



Consolidated Financial Statements

Tri-County Regional Centre for Education

March 31, 2019

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## Independent auditor's report

Honourable Zach Churchill - Minister,  
Education and Early Childhood Development

### Opinion

We have audited the consolidated financial statements of Tri-County Regional Centre for Education ("the Regional Centre"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, change in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the financial position of Tri-County Regional Centre for Education as at March 31, 2019, and its results of operations, its changes in its net debt, 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 Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

### Other Matter – Supplementary Financial Information

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 26 to 34 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.

### Responsibilities of Management and Those Charged with Governance 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.

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 decisions of users taken on the basis of these consolidated 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 consolidated 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 Entity'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 Entity'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 consolidated 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Bridgewater, Canada  
June 25, 2019

Chartered Professional Accountants  
Licensed Public Accountants

**Tri-County Regional Centre for Education**  
**Consolidated Statement of Financial Position**

As at March 31 2019 2018

<b>Financial Assets</b>		
Cash and Cash Equivalents	\$ 2,444,521	\$ 4,036,517
Cash Held by Schools (Note 5)	<u>1,876,423</u>	<u>1,665,150</u>
	\$ 4,320,944	\$ 5,701,667
<b>Accounts Receivable</b>		
Province of Nova Scotia	\$ 1,956,471	\$ 1,717,657
Government of Canada	245,575	336,257
Other	146,554	290,281
Accrued Benefit Asset (Note 6)	1,888,400	1,578,800
Receivable - Service Award Allowance (Note 10)	1,364,245	5,549,159
Receivable - Sick Leave Allowance (Note 11)	<u>8,826,239</u>	<u>8,847,247</u>
<b>Total Financial Assets</b>	<u>\$ 18,748,428</u>	<u>\$ 24,021,068</u>
<b>Financial Liabilities</b>		
Accounts Payable and Accrued Liabilities - Trade	\$ 1,831,696	\$ 3,364,314
Accrued Payroll and Employee Deductions	2,099,187	1,964,210
Payables and Accruals - Government		
Province of Nova Scotia	39,113	195,430
Municipalities	-	11,333
Deferred Revenue (Note 13)	2,928,009	2,474,736
Service Award Obligations (Note 10)	1,364,245	5,549,159
Sick Leave Obligations (Note 11)	<u>8,826,239</u>	<u>8,847,246</u>
<b>Total Financial Liabilities</b>	<u>\$ 17,088,489</u>	<u>\$ 22,406,428</u>
<b>Net Financial Assets</b>	<u>\$ 1,659,939</u>	<u>\$ 1,614,640</u>
<b>Non-Financial Assets (Note 3)</b>		
Tangible Capital Assets (Schedule C)	\$ 203,227	\$ 149,697
Inventory	242,505	242,505
Prepaid Expenses	<u>343,698</u>	<u>340,272</u>
	\$ 789,430	\$ 732,474
<b>Accumulated Surplus (Note 4)</b>	<u>\$ 2,449,369</u>	<u>\$ 2,347,114</u>

Trust Funds Under Administration (Note 7 and Schedule D & E)  
Contractual Obligations (Note 8)  
Contingent Liability (Note 9)

On Behalf of the Regional Centre

  
\_\_\_\_\_  
Regional Executive Director

  
\_\_\_\_\_  
Deputy Minister

# Tri-County Regional Centre for Education

## Consolidated Statement of Operations and Surplus

For the year ended March 31

2019

2018

	Budget	Actual	Actual
<b>Revenues (Schedule A)</b>			
Province of Nova Scotia	\$ 67,282,929	\$ 67,303,621	\$ 66,389,432
Government of Canada	322,488	393,908	322,488
Municipal Contributions	11,569,300	11,569,263	11,328,694
School Generated Funds (Note 5)	2,500,000	2,439,409	2,565,230
Board Operations	2,906,875	2,837,393	2,905,148
<b>Total Revenues</b>	<b>\$ 84,581,592</b>	<b>\$ 84,543,594</b>	<b>\$ 83,510,992</b>
<b>Expenditures (Schedule B)</b>			
Board Governance	\$ -	\$ -	\$ 630,070
Office of the Regional Executive Director	556,305	638,900	513,019
Financial Services	589,279	609,897	527,269
Human Resources Services	601,020	554,366	546,397
School Services	64,107,548	64,263,572	62,476,310
Operational Services	14,683,803	14,893,691	15,935,123
Pre-Primary Programming	1,543,637	1,212,223	375,297
School Generated Funds (Note 5)	2,500,000	2,268,690	2,409,790
<b>Total Expenditures</b>	<b>\$ 84,581,592</b>	<b>\$ 84,441,339</b>	<b>\$ 83,413,275</b>
<b>Regional Centre Surplus</b>	<b>\$ -</b>	<b>\$ 102,255</b>	<b>\$ 97,717</b>
<b>Accumulated Surplus, beginning of year</b>	<b>-</b>	<b>2,347,114</b>	<b>2,249,397</b>
<b>Accumulated Surplus, end of year</b>	<b>\$ -</b>	<b>\$ 2,449,369</b>	<b>\$ 2,347,114</b>

See accompanying notes to the financial statements.

