,063,903	2,662,886
Non-Financial Assets	1,687,081	1,490,514
<b>Total Committed Surplus</b>	4,750,984	4,153,400
<b>Uncommitted Surplus</b>	\$ 1,416,709	\$ 2,012,339
Trust Funds Under Administration (Note 4)		
Commitments (Note 5)		
Contingencies (Note 6)		

On Behalf of the Board





The accompanying notes are an integral part of these financial statements.

Annapolis Valley Regional School Board  
Consolidated Statement of Operations and Accumulated Surplus  
As at March 31, 2017

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
<b>Revenue (Schedule A)</b>			
Province of Nova Scotia	\$ 106,974,472	\$ 104,862,554	\$ 107,951,405
Government of Canada	996,132	982,570	1,013,244
Municipal Contributions	21,941,949	21,941,959	21,282,792
School Generated Funds (Note 3)	4,000,000	3,408,471	4,192,769
Other Revenues	4,158,912	3,755,315	3,950,624
<b>Total Revenues</b>	<u>138,071,465</u>	<u>134,950,869</u>	<u>138,390,834</u>
<b>Expenses (Schedule B)</b>			
Total Board Governance	388,356	371,267	379,138
Total Regional Management	3,634,126	3,794,517	3,325,071
Total School Management	16,798,925	15,880,971	19,368,443
Total Instruction	63,797,369	62,794,042	62,805,815
Total Student Support	22,854,823	23,219,305	21,758,667
Total Adult Education	453,431	467,901	429,992
Total Property Services	12,763,480	12,412,140	13,221,731
Total Student Transportation	9,324,683	9,099,387	9,248,641
Other Programs	3,139,793	3,048,131	2,812,529
School Generated Funds (Note 3)	4,000,000	3,007,454	4,136,905
Interest Expense	788,020	744,780	788,020
Amortization Expense	128,459	109,020	111,259
<b>Total Expenses</b>	<u>\$ 138,071,465</u>	<u>134,948,915</u>	<u>138,386,209</u>
Annual Surplus/(deficit) before unusual items		1,954	4,625
<b>School Board surplus/(deficit) on an expense basis</b>		<u>1,954</u>	<u>4,625</u>
<b>Accumulated surplus/(deficit) beginning of year:</b>			
Previously Reported		<u>6,165,739</u>	<u>6,161,114</u>
<b>Accumulated surplus/(deficit) end of year</b>		<u>6,167,693</u>	<u>6,165,739</u>
<b>Committed Surplus</b>			
School Based Funds		3,063,903	2,662,886
Non-Financial Assets		1,687,081	1,490,514
<b>Uncommitted Surplus</b>		<u>\$ 1,416,709</u>	<u>\$ 2,012,339</u>

The accompanying notes are an integral part of these financial statements.

Annapolis Valley Regional School Board  
 Consolidated Statement of Change in Net (Debt)/Surplus  
 For the Year Ended March 31, 2017

	2017	2016
Net (debt)/surplus beginning of year	\$ 4,675,225	\$ 4,681,998
Changes in the Year		
Surplus/(Deficit), on an Expense Basis	1,954	4,625
Acquisition of tangible capital assets	(273,865)	(93,080)
Amortization of tangible capital asset	109,020	111,259
(Increase) Decrease in prepaid expenses	(31,722)	(29,577)
Net (debt)/surplus end of year	\$ 4,480,612	\$ 4,675,225

The accompanying notes are an integral part of these financial statements.

Annapolis Valley Regional School Board  
Consolidated Statement of Cash Flow  
For the Year Ended March 31, 2017

	<b>2017</b>	<b>2016</b>
<b>Operating Transactions</b>		
Annual surplus	\$ 6,167,693	\$ 6,165,739
Change in prepaid expenses	(31,722)	(29,577)
Change in deferred revenue	1,491,950	320,492
Change in accounts receivable	4,311,221	(5,263,451)
Change in accounts payable	(1,672,731)	(1,709,535)
Change in long-term debt	(424,163)	1,386,581
<b>Cash Provided by Operating Transactions</b>	<b>9,842,248</b>	<b>870,249</b>
Acquisition of tangible capital assets	(273,865)	(93,080)
Amortization of tangible capital assets	109,020	111,259
	(164,845)	18,179
<b>Increase in cash and cash equivalents</b>	<b>9,677,403</b>	<b>888,428</b>
Previous Year's Surplus	(6,165,739)	(6,161,114)
<b>Cash and cash equivalents at beginning of year</b>	6,875,337	12,148,023
<b>Cash and cash equivalents at end of year</b>	<b>\$ 10,387,001</b>	<b>\$ 6,875,337</b>

The accompanying notes are an integral part of these financial statements.

