

Financial Statements of

**CAPE BRETON-VICTORIA
REGIONAL SCHOOL BOARD**

Year ended March 31, 2018



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INDEPENDENT AUDITORS' REPORT

To the Minister of Education and Early Childhood Development

We have audited the accompanying financial statements of Cape Breton-Victoria Regional School Board which comprise the statements of financial position as at March 31, 2018 and the statements of operations, accumulated operating surplus, change in net financial assets, cash flows and continuity of scholarship fund for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants

Sydney, Canada
July 17, 2018

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Financial Statements

March 31, 2018

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CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Financial Position

March 31, 2018, with comparative figures for 2017

	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents		
General	\$ 10,832,656	\$ 9,293,704
School-based funds (note 2)	4,321,759	4,175,883
	<u>15,154,415</u>	<u>13,469,587</u>
Accounts receivable		
Province of Nova Scotia (note 3)	6,692,855	3,737,542
First Nation (note 4)	224,945	236,304
Government of Canada (note 5)	432,210	275,913
Other	2,034,994	1,979,725
	<u>9,385,004</u>	<u>6,229,484</u>
Province of Nova Scotia, other		
Retirement service awards receivable – teaching (note 6)	9,502,246	9,464,922
Retirement service awards receivable – non-teaching (note 6)	792,804	716,817
Sick leave receivable – teaching (note 7)	15,802,045	16,167,384
Sick leave receivable – non-teaching (note 7)	1,587,811	1,638,388
	<u>27,684,906</u>	<u>27,987,511</u>
Restricted cash and investment – scholarships	372,670	401,556
Total financial assets	<u>52,596,995</u>	<u>48,088,138</u>
FINANCIAL LIABILITIES		
Payables and accruals – trade	4,771,549	4,153,110
Teachers' salary payable	1,988,000	2,454,400
Non-teaching vacation pay payable	1,055,750	947,326
Other salary payable	2,466,312	2,018,968
	<u>10,281,611</u>	<u>9,573,804</u>
Payables and accruals – government		
Province of Nova Scotia	32,563	453,256
Government of Canada	3,207	335
Municipalities	27,343	14,579
	<u>63,113</u>	<u>468,170</u>
Province of Nova Scotia, other		
Retirement service awards obligation – teaching (note 6)	9,502,246	9,464,922
Retirement service awards obligation – non-teaching (note 6)	792,804	716,817
Accrued sick leave obligation – teaching (note 7)	15,802,045	16,167,384
Accrued sick leave obligation – non-teaching (note 7)	1,587,811	1,638,388
	<u>27,684,906</u>	<u>27,987,511</u>
Contaminated sites liability (note 8)	1,095,000	499,800
Liability for future environmental clean-up (note 9)	2,860,000	574,350
Deferred revenue	5,339,307	4,292,827
Scholarship trust funds	372,670	401,556
Total financial liabilities	<u>47,696,607</u>	<u>43,798,018</u>
NET FINANCIAL ASSETS	4,900,388	4,290,120
NON-FINANCIAL ASSETS		
Prepaid expenses	727,448	725,952
Tangible capital assets (note 10)	159,490	155,045
Total non-financial assets	<u>886,938</u>	<u>880,997</u>
ACCUMULATED SURPLUS	<u>\$ 5,787,326</u>	<u>\$ 5,171,117</u>

Contingencies (note 16)

Subsequent events (note 17)

See accompanying notes to financial statements.