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**Tri-County Regional Centre for Education****Consolidated Statement of Changes in Net Financial Assets**

For the year ended March 31

**2019****2018**

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Net Financial Assets, beginning of year</b>	\$ 1,614,640	\$ 1,614,640	\$ 1,476,993
<b>Changes in the Year</b>			
Regional Centre Surplus	-	<b>102,255</b>	97,717
Amortization of Tangible Capital Assets	59,892	<b>74,862</b>	79,648
Purchases of Tangible Capital Assets	-	<b>(128,392)</b>	(42,306)
Disposition of Tangible Capital Assets	-	-	5,314
Increase in Prepaid Expenses	-	<b>(3,426)</b>	(2,726)
<b>Increase in Net Financial Assets</b>	<u>59,892</u>	<u><b>45,299</b></u>	<u>137,647</u>
<b>Net Financial Assets, end of year</b>	\$ 1,674,532	\$ 1,659,939	\$ 1,614,640

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# Tri-County Regional Centre for Education

## Consolidated Statement of Cash Flows

For the year ended March 31

2019

2018

### Increase (decrease) in cash and cash equivalents

#### Operating Transactions

Regional Centre Surplus	\$ 102,255	\$ 97,717
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#### Items not affecting cash:

Loss on disposition of tangible capital assets	-	5,314
Tangible capital asset amortization	74,862	79,648

	177,117	182,679
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#### Changes in non-cash working capital

Increase in accounts receivable	(4,405)	(27,656)
Decrease (increase) in receivables - service award allowance	4,184,914	(276,592)
Decrease (increase) in receivable - sick leave allowance	21,007	(10,127)
Increase in prepaid expenses	(3,426)	(2,727)
Increase in accrued benefit asset	(309,600)	(162,500)
(Decrease) increase in accounts payable and accruals	(1,565,291)	884,488
Increase (decrease) in deferred revenue	453,273	(30,573)
(Decrease) increase in service award obligation	(4,184,914)	276,592
(Decrease) increase in sick leave obligations	(21,006)	10,127

	(1,429,448)	661,032
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Cash provided by operating activities	(1,252,331)	843,711
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#### Capital Transactions

Purchase of tangible capital assets	(128,392)	(42,306)
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(Decrease) increase in cash and cash equivalents	(1,380,723)	801,405
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Cash and cash equivalents, beginning of year	5,701,667	4,900,262
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Cash and cash equivalents, end of year	\$ 4,320,944	\$ 5,701,667
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# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 1. Nature of Operations

As of March 31, 2019, the Tri-County Regional Centre for Education (the "Regional Centre") is a corporation sole with the Minister of Education and Early Childhood Development as the sole Director. The Regional Centre 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 Regional Centre 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 Regional Centre policy.

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### 2. Management Responsibility Statement

The consolidated financial statements of the Tri-County Regional Centre for Education 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.

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### 3. Financial Reporting and Accounting Policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards, which for purposes of the Regional Centre'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 consolidated 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 and Early Childhood Development. 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

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# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 3. Financial Reporting and Accounting Policies (continued)

purposes specified. Any externally restricted inflow received before the criteria have been met is reported as a liability until the resources are used for the purpose or purposes specified.

Tri-County Regional Centre for Education 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 Regional Centre'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 Regional Centre'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 Regional Centre 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 Regional Centre's pension liabilities are calculated using an accrued benefits actuarial method and using accounting assumptions which reflect the Regional Centre'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.

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# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 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 Centre for Education: a) is directly responsible; or b) accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

As at March 31, 2019 there are no known contaminated sites identified.

#### Net Financial Assets

Net financial assets represent the financial assets of the Regional Centre 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 and improvements, major equipment, computer hardware, 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 Regional Centres are not accounted for in the Regional Centre's financial statements; rather they are included in the Province of Nova Scotia's financial statements.

The Regional Centre 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%
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 Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

### 4. Accumulated Surplus

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

	<u>2019</u>	<u>2018</u>
Operating Deficit - Unrestricted, beginning of year	\$ (896,836)	\$ (830,143)
Regional Centre Surplus, on an expense basis after adjustment	<u>102,255</u>	<u>97,717</u>
	(794,581)	(732,426)
Operating Surplus – Designated to Defined Benefit Pension Plan	(309,600)	(162,500)
Operating Surplus – Designated to School Funds	<u>(211,273)</u>	<u>(1,910)</u>
Operating Deficit – Unrestricted, end of year	<u>(1,315,454)</u>	<u>(896,836)</u>
Defined Pension Plan – Accrued Benefit Asset, beginning of year	1,578,800	1,416,300
Defined Pension Plan – Accrued Benefit Asset, net surplus for year	<u>309,600</u>	<u>162,500</u>
Defined Pension Plan – Accrued Benefit Asset, end of year	<u>1,888,400</u>	<u>1,578,800</u>
School Funds – Restricted, beginning of year	1,665,150	1,663,240
School Funds – Restricted, net surplus for year	<u>211,273</u>	<u>1,910</u>
School Funds – Restricted, end of year	<u>1,876,423</u>	<u>1,665,150</u>
Accumulated Surplus, end of year	<u>\$ 2,449,369</u>	<u>\$ 2,347,114</u>

### 5. 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 Regional Centre 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 Regional Centre.