Annapolis Valley Regional School Board  
Schedule A - Supplementary Details of Revenues  
For the Year Ended March 31, 2017

	<b>2017 Budget</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Revenue</b>			
<b><u>Province of Nova Scotia:</u></b>			
Operating	\$ 76,752,700	\$ 76,758,398	\$ 81,662,762
Restricted	25,380,822	23,492,924	22,796,468
Capital	113,400	113,400	113,366
Other	3,012,450	2,100,932	1,436,984
Recoveries	-	257,800	226,726
Teachers Salary Accrual	1,715,100	2,139,100	1,715,100
<b>Total Province of Nova Scotia</b>	<b>106,974,472</b>	<b>104,862,554</b>	<b>107,951,405</b>
 <b><u>Government of Canada:</u></b>			
IA Northern Development	748,149	816,318	874,687
Secretary of State	247,983	166,252	138,557
<b>Total Government of Canada</b>	<b>996,132</b>	<b>982,570</b>	<b>1,013,244</b>
 <b><u>Municipal contributions:</u></b>			
Mandatory	21,941,949	21,941,959	21,282,792
<b>Total Municipal Contributions</b>	<b>21,941,949</b>	<b>21,941,959</b>	<b>21,282,792</b>
 <b><u>School Generated Funds:</u></b>			
School Generated (Note 3)	4,000,000	3,408,471	4,192,769
<b>Total School Generated</b>	<b>4,000,000</b>	<b>3,408,471</b>	<b>4,192,769</b>

The accompanying notes are an integral part of these financial statements.



Annapolis Valley Regional School Board  
Schedule A - Supplementary Details of Revenues  
For the Year Ended March 31, 2017

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
<b><u>Other Revenues:</u></b>			
Board Generated - Other	642,129	468,666	790,067
Other Revenue - Schools	1,195,686	1,096,294	1,193,259
Tuition - Students	812,385	559,317	550,576
Registration	1,225,000	1,173,615	1,000,327
Interest/Investments	70,000	73,907	68,406
Recoveries - Non-governmental	200,000	181,377	205,576
Non-Government Grants	-	201,286	139,733
Donations	13,712	853	2,680
<b>Total Other Revenues</b>	<b><u>4,158,912</u></b>	<b><u>3,755,315</u></b>	<b><u>3,950,624</u></b>
<b>Total Revenues</b>	<b><u><u>\$ 138,071,465</u></u></b>	<b><u><u>\$ 134,950,869</u></u></b>	<b><u><u>\$ 138,390,834</u></u></b>

The accompanying notes are an integral part of these financial statements.

Annapolis Valley Regional School Board  
Schedule B - Supplementary Details of Expenses  
For the Year Ended March 31, 2017

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
<b>Expenses:</b>			
<b><u>Board Governance:</u></b>			
Board Members	\$ 265,248	\$ 247,664	\$ 256,136
Board Secretary	57,233	57,728	57,127
NSSBA & Other	65,875	65,875	65,875
<b>Total Board Governance</b>	<b><u>388,356</u></b>	<b><u>371,267</u></b>	<b><u>379,138</u></b>
<b><u>Regional Management:</u></b>			
Management Services	1,231,988	1,242,297	1,184,921
Financial Services	1,168,605	1,149,657	1,219,753
Human Resources Services	805,295	835,389	727,789
Communication Services	85,310	83,065	84,881
ITS - Regional	342,928	484,109	107,728
<b>Total Regional Management</b>	<b><u>3,634,126</u></b>	<b><u>3,794,517</u></b>	<b><u>3,325,071</u></b>
<b><u>School Management &amp; Support:</u></b>			
School Management	10,737,945	10,653,491	10,702,973
Program & Curriculum Support	5,048,060	4,194,024	6,808,566
ITS - Site Specific	1,012,920	1,033,456	1,856,904
<b>Total School Management</b>	<b><u>16,798,925</u></b>	<b><u>15,880,971</u></b>	<b><u>19,368,443</u></b>
<b><u>Instructional &amp; School Services:</u></b>			
Instruction	61,144,944	60,348,583	60,511,398
Guidance Services	2,072,425	1,934,301	1,701,206
Library Services	580,000	511,158	593,211
<b>Total Instruction</b>	<b><u>63,797,369</u></b>	<b><u>62,794,042</u></b>	<b><u>62,805,815</u></b>
<b><u>Student Support:</u></b>			
Program Management	10,530,783	11,039,860	9,905,498
Instruction	10,350,411	10,229,380	10,108,558
Program & Curriculum Support	1,973,629	1,950,065	1,744,611
<b>Total Student Support</b>	<b><u>22,854,823</u></b>	<b><u>23,219,305</u></b>	<b><u>21,758,667</u></b>

The accompanying notes are an integral part of these financial statements.

