

Consolidated Financial Statements

Tri-County Regional School Board

March 31, 2018

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Independent auditor's report

Grant Thornton LLP
4th Floor, Dawson Centre
197 Dufferin Street
Bridgewater, NS
B4V 2G9
T +1 902 543 8115
F +1 902 543 7707
www.GrantThornton.ca

Honourable Zach Churchill - Minister,
Education and Early Childhood Development

We have audited the accompanying consolidated financial statements of the Tri-County Regional School Board, which comprise the consolidated financial position as at March 31, 2018, and the consolidated statement of operations and surplus, changes 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 consolidated 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 consolidated 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 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Tri-County Regional School Board as at March 31, 2018, and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in the schedules on pages 27 to 35 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the consolidated financial statements taken as a whole.



Bridgewater, Canada
July 17, 2018

Chartered Professional Accountants
Licensed Public Accountants

Tri-County Regional School Board

Consolidated Statement of Financial Position

As at March 31

2018

2017

Financial Assets

Cash and Cash Equivalents	\$ 4,036,517	\$ 3,237,022
Cash Held by Schools (Note 6)	1,665,150	1,663,240
	<u>\$ 5,701,667</u>	<u>\$ 4,900,262</u>
Accounts Receivable		
Province of Nova Scotia	\$ 1,717,657	\$ 1,698,957
Government of Canada	336,257	136,119
Other	290,281	481,463
Accrued Benefit Asset (Note 7)	1,578,800	1,416,300
Receivable - Service Award Allowance (Note 11)	5,549,159	5,272,567
Receivable - Sick Leave Allowance (Note 12)	8,847,247	8,837,119
Total Financial Assets	<u>\$ 24,021,068</u>	<u>\$ 22,742,787</u>

Financial Liabilities

Accounts Payable and Accrued Liabilities - Trade	\$ 3,364,314	\$ 2,193,388
Accrued Payroll and Employee Deductions	1,964,210	1,737,585
Payables and Accruals - Government		
Province of Nova Scotia	195,430	699,675
Municipalities	11,333	20,151
Deferred Revenue (Note 14)	2,474,736	2,505,309
Service Award Obligations (Note 11)	5,549,159	5,272,567
Sick Leave Obligations (Note 12)	8,847,246	8,837,119
Total Financial Liabilities	<u>\$ 22,406,428</u>	<u>\$ 21,265,794</u>

Net Financial Assets

	<u>\$ 1,614,640</u>	<u>\$ 1,476,993</u>
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Non-Financial Assets (Note 3)

Tangible Capital Assets (Schedule C)	\$ 149,697	\$ 192,354
Inventory	242,505	242,505
Prepaid Expenses	340,272	337,545
	<u>\$ 732,474</u>	<u>\$ 772,404</u>

Accumulated Surplus (Note 4)

	<u><u>\$ 2,347,114</u></u>	<u><u>\$ 2,249,397</u></u>
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Trust Funds under Administration (Note 8 and Schedule D & E)

Contractual Obligations (Note 9)

Contingent Liability (Note 10)

On Behalf of the Board

Regional Executive Director

Deputy Minister

Tri-County Regional School Board

Consolidated Statement of Operations and Surplus

For the year ended March 31

2018

2017

			(Restated - Note 17)
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues (Schedule A)			
Province of Nova Scotia	\$ 66,589,167	\$ 66,389,432	\$ 63,753,785
Government of Canada	313,515	322,488	332,661
Municipal Contributions	11,328,700	11,328,694	11,319,128
School Generated Funds (Note 6)	2,500,000	2,565,230	2,319,507
Board Operations	2,815,297	2,905,148	2,531,562
Total Revenues	<u>\$ 83,546,679</u>	<u>\$ 83,510,992</u>	<u>\$ 80,256,643</u>
Expenditures (Schedule B)			
Board Governance	\$ 320,214	\$ 630,070	\$ 281,099
Office of the Superintendent	488,548	513,019	542,065
Financial Services	583,802	527,269	620,066
Human Resources Services	592,536	546,397	592,754
School Services	63,604,964	62,476,310	60,822,605
Operational Services	14,876,615	15,935,123	15,118,859
Pre-Primary Programming	580,000	375,297	-
School Generated Funds (Note 6)	2,500,000	2,409,790	2,217,688
Total Expenditures	<u>\$ 83,546,679</u>	<u>\$ 83,413,275</u>	<u>\$ 80,195,136</u>
School Board Surplus	\$ -	\$ 97,717	\$ 61,507
Accumulated Surplus, beginning of year	-	2,249,397	2,187,890
Accumulated Surplus, end of year	<u>\$ -</u>	<u>\$ 2,347,114</u>	<u>\$ 2,249,397</u>

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

For the year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Net Financial Assets, beginning of year	<u>\$ 1,476,933</u>	<u>\$ 1,476,993</u>	<u>\$ 1,347,337</u>
Changes in the Year			
School Board Surplus	-	97,717	61,507
Amortization of Tangible Capital Assets	84,291	79,648	88,163
Purchases of Tangible Capital Assets	-	(42,306)	(57,418)
Disposition of Tangible Capital Assets	-	5,314	18,362
Decrease in Inventory	-	-	30,407
Increase in Prepaid Expenses	-	(2,726)	(11,365)
Increase in Net Financial Assets	<u>84,291</u>	<u>137,647</u>	<u>129,656</u>
Net Financial Assets, end of year	<u>\$ 1,561,224</u>	<u>\$ 1,614,640</u>	<u>\$ 1,476,993</u>

Tri-County Regional School Board

Consolidated Statement of Cash Flows

For the year ended March 31

2018

2017

Increase (decrease) in cash and cash equivalents

Operating Transactions

School Board Surplus	\$ 97,717	\$ 61,507
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Items not affecting cash:

Loss on disposition of assets	5,314	18,362
Tangible capital asset amortization	79,648	88,163
	<u>182,679</u>	<u>168,032</u>

Changes in non-cash working capital

(Increase) decrease in accounts receivable	(27,656)	602,710
(Increase) decrease in receivables - service awards	(276,592)	263,935
(Increase) decrease in receivable - sick leave allowance	(10,127)	23,093
Increase in prepaid expenses	(2,727)	(11,365)
Decrease in inventory	-	30,407
Increase in accrued benefit asset	(162,500)	(32,300)
Increase in accounts payable and accruals	884,488	1,134,663
(Decrease) increase in deferred revenue	(30,573)	1,169,117
Increase (decrease) in service award obligation	276,592	(263,935)
Increase (decrease) in sick leave obligations	10,127	(23,093)
	<u>661,032</u>	<u>2,893,232</u>

Cash provided by operating activities	<u>843,711</u>	<u>3,061,264</u>
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Capital Transactions

Purchase of tangible capital assets	<u>(42,306)</u>	<u>(57,418)</u>
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Increase in cash and cash equivalents	801,405	3,003,846
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Cash and cash equivalents, beginning of year	<u>4,900,262</u>	<u>1,896,416</u>
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Cash and cash equivalents, end of year	<u>\$ 5,701,667</u>	<u>\$ 4,900,262</u>
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Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

1. Nature of Operations

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

2. Management Responsibility Statement

The consolidated financial statements of the Tri-County Regional School Board are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 3. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

3. Financial Reporting and Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector, which for purposes of the School Board's financial statements are represented by accounting recommendations of the CPA Canada Public Sector Accounting Handbook, (PSAB) supplemented where appropriate by other CPA Canada – accounting standards or pronouncements.