Changes in cash held by schools are as follows:

	<u>2019</u>	<u>2018</u>
Changes in surplus are as follows:		
Balance, beginning of year	\$ 1,665,150	\$ 1,663,240
Additions to school generated funds	2,439,409	2,565,230
School funded activities expenses	(2,268,690)	(2,409,790)
School funds – restricted programs (recognition of prior year deferred revenue)	(85,572)	(239,102)
School funds – restricted programs (deferred revenue)	<u>126,126</u>	<u>85,572</u>
Net school generated funds for year	<u>211,273</u>	<u>1,910</u>
Balance, end of year	<u>\$ 1,876,423</u>	<u>\$ 1,665,150</u>

# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

### 6. Defined Benefit Pension Plans

Details on the defined benefit plans were provided by Morneau Shepell on April 24, 2019 and have been determined by them in accordance with PS 3250 for the Tri-County Regional Centre for Education C.U.P.E. Staff Pension Plan (the "CUPE Plan") and the Tri-County Regional Centre for Education Support Staff Pension Plan (the "Support Staff Plan"). Results are presented for the fiscal year ending March 31, 2019 based on the information received dated April 24, 2019.

For both plans, employee contributions equal 5% of their salary, and the Regional Centre 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, 2017. The next funding valuation of the plan is required to be completed for December 31, 2020. The accrued benefit asset was adjusted to March 31, 2019 by including employer contributions made between January and March of 2019. The reconciliation of the accrued benefit asset shows a funded status of \$776,600 as of March 31, 2019. Plan assets are recorded at market value. The Regional Centre uses the Projected Unit Credit method of actuarial costs, which is prorated on service.

Major assumptions regarding the CUPE pension plan are as follows:

Actuarial cost method	Projected Unit Credit Prorated on Service
Discount rate per annum for fiscal 2019	5.00%
Expected return on plan assets	5.00%
Annual salary increases	2.75%
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, 2019 by including employer contributions made between January and March of 2019. The reconciliation of the accrued benefit asset shows a funded status of \$1,111,800 as of March 31, 2019. Plan assets are recorded at market value. The Regional Centre 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 fiscal 2019	5.00%
Expected return on plan assets	5.00%
Annual salary increases	2.75%
Retirement age	60 Years (or in one year, if later)
Administrative expenses	Implicitly recognized in the discount rate

# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

### 6. Defined Benefit Pension Plans (continued)

The following table shows the plan's pension expense for the 2019 fiscal year, the expected benefit asset as at March 31, 2019 and a reconciliation of the accrued benefit asset as at March 31, 2019.

Pension Expense:	<u>CUPE</u>	<u>Support Staff</u>	<u>Total</u>
Pension expenditure/expense:			
Current service cost (net of employee contributions)	\$ 481,700	\$ 436,200	\$ 917,900
Amortization of actuarial (gains) losses	(47,600)	(82,100)	(129,700)
Pension interest expenditure/expense:			
Interest cost on the accrued benefit obligation	454,400	334,500	788,900
Expected return on plan assets	<u>(508,500)</u>	<u>(418,900)</u>	<u>(927,400)</u>
<b>Total 2019 Pension Expense</b>	<b><u>\$ 380,000</u></b>	<b><u>\$ 269,700</u></b>	<b><u>\$ 649,700</u></b>

### Development of Accrued Benefit Asset as at March 31, 2019

	<u>CUPE</u>	<u>Support Staff</u>	<u>Total</u>
Accrued benefit asset as at March 31, 2018	\$ 662,800	\$ 916,000	\$ 1,578,800
Fiscal 2019 expense	(380,000)	(269,700)	(649,700)
Fiscal 2019 Regional Centre contributions	<u>493,800</u>	<u>465,500</u>	<u>959,300</u>
<b>Accrued Benefit Asset as at March 31, 2019</b>	<b><u>\$ 776,600</u></b>	<b><u>\$ 1,111,800</u></b>	<b><u>\$ 1,888,400</u></b>

### Reconciliation of the Accrued Benefit Asset as at March 31, 2019

	<u>CUPE</u>	<u>Support Staff</u>	<u>Total</u>
Assets	\$ 9,837,900	\$ 8,156,100	\$ 17,994,000
Accrued benefit obligation	<u>(9,655,600)</u>	<u>(7,288,800)</u>	<u>(16,944,400)</u>
Funded status as at March 31, 2019	182,300	867,300	1,049,600
Unamortized actuarial losses (gains)	466,300	116,200	582,500
Employer contributions January to March 2019	<u>128,000</u>	<u>128,300</u>	<u>256,300</u>
<b>Accrued Benefit Asset as at March 31, 2019</b>	<b><u>\$ 776,600</u></b>	<b><u>\$ 1,111,800</u></b>	<b><u>\$ 1,888,400</u></b>

The accrued benefit asset of \$1,888,400 reflected in the financial statements for the year ended March 31, 2019 is based on estimates received from Morneau Shepell on April 24, 2019 and has not been adjusted to reflect the final estimated value.