Annapolis Valley Regional School Board  
Schedule B - Supplementary Details of Expenses  
For the Year Ended March 31, 2017

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
<b><u>Adult Education:</u></b>			
Program Management	-	-	-
Instruction	453,431	467,901	429,992
<b>Total Adult Education</b>	<b>453,431</b>	<b>467,901</b>	<b>429,992</b>
<b><u>Property Services:</u></b>			
Management Services	1,012,475	960,625	1,000,282
Custodial Services	4,805,200	4,630,688	4,774,890
Maintenance Services	6,515,805	6,366,820	6,973,169
Grounds Services	430,000	454,007	473,390
<b>Total Property Services</b>	<b>12,763,480</b>	<b>12,412,140</b>	<b>13,221,731</b>
<b><u>Student Transportation:</u></b>			
Management Services	468,005	485,126	425,589
Transportation (Board)	3,651,173	3,580,209	3,713,332
Maintenance (Board)	1,152,430	1,025,118	1,138,257
Transportation (Contract)	4,053,075	4,008,934	3,971,463
<b>Total Student Transportation</b>	<b>9,324,683</b>	<b>9,099,387</b>	<b>9,248,641</b>
Other Programs	3,139,793	3,048,131	2,812,529
School Based Funds (Note 3)	4,000,000	3,007,454	4,136,905
Interest Expense	788,020	744,780	788,020
Amortization Expense	128,459	109,020	111,259
<b>Total Other Expenses</b>	<b>8,056,272</b>	<b>6,909,385</b>	<b>7,848,712</b>
<b>Total</b>	<b>\$ 138,071,465</b>	<b>\$ 134,948,915</b>	<b>\$ 138,386,209</b>

The accompanying notes are an integral part of these financial statements.

Annapolis Valley Regional School Board  
Schedule D - Supplementary Details of Trusts and School Based Funds  
For the Year Ended March 31, 2017

	March 2016	Additions	Interest	Disbursements	March 2017
ARRA Library Trust	\$ 4,119	\$ -	\$ 89	\$ -	\$ 4,208
AVRSB BD Mem Sch Fd	7,190	-	157	600	6,747
Raymond Banks Memorial	11,288	-	243	230	11,301
Barteaux Trust	274	250	7	-	531
Bateman Trust	4,843	-	104	79	4,868
Beals Trust	413,474	-	8,979	6,000	416,453
Beattie Trust	12,068	-	261	246	12,083
Borden Trust	3,867	-	84	89	3,862
Brannon Trust	539	-	12	-	551
Brazil, Duane Mem	8,360	-	183	500	8,043
Bruce Memorial Award	-	1,000	-	-	1,000
Carter Trust	1,606	-	38	500	1,144
Card Trust	50,866	-	1,098	1,150	50,814
Charles Eaves Award	16,118	-	348	-	16,466
Clarke	6,964	-	151	162	6,953
Coldwell Trust	5,081	-	110	118	5,073
Cummings Trust	14,758	261	320	500	14,839
Dakin Trust	6,627	-	143	300	6,470
Dalton Trust	17,940	-	387	-	18,327
Daniel Arnold Memorial	5,608	4,126	123	1,500	8,357
DeEll Trust	54,071	-	1,176	1,254	53,993
Dorothy Russell	1,428	-	30	500	958
Eastern Star	30,689	1,300	516	-	32,505
Fairn	45,238	-	1,000	3,000	43,238
Harvey	4,344	-	94	100	4,338
Haskell Trust	26,107	395	568	1,000	26,070
Hibbard Trust	11,907	-	256	225	11,938
Horton Alumni Trust	21	-	-	21	-
Horton Golden Trust	4,830	21	112	500	4,463
Hudgins Trust	465	-	10	10	465
Inglis Trust	21,060	-	456	320	21,196
IODE Olympic Chapter	81,717	-	1,793	3,750	79,760
IOOF Wolfville	16,664	-	361	100	16,925
Jones - BRES	7,491	-	161	-	7,652
Jones - BRHS	16,784	-	362	-	17,146
Johnston Trust	30,589	-	667	1,200	30,056
Lightfoot Trust	151	-	3	-	154
Lyons Trust	4,768	-	104	110	4,762
MacFarlane	43	-	7	20	30
MacNutt Trust	63,509	-	1,374	1,000	63,883
Mitchell Trust	1,834	-	40	41	1,833
MRHS 40th Ann. Trust	25,047	-	547	1,000	24,594
Neily Trust	447	-	10	10	447
Nixon Trust	6,239	105	136	250	6,230
Candice Parker Trust	4,351	-	97	500	3,948
Paul Bethune	49,747	-	1,074	1,300	49,521
Harry E. Parker Trust	6,611	300	149	500	6,560
Rena B. Parker Trust	38,278	-	832	445	38,665
Frank Pecora Mem Bursary	1,596	-	37	500	1,133
Quartermain Trust	15	-	6	-	21
Rainforth Trust	598	-	13	-	611
Sinnott Trust	11,106	-	241	258	11,089
Terri Spinney Mem	68	-	1	-	69
Earle Spicer Trust	27,755	-	603	646	27,712