On behalf of the Board

Deputy Minister

Regional Education Director

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Operations

Year ended March 31, 2018, with comparative figures for 2017

	2018		2017
	Budget	Actual	Actual
REVENUES			
Province of Nova Scotia	\$ 135,941,760	\$ 144,185,197	\$ 140,660,135
Government of Canada	1,364,432	1,423,617	1,397,384
Municipal contributions	15,851,000	15,851,000	15,686,700
Board generated	3,974,195	5,371,805	4,799,789
School-based funds (note 2)	–	4,300,802	4,310,212
	157,131,387	171,132,421	166,854,220
EXPENSES			
Board governance	452,373	864,764	412,983
Financial services	1,800,352	1,811,588	1,753,634
Office of the Superintendent	544,897	575,158	589,921
Human resources	980,894	945,321	883,952
School services administration	3,562,184	3,570,509	3,830,508
School based	124,837,330	123,299,336	123,966,375
Operations administration	1,219,375	1,114,831	1,195,219
Property services	16,060,122	22,580,054	18,595,870
Transportation	6,424,316	6,560,297	6,430,650
Technology services	1,169,544	2,021,211	1,571,709
Tangible capital asset amortization	80,000	85,878	83,485
Other programs	–	3,273,569	2,777,404
School-based funds (note 2)	–	3,813,696	4,228,377
	157,131,387	170,516,212	166,320,087
OPERATING SURPLUS	\$ –	\$ 616,209	\$ 534,133

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Accumulated Surplus

Year ended March 31, 2018, with comparative figures for 2017

				2018	2017
	Unrestricted	School-based Funds	Reserve	Total	Total
BALANCE, BEGINNING OF YEAR	\$ 1,522,211	\$ 3,648,906	\$ -	\$ 5,171,117	\$ 4,636,984
Annual surplus	129,103	487,106	-	616,209	534,133
Interfund transfer	(75,451)	-	75,451	-	-
BALANCE, END OF YEAR	\$ 1,575,863	\$ 4,136,012	\$ 75,451	\$ 5,787,326	\$ 5,171,117

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Change in Net Financial Assets

Year ended March 31, 2018, with comparative figures for 2017

	2018	2017
NET FINANCIAL ASSETS, BEGINNING OF YEAR	\$ 4,290,120	\$ 4,185,636
Changes during the year		
Operating surplus	616,209	534,133
Acquisition of tangible capital assets	(90,323)	(91,595)
Amortization of tangible capital assets	85,878	83,485
Increase in prepaid expenses	(1,496)	(421,539)
Increase in net financial assets	610,268	104,484
NET FINANCIAL ASSETS, END OF YEAR	\$ 4,900,388	\$ 4,290,120

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Cash Flows

Year ended March 31, 2018, with comparative figures for 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating surplus	\$ 616,209	\$ 534,133
Non-cash items		
Amortization of tangible capital assets	85,878	83,485
Change in non-cash operating working capital		
Decrease (increase) in accounts receivable	(3,155,520)	758,915
Increase in prepaid expenses	(1,496)	(421,539)
Increase (decrease) in payables and accruals – trade	618,439	(331)
Increase in salaries payable	89,368	63,715
Increase (decrease) in payables and accruals – government	(405,057)	418,060
Increase in contaminated liability	595,200	–
Increase in liability for future environmental clean-up	2,285,650	51,150
Increase in deferred revenue	1,046,480	1,201,494
	<u>1,775,151</u>	<u>2,689,082</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of tangible capital assets	(90,323)	(91,595)
INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,684,828</u>	<u>2,597,487</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,469,587	10,872,100
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 15,154,415</u>	<u>\$ 13,469,587</u>
Represented on the financial statements by		
General	\$ 10,832,656	\$ 9,293,704
School-based funds	4,321,759	4,175,883
	<u>\$ 15,154,415</u>	<u>\$ 13,469,587</u>

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Scholarship Fund Financial Position

March 31, 2018, with comparative figures for 2017

	2018	2017
ASSETS		
Cash and investments	\$ 372,670	\$ 401,556
FUND BALANCE		
Rossetti	\$ 161,561	\$ 163,630
O'Connell	1,490	25,454
George MacKay Bursary	145,836	145,191
Annie Bell Grady Memorial	18,845	19,550
Townsend	1,012	997
McDonagh	5,283	5,254
Panagiotakos	8,966	8,915
McQuarrie	3,121	3,120
Annie Hall	1,927	1,918
C.J.C.B.	3,994	3,994
Daniel Munroe	2,937	2,923
John D. MacLeod Memorial	932	938
T.L. Sullivan Memorial	1,820	1,812
Mary Elizabeth Brennan	2,228	2,215
William Hilchie Memorial	2,936	2,916
Isabel MacDermid Memorial	3,336	3,366
Wendell & Diane Coldwell Memorial	743	752
Jon David Corbett	3,006	2,986
Leonard Matheson	1,367	1,361
Ellen Dunn Balah	635	1,118
Minor Hockey	695	3,146
	\$ 372,670	\$ 401,556

