

Financial Statements of

**CAPE BRETON-VICTORIA REGIONAL  
CENTRE FOR EDUCATION**

Year ended March 31, 2019



# Cape Breton-Victoria Regional Centre for Education

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Regional Executive Director of Education, Beth MacIsaac

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## Management's Responsibility for the Financial Statements

The accompanying financial statements of Cape Breton-Victoria Regional Centre for Education are the responsibility of management and have been approved by the Deputy Minister of the Department of Education and Early Childhood Development.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and as such include amounts that are the best estimates and judgments of management.

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

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

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

The external auditors, MGM & Associates, Chartered Professional Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Cape Breton-Victoria Regional Centre for Education and meet when required.

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Nancy Dove, Director of Financial Services

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

Financial Statements

March 31, 2019

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## INDEPENDENT AUDITORS' REPORT

To the Minister of Education and Early Childhood Development

### **Opinion**

We have audited the accompanying financial statements of Cape Breton-Victoria Regional Centre for Education which comprise the statement of financial position as at March 31, 2019 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.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Cape Breton-Victoria Regional Centre for Education as at March 31, 2019 and the results of its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Centre for Education in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibility of Management and Those Charged with Governance 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.

In preparing financial statements, management is responsible for assessing the Centre for Education's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre for Education or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre for Education's financial reporting process.

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

influence the economic decision of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Centre for Education's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre for Education's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre for Education to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in black ink that reads 'MGM & Associates' in a cursive, flowing script.

Chartered Professional Accountants  
Licensed Public Accountants

Sydney, Canada  
June 27, 2019

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

Statement of Financial Position

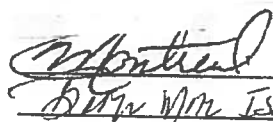
March 31, 2019, with comparative figures for 2018

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents		
General	\$ 10,813,884	\$10,832,656
School-based funds (note 2)	4,467,648	4,321,759
	<u>15,281,532</u>	<u>15,154,415</u>
Accounts receivable		
Province of Nova Scotia (note 3)	6,139,036	6,692,855
First Nation (note 4)	-	224,945
Government of Canada (note 5)	401,828	432,210
Other	2,076,113	2,034,994
	<u>8,616,977</u>	<u>9,385,004</u>
Province of Nova Scotia, other		
Retirement service awards receivable – teaching (note 6)	821,045	9,502,246
Retirement service awards receivable – non-teaching (note 6)	363,884	792,804
Sick leave receivable – teaching (note 7)	15,217,690	15,802,045
Sick leave receivable – non-teaching (note 7)	1,534,878	1,587,811
	<u>17,937,497</u>	<u>27,684,906</u>
Restricted cash and investment – scholarships	371,518	372,670
<b>Total financial assets</b>	<u>42,207,524</u>	<u>52,596,995</u>
<b>FINANCIAL LIABILITIES</b>		
Payables and accruals – trade	2,613,369	4,771,549
Teachers' salary payable	2,485,700	1,988,000
Non-teaching vacation pay payable	1,022,593	1,055,750
Other salary payable	2,211,352	2,466,312
	<u>8,333,014</u>	<u>10,281,611</u>
Payables and accruals – government		
Province of Nova Scotia	14,717	32,563
Government of Canada	84	3,207
Municipalities	1,486	27,343
	<u>16,287</u>	<u>63,113</u>
Province of Nova Scotia, other		
Retirement service awards obligation – teaching (note 6)	821,045	9,502,246
Retirement service awards obligation – non-teaching (note 6)	363,884	792,804
Accrued sick leave obligation – teaching (note 7)	15,217,690	15,802,045
Accrued sick leave obligation – non-teaching (note 7)	1,534,878	1,587,811
	<u>17,937,497</u>	<u>27,684,906</u>
Contaminated sites liability (note 8)	450,785	1,095,000
Liability for future environmental clean-up (note 9)	2,897,180	2,860,000
Deferred revenue	7,368,495	5,339,307
Scholarship trust funds	371,518	372,670
<b>Total financial liabilities</b>	<u>37,374,776</u>	<u>47,696,607</u>
<b>NET FINANCIAL ASSETS</b>	<u>4,832,748</u>	<u>4,900,388</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	1,036,503	727,448
Tangible capital assets (note 10)	164,903	159,490
<b>Total non-financial assets</b>	<u>1,201,406</u>	<u>886,938</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 6,034,154</u>	<u>\$ 5,787,326</u>

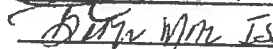
Contingencies (note 16)

See accompanying notes to financial statements.