The accompanying notes are an integral part of these financial statements.

Annapolis Valley Regional School Board  
Schedule D - Supplementary Details of Trusts and School Based Funds  
For the Year Ended March 31, 2017

	March 2016	Additions	Interest	Disbursements	March 2017
Bill Wade Memorial	11,090	4,500	328	6,000	9,918
Whitman Memorial	9,436	-	207	500	9,143
Worthylake Trust	6,086	-	131	1,500	4,717
Champlain Refresh	8,333	33,900	-	42,352	(119)
Horton Refresh	59,487	300,000	-	274,753	84,734
Northeast Kings Refresh	24,421	105,114	-	103,623	25,912
Pine Ridge Refresh	(3,405)	68,106	-	64,581	120
Champlain Capital Fund	11,549	1,595	-	920	12,224
Horton Capital Fund	19,124	16,260	-	4,938	30,446
Northeast Kings Capital Fund	6,256	4,947	-	2,092	9,111
Pine Ridge Capital Fund	13,564	3,205	-	965	15,804
Total Trusts	1,353,099	545,385	26,339	532,758	1,392,065
Foundation Total	489,146	323,550	7,824	320,633	499,887
Total Trusts & Foundation	<b>\$ 1,842,245</b>	<b>\$ 868,935</b>	<b>\$ 34,163</b>	<b>\$ 853,391</b>	<b>\$ 1,891,952</b>

**School Generated Funds**

	March 31, 2016	Additions	Interest	Disbursements	March 31, 2017
Aldershot	\$ 29,785	\$ 35,243	\$ -	\$ 30,203	\$ 34,825
Annapolis East	59,513	103,557	-	85,473	77,597
AWEC Office	137,390	99,885	54	90,353	146,976
Avon View	149,551	238,727	-	198,090	190,188
Berwick	49,890	62,178	-	55,692	56,376
BRES	24,821	44,534	-	18,677	50,678
BRHS	65,932	93,021	138	72,296	86,795
Brooklyn	24,329	84,552	-	65,735	43,146
Cambridge	27,905	40,518	-	25,933	42,490
Central Kings	180,493	279,815	-	260,489	199,819
Champlain	27,976	28,687	-	38,361	18,302
Clark Rutherford	4,077	21,345	-	20,352	5,070
Coldbrook	55,280	146,587	-	94,092	107,775
Dr Arthur Hines	13,778	32,409	-	28,510	17,677
Dwight Ross	21,111	27,030	11	28,940	19,212
EMS	70,157	78,516	-	79,783	68,890
Falmouth	26,483	32,882	-	30,932	28,433
Gaspereau	21,630	26,918	-	28,007	20,541
Glooscap	26,759	32,357	-	28,557	30,559
Hantsport	47,583	26,389	48	16,953	57,067
Highbury Education	7,736	2,878	-	413	10,201
Horton	255,727	333,064	-	319,089	269,702
KCA	93,804	163,892	194	153,031	104,859
Kings Co Adult High	9,566	3,001	-	6,008	6,559
Kingston Dist	32,893	66,762	-	57,076	42,579
LE Shaw	9,511	20,368	-	9,601	20,278
Lawrencetown	48,783	37,074	-	30,482	55,375
Lawrencetown Ed. Ctr.	5,261	72,174	-	54,800	22,635
MRHS	185,576	169,353	320	172,036	183,213

The accompanying notes are an integral part of these financial statements.