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Continuity of Scholarship Fund

Year ended March 31, 2018, with comparative figures for 2017

	Rossetti	O'Connell	MacKay	Grady	Townsend	McDonagh	Panagiotakos	McQuarrie
Balance, beginning of year	\$ 163,630	\$ 25,454	\$ 145,191	\$ 19,550	\$ 997	\$ 5,254	\$ 8,915	\$ 3,120
Interest earned	1,581	404	2,195	295	15	79	136	66
	165,211	25,858	147,386	19,845	1,012	5,333	9,051	3,186
Scholarship awarded	3,650	24,368	1,550	1,000	—	50	85	65
Balance, end of year	\$ 161,561	\$ 1,490	\$ 145,836	\$ 18,845	\$ 1,012	\$ 5,283	\$ 8,966	\$ 3,121

	Annie Hall	C.J.C.B.	Munroe	MacLeod	Sullivan	Brennan	Hilchie	MacDermid
Balance, beginning of year	\$ 1,918	\$ 3,994	\$ 2,923	\$ 938	\$ 1,812	\$ 2,215	\$ 2,916	\$ 3,366
Interest earned	29	—	44	14	28	33	45	70
	1,947	3,994	2,967	952	1,840	2,248	2,961	3,436
Scholarship awarded	20	—	30	20	20	20	25	100
Balance, end of year	\$ 1,927	\$ 3,994	\$ 2,937	\$ 932	\$ 1,820	\$ 2,228	\$ 2,936	\$ 3,336

	Coldwell	Corbett	Matheson	Dunn Balah	Minor Hockey	2018 Total	2017 Total
Balance, beginning of year	\$ 752	\$ 2,986	\$ 1,361	\$ 1,118	\$ 3,146	\$ 401,556	\$ 437,769
Interest earned	11	45	21	17	49	5,177	4,604
	763	3,031	1,382	1,135	3,195	406,733	442,373
Scholarship awarded	20	25	15	500	2,500	34,063	40,817
Balance, end of year	\$ 743	\$ 3,006	\$ 1,367	\$ 635	\$ 695	\$ 372,670	\$ 401,556

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements

Year ended March 31, 2018

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.

The School Board recognizes as revenue provincial government transfers representing the year over year change in the accrued retirement and service awards obligation and accrued sick leave obligation as the transfer has been authorized.

(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.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements

Year ended March 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(k) Liability for contaminated sites

The School Board accrues a liability to estimate the cost to remediate contaminated sites to the level necessary to allow the property to meet the environmental standard appropriate to its current use of status. This relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. The liability is based on estimates and assumptions using the best information available to management.

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:

	2018	2017
Opening balance	\$ 4,175,883	\$ 3,597,333
Additions to school-based funds	4,300,802	4,310,212
School funded activities	(3,813,696)	(4,228,377)
Decrease (increase) in prepaids	(7,630)	132,821
Decrease (increase) in accounts receivable	(83,108)	164,754
Increase (decrease) in deferred revenue	(267,308)	228,852
Increase (decrease) in accounts payable	16,816	(29,712)
	<u>\$ 4,321,759</u>	<u>\$ 4,175,883</u>

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2018

3. ACCOUNTS RECEIVABLE, PROVINCE OF NOVA SCOTIA

	2018	2017
Teachers' salary accrual	\$ 1,988,000	\$ 2,454,400
International student program	497,095	474,438
Other	201,321	237,033
TCA capital	1,281,097	201,119
Information economy initiative	149,406	135,152
Provincial operating capital	126,200	126,200
Non-Teaching Directors Service Award	63,974	75,825
Non-Teaching Other Service Award	–	25,334
Gas tax rebate	33,744	8,041
Environmental liability recovery	2,085,000	–
P-3 refresh	204,378	–
Secondment	62,640	–
	<u>\$ 6,692,855</u>	<u>\$ 3,737,542</u>

4. ACCOUNTS RECEIVABLE, FIRST NATION

	2018	2017
Tuition receivable	\$ 224,945	\$ 236,304

5. ACCOUNTS RECEIVABLE, GOVERNMENT OF CANADA

	2018	2017
Harmonized sales tax	\$ 432,210	\$ 275,913

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

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2018

6. RETIREMENT SERVICE AWARDS (CONTINUED)

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 \$9,502,246 as of March 31, 2018 (2017 - \$9,464,922) – teaching; \$792,804 as of March 31, 2018 (2017 - \$716,817) – non-teaching.