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

Reporting entity

The consolidated statement of financial position is presented using the principles prescribed by the Department of Education. Trust funds are not included in the statement of operations or in the statement of financial position. For a detailed review the reader should refer to the financial statements of each fund as presented in these financial statements.

Revenues

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

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

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

3. Financial Reporting and Accounting Policies (continued)

Tri-County Regional School Board recognizes as revenue provincial government transfers representing the year over year change in accrued benefit obligations as the transfer has been authorized.

Public Private Partnership and International Student Program revenues are recognized as revenue when the related service is rendered.

Rental income is recognized over the term of the lease.

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

Expenditure

Expenditures are the cost of goods and services acquired in the period whether or not payment has been made or invoices recorded. Expenditures are recorded on the accrual basis and include the cost of supply inventories purchased during the year. Provisions are made for probable losses on certain loans, investments, accounts receivable, and are for contingent liabilities when it is likely that a liability exists and the amount can be reasonably determined. These provisions are updated as estimates are revised, at least annually.

Use of estimates

In preparing the Board's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenses. Actual amounts could differ from these estimates.

Cash and cash equivalents

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

Financial instruments

The Board's financial instruments include receivables, cash and cash equivalents, bank indebtedness, investments, payable and accruals, due to/from related parties. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, except for payables to related parties, for which fair value was not readily determinable.

Financial Assets

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

Accounts receivable are recorded at the principal amount less valuation allowances, if applicable.

Liabilities

Pension, retirement and other obligations include various employee benefits. For purposes of these financial statements, the School Board's pension liabilities are calculated using an accrued benefits actuarial method and using accounting assumptions which reflect the Board's best estimates of performance over the long-term. The net pension liabilities represent accrued pension benefits less the market related value of pension assets (if applicable) and the balance of unamortized experience gains and losses.

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

3. Financial Reporting and Accounting Policies (continued)

Deferred Revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year that the related expenditures are incurred or service performed.

Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into the air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites would be recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. The Tri-County Regional School board: a) is directly responsible; or b) accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

Net Financial Assets

Net financial assets represent the financial assets of the Board less financial liabilities.

Non-Financial Assets

Inventories are bus garage parts and bus tire inventories recorded at average cost. All other supplies and purchases are expensed.

Tangible Capital Assets

Tangible capital assets have useful lives extending beyond the accounting period, are held for use in the production or supply of goods and services and are not intended for sale in the ordinary course of operations. Tangible capital assets are recorded at net historical cost, when applicable. Tangible capital assets include land, buildings, computer equipment and software, and vehicles. Tangible capital assets do not include intangibles or assets acquired by right. The buildings and school buses financed by the Province of Nova Scotia and transferred to the school boards are not accounted for in the school board's financial statements; rather they are included in the Province of Nova Scotia's financial statements.

The Board adopted the Province of Nova Scotia's Tangible Capital Assets Accounting Policy thresholds and only those assets meeting the thresholds are recorded as additions. The thresholds and amortization rates using the declining balance method, as defined in the policy are as follows:

	<u>Threshold</u>	<u>Rates</u>
Building	\$250,000	5%
Building improvements	\$150,000	5%
Leasehold improvements	\$250,000	Lease term (SL)
Computer hardware	\$25,000	50%
Motor vehicles	\$15,000	35%
Major Equipment	\$50,000	20%
Furniture, Equipment & Technology	\$300,000	30%
Software	\$250,000	50%

Prepaid Expenses and Inventories

Prepaid expenses are cash disbursements for goods or services, other than tangible capital assets and inventories of supplies, of which some or all will provide economic benefits in one or more future periods. The prepaid amount is recognized as an expense in the year the good or service is used or consumed.

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

4. Accumulated Surplus

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

	<u>2018</u>	<u>2017</u>
Operating Deficit - Unrestricted, beginning of year	\$ (830,143)	\$ (518,429)
School Board Surplus (Deficit), on an expense basis after adjustment	<u>97,717</u>	<u>(61,507)</u>
	(732,426)	(456,922)
Operating Surplus – Designated to Defined Benefit Pension Plan	(162,500)	(32,300)
Operating Surplus – Designated to School Funds	<u>(1,910)</u>	<u>(340,921)</u>
Operating Deficit – Unrestricted, end of year	<u>(896,836)</u>	<u>(830,143)</u>
Defined Pension Plan – Accrued Benefit Asset, beginning of year	1,416,300	1,384,000
Defined Pension Plan – Accrued Benefit Asset, net surplus for year	<u>162,500</u>	<u>32,300</u>
Defined Pension Plan – Accrued Benefit Asset, end of year	<u>1,578,800</u>	<u>1,416,300</u>
School Funds – Restricted, beginning of year	1,663,240	1,322,319
School Funds – Restricted, net surplus for year	<u>1,910</u>	<u>340,921</u>
School Funds – Restricted, end of year	<u>1,665,150</u>	<u>1,663,240</u>
Accumulated Surplus, end of year	<u>\$ 2,347,114</u>	<u>\$ 2,249,397</u>

5. Adoption of New Accounting Standards

On April 1, 2017, the School Board adopted the following Canadian public sector accounting standards:

- PS 2200 Related party disclosures, defines a related party and establishes disclosures required for related party transactions.
- PS 3210 Assets, provides guidance for applying the definition of assets in PS 1000, Financial Statement Concepts and establishes general disclosure standards for assets.
- PS 3320 Contingent Assets, establishes disclosure standards on contingent assets.
- PS 3380 Contractual rights, defines and establishes disclosure standards on rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- PS 3420 Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise the reporting entity. This standard provides that inter-entity transactions should generally be recorded at the carrying amount at the transaction date, except in certain circumstances.

In accordance with the provisions of these new accounting standards, the School Board reflected the adjustment at April 1, 2017 to record on a gross basis the amount of allocated NSTU medical benefits and pension contributions paid by the Province of Nova Scotia on the School Board's behalf. This resulted in the prior year statements being restated for an increase of Revenue – Province of Nova Scotia by \$6,799,900 and Expenditure – School Costs by the same amount. There is no effect on the accumulated surplus.

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

6. School Generated Funds

These financial statements include funds arising from certain school and student activities that are controlled and administered by each school, for which the Board is accountable. Revenue from school funds is recognized as the funds are received. School funded activities expenses are recorded as the funds are expended. School Generated Funds include the revenues and expenditures and fund balances of various organizations that exist at the school level under the jurisdiction of the School Board.

Changes in cash held by schools are as follows:

Changes in surplus are as follows:	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 1,663,240	\$ 1,322,319
Additions to school generated funds	2,565,230	2,319,507
School funded activities expenses	(2,409,790)	(2,217,688)
School funds – restricted programs (recognition of prior year deferred revenue)	(239,102)	-
School funds – restricted programs (deferred revenue)	<u>85,572</u>	<u>239,102</u>
Net school generated funds for year	<u>1,910</u>	<u>340,921</u>
Balance, end of year	<u>\$ 1,665,150</u>	<u>\$ 1,663,240</u>

7. Defined Benefit Pension Plans

Details on the defined benefit plans were provided by Morneau Shepell on April 27, 2018 and have been determined by them in accordance with PS 3250 for the Tri-County Regional School Board C.U.P.E. Staff Pension Plan (the "CUPE Plan") and the Tri-County Regional School Board Support Staff Pension Plan (the "Support Staff Plan"). Results are presented for the fiscal year ending March 31, 2018 based on the information received dated April 27, 2018.