Annapolis Valley Regional School Board  
Schedule D - Supplementary Details of Trusts and School Based Funds  
For the Year Ended March 31, 2017

	March 2016	Additions	Interest	Disbursements	March 2017
New Minas	48,715	33,578	-	26,855	55,438
Northeast Kings	193,317	235,700	-	227,898	201,119
Pine Ridge	99,640	63,935	-	65,968	97,607
Port Williams	18,281	41,709	-	31,947	28,043
Somerset	17,886	60,104	-	57,572	20,418
St Mary's	55,896	35,485	-	35,767	55,614
Three Mile Plns	25,087	20,392	-	17,144	28,335
WHEC	7,286	13,256	-	5,988	14,554
West Hants	73,896	104,943	576	105,524	73,891
West Kings	239,625	257,284	514	215,025	282,398
Windsor Adult High	8,176	1,756	-	987	8,945
Windsor EI	22,645	41,026	-	36,728	26,943
Windsor Forks	44,285	16,513	-	14,489	46,309
Wolfville School	94,851	77,219	-	65,598	106,472
<b>Total School Generated Funds</b>	<b>\$ 2,662,886</b>	<b>\$ 3,406,616</b>	<b>\$ 1,855</b>	<b>\$ 3,007,454</b>	<b>\$ 3,063,903</b>

The accompanying notes are an integral part of these financial statements.

Annapolis Valley Regional School Board  
Schedule E - Supplementary Details of Tangible Capital Assets  
As of March 31, 2017

**Costs of Tangible Asset(s)**

	<b>Buildings</b>	<b>Vehicles</b>	<b>Building Betterments</b>	<b>2017</b>	<b>2016</b>
<b>Opening Costs</b>	\$ 427,951	\$ 791,323	\$ 849,485	\$ 2,068,759	\$ 1,975,679
Additions	-	98,696	175,169	273,865	93,080
Disposals	-	-	-	-	-
<b>Closing Costs</b>	<u>427,951</u>	<u>890,019</u>	<u>1,024,654</u>	<u>2,342,624</u>	<u>2,068,759</u>

**Accumulated Amortization(s)**

<b>Opening Balance</b>	144,039	656,953	231,123	1,032,115	920,857
Disposals	-	-	-	-	-
Amortization Expense	14,196	63,176	31,648	109,020	111,259
<b>Closing Balance</b>	<u>158,235</u>	<u>720,129</u>	<u>262,771</u>	<u>1,141,135</u>	<u>1,032,116</u>

Note Book Value (NBV)	<u>269,716</u>	<u>169,890</u>	<u>761,883</u>	<u>1,201,489</u>	<u>1,036,643</u>
Opening Balance, April 1, 2016	283,912	134,369	618,362	1,036,643	1,054,822
Closing Balance, March 31, 2017	<u>269,716</u>	<u>169,890</u>	<u>761,883</u>	<u>1,201,489</u>	<u>1,036,643</u>
Increase (decrease) In Net Book Value	<u>\$ (14,196)</u>	<u>\$ 35,521</u>	<u>\$ 143,521</u>	<u>\$ 164,846</u>	<u>\$ (18,179)</u>

The accompanying notes are an integral part of these financial statements.

**Annapolis Valley Regional School Board**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2017**

**1. Nature of Operations**

The Annapolis Valley Regional School Board is an independent legal entity with an elected board as required under the Education Act. The Board provides educational services from grade primary to grade 12 at public schools within the Annapolis Valley. The Board is a registered charity under the Income Tax Act and is exempt from income tax and can issue official receipts to donors.

**2. Summary of significant accounting policies**

These consolidated financial statements have been prepared to conform in all material respects to Canadian generally accepted accounting principles prescribed by the Public Sector Accounting and Auditing Handbook for Federal, Provincial and Territorial Governments, of the Public Sector Accounting Board. These consolidated financial statements have been prepared using the following significant accounting policies:

**Revenues**

Revenues are recorded on an accrual basis. The main components of revenue are funding from the Province of NS, Government of Canada and Municipal Contributions. The Board receives contributions by volunteer support in the delivery of certain programs within the schools. Due to the difficulty in determining or estimating the value of these contributions, contributed services are not quantified and recognized in these financial statements.