### Other Pension Plans

The Regional Centre'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 defined pension plan held on behalf of the Regional Centre by the Nova Scotia Education Common Services Bureau.

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# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 7. Trust Funds under Administration

Trust fund assets administered by the Regional Centre 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.

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### 8. Contractual Obligations

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

#### Rental Leases

2020	\$ 266,764
2021	\$ 269,258
2022	\$ 219,040
2023	\$ 36,374
Total	<u>\$ 791,436</u>

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### 9. Contingent Liability

#### Environmental and Legal Matters

There are potential costs with respect to environmental issues at a previous school site. The Regional Centre 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.

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### 10. Service Award Obligations

#### Summary of Service Award Obligations

The last actuarial valuation for Teacher service awards was conducted as at July 31, 2018. 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, 2018 and was extrapolated to March 31, 2019.

	<u>2019</u>	<u>2018</u>
Service Awards - Teachers	\$ 521,706	\$ 4,599,724
Service Awards - Non-Teachers	<u>842,539</u>	<u>949,435</u>
Total Service Award Obligations – Teachers and Non-Teachers	<u>\$ 1,364,245</u>	<u>\$ 5,549,159</u>

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# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 10. Service Award Obligation (continued)

The Regional Centre has recognized in these consolidated financial statements the liability associated with retirement allowances earned by staff. The Regional Centre has recorded a corresponding receivable from the Province of Nova Scotia which has assumed responsibility for the liability up to March 31, 2019.

During the 2017/18 fiscal 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 that were accrued at March 31, 2018 was \$4,017,933. The impact of these immediate payouts was reflected in the prior year by recognizing a gain on settlement of \$43,404 and 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 Regional Centre is required to pay a service award to each teacher who accumulates a minimum of fifteen years' service with the Regional Centre. 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 Regional Centre is required to pay a service award to each teacher who accumulates a minimum of fifteen years' service with the Regional Centre. The amount of the award is as follows: .75 of 1% for each year of service with the Regional Centre multiplied by the annual salary rate on the last day of employment with the Regional Centre.

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

The Province of Nova Scotia assumed responsibility for the payment of Service Awards for teachers effective April 1, 2002. The Regional Centre 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 ("EARSLS") of active employees.

Eckler Ltd. provided the Province of Nova Scotia with post-retirement benefit disclosures as at March 31, 2019 under section 3250 of the CPA Canada Public Sector Accounting Handbook.



# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

### 10. 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"> <li>• 3.59% per annum for March 31, 2017 benefit obligation</li> <li>• 3.42% per annum for fiscal 2017/18 expense determination and March 31, 2018 benefit obligation</li> <li>• 3.29% per annum for fiscal 2018/19 expense determination, March 31, 2019 benefit obligation and estimated fiscal 2019/20 expense determination</li> </ul>																
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"> <li>• No pre-retirement mortality assumed</li> </ul>																
Withdrawal Prior to Retirement:	<ul style="list-style-type: none"> <li>• No termination prior to retirement assumed</li> </ul>																
Salary Growth Rate:	<ul style="list-style-type: none"> <li>• 1.5% on April 1, 2018, 0.5% on March 31, 2019, 1.5% on April 1, 2019, 0.5% on March 31, 2020, 1.5% on April 1, 2020, 0.5% on March 31, 2021 and 2% per annum beginning April 1, 2021 plus promotional scale for March 31, 2019 benefit obligation and estimated 2019/2020 expense determination</li> <li>• Promotional Scale:</li> </ul> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Age Group</th> <th style="text-align: center;">Annual increase</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">&lt; 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	Annual increase	< 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	Annual increase																
< 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%																

# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

### 10. Service Award Obligation (continued)

<b>Continuity of Service Award Allowance Obligation - Teachers</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Opening benefit obligation, beginning of the year	\$ 4,626,091	\$ 4,660,429
Interest on obligation	20,858	159,374
Other (past service, transfers, etc.)	-	(90,500)
Less: benefits paid	(4,078,867)	(205,712)
Actuarial (gains) losses	<u>(377,400)</u>	<u>102,500</u>
Closing benefit obligation, end of year	190,682	4,626,091
Pension assets, at market related values	-	-
Funded status – deficiency	<u>(190,682)</u>	<u>(4,626,091)</u>
Unamortized actuarial (gains) losses	<u>(331,024)</u>	<u>26,367</u>
Accrued benefit liability - Teachers	<u>\$ (521,706)</u>	<u>\$ (4,599,724)</u>

### 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 Regional Centres and union/non-union groups were provided by the Province of Nova Scotia for Nova Scotia Regional Centres.

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 hired before 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 Regional Centres 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 Regional Centres. 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.

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# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 10. 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 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 made in Fiscal 2019.

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 that was 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, 2019 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 May 2, 2019.

# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

### 10. Service Award Obligation (continued)

Valuation Date	March 31, 2018
Annual Discount Rate	3.29% per annum
Annual Salary Increases (includes 0.5% merit and 0.5% productivity)	2.5% at April 1, 2018 3.0% at April 1, 2019 3.0% at April 1, 2020 3.5% at April 1, 2021 3.0% per annum from April 1, 2022 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 However: 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)

<b>Continuity of Service Award Allowance Obligation – Non-Teachers</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Opening benefit obligation, beginning of the year	\$ 1,111,823	\$ 1,019,214
Interest on obligation	32,272	35,210
Settlement loss (gain) due to early payout offer	-	47,096
Less: benefits paid	(169,794)	-
Actuarial (gains) losses	<u>(107,677)</u>	<u>10,303</u>
Closing benefit obligation, end of year	866,624	1,111,823
Pension assets, at market related values	-	-
Funded status – deficiency	(866,624)	(1,111,823)
Unamortized actuarial losses	<u>24,085</u>	<u>162,388</u>
Accrued Benefit Liability – Non-Teachers	<b><u>\$ (842,539)</u></b>	<b><u>\$ (949,435)</u></b>

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# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 11. Sick Leave Obligation

#### I. Sick Leave Obligation - Teachers

The Regional Centre 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.
- (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 Regional Centre's obligations for the accumulated sick leave for accounting purposes. Key actuarial assumptions used in the valuation were based on the Regional Centre'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 Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

### 11. Sick Leave Obligation (continued)

#### Actuarial Assumptions

Discount Rate on Liabilities:	<ul style="list-style-type: none"> <li>• 3.59% per annum for March 31, 2017 benefit obligation</li> <li>• 3.42% per annum for fiscal 2017/18 expense determination, March 31, 2018 benefit obligation</li> <li>• 3.29% per annum for fiscal 2018/19 expense determination, March 31, 2019 benefit obligation and estimated fiscal 2019/20 expense determination</li> </ul>																
Retirement Age:	<ul style="list-style-type: none"> <li>• 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</li> </ul>																
Mortality:	<ul style="list-style-type: none"> <li>• 100% of CPM-2014 Public with future mortality improvements according to scale CPM-B</li> </ul>																
Withdrawal Prior to Retirement:	<ul style="list-style-type: none"> <li>• 5% per annum in first 2 years of employment</li> </ul>																
Salary Growth Rate:	<ul style="list-style-type: none"> <li>• 1.5% on April 1, 2018, 0.5% on March 31, 2019, 1.5% on April 1, 2019, 0.5% on March 31, 2020, 1.5% at April 1, 2020, 0.5% on March 31, 2021 and 2% per year from April 1, 2021 plus a promotional scale for March 31, 2019 benefit obligation and estimated fiscal 2019/20 expense determination</li> <li>• Promotional Scale:</li> </ul> <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;">&lt; 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																
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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"> <li>• Each year, full time employees are expected to use sick time accrued during the school year as follows: <ul style="list-style-type: none"> <li>- 7.6 days per school year for males</li> <li>- 8.8 days per school year for females</li> </ul> </li> <li>• 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</li> </ul>																

# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

### 11. Sick Leave Obligation (continued)

Sick Leave Bank Utilization:	<ul style="list-style-type: none"> <li>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:</li> </ul>		
	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"> <li>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.</li> </ul>			

Sick leave usage data was provided by the Department of Education and Early Childhood Development.

<b>Continuity of Accumulated Sick Leave Obligation - Teachers</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Opening benefit obligation, beginning of the year	\$ 4,787,775	\$ 6,719,897
Current service cost	438,000	286,900
Interest on obligation	159,670	230,578
Actuarial (gains) losses	48,000	(2,030,600)
Less: sick leave taken	<u>(411,200)</u>	<u>(419,000)</u>
Closing benefit obligation, end of year	5,022,245	4,787,775
Pension assets, at market related values	<u>-</u>	<u>-</u>
Funded status – deficiency	(5,022,245)	(4,787,775)
Unamortized actuarial (gains) losses	<u>(3,048,582)</u>	<u>(3,306,125)</u>
Accrued benefit liability	<u>\$ (8,070,827)</u>	<u>\$ (8,093,900)</u>

The Regional Centre has recognized in these financial statements, the liability associated with accumulated sick leave earned by teaching staff. The Regional Centre has recorded a corresponding receivable from the Province of Nova Scotia which has assumed responsibility for the liability up to March 31, 2019.

# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

### 11. Sick Leave Obligation (continued)

#### II. Sick Leave – Non-Teachers

Morneau-Shepell provided to the Province of Nova Scotia on December 31, 2018, the requested financial disclosure figures related to the Sick Leave Benefit to Non-Teaching employees of all Regional Centres 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 2016 to 2018 was also provided by the Department of Education and Early Childhood Development. 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, 2018					
Annual Discount Rate:	3.29% per annum					
Annual Salary Increases (includes 0.5% merit)	2.5% at April 1, 2018 3.0% at April 1, 2019 3.0% at April 1, 2020 3.5% at April 1, 2021 3.0% per annum from April 1, 2022 onwards					
Sample Net Excess Utilization Rate of Sick Leave:	<b>Age</b>	<b>Hours</b>	<b>Age</b>	<b>Hours</b>	<b>Age</b>	<b>Hours</b>
	20	0.0	40	8.6	60	28.2
	25	1.9	45	10.8	65	40.5
	30	4.1	50	13.1	70	52.8
	35	6.4	55	15.8		
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 6, 2010)					



# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

### 11. Sick Leave Obligation (continued)

<b>Continuity of Accumulated Sick Leave Obligation – Non-Teachers</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Opening benefit obligation, beginning of the year	\$ 776,123	\$ 768,884
Current service cost	96,724	94,455
Interest on obligation	25,300	26,097
Less: sick leave taken	(122,346)	(120,538)
Actuarial losses	<u>64,773</u>	<u>7,225</u>
Closing benefit obligation, end of year	840,574	776,123
Pension assets, at market related values	<u>-</u>	<u>-</u>
Funded status – deficiency	(840,574)	(776,123)
Unamortized actuarial losses (gains)	<u>85,162</u>	<u>22,776</u>
Accrued benefit liability	<u>\$ (755,412)</u>	<u>\$ (753,347)</u>

<b>Summary of Accumulated Sick Leave Obligation</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Accumulated sick leave obligation - Teachers	\$ 8,070,827	\$ 8,093,900
Accumulated sick leave obligation - Non-Teachers	<u>755,412</u>	<u>753,347</u>
Total accumulated sick leave obligation	<u>\$ 8,826,239</u>	<u>\$ 8,847,247</u>

The Regional Centre has recognized in the financial statements the liability associated with sick leave earned by staff. The Regional Centre has recorded a corresponding receivable from the Province of Nova Scotia which has assumed responsibility for the liability up to March 31, 2019.

### 12. 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 expires on March 31, 2021.

The collective agreement with CUPE expired March 31, 2015.

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# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 13. Deferred Revenue

Deferred revenue as of March 31:	<u>2019</u>	<u>2018</u>
Teachers PD Fund	\$ 152,047	\$ 145,366
School Generated Funds (Note 5)	126,126	85,572
Programs – Province of Nova Scotia	<u>2,649,836</u>	<u>2,243,798</u>
	<u>\$ 2,928,009</u>	<u>\$ 2,474,736</u>

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### 14. Bank Indebtedness

The Regional Centre had not utilized the available operating line of credit of \$646,000 as of March 31, 2019, with the Canadian Imperial Bank of Commerce.

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### 15. Financial Instrument Risk Management

#### Credit risk

Credit risk is the risk of financial loss to the Regional Centre if a debtor fails to make payments when due. The Regional Centre 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 Regional Centre recognizes a specific allowance for doubtful accounts when management considers the expected amounts to be recovered is lower than the actual receivable.

The Regional Centre 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 Regional Centre 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 Regional Centre 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.

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# Tri-County Regional Centre for Education

## Notes to the Consolidated Financial Statements

March 31, 2019

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### 15. Financial Instrument Risk Management (continued)

The Regional Centre 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 Regional Centre 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 Regional Centre will not be able to meet all cash outflow obligations as they come due. The Regional Centre 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.

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### 16. Comparative Figures

On March 9, 2018, the Education Reform (2018) Act was passed and came into effect April 1, 2018. The implementation of this Act dissolved the Tri-County Regional School Board (predecessor) effective April 1, 2018, with all assets and liabilities transferred to the Tri-County Regional Centre for Education (successor) on the same date. Comparative figures included in these consolidated financial statements would be those of the predecessor entity.

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

**Tri-County Regional Centre for Education**  
**Schedule A - Supplementary Details of Revenues**

For the year ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Province of Nova Scotia</b>			
Operating	\$ 37,720,329	\$ 38,923,520	\$ 40,077,806
Restricted	21,945,871	20,024,668	20,028,008
Capital	57,500	57,500	57,500
Other	7,559,229	8,297,933	6,226,118
	<u>\$ 67,282,929</u>	<u>\$ 67,303,621</u>	<u>\$ 66,389,432</u>
<b>Government of Canada</b>			
First Nations	<u>\$ 322,488</u>	<u>\$ 393,908</u>	<u>\$ 322,488</u>
<b>Municipal Contributions - Mandatory</b>	<u>\$ 11,569,300</u>	<u>\$ 11,569,263</u>	<u>\$ 11,328,694</u>
<b>School Generated Funds (Note 5)</b>	<u>\$ 2,500,000</u>	<u>\$ 2,439,409</u>	<u>\$ 2,565,230</u>
<b>Regional Centre Operations</b>			
Board Generated Revenue - Other Revenue	\$ 2,861,875	\$ 2,735,470	\$ 2,844,832
Interest/Investment	45,000	96,112	52,316
Sale of Assets	-	5,811	8,000
	<u>\$ 2,906,875</u>	<u>\$ 2,837,393</u>	<u>\$ 2,905,148</u>
<b>Total Revenue</b>	<u>\$ 84,581,592</u>	<u>\$ 84,543,594</u>	<u>\$ 83,510,992</u>