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

C.U.P.E defined benefit pension plan

The CUPE pension plan was last valued on December 31, 2016. The next funding valuation of the plan is required to be completed for December 31, 2019. The accrued benefit asset was adjusted to March 31, 2018 by including employer contributions made between January and March of 2018. The reconciliation of the accrued benefit asset shows a funded status of \$662,800 as of March 31, 2018. Plan assets are recorded at market value. The Board uses the Projected Unit Credit method of actuarial costs, which is prorated on service.

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

7. Defined Benefit Pension Plans (continued)

Major assumptions regarding the CUPE pension plan are as follows:

Actuarial cost method	Projected Unit Credit prorated on service
Discount rate per annum for the fiscal 2018	5.00%
Expected return on plan assets	5.00%
Annual salary increases	2.75%
Interest credited on employee contributions	5.00%
Retirement age	65 Years (or in one year, if later)
Administrative expenses	Implicitly recognized in the discount rate

Support Staff defined benefit pension plan

The Support Staff pension plan was last valued on December 31, 2016. The next funding valuation of the plan is required to be completed for December 31, 2019. The accrued benefit asset was adjusted to March 31, 2018 by including employer contributions made between January and March of 2018. The reconciliation of the accrued benefit asset shows a funded status of \$916,000 as of March 31, 2018. Plan assets are recorded at market value. The Board uses the Projected Unit Credit method of actuarial costs, which is prorated on service.

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

Actuarial cost method	Projected Unit Credit Prorated on Service
Discount rate per annum for the fiscal 2018	5.00%
Expected return on plan assets	5.00%
Annual salary increases	2.75%
Interest credited on employee contributions	5.00%
Retirement age	60 Years (or in one year, if later)
Administrative expenses	Implicitly recognized in the discount rate

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

7. Defined Benefit Pension Plans (continued)

The following table shows the plan's pension expense for the 2018 fiscal year, the expected benefit asset as at March 31, 2018 and a reconciliation of the accrued benefit asset as at March 31, 2018.

Pension Expense:	<u>CUPE</u>	<u>Support Staff</u>	<u>Total</u>
Pension Expenditure/Expense:			
Current service cost (net of employee contributions)	\$ 423,700	\$ 350,700	\$ 774,400
Amortization of actuarial (gains) losses	(27,900)	(39,400)	(67,300)
Pension Interest Expenditure/Expense:			
Interest cost on the Accrued Benefit Obligation	406,200	306,300	712,500
Expected return on Plan Assets	<u>(449,100)</u>	<u>(364,600)</u>	<u>(813,700)</u>
Total 2018 pension expense	\$ 352,900	\$ 253,000	\$ 605,900

Development of Accrued Benefit Asset as at March 31, 2018

	<u>CUPE</u>	<u>Support Staff</u>	<u>Total</u>
Accrued Benefit Asset as at March 31, 2017	\$ 605,200	\$ 811,100	\$ 1,416,300
Fiscal 2018 expense	(352,900)	(253,000)	(605,900)
Fiscal 2018 School Board Contributions	<u>410,500</u>	<u>357,900</u>	<u>768,400</u>
Accrued Benefit Asset as at March 31, 2018	\$ 662,800	\$ 916,000	\$ 1,578,800

Reconciliation of the Accrued Benefit Asset as at March 31, 2018

	<u>CUPE</u>	<u>Support Staff</u>	<u>Total</u>
Assets	\$ 9,969,300	\$ 8,120,400	\$ 18,089,700
Accrued Benefit Obligation	<u>(8,879,200)</u>	<u>(6,425,400)</u>	<u>(15,304,600)</u>
Funded status as at March 31, 2017	1,090,100	1,695,000	2,785,100
Unamortized actuarial losses (gains)	(531,400)	(863,300)	(1,394,700)
Employer Contributions January to March 2018	<u>104,100</u>	<u>84,300</u>	<u>188,400</u>
Accrued Benefit Asset as at March 31, 2018	\$ 662,800	\$ 916,000	\$ 1,578,800

The accrued benefit asset of \$1,578,800 reflected in the financial statements for the year ended March 31, 2018 is based on estimates received from Morneau Shepell on April 27, 2017 and has not been adjusted to reflect the final estimated value.

Other pension plans

The School Board's teaching staff is covered by a pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act. Employer contributions for these employees are provided directly by the Province of Nova Scotia. Costs and the related funding provided by the Province have been reflected in these consolidated financial statements. The pension costs and obligations related to these plans are the direct responsibility of the Province.

Some non-teaching employees are covered by a multi-employer pension plan by the Nova Scotia School Board Association.

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

8. Trust Funds under Administration

Trust fund assets administered by the School Board are identified in Schedule D. The Trust funds represent capital contributed in trust as well as income thereon. Such income is used to provide scholarships for eligible students or expenditures for specifically, designated purposes.

9. Contractual Obligations

Contractual obligations over \$100,000 in total in future years are as follows:

	Rental Leases
2019	\$ 264,270
2020	\$ 266,764
2021	\$ 269,258
2022	\$ 219,040
2023	\$ 36,374
Total	<u>\$ 1,055,706</u>

10. Contingent Liability

Environmental and Legal Matters

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

11. Service Award Obligations

Summary of Service Award Obligations

The last actuarial valuation for Teacher service awards was conducted as at July 31, 2016. The actuarial liabilities for Teachers service awards as at March 31 were extrapolated based on the latest actuarial valuations. The actuarial valuation for the Non-teacher service awards was as at March 31, 2015 and was extrapolated to March 31, 2018.

	<u>2018</u>	<u>2017</u>
Service Awards - Teachers	\$ 4,599,724	\$ 4,440,902
Service Awards - Non-Teachers	<u>949,435</u>	<u>831,665</u>
Total Service Award Obligations – Teachers and Non-Teachers	<u>\$ 5,549,159</u>	<u>\$ 5,272,567</u>

The Board has recognized in these consolidated financial statements the liability associated with retirement allowances earned by staff. The Board has recorded a corresponding receivable from the Province of Nova Scotia which has assumed responsibility for the liability up to March 31, 2018.

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

11. Service Award Obligation (continued)

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 92% for teachers and 69% for non-union. Non-teaching groups were not eligible in 2017-18. The total amount of early service payouts accrued at March 31, 2018 was \$4,017,933. The impact of these immediate payouts has been reflected in the current year by recognizing a gain on settlement of \$43,404 and a previously unamortized losses of \$291,011.

I. Service Awards – Teachers

For all service on or before July 31, 2000, under the terms of agreements with local units of the Nova Scotia Teachers' Union, the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years' service with the Board. The amounts of the awards are as follows:

Shelburne District	- \$90 per year of service (maximum 35 years)
Yarmouth District	- 0.75 of 1% of annual salary (maximum TC6) per year of service (maximum 30 years)
Digby District	- \$80 per year of service (maximum 30 years)
Clare-Argyle District	- 0.6 of 1% of annual salary per year of service (maximum 35 years)

For all service commencing on or after August 1, 2000 under the terms of agreement with the NSTU and the Province of Nova Scotia, the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years' service with the Board. The amount of the award is as follows: .75 of 1% for each year of service with the Board multiplied by the annual salary rate on the last day of employment with the Board.