On behalf of the Centre for Education



Deputy Minister



Regional Executive Director of Education

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

## Statement of Operations

Year ended March 31, 2019, with comparative figures for 2018

	2019		2018
	Budget	Actual	Actual
<b>REVENUES</b>			
Province of Nova Scotia	\$ 137,561,288	\$ 141,515,455	\$ 144,185,197
Municipal contributions	16,466,400	16,466,400	15,851,000
Board generated	3,792,457	5,144,657	5,371,805
School-based funds (note 2)	4,300,000	4,206,536	4,300,802
Government of Canada	1,363,857	1,377,129	1,423,617
	163,484,002	168,710,177	171,132,421
<b>EXPENSES</b>			
School based	123,984,727	123,376,644	123,299,336
Property services	15,819,207	19,872,510	22,580,054
Transportation	6,554,998	6,673,791	6,560,297
Other programs	3,832,451	4,886,994	3,273,569
School-based funds (note 2)	4,300,000	4,035,262	3,813,696
School services administration	3,389,589	3,928,231	3,570,509
Financial services	1,752,021	1,740,081	1,811,588
Technology services	1,396,801	1,430,361	2,021,211
Human resources	1,023,058	997,112	945,321
Operations administration	828,984	869,321	1,114,831
Office of the Regional Executive Director	517,166	564,249	575,158
Tangible capital asset amortization	85,000	88,793	85,878
Board governance	—	—	864,764
	163,484,002	168,463,349	170,516,212
<b>OPERATING SURPLUS</b>	\$ —	\$ 246,828	\$ 616,209

See accompanying notes to financial statements.

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

## Statement of Accumulated Operating Surplus

Year ended March 31, 2019, with comparative figures for 2018

				2019	2018
	Unrestricted	School-based Funds	Reserve	Total	Total
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 1,575,863	\$ 4,136,012	\$ 75,451	\$ 5,787,326	\$ 5,171,117
Annual surplus	75,554	171,274	–	246,828	616,209
<b>BALANCE, END OF YEAR</b>	\$ 1,651,417	\$ 4,307,286	\$ 75,451	\$ 6,034,154	\$ 5,787,326

See accompanying notes to financial statements.



# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

## Statement of Change in Net Financial Assets

Year ended March 31, 2019, with comparative figures for 2018

	2019	2018
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>\$ 4,900,388</b>	<b>\$ 4,290,120</b>
Changes during the year		
Operating surplus	246,828	616,209
Acquisition of tangible capital assets	(94,206)	(90,323)
Amortization of tangible capital assets	88,793	85,878
Increase in prepaid expenses	(309,055)	(1,496)
Increase (decrease) in net financial assets	(67,640)	610,268
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 4,832,748</b>	<b>\$ 4,900,388</b>

See accompanying notes to financial statements.

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

## Statement of Cash Flows

Year ended March 31, 2019, with comparative figures for 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating surplus	\$ 246,828	\$ 616,209
Non-cash items		
Amortization of tangible capital assets	88,793	85,878
Change in non-cash operating working capital		
Decrease (increase) in accounts receivable	768,027	(3,155,520)
Increase in prepaid expenses	(309,055)	(1,496)
Increase (decrease) in payables and accruals – trade	(2,158,180)	618,439
Increase in salaries payable	209,583	89,368
Decrease in payables and accruals – government	(46,826)	(405,057)
Increase (decrease) in contaminated liability	(644,215)	595,200
Increase in liability for future environmental clean-up	37,180	2,285,650
Increase in deferred revenue	2,029,188	1,046,480
	<u>221,323</u>	<u>1,775,151</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchase of tangible capital assets	(94,206)	(90,323)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>127,117</u>	<u>1,684,828</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	15,154,415	13,469,587
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 15,281,532</u>	<u>\$ 15,154,415</u>
<b>Represented on the financial statements by</b>		
General	\$ 10,813,884	\$ 10,832,656
School-based funds	4,467,648	4,321,759
	<u>\$ 15,281,532</u>	<u>\$ 15,154,415</u>

See accompanying notes to financial statements.