During the year, eligible employees (teachers and non-union) were provided an opportunity to elect for an early service payout in lieu of their retirement allowance. This one-time election ended March 29, 2018. The election uptake was 91% for teachers and 97% for non-union. Non-teaching union groups were not eligible in 2017-18. The total amount of early service payouts accrued at March 31, 2018 was \$9.145 million. The impact of these immediate payouts has been reflected in the current year by recognizing a gain on settlement of \$242,468 and previously unamortized losses of \$507,141.

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

TEACHING

			2018	2017
	Actual Obligation	Unamortized Losses	Total	Total
Balance, beginning of year	\$ 10,553,238	\$ (1,088,316)	\$ 9,464,922	\$ 9,743,461
Interest cost	355,592	–	355,592	332,943
Other adjustments (benefits paid differential)	(310,300)	–	(310,300)	–
Unamortized items recognized on curtailment (prior year)	–	319,700	319,700	(1,344,800)
Amortization of actuarial losses (gains)	–	589,050	589,050	(23,316)
Benefit payments	(597,018)	–	(597,018)	(588,166)
Actuarial (gains) losses	(319,700)	–	(319,700)	1,344,800
Balance, end of year	\$ 9,681,812	\$ (179,566)	\$ 9,502,246	\$ 9,464,922

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2018

6. RETIREMENT SERVICE AWARDS (CONTINUED)

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

TEACHING

	2018	2017
Interest obligation	\$ 355,592	\$ 332,943
Amortization of actuarial losses (gains)	589,050	(23,316)
Other adjustments (benefits paid differential)	(310,300)	-
	\$ 634,342	\$ 309,627

NON-TEACHING

	2018		2017	
	Actual Obligation	Unamortized Losses	Total	Total
Balance, beginning of year	\$ 728,138	\$ (11,321)	\$ 716,817	\$ 763,550
Interest cost	24,589	-	24,589	25,830
Impact of curtailment/ settlement	67,832	-	67,832	-
Unamortized items Recognized on curtailment (prior year)	-	(3,506)	(3,506)	(20,577)
Amortization of actuarial loss (gain)	-	8,900	8,900	(3,085)
Benefit payments	(25,334)	-	(25,334)	(69,478)
Actuarial losses	3,506	-	3,506	20,577
Balance, end of year	\$ 798,731	\$ (5,927)	\$ 792,804	\$ 716,817

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

	2018	2017
Interest obligation	\$ 24,589	\$ 25,830
Amortization of actuarial loss (gain)	8,900	(3,085)
Plan amendments/curtailment	67,832	-
	\$ 101,321	\$ 22,745

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2018

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, 2018. 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 accumulated sick leave for past services for the School Board to be \$15,802,045 as of March 31, 2018 (2017 - \$16,167,384) – teaching; \$1,587,811 as of March 31, 2018 (2017 - \$1,638,388) – non-teaching.

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

TEACHING

			2018	2017
	Actual Obligation	Unamortized Losses	Total	Total
Balance, beginning of year	\$ 12,373,068	\$ 3,794,316	\$ 16,167,384	\$ 16,584,047
Current service cost	516,000	–	516,000	493,200
Interest cost	421,346	–	421,346	436,905
Sick leave taken	(961,000)	–	(961,000)	(961,000)
Amortization of actuarial gain	–	(341,685)	(341,685)	(385,768)
Balance, end of year	\$ 12,349,414	\$ 3,452,631	\$ 15,802,045	\$ 16,167,384

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

	2018	2017
Current service cost	\$ 516,000	\$ 493,200
Interest cost	421,346	436,905
Amortization of actuarial gain	(341,685)	(385,768)
	\$ 595,661	\$ 544,337