For all service commencing on or after August 1, 2002 under the terms of agreement with the NSTU and Province of Nova Scotia the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years' service with the Board. The amount of the award is as follows: 1% of each year of service with the Board multiplied by the annual salary rate on the last day of employment with the Board.

The Province of Nova Scotia assumed responsibility for the payment of Service Awards for teachers effective April 1, 2002. The Board has recorded a service award and interest expense for the service awards for teachers, as provided by the Province of Nova Scotia.

The valuations and extrapolations reflect the benefit provisions of the retirement allowance programs as of the measurement date with the possible exception that the actuary was directed by the Province of Nova Scotia to reflect the freeze of service accrual under the retirement allowance programs as at April 1, 2015.

Section 3250 requires that all unamortized gains and losses be recognized on plan curtailment. Actuarial gains and losses that are revealed after the plan curtailment are to be amortized over the expected average remaining service life ("EARSL") of active employees.

Eckler Ltd. provided the Province of Nova Scotia with post-retirement benefit disclosures as at March 31, 2018 under section 3250 of the CPA Canada Public Sector Accounting Handbook.

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

11. Service Award Obligation (continued)

All assumptions used in the Retiring Allowance valuation have been chosen by the Province of Nova Scotia:

Discount Rate on Liabilities:	<ul style="list-style-type: none"> • 3.71% per annum for March 31, 2016 benefit obligation • 3.59% per annum for fiscal 2016/17 expense determination and March 31, 2017 benefit obligation • 3.42% per annum for fiscal 2017/18 expense determination, March 31, 2018 benefit obligation and estimated fiscal 2018/19 expense determination 		
Retirement Age:	50% at Rule of 85, remainder at earlier of 35 years of credited service, age 62 with 10 years of credited service, and age 65 with 2 years of credited service		
Mortality:	<ul style="list-style-type: none"> • No pre-retirement mortality assumed 		
Withdrawal Prior to Retirement:	<ul style="list-style-type: none"> • No termination prior to retirement assumed 		
Salary Growth Rate:	<ul style="list-style-type: none"> • 1.0% at April 1, 2017, 1.5% at April 1, 2018, 0.5% at March 31, 2019, 2% per annum beginning April 1, 2019 plus promotional scale • Promotional Scale: 		
	Age Group	Annual Increase 2016/17	Annual increase 2017/18
	< 30	3.25%	3.25%
	30 – 34	2.75%	2.75%
	35 – 39	2.25%	2.25%
	40 – 44	1.75%	1.75%
	45 – 49	1.25%	1.25%
	50 – 59	0.75%	0.75%
	60 +	0%	0%

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

11. Service Award Obligation (continued)

Continuity of Service Award Allowance Obligation - Teachers	<u>2018</u>	<u>2017</u>
Opening benefit obligation, beginning of the year	\$ 4,660,429	\$ 4,568,597
Interest on obligation	159,374	159,151
Other (past service, transfers, etc.)	(90,500)	-
Less: benefits paid	(205,712)	(386,620)
Actuarial losses (gains)	<u>102,500</u>	<u>319,300</u>
Closing benefit obligation, end of year	4,626,091	4,660,428
Pension assets, at market related values	-	-
Funded status – deficiency	<u>(4,626,091)</u>	<u>(4,660,428)</u>
Unamortized actuarial losses (gains)	<u>26,367</u>	<u>219,526</u>
Accrued benefit liability - Teachers	\$ (4,599,724)	\$ (4,440,902)

II. Service Awards – Non-Teachers

For non-teachers, retiring allowance benefits descriptions and copies of the relevant parts of the collective agreements and letters of understanding for the different boards and union/non-union groups were provided by the Province of Nova Scotia for Nova Scotia School Boards.

CUPE members formerly employed with the Yarmouth or Shelburne District School Board are entitled to a payment upon retirement of 100% of the lessor of unused sick time at retirement and frozen unused sick time under those prior agreements.

NSGEU members who have a frozen benefit as at May 1, 1996 are entitled to a payment upon retirement of the frozen amount. All other NSGEU members with 5 years of service at April 1, 2015 are entitled to a payment upon retirement of 100% of the lessor of unused sick time at retirement and unused sick time at April 1, 2015, to a maximum of 140 day's pay.

Non Union members with 15 years of service at April 1, 2015 are entitled to a payment upon retirement of 1% of pay per year of service at April 1, 2015 to a maximum of 25 years.

As part of the early payout option, the 15 years of service requirement for Non-Union members was waived.

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

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

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

11. Service Award Obligation (continued)

The valuations and extrapolations reflect the benefit provisions of the retirement allowance programs as of the measurement date with the possible exception that the actuary was directed by the Province of Nova Scotia to reflect the freeze of service accrual under the retirement allowance programs as at April 1, 2015. The actuarial valuations noted the collective agreements that incorporate the service freeze under the retirement allowance programs have not been ratified as of the date of their report. Based on correspondence with the Province of Nova Scotia, it was the actuaries understanding that it was the Government's assertion that the changes to freeze service under the retirement allowance programs as at April 1, 2015 are virtually definitive based on the steps it has put in place. As per provincial direction, a curtailment of the retirement allowance programs was reflected as at April 1, 2015 as provided in the actuary calculation and disclosures for Fiscal 2016. Should this not be the case, the calculation and disclosures will need to be revised along with those provided for Fiscal 2016 and Fiscal 2017.

Non-union non-teaching employees were offered a one-time option to elect an immediate payout of their retirement allowance benefit based on their rate of pay as at March 31, 2018. Employee elections were completed in March 2018 with payments expected to be made in early Fiscal 2019. The immediate payment of accrued benefits triggers a settlement under PS3250. The actuary has reflected the settlement in Fiscal 2018 as at March 31, 2018 with benefit payments expected to be made in Fiscal 2019 as at April 1, 2018.

As part of the early payout option, service requirements for vesting purposes as at April 1, 2015 were waived for Non-union employees. As such, additional non-union employees have become entitled to retirement allowance benefits. Since the decision to waive the vesting requirements was made as part of the settlement event, the loss due this waiver has been included within the settlement loss in Fiscal 2018.

For those employees electing to receive the one-time payout of their retirement allowance benefit, their accrued benefit obligation at March 31, 2018 is simply the amount of the one-time payment expected to be made early in fiscal 2019.

The settlement loss was determined by comparing the total settlement payments expected to be made to the extrapolated accrued benefit obligation as at March 31, 2018 for those employees electing to receive the one-time payment.

Section 3250 requires that all unamortized gains and losses be recognized on plan curtailment. Actuarial gains and losses that are revealed after the plan curtailment are to be amortized over the expected average remaining service life ("EARSL") of active employees.

An actuarial estimate was provided to the Province with post-retirement benefit disclosures as at March 31, 2018 under section 3250 of the CPA Canada Public Sector Accounting Handbook.

All assumptions used in the Retiring Allowance valuation have been chosen by the Province as documented in their letter of June 29, 2018.