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

Scholarship Fund Financial Position

March 31, 2019, with comparative figures for 2018

	2019	2018
<b>ASSETS</b>		
Cash and investments	\$ 371,518	\$ 372,670
<b>FUND BALANCE</b>		
Rossetti	\$ 161,097	\$ 161,561
O'Connell	-	1,490
George MacKay Bursary	147,761	145,836
Annie Bell Grady Memorial	18,283	18,845
Townsend	1,020	1,012
McDonagh	5,324	5,283
Panagiotakos	9,065	8,966
McQuarrie	3,105	3,121
Annie Hall	1,945	1,927
C.J.C.B.	3,994	3,994
Daniel Munroe	2,967	2,937
John D. MacLeod Memorial	932	932
T.L. Sullivan Memorial	1,836	1,820
Mary Elizabeth Brennan	2,253	2,228
William Hilchie Memorial	2,971	2,936
Isabel MacDermid Memorial	3,288	3,336
Wendell & Diane Coldwell Memorial	739	743
Jon David Corbett	3,043	3,006
Leonard Matheson	1,383	1,367
Ellen Dunn Balah	149	635
Minor Hockey	363	695
	\$ 371,518	\$ 372,670

See accompanying notes to financial statements.

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

## Statement of Continuity of Scholarship Fund

Year ended March 31, 2019, with comparative figures for 2018

	Rossetti	O'Connell	MacKay	Grady	Townsend	McDonagh	Panagiotakos	McQuarrie
Balance, beginning of year	\$ 161,561	\$ 1,490	\$ 145,836	\$ 18,845	\$ 1,012	\$ 5,283	\$ 8,966	\$ 3,121
Interest earned	1,411	51	3,225	438	23	116	199	49
	162,972	1,541	149,061	19,283	1,035	5,399	9,165	3,170
Scholarship awarded	1,875	1,541	1,300	1,000	15	75	100	65
Balance, end of year	\$ 161,097	\$ -	\$ 147,761	\$ 18,283	\$ 1,020	\$ 5,324	\$ 9,065	\$ 3,105

	Annie Hall	C.J.C.B.	Munroe	MacLeod	Sullivan	Brennan	Hilchie	MacDermid
Balance, beginning of year	\$ 1,927	\$ 3,994	\$ 2,937	\$ 932	\$ 1,820	\$ 2,228	\$ 2,936	\$ 3,336
Interest earned	43	-	65	20	41	50	65	52
	1,970	3,994	3,002	952	1,861	2,278	3,001	3,388
Scholarship awarded	25	-	35	20	25	25	30	100
Balance, end of year	\$ 1,945	\$ 3,994	\$ 2,967	\$ 932	\$ 1,836	\$ 2,253	\$ 2,971	\$ 3,288

	Coldwell	Corbett	Matheson	Dunn Balah	Minor Hockey	2019 Total	2018 Total
Balance, beginning of year	\$ 743	\$ 3,006	\$ 1,367	\$ 635	\$ 695	\$ 372,670	\$ 401,556
Interest earned	16	67	31	14	18	5,994	5,177
	759	3,073	1,398	649	713	378,664	406,733
Scholarship awarded	20	30	15	500	350	7,146	34,063
Balance, end of year	\$ 739	\$ 3,043	\$ 1,383	\$ 149	\$ 363	\$ 371,518	\$ 372,670

See accompanying notes to financial statements.

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

Notes to Financial Statements

Year ended March 31, 2019

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The Cape Breton-Victoria Regional Centre for Education 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 Centre for Education 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 Centre for Education'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 Centre for Education 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 CENTRE FOR EDUCATION

Notes to Financial Statements

Year ended March 31, 2019

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## 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 Centre for Education.

### (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 CENTRE FOR EDUCATION

Notes to Financial Statements, continued

Year ended March 31, 2019

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## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Accumulated surplus

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

### (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 Centre for Education 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.

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

Notes to Financial Statements, continued

Year ended March 31, 2019

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Impairment

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

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

### (k) Liability for contaminated sites

The Centre for Education 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 Centre for Education 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:

	2019	2018
Opening balance	\$ 4,321,759	\$ 4,175,883
Additions to school-based funds	4,206,536	4,300,802
School funded activities	(4,035,262)	(3,813,696)
Increase in prepaids	(289,553)	(7,630)
Increase in accounts receivable	(125,436)	(83,108)
Increase (decrease) in deferred revenue	370,412	(267,308)
Increase in accounts payable	19,192	16,816
	<u>\$ 4,467,648</u>	<u>\$ 4,321,759</u>



# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

Notes to Financial Statements, continued

Year ended March 31, 2019

## 3. ACCOUNTS RECEIVABLE, PROVINCE OF NOVA SCOTIA

	2019	2018
Teachers' salary accrual	\$ 2,485,700	\$ 1,988,000
Environmental liability recovery	2,112,105	2,085,000
TCA capital	849,325	1,281,097
International student program	415,089	497,095
Other	95,134	201,321
Information economy initiative	87,621	149,406
Non-Teaching Directors Service Award	64,944	63,974
Gas tax rebate	29,118	33,744
P-3 refresh	-	204,378
Provincial operating capital	-	126,200
Secondment	-	62,640
	<b>\$ 6,139,036</b>	<b>\$ 6,692,855</b>