**Tri-County Regional Centre for Education**  
**Schedule B - Supplementary Details of Expenditures**

For the year ended March 31

**2019**

**2018**

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b><u>Board Governance</u></b>			
Salaries	\$ -	\$ -	\$ 500,611
Benefits	-	-	8,290
Travel	-	-	28,567
Contracted Services	-	-	3,938
Supplies/Materials/Telecommunications	-	-	22,521
Professional Development	-	-	18,394
Board Elections	-	-	-
NSSBA Dues	-	-	47,749
<b>Total Board Governance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 630,070</b>
<b><u>Office of the Regional Executive Director</u></b>			
Salaries	\$ 240,183	\$ 284,489	\$ 199,414
Benefits	26,872	33,258	23,997
Travel	12,000	13,699	19,004
Professional Services - Legal and Audit	98,500	89,745	50,904
Contracted Services	21,000	20,554	26,790
Repairs & Maintenance	-	675	-
Supplies/Materials/Telecommunications	64,000	84,350	99,244
Professional Development	3,750	325	1,701
Insurance	90,000	111,805	91,965
<b>Total Office of the Regional Executive Director</b>	<b>\$ 556,305</b>	<b>\$ 638,900</b>	<b>\$ 513,019</b>
<b><u>Financial Services</u></b>			
Salaries	\$ 118,918	\$ 124,916	\$ 115,800
Benefits	22,485	25,298	23,220
Travel	10,000	9,214	9,111
Contracted Services	434,226	423,506	374,362
Other Contracted Services	-	23,917	-
Supplies/Materials/Telecommunications/Utilities	700	1,186	2,166
Professional Development	2,950	1,860	2,610
<b>Total Financial Services</b>	<b>\$ 589,279</b>	<b>\$ 609,897</b>	<b>\$ 527,269</b>
<b><u>Human Resources Services</u></b>			
Salaries	\$ 405,970	\$ 403,630	\$ 399,824
Benefits	110,054	105,270	99,729
Travel	20,000	16,538	18,547
Contracted Services	10,000	873	231
Other Contracted Services	-	4,619	-
Supplies/Materials/Telecommunications	17,200	4,164	4,017
Vehicle Expenses	1,725	4,299	8,744
Amortization	2,221	2,222	3,420
Professional Development	33,850	12,751	11,885
<b>Total Human Resources Services</b>	<b>\$ 601,020</b>	<b>\$ 554,366</b>	<b>\$ 546,397</b>

**Tri-County Regional Centre for Education**  
**Schedule B - Supplementary Details of Expenditures**

For the year ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b><u>School Services</u></b>			
<b>School Services Administration</b>			
Salaries	\$ 1,453,144	\$ 1,453,491	\$ 1,390,708
Benefits	107,130	106,850	110,815
<b>Total School Services Administration</b>	<b>\$ 1,560,274</b>	<b>\$ 1,560,341</b>	<b>\$ 1,501,523</b>
<b>School Costs</b>			
Salaries	\$ 44,342,847	\$ 45,363,916	\$ 43,843,222
Benefits	10,580,645	10,563,696	10,551,204
Travel	35,000	44,689	33,149
Contracted Services	165,200	172,522	174,291
Supplies/Materials/Telecommunications	576,397	412,213	284,775
Interest-Service Awards	-	238,099	451,259
Professional Development	16,000	10,536	18,413
<b>Total School Costs</b>	<b>\$ 55,716,089</b>	<b>\$ 56,805,671</b>	<b>\$ 55,356,313</b>
<b>School Services PD</b>			
Salaries	\$ 244,395	\$ 93,144	\$ 24,593
Benefits		4,090	1,626
Supplies/Materials/Telecommunications		-	95
Professional Development	370,742	365,895	444,167
<b>Total School Services PD</b>	<b>\$ 615,137</b>	<b>\$ 463,129</b>	<b>\$ 470,481</b>
<b>International Students</b>			
Salaries	\$ 283,190	\$ 283,999	\$ 267,402
Benefits	29,105	26,984	28,618
Travel	74,700	79,181	72,526
Contracted Services	892,080	820,715	800,177
Supplies/Materials/Telecommunications	296,580	215,785	213,733
Professional Development	7,000	5,651	7,881
<b>Total International Students</b>	<b>\$ 1,582,655</b>	<b>\$ 1,432,315</b>	<b>\$ 1,390,337</b>
<b>Other</b>			
Salaries	\$ 170,031	\$ 207,786	\$ 194,964
Benefits	19,023	25,606	23,290
Travel	1,075	1,172	528
Supplies/Materials/Telecommunications	17,347	16,915	13,498
<b>Total Other</b>	<b>\$ 207,476</b>	<b>\$ 251,479</b>	<b>\$ 232,280</b>