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

11. Service Award Obligation (continued)

Valuation Date	March 31, 2015
Annual Discount Rate	3.42% per annum
Annual Salary Increases (includes 0.5% merit and 0.5% productivity)	1.0% at April 1, 2015 1.0% at April 1, 2016 2.0% at April 1, 2017 2.5% at April 1, 2018 3.5% at April 1, 2019 3.0% per annum from April 1, 2020 onwards
Termination	Nil
Mortality	Nil
Retirement Age	10% at age 59 20% at age 60 10% at each age 61-64 50% at each age 65-69 100% at age 70 <u>However:</u> 20% each year on or after earliest unreduced retirement date if it is greater, and 40% at 35 years of service Earliest unreduced date is the earlier of age 60 with 2 years of service or age 50 with 80 points (55 with 85 points if hired on or after April 6, 2010)

Continuity of Service Award Allowance Obligation – Non-Teachers	<u>2018</u>	<u>2017</u>
Opening benefit obligation, beginning of the year	\$ 1,019,214	\$ 1,021,626
Interest on obligation	35,210	35,422
Settlement loss (gain) due to early payout offer	47,096	-
Less: benefits paid	-	(84,840)
Actuarial losses	<u>10,303</u>	<u>47,006</u>
Closing benefit obligation, end of year	1,111,823	1,019,214
Pension assets, at market related values	-	-
Funded status – deficiency	<u>(1,111,823)</u>	<u>(1,019,214)</u>
Unamortized actuarial losses	<u>162,388</u>	<u>187,549</u>
Accrued benefit liability – Non-Teachers	<u>\$ (949,435)</u>	<u>\$ (831,665)</u>

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

12. Sick Leave Obligation

I. Sick Leave Obligation - Teachers

The Board provides benefits for sick leave for teaching staff under the following conditions:

- (a) Full time teachers are entitled to twenty (20) days sick leave in each school year. Teachers who are not full time will receive a pro-rated amount of days.
- (b) Teachers accumulate sick leave to a total of one hundred and ninety five (195) days. The maximum number of sick days to be claimed is two hundred and thirty five (235) days.
- (c) Accumulated sick leave cannot be used until the current year's sick leave (20 days per school year) has been expended.
- (d) Accumulated sick leave benefits are not paid out on termination, retirement or resignation.

The Province of Nova Scotia provided an actuarial valuation of the Board's obligations for the accumulated sick leave for accounting purposes. Key actuarial assumptions used in the valuation were based on the Board's best estimates. Those assumptions involve forecasts of expected future inflation rates, wage and salary increases, cost of long-term debt, and employee turnover and mortality.

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

12. Sick Leave Obligation (continued)

Actuarial Assumptions

Discount Rate on Liabilities:	<ul style="list-style-type: none"> • 3.59% per annum for fiscal 2016/17 expense determination, March 31, 2017 benefit obligation • 3.42% per annum for fiscal 2017/18 expense determination, March 31, 2018 benefit obligation 																
Retirement Age:	<ul style="list-style-type: none"> • March 31, 2017 and March 31, 2018 benefit obligation: 50% at Rule of 85, remainder at earlier of 35 years of credited service, age 62 with 10 years of credited service, and age 65 with 2 years of credited service 																
Mortality:	<ul style="list-style-type: none"> • 100% of CPM-2014 Public with future mortality improvements according to scale CPM-B 																
Withdrawal Prior to Retirement:	<ul style="list-style-type: none"> • 5% per annum in first 2 years of employment 																
Salary Growth Rate:	<ul style="list-style-type: none"> • 0% at April 1, 2015, 0% at April 1, 2016, 1% at April 1, 2017, 1.5 % at April 1, 2018, 0.5% at March 31, 2019, 2% per annum beginning April 1, 2019 plus revised promotional scale • Promotional Scale: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Age Group</th> <th style="text-align: center;">Promotional Scale</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">< 30</td> <td style="text-align: center;">3.25%</td> </tr> <tr> <td style="text-align: center;">30 – 34</td> <td style="text-align: center;">2.75%</td> </tr> <tr> <td style="text-align: center;">35 – 39</td> <td style="text-align: center;">2.25%</td> </tr> <tr> <td style="text-align: center;">40 – 44</td> <td style="text-align: center;">1.75%</td> </tr> <tr> <td style="text-align: center;">45 – 49</td> <td style="text-align: center;">1.25%</td> </tr> <tr> <td style="text-align: center;">50 – 59</td> <td style="text-align: center;">0.75%</td> </tr> <tr> <td style="text-align: center;">60 +</td> <td style="text-align: center;">0%</td> </tr> </tbody> </table>	Age Group	Promotional Scale	< 30	3.25%	30 – 34	2.75%	35 – 39	2.25%	40 – 44	1.75%	45 – 49	1.25%	50 – 59	0.75%	60 +	0%
Age Group	Promotional Scale																
< 30	3.25%																
30 – 34	2.75%																
35 – 39	2.25%																
40 – 44	1.75%																
45 – 49	1.25%																
50 – 59	0.75%																
60 +	0%																
Current Year Sick Leave Utilization:	<ul style="list-style-type: none"> • Each year, full time employees are expected to use sick time accrued during the school year as follows: <ul style="list-style-type: none"> - 7.6 days per school year for males - 8.8 days per school year for females • Current year utilization assumption developed from analysis of the sick leave usage of the Nova Scotia Teachers during fiscal years 2014-15 through 2016-17 																

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

12. Sick Leave Obligation (continued)

Sick Leave Bank Utilization:	<ul style="list-style-type: none"> The probability that an employee uses a portion of their accumulated sick leave bank during a year and the average number of sick leave bank days used during a year for those who use their sick leave is as follows: 		
	Age Group	Probability of Usage	Sick Bank Days Used
	Males under 30	3.9%	7.6 days
	Males 30 – 39	5.3%	18.5 days
	Males 40 – 49	7.0%	26.9 days
	Males 50 – 59	13.5%	39.6 days
	Males 60 & over	19.5%	46.6 days
	Females under 30	5.7%	8.5 days
	Females 30 – 39	12.7%	14.6 days
	Females 40 – 49	10.6%	22.3 days
	Females 50 – 59	14.1%	30.3 days
Females 60 & over	18.6%	35.5 days	
<ul style="list-style-type: none"> Sick leave bank utilization assumption developed from analysis of the sick leave usage of the Nova Scotia Teachers during fiscal years 2014-15 through 2016-17. 			

Sick leave usage data was provided by the Department of Education.

Continuity of Accumulated Sick Leave Obligation - Teachers	<u>2018</u>	<u>2017</u>
Opening benefit obligation, beginning of the year	\$ 6,719,897	\$ 6,464,204
Current service cost	286,900	274,200
Interest on obligation	230,578	235,393
Actuarial (gains) losses	(2,030,600)	65,100
Less: sick leave taken	<u>(419,000)</u>	<u>(419,000)</u>
Closing benefit obligation, end of year	4,787,775	6,719,897
Pension assets, at market related values	<u>-</u>	<u>-</u>
Funded status – surplus (deficiency)	(4,787,775)	(6,719,897)
Unamortized actuarial (gains) losses	<u>(3,306,125)</u>	<u>(1,365,620)</u>
Accrued benefit asset (liability)	<u>\$ (8,093,900)</u>	<u>\$ (8,085,517)</u>

The Board has recognized in these financial statements, the liability associated with accumulated sick leave earned by 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, 2018.