## 4. ACCOUNTS RECEIVABLE, FIRST NATION

	2019	2018
Tuition receivable	\$ -	\$ 224,945

## 5. ACCOUNTS RECEIVABLE, GOVERNMENT OF CANADA

	2019	2018
Harmonized sales tax	\$ 401,828	\$ 432,210

## 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.

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

Notes to Financial Statements, continued

Year ended March 31, 2019

## 6. RETIREMENT SERVICE AWARDS (CONTINUED)

The Province of Nova Scotia assumed responsibility for the payment of service awards for all qualifying Centre for Education employees effective April 1, 2002. As a result, school boards were required to make certain entries on their financial statements beginning with the year ending March 31, 2002, to record the value of projected liabilities, as well as a corresponding receivable from the Province of Nova Scotia. These entries have been determined by the Nova Scotia Department of Finance in relation to an independent actuarial evaluation performed for them. This evaluation calculated the present value of the service awards payable for past services for the Centre for Education to be \$821,045 as of March 31, 2019 (2018 - \$9,502,246) – teaching; \$363,884 as of March 31, 2019 (2018 - \$792,804) – non-teaching.

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

### TEACHING

			2019	2018
	Actual Obligation	Unamortized Losses	Total	Total
Balance, beginning of year	\$ 9,681,812	\$ (179,566)	\$ 9,502,246	\$ 9,464,922
Interest cost	38,345	–	38,345	355,592
Other adjustments (benefits paid differential)	–	–	–	(310,300)
Unamortized items recognized on curtailment (prior year)	–	271,100	271,100	319,700
Unamortized adjustment for prior year settlement error	–	82,448	82,448	–
Amortization of actuarial losses	–	5,740	5,740	589,050
Benefit payments	(8,807,734)	–	(8,807,734)	(597,018)
Actuarial gains	(271,100)	–	(271,100)	(319,700)
<b>Balance, end of year</b>	<b>\$ 641,323</b>	<b>\$ 179,722</b>	<b>\$ 821,045</b>	<b>\$ 9,502,246</b>

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

Notes to Financial Statements, continued

Year ended March 31, 2019

## 6. RETIREMENT SERVICE AWARDS (CONTINUED)

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

### TEACHING

	2019	2018
Interest obligation	\$ 38,345	\$ 355,592
Amortization of actuarial losses	5,740	589,050
Other adjustments (benefits paid differential)	-	(310,300)
Unamortized adjustment for prior year settlement error	82,448	-
	<u>\$ 126,533</u>	<u>\$ 634,342</u>

### NON-TEACHING

			2019	2018
	Actual Obligation	Unamortized Losses	Total	Total
Balance, beginning of year	\$ 798,731	\$ (5,927)	\$ 792,804	\$ 716,817
Interest cost	11,630	-	11,630	24,589
Impact of curtailment/ settlement	-	-	-	67,832
Unamortized items Recognized on curtailment (prior year)	-	106,455	106,455	(3,506)
Amortization of actuarial loss	-	5,113	5,113	8,900
Benefit payments	(445,663)	-	(445,663)	(25,334)
Actuarial losses	(106,455)	-	(106,455)	3,506
Balance, end of year	<u>\$ 258,243</u>	<u>\$ 105,641</u>	<u>\$ 363,884</u>	<u>\$ 792,804</u>

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

	2019	2018
Interest obligation	\$ 11,630	\$ 24,589
Amortization of actuarial loss (gain)	5,113	8,900
Plan amendments/curtailment	-	67,832
	<u>\$ 16,743</u>	<u>\$ 101,321</u>

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

Notes to Financial Statements, continued

Year ended March 31, 2019

## 7. ACCRUED SICK LEAVE

The Centre for Education has recognized in these consolidated financial statements, the liability associated with accumulated sick leave earned by teaching and non-teaching staff. The Centre for Education 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 Centre for Education to be \$15,217,690 as of March 31, 2019 (2018 - \$15,802,045) – teaching; \$1,534,878 as of March 31, 2019 (2018 - \$1,587,811) – non-teaching.