The Board recognizes as revenue provincial government transfers representing the year over year change in accrued benefit obligations as the transfer has been authorized.

**Expenses**

Expenses are recorded on the accrual basis. Provisions are made for probable losses on accounts receivable, and for contingent liabilities when it is likely that a liability exists and the amount can be reasonably determined.

**Pension Liabilities**

The Board contributes to Registered Retirement Savings Plans and Registered Pension Plans on behalf of the non-teaching employees. The Board's teachers are members of a pension plan established by the Province of Nova Scotia as required by the Teachers' Pension Act. The Province of Nova Scotia and the Nova Scotia Teachers' Union are responsible for funding this plan.

**Net Debt**

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

**Financial Instruments**

Cash and cash equivalents are recorded at cost which approximates market value. The Board's financial instruments consist of cash and cash equivalents, receivables, payable and accruals and other liabilities. It is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.



**Annapolis Valley Regional School Board  
Notes to the Consolidated Financial Statements Continued  
March 31, 2017**

**2. Summary of significant accounting policies continued**

**Cash and cash equivalents**

Cash and cash equivalents included cash on hand, balances with banks, short term deposits and bank balances held by schools.

**Non Financial Assets**

All capital acquisitions are now recorded using Tangible Capital Asset accounting. All non financial assets previously recorded that do not meet these guidelines have been removed from these statements.

All tangible capital assets purchased by the Board are recorded as assets and amortized based on the Province of Nova Scotia's tangible capital asset accounting policy thresholds. The thresholds and amortization rates are as follows:

Buildings	\$250,000	Amortization	5%	Declining Balance
Vehicles	\$ 15,000	Amortization	35%	Declining Balance
Building betterments	\$150,000	Amortization	5%	Declining Balance

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 goods or service is used or consumed.

**Accumulated Deficit/Surplus**

Accumulated Deficit/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.

**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 consolidated financial statements and reported amounts by fund of revenue and expenditure. Actual results could differ from these estimates.

**3. School Based Funds**

The Board is required to include in its financial statements the financial activities of its school sites. To meet this requirement, the Board has instituted a new school based funds policy to promote appropriate internal controls, provided each site with a standard computer based accounting system and established common reporting standards for school based funds. The following is a summary of these financial activities, a site by site listing is provided in Schedule D.

March 31, 2016	Additions	Interest	Disbursements	Schedule D - SBF	Deferred Revenue	March 31, 2017
\$2,662,886	\$3,406,616	\$1,855	\$3,007,454	\$3,063,903	\$461,011	\$3,524,914

(Student Council Funds are included in the School Based Funds totals. Cafeteria funds are no longer school based and are administered in the regional Financial System)

**Annapolis Valley Regional School Board**  
**Notes to the Consolidated Financial Statements Continued**  
**March 31, 2017**

**4. Trust funds**

The Annapolis Valley Regional School Board manages a number of trust funds primarily for the generation of scholarships and awards. A summary of the trusts and their activity is found in Schedule D of these financial statements. Effective April 1, 1997, the Board incorporated the activities of the former Kings County District School Board Foundation. These are now carried as a separate Trust Account.

**5. Contractual Obligations**

Contract	Vendor	2017-18	2018-19	2019-20	2020-21
Contracted School Bus Transportation Services	Stock Transportation	\$3,753,414	\$3,847,190	\$3,943,369	\$1,222,522
Regional Office Rent	Western Kings Health Society	\$305,952	\$309,929	\$77,732	-
West Hants Education Centre and Windsor Adult High Rent	BioMedica Diagnostics Inc.	\$149,216	\$37,442	-	-
NSSPI Photocopier	Xerox Canada	\$119,667	\$123,257	\$126,955	130,764
<b>Totals</b>		<b>\$4,328,249</b>	<b>\$4,317,818</b>	<b>\$4,148,056</b>	<b>\$1,353,286</b>

**6. Contingency**

There is a claim outstanding against the Annapolis Valley Regional School Board. The outcome of this claim is not determinable and therefore no amount has been recorded in the accounts of the Annapolis Valley Regional School Board. Any settlement resulting from the resolution of this claim will be treated as a charge to operations in the period the settlement occurs.

**7. Accumulated sick leave liability**

The Board has recognized in these consolidated financial statements, the liability associated with accumulated sick leave earned by teaching and non-teaching 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, 2017.