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

12. Sick Leave Obligation (continued)

II. Sick Leave – Non-Teachers

Morneau-Shepell provided to the Province of Nova Scotia on February 28, 2018, the requested financial disclosure figures related to the Sick Leave Benefit to Non-Teaching employees of all School Boards in Nova Scotia for the fiscal year ended March 31, 2018. The accounting results are based on the understanding of the methods prescribed under Section PS 3255 of the CICA Public Sector Accounting Handbook which applies to sick leave and severance benefits.

Sick Leave historical data for the fiscal years 2012 to 2016 was also provided by the Province. This data was then used to develop an assumption for excess usage (i.e. hours of sick leave used in a given year in excess of the sick leave accrued that year) by age group which was then used in the calculation of the Accrued Benefit Obligation (“ABO”) and annual current service cost.

The data included the period of continuous service with the Province, the date of birth, annual salary and contractual hours of work.

Valuation Date:	March 31, 2015					
Annual Discount Rate:	3.42% per annum					
Annual Salary Increases (includes 0.5% merit)	1.0% at April 1, 2015 1.0% at April 1, 2016 2.0% at April 1, 2017 2.5% at April 1, 2018 3.5% at April 1, 2019 3.0% per annum from April 1, 2020 onwards					
Sample Net Excess Utilization Rate of Sick Leave:	Age	Hours	Age	Hours	Age	Hours
	20	3.9	40	7.8	60	28.2
	25	4.8	45	8.7	65	36.9
	30	5.8	50	11.0	70	45.5
	35	6.8	55	19.6		
Termination:						Nil
Mortality Pre-Retirement:						Nil
Retirement Age:	10% at age 59 20% at age 60 10% at each age 61-64 50% at each age 65-69 100% at age 70 <u>However:</u> 20% each year on or after earliest unreduced retirement date if it is greater, and 40% at 35 years of service Earliest unreduced date is the earlier of age 60 with 2 years of service or age 50 with 80 points (55 with 85 points if hired on or after April 4, 2012)					

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

12. Sick Leave Obligation (continued)

Continuity of Accumulated Sick Leave Obligation – Non-Teachers	<u>2018</u>	<u>2017</u>
Opening benefit obligation, beginning of the year	\$ 768,884	\$ 735,754
Current service cost	94,455	88,746
Interest on obligation	26,097	26,043
Less: sick leave taken	(120,538)	(118,754)
Actuarial losses (gains)	<u>7,225</u>	<u>37,095</u>
Closing benefit obligation, end of year	776,123	768,884
Pension assets, at market related values	<u>-</u>	<u>-</u>
Funded status – surplus (deficiency)	(776,123)	(768,884)
Unamortized actuarial losses (gains)	<u>22,776</u>	<u>17,282</u>
Accrued benefit asset (liability)	<u>\$ (753,347)</u>	<u>\$ (751,602)</u>

Summary of Accumulated Sick Leave Obligation	<u>2018</u>	<u>2017</u>
Accumulated sick leave obligation - Teachers	\$ 8,093,900	\$ 8,085,517
Accumulated sick leave obligation - Non-Teachers	<u>753,347</u>	<u>751,602</u>
Total accumulated sick leave obligation	<u>\$ 8,847,247</u>	<u>\$ 8,837,119</u>

The Board has recognized in the financial statements the liability associated with sick leave earned by staff. The Board has recorded a corresponding receivable from the Province of Nova Scotia which has assumed responsibility for the liability up to March 31, 2018.

13. Collective Agreements

The provincial collective agreement with the Nova Scotia Teachers Union expires on July 31, 2019.

The local collective agreement with the Nova Scotia Teachers Union expires on July 31, 2019.

The collective agreement with SEIU expired on March 31, 2015.

The collective agreement with the Nova Scotia Government Employees Union expired on March 31, 2015.

The collective agreement with CUPE expired March 31, 2015.

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

14. Deferred Revenue

Deferred revenue as of March 31:	<u>2018</u>	<u>2017</u>
Teachers PD Fund	\$ 145,366	\$ 149,869
International Student Program	-	550,442
School Generated Funds (Note 4)	85,572	239,102
Programs – Province of Nova Scotia	<u>2,243,798</u>	<u>1,565,896</u>
	<u>\$ 2,474,736</u>	<u>\$ 2,505,309</u>

15. Bank Indebtedness

The Board had not utilized the available operating line of credit of \$738,000 as of March 31, 2018, with the Canadian Imperial Bank of Commerce.

16. Financial Instrument Risk Management

Credit risk

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

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

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

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

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

Market risk

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

Interest rate risk

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

Tri-County Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

16. Financial Instrument Risk Management (continued)

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

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

Liquidity risk

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

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

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

17. Restatement of Comparative Year's Consolidated Statement of Operations and Surplus

On adoption of the new accounting standards identified in Note 5, the March 31, 2017 comparative figures of the Consolidated Statement of Operations and Surplus (and the Supplementary Schedules Revenues and Expenditures) have been restated to increase both the Province of Nova Scotia revenues, and the benefits expense related to School Costs by \$6,799,900. There was no impact on the School Board Surplus.

18. Subsequent Event

On April 1, 2018, the **Education Reform (2018) Act** came into effect. The implementation of this Act dissolved the Tri-County Regional School Board effective April 1, 2018, with all assets and liabilities transferring to a successor entity, known as Tri-County 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.

Tri-County Regional School Board
Schedule A - Supplementary Details of Revenues

For the year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	(Restated - Note 17) <u>Actual</u>
Province of Nova Scotia			
Operating	\$ 40,067,658	\$ 40,077,806	\$ 39,957,109
Restricted	15,043,225	14,993,089	12,186,598
Capital	57,500	57,500	338,157
Other	11,420,784	11,261,037	11,271,921
	<u>\$ 66,589,167</u>	<u>\$ 66,389,432</u>	<u>\$ 63,753,785</u>
Government of Canada			
First Nations	\$ 313,515	\$ 322,488	\$ 313,515
Other	-	-	19,146
	<u>\$ 313,515</u>	<u>\$ 322,488</u>	<u>\$ 332,661</u>
Municipal Contributions - Mandatory	<u>\$ 11,328,700</u>	<u>\$ 11,328,694</u>	<u>\$ 11,319,128</u>
School Generated Funds (Note 6)	<u>\$ 2,500,000</u>	<u>\$ 2,565,230</u>	<u>\$ 2,319,507</u>
Board Operations			
Board Generated Revenue - Other Revenue	\$ 2,793,297	\$ 2,844,832	\$ 2,513,190
Interest/Investment	22,000	52,316	18,372
Sale of Assets	-	8,000	-
	<u>\$ 2,815,297</u>	<u>\$ 2,905,148</u>	<u>\$ 2,531,562</u>
Total Revenue	<u>\$ 83,546,679</u>	<u>\$ 83,510,992</u>	<u>\$ 80,256,643</u>