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

### TEACHING

			2019	2018
	Actual Obligation	Unamortized Losses	Total	Total
Balance, beginning of year	\$ 9,748,115	\$ 6,053,930	\$ 15,802,045	\$ 16,167,384
Current service cost	646,000	–	646,000	516,000
Interest cost	317,731	–	317,731	421,346
Sick leave taken	(1,006,300)	–	(1,006,300)	(961,000)
Amortization of actuarial gain	–	(541,786)	(541,786)	(341,685)
Actuarial loss (gain)	80,500	(80,500)	–	–
Balance, end of year	\$ 9,786,046	\$ 5,431,644	\$ 15,217,690	\$ 15,802,045

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

	2019	2018
Current service cost	\$ 646,000	\$ 516,000
Interest cost	317,731	421,346
Amortization of actuarial gain	(541,786)	(341,685)
	\$ 421,945	\$ 595,661

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

Notes to Financial Statements, continued

Year ended March 31, 2019

## 7. ACCRUED SICK LEAVE (CONTINUED)

### NON-TEACHING

			2019	2018
	Actual Obligation	Unamortized Gains (Losses)	Total	Total
Balance, beginning of year	\$ 1,631,625	\$ (43,814)	\$ 1,587,811	\$ 1,638,388
Current service cost	188,908	–	188,908	184,708
Interest cost	52,180	–	52,180	55,795
Sick leave taken	(300,366)	–	(300,366)	(295,927)
Actuarial (gain) loss	(30,222)	30,222	–	–
Amortization of actuarial loss	–	6,345	6,345	4,847
Balance, end of year	\$ 1,542,125	\$ (7,247)	\$ 1,534,878	\$ 1,587,811

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

	2019	2018
Current service cost	\$ 188,908	\$ 184,708
Interest cost	52,180	55,795
Amortization of actuarial loss (gain)	6,345	4,847
	\$ 247,433	\$ 245,350

## 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 one (2018 – 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 CENTRE FOR EDUCATION

Notes to Financial Statements, continued

Year ended March 31, 2019

## 9. LIABILITY FOR FUTURE ENVIRONMENTAL CLEAN-UP

The Centre for Education 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 Centre for Education 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

	2019		2018	
	Cost	Accumulated amortization	Net	Net
Service vehicles	\$ 1,468,972	\$ 1,304,069	\$ 164,903	\$ 159,490

## 11. DEFERRED TEACHERS' SALARIES

Under the terms of the teachers' contract, the Centre for Education 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, 2019, the Board had \$386,512 (2018 - \$371,850) of such funds on deposit together with a corresponding liability of \$392,674 (2018 - \$373,790) the difference which is set up as a payable to (receivable from) the Nova Scotia Teachers' Credit Union as at March 31, 2019.

## 12. PENSION PLANS

### (a) Teachers

The Centre for Education'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. An expense is included in the Centre for Education's statement of operations for the related pension amounts in the amount of \$15,604,700.

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

Notes to Financial Statements, continued

Year ended March 31, 2019

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## 12. PENSION PLANS (CONTINUED)

### (b) Non-teachers

The Centre for Education's Canadian Union of Public Employees (CUPE) staff participate in a money purchase pension plan which is accounted for by the Centre for Education as a defined contribution plan. Employer pension costs of \$1,084,630 (2018 - \$1,096,248) 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 Centre for Education both contribute at the rate of 5% of pensionable earnings.

The Centre for Education also contributes to an RRSP plan for its confidential non-CUPE employees. Employees and the Centre for Education both contribute at the rate of 9% of pensionable earnings. Included in the March 31, 2019 statement of operations are employer contributions of \$73,413 (2018 - \$71,220), which represents the pension cost to the Centre for Education.

## 13. INSURANCE

The Centre for Education 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 fiscal 2017, the Centre for Education 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 Centre for Education. Insurance proceeds of \$475,611 were recorded as revenue in the year ended March 31, 2018 and insurance proceeds of \$308,990 were recorded as revenue in the year ended March 31, 2019. Further insurance proceeds are expected, however, no amounts have been recorded at March 31, 2019. 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 Centre for Education by the Province of Nova Scotia, including but not limited to:

- P-3 schools and facilities leases and operating costs.

# CAPE BRETON-VICTORIA REGIONAL CENTRE FOR EDUCATION

Notes to Financial Statements, continued

Year ended March 31, 2019

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## 15. FINANCIAL INSTRUMENTS

The Centre for Education is exposed to various risks through its financial instruments and includes the following significant risk at March 31, 2019.

### **Credit risk**

The Centre for Education'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 Centre for Education performs continuous evaluation of its accounts receivable.

### **Liquidity risk**

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

## 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. OTHER MATTERS

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 2018 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.