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2018

7. ACCRUED SICK LEAVE (CONTINUED)

NON-TEACHING

			2018	2017
	Actual Obligation	Unamortized Gains (losses)	Total	Total
Balance, beginning of year	\$ 1,673,562	\$ (35,174)	\$ 1,638,388	\$ 1,700,902
Current service cost	184,708	–	184,708	174,638
Interest cost	55,795	–	55,795	57,777
Sick leave taken	(295,927)	–	(295,927)	(291,547)
Actuarial loss	13,487	(13,487)	–	–
Amortization of actuarial loss (gain)	–	4,847	4,847	(3,382)
Balance, end of year	\$ 1,631,625	\$ (43,814)	\$ 1,587,811	\$ 1,638,388

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

	2018	2017
Current service cost	\$ 184,708	\$ 174,638
Interest cost	55,795	57,777
Amortization of actuarial loss (gain)	4,847	(3,382)
	\$ 245,350	\$ 229,033

8. CONTAMINATED SITES

The Province of Nova Scotia has established under the Environment Act and under the OH&S Act regulations and codes of practice for dealing with asbestos containing materials. These include regulations for the disposal of asbestos containing materials and codes of practice for management of and for removal of asbestos containing materials. Nova Scotia's Department of Labour and Advanced Education considers building materials as asbestos containing if it contains asbestos at a concentration greater than or equal to 0.5% asbestos fibers.

Asbestos is present in two of our buildings that are no longer in productive use. Remediation will be part of any demolition project or sale of such buildings. The cost per square foot for the liabilities recorded in the financial statements was based on current demolition costs. It is expected both buildings will either be demolished or sold within the current fiscal year.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2018

9. LIABILITY FOR FUTURE ENVIRONMENTAL CLEAN-UP

The School Board has identified three properties that are either scheduled for closure or renovation that have asbestos containing materials greater than provincial standards referred to in note 8. The School Board has recorded a liability based on management's best estimate of the cost of remediation and has recorded a receivable from the Province of Nova Scotia for its commitment to fund the renovation at one affected school.

10. TANGIBLE CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated amortization	Net	Net
Service vehicles	\$ 1,374,765	\$ 1,215,275	\$ 159,490	\$ 155,045

11. 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 of March 31, 2018, the Board had \$371,850 (2017 - \$436,321) of such funds on deposit together with a corresponding liability of \$373,790 (2017 - \$436,321) the difference which is set up as a payable to (receivable from) the Nova Scotia Teachers' Credit Union as at March 31, 2018.

12. 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. A provision is included in the Board's financial statements for the related pension amounts in the amount of \$15,604,700.

(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 \$1,096,248 (2017 - \$1,160,195) 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.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2018

12. PENSION PLANS (CONTINUED)

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, 2018 statement of operations are employer contributions of \$71,220 (2017 - \$94,136), which represents the pension cost to the School Board.

13. 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.

During the year, the School Board made an insurance claim relating to flooding at one of the schools. Insurance proceeds of \$251,245 were recorded as revenue in the year ended March 31, 2017 statement of operations to offset expenses incurred by the School Board. Insurance proceeds of \$475,611 were recorded as revenue in the year ended March 31, 2018. Further insurance proceeds are expected, however, no amounts have been recorded at March 31, 2018. The remaining insurance proceeds will be recorded in the period of settlement.

14. 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 medical premiums.

15. FINANCIAL INSTRUMENTS

The School Board is exposed to various risks through its financial instruments and includes the following significant risk at March 31, 2018.

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.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2018

16. CONTINGENCIES

The Board has been named a defendant in a legal matter and other grievances. 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.

17. SUBSEQUENT EVENTS

On April 1, 2018, the Education Reform (2018) Act came into effect. The implementation of this Act dissolved the Cape Breton-Victoria Regional School Board effective April 1, 2018, with all assets and liabilities transferring to a successor entity, known as Cape Breton-Victoria Regional Centre for Education on the same date. The successor entity is a corporation sole, with the Minister of Education and Early Childhood Development as sole director. The Education reform (2018) Act was passed on March 9, 2018.

18. COMPARATIVE FIGURES

Certain 2017 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.