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

For the year ended March 31

2018

2017

	Budget	Actual	(Restated - Note 17) Actual
Board Governance			
Salaries	\$ 189,523	\$ 500,611	\$ 162,960
Benefits	11,542	8,290	7,374
Travel	20,200	28,567	29,098
Contracted Services	-	3,938	39,641
Supplies/Materials/Telecommunications	17,000	22,521	19,660
Professional Development	34,200	18,394	(66,234)
Board Elections	-	-	43,975
NSSBA Dues	47,749	47,749	44,625
Total Board Governance	\$ 320,214	\$ 630,070	\$ 281,099
Office of the Superintendent			
Salaries	\$ 204,128	\$ 199,414	\$ 209,970
Benefits	21,170	23,997	20,238
Travel	12,000	19,004	7,300
Professional Services - Legal and Audit	98,500	50,904	93,418
Contracted Services	21,000	26,790	79,021
Supplies/Materials/Telecommunications	54,000	99,244	61,627
Professional Development	3,750	1,701	1,576
Insurance	74,000	91,965	68,915
Total Office of the Superintendent	\$ 488,548	\$ 513,019	\$ 542,065
Financial Services			
Salaries	\$ 120,991	\$ 115,800	\$ 117,879
Benefits	22,266	23,220	22,584
Travel	10,000	9,111	9,635
Contracted Services	426,895	374,362	465,924
Supplies/Materials/Telecommunications/Utilities	700	2,166	1,261
Professional Development	2,950	2,610	2,783
Total Financial Services	\$ 583,802	\$ 527,269	\$ 620,066
Human Resources Services			
Salaries	\$ 401,056	\$ 399,824	\$ 442,011
Benefits	105,286	99,729	108,693
Travel	20,000	18,547	12,066
Contracted Services	2,500	231	-
Supplies/Materials/Telecommunications	17,200	4,017	4,601
Repairs and Maintenance	9,225	8,744	10,598
Amortization	3,419	3,420	5,260
Professional Development	33,850	11,885	9,525
Total Human Resources Services	\$ 592,536	\$ 546,397	\$ 592,754

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

For the year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	(Restated - Note 17) <u>Actual</u>
<u>School Services</u>			
School Services Administration			
Salaries	\$ 1,397,249	\$ 1,390,708	\$ 1,235,485
Benefits	103,509	110,815	101,018
Travel	-	-	1,114
Supplies/Materials/Telecommunications	-	-	145
Total School Services Administration	\$ 1,500,758	\$ 1,501,523	\$ 1,337,762
School Costs			
Salaries	\$ 44,065,493	\$ 43,843,222	\$ 42,986,113
Benefits	10,825,889	10,551,204	9,877,494
Travel	25,000	33,149	27,486
Contracted Services	165,200	174,291	200,007
Supplies/Materials/Telecommunications	489,059	284,775	492,390
Interest-Service Awards	-	451,259	479,102
Professional Development	16,000	18,413	6,326
Total School Costs	\$ 55,586,641	\$ 55,356,313	\$ 54,068,918
School Services PD			
Salaries	\$ 59,316	\$ 24,593	\$ 30,587
Benefits	-	1,626	2,019
Supplies/Materials/Telecommunications	-	95	-
Professional Development	556,365	444,167	346,090
Total School Services PD	\$ 615,681	\$ 470,481	\$ 378,696
International Students			
Salaries	\$ 278,109	\$ 267,402	\$ 268,776
Benefits	31,977	28,618	30,581
Travel	73,000	72,526	59,808
Contracted Services	808,770	800,177	786,607
Supplies/Materials/Telecommunications	223,500	213,733	196,468
Professional Development	7,000	7,881	5,194
Total International Students	\$ 1,422,356	\$ 1,390,337	\$ 1,347,434
Other			
Salaries	\$ 162,806	\$ 194,964	\$ 173,087
Benefits	18,996	23,290	22,009
Travel	1,075	528	196
Supplies/Materials/Telecommunications	16,800	13,498	9,081
Total Other	\$ 199,677	\$ 232,280	\$ 204,373

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

For the Year Ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	(Restated - Note 17) <u>Actual</u>
Special Education			
Salaries	\$ 1,274,868	\$ 1,306,046	\$ 1,220,633
Benefits	74,913	81,340	74,384
Travel	50,000	57,009	47,620
Supplies/Materials/Telecommunications	216,918	13,999	10,643
Professional Development	9,000	5,492	6,366
Total Special Education	\$ 1,625,699	\$ 1,463,886	\$ 1,359,646
Program Grants			
Salaries	\$ 243,873	\$ 292,436	\$ 279,181
Benefits	-	17,879	17,886
Travel	217,911	238,764	202,663
Contracted Services	-	-	-
Supplies/Materials/Telecommunications	2,097,791	1,453,705	1,574,963
Conveyance	19,500	14,504	13,731
Professional Development	75,077	44,202	37,352
Total Program Grants	\$ 2,654,152	\$ 2,061,490	\$ 2,125,776
Total School Services	\$ 63,604,964	\$ 62,476,310	\$ 60,822,605
<u>Operational Services</u>			
Operations Administration			
Salaries	\$ 387,256	\$ 393,037	\$ 407,988
Benefits	87,105	92,843	91,868
Travel	11,000	7,577	6,950
Contracted Services	27,807	19,807	32,734
Vehicle Expenses	3,472	4,535	3,158
Supplies/Materials/Telecommunications	5,400	2,854	7,289
Professional Development	6,000	3,553	4,523
Total Operations Administration	\$ 528,040	\$ 524,206	\$ 554,510

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

For the year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	(Restated - Note 17) <u>Actual</u>
Property Services			
Salaries	\$ 2,828,844	\$ 2,782,522	\$ 2,870,787
Benefits	712,920	725,665	711,130
Travel	2,000	1,893	1,268
Contracted Services	741,580	891,534	752,580
Repairs/Maintenance	959,934	1,326,041	1,461,139
Vehicle Expenses	72,217	82,993	69,849
Supplies/Materials/Telecommunications	256,350	259,025	232,725
Utilities	2,124,537	1,996,674	1,921,731
Professional Development	3,500	1,484	9,316
Insurance	192,000	181,636	187,575
Amortization	73,615	75,230	87,412
Total Property Services	\$ 7,967,497	\$ 8,324,697	\$ 8,305,512
Student Transportation			
Salaries	\$ 2,876,191	\$ 2,813,362	\$ 2,794,826
Benefits	687,132	697,555	681,796
Travel	18,000	21,999	19,363
Contracted Services	61,654	51,147	53,656
Repairs/Maintenance	85,200	151,793	66,931
Vehicle Expenses	1,280,711	1,363,705	1,283,668
Supplies/Materials/Telecommunications	55,000	56,780	63,292
Conveyance	32,000	23,887	29,415
Utilities	33,192	31,371	33,622
Professional Development	13,250	16,867	19,948
Insurance	64,295	67,010	70,975
Amortization	6,797	6,312	11,830
Total Student Transportation	\$ 5,213,422	\$ 5,301,788	\$ 5,129,322
Technology Services			
Salaries	\$ 427,184	\$ 417,769	\$ 460,388
Benefits	111,225	119,381	106,325
Travel	32,000	30,662	28,750
Contracted Services	252,510	862,696	259,913
Vehicle Expenses	1,500	1,355	1,926
Supplies/Materials/Telecommunications	341,777	352,569	268,021
Professional Development	1,000	-	2,169
Amortization	460	-	2,023
Total Technology Services	\$ 1,167,656	\$ 1,784,432	\$ 1,129,515
Total Operational Services	\$ 14,876,615	\$ 15,935,123	\$ 15,118,859