The non-teaching accumulated sick leave actuarial valuation was prepared by Morneau Shepell based on data from March 31, 2015 that was extrapolated to March 31, 2017. All assumptions used in the Sick Leave valuation have been chosen by the Province. The discount rate to be used in the calculations was 3.59% per annum at March 31, 2017. A rate of 3.71% per annum was used as at March 31, 2016. Salary increases were assumed to be 1% at April 1, 2016 and 2% at April 1, 2017, 2.5% at April 1, 2018 and 3.5% at April 1, 2019. Retirement age was assumed to be 10% at age 59, 20% at age 60, 10% at age 61-64, 50% at age 65-69 and 100% at age 70.

The teaching accumulated sick leave actuarial valuation was prepared by Eckler Ltd. based on valuation as at July 31, 2014 and extrapolated to March 31, 2016. The Province provided the information for the assumptions. The discount rate was set at 3.71% as of March 31, 2016 and 3.59% as of March 31, 2017. The retirement for 2015-16 and 2016-17 was estimated to be 50% at the Rule of 85 with the remainder at earlier of 35 years of credited services, age 62 with 10 years credited service, and age 65 with 2 years credited service. Withdrawal prior to retirement was set at 5% per annum in the first 2 years of employment. The salary increases were assumed to be 0% on April 1, 2016, 1% on April 1, 2017, 1.5% on April 1, 2018, 0.5% on March 31, 2019 and 2.0% per year from April 1, 2019. Expected sick leave utilization is 7.6 days per school year for males and 8.8 days per year for females. The expected net sick leave accrual for a full time employee is 20 day less expected current year sick leave used (12.4 days for males and 11.2 days for females).

**Annapolis Valley Regional School Board**  
**Notes to the Consolidated Financial Statements Continued**  
**March 31, 2017**

**7. Accumulated sick leave liability (continued)**

**Non-Teaching - Accumulated Sick Leave**

	<u>2017</u>	<u>2016</u>
Opening benefit obligation, beginning of the year	\$ 1,494,735	\$ 1,336,421
Current service cost	196,748	160,077
Interest on obligation	53,163	49,465
Impact of plan amendment	-	-
Other (past service, transfers, etc)	(241,933)	(211,854)
Less: sick leave taken	-	-
Actuarial (gains) losses	71,036	160,626
Closing benefit obligation, end of year	<u>1,573,749</u>	<u>1,494,735</u>
Pension assets, at market related values	-	-
Funded status - surplus (deficiency)	<u>(1,573,749)</u>	<u>(1,494,735)</u>
Unamortized actuarial (gains) losses	240,562	187,168
<b>Accrued benefit asset (liability)</b>	<u><b>\$(1,333,187)</b></u>	<u><b>\$(1,307,567)</b></u>

**Teachers -Accumulated Sick Leave**

Opening benefit obligation, beginning of the year	\$10,933,197	\$10,729,000
Current service cost	663,300	652,100
Interest on obligation	392,708	407,597
Impact of plan amendment	(875,000)	(875,000)
Other (past service, transfers, etc)	-	-
Less: sick leave taken	-	-
Actuarial (gains) losses	111,600	19,500
Closing benefit obligation, end of year	<u>11,225,805</u>	<u>10,933,197</u>
Pension assets, at market related values	-	-
Funded status - surplus (deficiency)	(11,225,805)	(10,933,197)
Unamortized actuarial (gains) losses	(1,479,866)	(1,720,930)
<b>Accrued benefit asset (liability)</b>	<u><b>\$(12,705,671)</b></u>	<u><b>\$(12,654,127)</b></u>
<b>Total Sick Leave Liability</b>	<u><b>\$(14,038,858)</b></u>	<u><b>\$(13,961,694)</b></u>

**Annapolis Valley Regional School Board**  
**Notes to the Consolidated Financial Statements Continued**  
**March 31, 2017**

**8. Service Awards**

During the 2000-2001 and the 2013-2014 fiscal years the Province of Nova Scotia assumed full responsibility for accumulated liability associated with teaching and non-teaching employee retirement allowances. School boards are responsible only for the current service cost of this benefit. The projected liability is offset by a corresponding receivable from the Province. The amount of the projected liability has been determined by the Nova Scotia Department of Finance, based on an actuarial valuation.