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

For the year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u> (Restated - Note 17)
<u>Pre-Primary Program</u>			
Salaries	\$ 345,572	\$ 306,113	\$ -
Benefits	44,434	46,448	-
Travel	-	4,496	-
Supplies/Materials/Telecommunications	189,994	17,840	-
Professional Development	-	400	-
Total Property Services	\$ 580,000	\$ 375,297	\$ -
<u>School Based Funds (Note 6)</u>			
School Based Funds	\$ 2,500,000	\$ 2,409,790	\$ 2,217,688
Total School Based Funds	\$ 2,500,000	\$ 2,409,790	\$ 2,217,688
Total Expenditures	\$ 83,546,679	\$ 83,413,275	\$ 80,195,136

Tri-County Regional School Board
Schedule C - Supplementary Details of Tangible Capital Assets
For the year ended March 31, 2018

	<u>Land, Buildings and Improvements</u>	<u>Major Equipment</u>	<u>Computer Hardware</u>	<u>Vehicles</u>	2018 <u>Total</u>	2017 <u>Total</u>
<u>Cost of Tangible Assets</u>						
Opening Costs	\$ -	\$ -	\$ -	\$366,082	\$366,082	\$628,269
Additions	-	-	-	42,306	42,306	57,418
Dispositions	-	-	-	(42,029)	(42,029)	(319,605)
Closing Costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$366,359</u>	<u>\$366,359</u>	<u>\$366,082</u>
<u>Accumulated Amortization</u>						
Opening Balance	\$ -	\$ -	\$ -	\$173,728	\$173,728	\$324,723
Amortization Expense	-	-	-	79,648	79,648	88,163
Amortization Adjustment on disposition	-	-	-	(36,714)	(36,714)	(301,242)
Closing Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$216,662</u>	<u>\$216,662</u>	<u>\$173,728</u>
Net Book Value (NBV)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$149,697</u>	<u>\$149,697</u>	<u>\$192,354</u>
<u>Net Book Value (NBV):</u>						
Opening Balance	\$ -	\$ -	\$ -	\$192,354	\$192,354	\$241,462
Closing Balance	-	-	-	149,697	149,697	192,354
Increase in NBV	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,657)</u>	<u>\$ (42,657)</u>	<u>\$ (49,108)</u>

Tri-County Regional School Board

Schedule D - Trust Funds Balance Sheet

As at March 31

2018

2017

Assets

Cash and Cash Equivalents	\$ 704,531	\$ 719,753
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Equity

Augusta Nickerson	\$ 16,730	\$ 16,480
Elsie Hemeon Fund	681	671
F. Dakin and P. Dakin Dickson	46,109	45,420
Dr. Charles and Mary Webster	111,486	99,636
Reserve for Scholarships		
Tri-County Regional School Board Memorial	2,155	2,122
Samuel Margolian Trust - Yarmouth High	5,069	5,047
Samuel Margolian Trust - St. Ambrose	5,072	5,046
Churchill Trust	999	984
Loraleis Trust	1,627	1,652
Blackader - Kirk Trust	19	18
Olson Trust	3,266	3,216
Andrew Maxwell	1,672	1,845
Estate of Marjorie E. Jones	21	20
Digby Community Theatre Fund	341	336
Atlantic Philanthropy	9	9
Shelburne High - New School	55,651	54,819
Faith Guay	598	589
Barrington High - Enhancements - New School	39,866	39,270
Nicol Balcom	20,791	21,193
Emily Allen	84,230	87,934
Krista Harris	3,031	2,986
Forest Ridge	47,079	54,413
Meadowfields	8,245	12,427
Salida Capital Corporation	8,628	12,695
K. Daley Memorial	2,882	3,837
C. Stanley Memorial	18,862	19,567
F. Walker Memorial	7,937	7,819
J. Roache Memorial	13,628	15,397
S. deMolitor Memorial	672	1,654
David and Clytie Dexter	93,617	99,124
David and Clytie Dexter-BMHS Enhancements	4,468	4,480
Dr John Sutherland Medical Scholarship	45,118	44,444
George A Cox Scholarship	18,415	19,131
Nellie & Grant Dauphinee Bursary	20,175	20,022
Harley Cox & Sons Award	4,781	5,005
Lynn Ward Memorial Bursary	10,604	10,445
	<u>\$ 704,534</u>	<u>\$ 719,753</u>

On Behalf of the Board

Regional Executive Director

Deputy Minister

See accompanying notes to the financial statements.

Tri-County Regional School Board
Schedule E - Supplementary Details of Trust Funds

For the year ended March 31, 2018

	Balance Beginning of Year	<u>Additions</u>	<u>Interest</u>	<u>Disbursements</u>	Balance End of Year
Augusta Nickerson	\$ 16,480		\$ 250		\$ 16,730
Elsie Hemeon	671		10		681
F. Dakin/P. Dakin Dickson	45,420		689		46,109
Dr. Charles/Mary Webster	99,636	11,640	510	(300)	111,486
Tri-County Regional School Board Memorial	2,122		33		2,155
S. Margolian Trust - Yarmouth High	5,047		72	(50)	5,069
S. Margolian Trust - St. Ambrose	5,046		76	(50)	5,072
Churchill Trust	984		15		999
Loraleis Trust	1,652		25	(50)	1,627
Blackader - Kirk Trust	18	600	1	(600)	19
Olson Trust	3,216	200	50	(200)	3,266
Andrew Maxwell	1,845		27	(200)	1,672
Estate of Marjorie E. Jones	20		1		21
Digby Community Theatre Fund	336		5		341
Atlantic Philanthropy	9				9
Shelburne High - New School	54,819		832		55,651
Faith Guay	589		9		598
Barrington High - New School	39,270		596		39,866
Nicol Balcom	21,193		348	(750)	20,791
Emily Allen	87,934		1,296	(5,000)	84,230
Krista Harris	2,986		45		3,031
Forest Ridge	54,413	29,148	648	(37,130)	47,079
Meadowfields	12,427	52,552	78	(56,812)	8,245
Salida Capital Corporation	12,695		183	(4,250)	8,628
K. Daley Memorial	3,837		45	(1,000)	2,882
C. Stanley Memorial	19,567		295	(1,000)	18,862
F. Walker Memorial	7,819		118		7,937
J. Roache Memorial	15,397		231	(2,000)	13,628
S. deMoliter Memorial	1,654		18	(1,000)	672
David and Clytie Dexter	99,124		1,493	(7,000)	93,617
David and Clytie Dexter-BMHS Enhancements	4,480		68	(80)	4,468
Dr John Sutherland Medical Scholarship	44,444		674		45,118
George A Cox Scholarship	19,131		284	(1,000)	18,415
Nellie & Grant Dauphinee Bursary	20,022		303	(150)	20,175
Harley Cox & Sons Award	5,005		76	(300)	4,781
Lynn Ward Memorial Bursary	10,445		159		10,604
	<u>\$ 719,753</u>	<u>\$ 94,140</u>	<u>\$ 9,563</u>	<u>\$ (118,922)</u>	<u>\$ 704,534</u>