The non teachers retiring allowance actuarial valuation was prepared by Morneau Shepell based on data from March 31, 2015, extrapolated to March 31, 2017. All assumptions used in the Sick Leave valuation have been chosen by the Province. The discount rate to be used in the calculations was 3.59% per annum at March 31, 2017. A rate of 3.71% per annum was used as at March 31, 2016. Salary increases were assumed to be 1% at April 1, 2016 and 2% at April 1, 2017, 2.5% at April 1, 2018 and 3.5% at April 1, 2019. Retirement age was assumed to be 10% at age 59, 20% at age 60, 10% at age 61-64, 50% at age 65-69 and 100% at age 70.

CUPE members who have a frozen benefit as at July 16, 1998 are entitled to a payment upon retirement of the frozen amount reduced to reflect the proportion by which unused sick time at retirement is less than unused sick time at July 16, 1998.

CUPE members with 15 years of service at April 1, 2015, including those with the frozen benefit noted above, are entitled to a payment upon retirement of 1 week's pay, 2 week's pay if they have 30 years of service at April 1, 2015.

NSGEU members who have a frozen benefit as at November 18, 1998 are entitled to a payment upon retirement of the frozen amount reduced to reflect the proportion by which unused sick time at retirement is less than unused sick time at November 18, 1998.

Non Union members who have a frozen benefit as at December 31, 1998 are entitled to a payment upon retirement of the frozen amount.

The teachers retirement allowance actuarial valuation was prepared by Eckler Ltd. based on valuation as at July 31, 2013 and extrapolated to March 31, 2016. The Province provided the information for the assumptions. The discount rate was set at 3.71% as of March 31, 2016 and 3.59% as of March 31, 2017. The retirement for 2015-16 and 2016-17 was estimated to be 50% at the Rule of 85 with the remainder at earlier of 35 years of credited services, age 62 with 10 years credited service, and age 65 with 2 years credited service. The salary increases were assumed to be 0% on April 1, 2016, 1% on April 1, 2017, 1.5% on April 1, 2018, .05% on March 31, 2019 and 2.0% per year from April 1, 2019. No pre-retirement mortality assumed. No termination prior to retirement assumed.

In determining liabilities and current service costs under accounting standard CPA PS 3250, the method required is the projected unit credit method, prorated on service. Under this method, the total benefit payable at retirement is allocated on a pro-rata basis over all years of service. However, with the curtailment of service as at August 1, 2015, the benefit is no longer pro-rated (all service has been accrued).

Government Accounting informed the actuary to assume the plan is curtailed effective August 1, 2015 and accrued service for purposes of benefit determination is frozen at that date.

**Annapolis Valley Regional School Board**  
**Notes to the Consolidated Financial Statements Continued**  
**March 31, 2017**

**8. Service Awards (continued)**

**Non-Teachers - Retiring Allowances**

	<u>2017</u>	<u>2016</u>
Opening benefit obligation, beginning of the year	\$ 249,448	\$ 283,824
Current service cost	-	-
Interest on obligation	7,608	10,268
Impact of curtailment		(3,040)
Other (past service, transfers, etc)		180
Less: benefits paid	(76,364)	(8,408)
Actuarial (gains) losses	3,484	(33,377)
Closing benefit obligation, end of year	<u>184,176</u>	<u>249,448</u>
Pension assets, at market related values	-	-
Funded status - surplus (deficiency)	<u>(184,176)</u>	<u>(249,448)</u>
Unamortized actuarial (gains) losses	<u>(21,549)</u>	<u>(33,377)</u>
<b>Accrued benefit asset (liability)</b>	<b><u>\$ (205,724)</u></b>	<b><u>\$ (282,825)</u></b>

**Teachers - Retiring Allowances**

Opening benefit obligation, beginning of the year	\$ 8,385,084	\$ 8,371,090
Current service cost	-	193,500
Interest on obligation	291,299	320,691
Impact of curtailment	-	369,000
Other (past service, transfers, etc)	-	312,100
Less: benefits paid	(694,934)	(892,997)
Actuarial (gains) losses	1,104,900	(288,300)
Closing benefit obligation, end of year	<u>9,086,349</u>	<u>8,385,084</u>
Pension assets, at market related values	-	-
Funded status - surplus (deficiency)	<u>(9,086,349)</u>	<u>(8,385,084)</u>
Unamortized actuarial (gains) losses	<u>837,191</u>	<u>(288,300)</u>
<b>Accrued benefit asset (liability)</b>	<b><u>\$(8,249,158)</u></b>	<b><u>\$(8,673,384)</u></b>
<b>Total Retiring Allowance Liability</b>	<b><u>\$(8,454,882)</u></b>	<b><u>\$(8,956,209)</u></b>