**Tri-County Regional Centre for Education**  
**Schedule B - Supplementary Details of Expenditures**

For the Year Ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Special Education</b>			
Salaries	\$ 1,353,235	\$ 1,287,456	\$ 1,306,046
Benefits	78,168	84,622	81,340
Travel	50,000	66,968	57,009
Supplies/Materials/Telecommunications	65,836	14,783	13,999
Professional Development	9,000	6,141	5,492
<b>Total Special Education</b>	<u>\$ 1,556,239</u>	<u>\$ 1,459,970</u>	<u>\$ 1,463,886</u>
<b>Program Grants</b>			
Salaries	\$ 265,260	\$ 367,030	\$ 292,436
Benefits	-	22,102	17,879
Travel	220,911	277,455	238,764
Supplies/Materials/Telecommunications	1,956,053	1,529,664	1,453,705
Conveyance	19,500	21,971	14,504
Professional Development	75,077	43,289	44,202
<b>Total Program Grants</b>	<u>\$ 2,536,801</u>	<u>\$ 2,261,511</u>	<u>\$ 2,061,490</u>
<b>School Services Grants</b>			
Salaries	\$ 113,025	\$ 12,994	\$ -
Benefits	7,310	1,046	-
Travel	-	2,561	-
Contracted Services	-	11,260	-
Supplies/Materials/Telecommunications	212,542	1,295	-
<b>Total School Services Grants</b>	<u>\$ 332,877</u>	<u>\$ 29,156</u>	<u>\$ -</u>
<b>Total School Services</b>	<u>\$ 64,107,548</u>	<u>\$ 64,263,572</u>	<u>\$ 62,476,310</u>
<b>Operational Services</b>			
<b>Operations Administration</b>			
Salaries	\$ 389,284	\$ 393,386	\$ 393,037
Benefits	89,937	93,140	92,843
Travel	11,000	13,315	7,577
Contracted Services	27,807	19,807	19,807
Vehicle Expenses	2,921	6,723	4,535
Supplies/Materials/Telecommunications	5,401	4,735	2,854
Professional Development	6,000	2,172	3,553
<b>Total Operations Administration</b>	<u>\$ 532,350</u>	<u>\$ 533,278</u>	<u>\$ 524,206</u>

**Tri-County Regional Centre for Education**  
**Schedule B - Supplementary Details of Expenditures**

For the year ended March 31

	<b>2019</b>		2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Property Services</b>			
Salaries	\$ 2,762,537	\$ 2,688,585	\$ 2,782,522
Benefits	679,641	710,949	725,665
Travel	2,000	3,859	1,893
Contracted Services	773,400	811,541	891,534
Repairs/Maintenance	777,500	917,177	1,326,041
Vehicle Expenses	74,735	88,204	82,993
Supplies/Materials/Telecommunications	246,350	276,166	259,025
Utilities	2,255,905	2,126,132	1,996,674
Professional Development	3,500	5,102	1,484
Insurance	192,000	153,178	181,636
Amortization	53,565	68,534	75,230
<b>Total Property Services</b>	<u>\$ 7,821,133</u>	<u>\$ 7,849,427</u>	<u>\$ 8,324,697</u>
<b>Student Transportation</b>			
Salaries	\$ 2,736,518	\$ 2,776,057	\$ 2,813,362
Benefits	735,849	736,874	697,555
Travel	18,000	40,321	21,999
Contracted Services	61,654	53,099	51,147
Repairs/Maintenance	76,700	81,536	151,793
Vehicle Expenses	1,355,841	1,469,880	1,363,705
Supplies/Materials/Telecommunications	45,398	43,638	56,780
Conveyance	24,000	31,323	23,887
Utilities	33,192	38,914	31,371
Professional Development	16,250	26,477	16,867
Insurance	64,295	62,005	67,010
Amortization	4,105	4,106	6,312
<b>Total Student Transportation</b>	<u>\$ 5,171,802</u>	<u>\$ 5,364,230</u>	<u>\$ 5,301,788</u>
<b>Technology Services</b>			
Salaries	\$ 424,657	\$ 447,483	\$ 417,769
Benefits	114,400	122,787	119,381
Travel	32,000	30,612	30,662
Contracted Services	252,510	233,751	862,696
Vehicle Expenses	1,500	3,302	1,355
Supplies/Materials/Telecommunications	332,451	307,879	352,569
Professional Development	1,000	942	-
<b>Total Technology Services</b>	<u>\$ 1,158,518</u>	<u>\$ 1,146,756</u>	<u>\$ 1,784,432</u>
<b>Total Operational Services</b>	<u>\$ 14,683,803</u>	<u>\$ 14,893,691</u>	<u>\$ 15,935,123</u>



**Tri-County Regional Centre for Education**  
**Schedule B - Supplementary Details of Expenditures**

For the year ended March 31

		<b>2019</b>	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b><u>Pre-Primary Program</u></b>			
Salaries	\$ 768,696	\$ <b>866,588</b>	\$ 306,113
Benefits	101,176	<b>184,586</b>	46,448
Travel	-	<b>17,970</b>	4,496
Supplies/Materials/Telecommunications	673,765	<b>142,529</b>	17,840
Professional Development	-	<b>550</b>	400
<b>Total Pre-Primary Program</b>	<u>\$ 1,543,637</u>	<u>\$ <b>1,212,223</b></u>	<u>\$ 375,297</u>
<b><u>School Based Funds (Note 5)</u></b>			
School Based Funds	\$ 2,500,000	\$ <b>2,268,690</b>	\$ 2,409,790
<b>Total School Based Funds</b>	<u>\$ 2,500,000</u>	<u>\$ <b>2,268,690</b></u>	<u>\$ 2,409,790</u>
<b>Total Expenditures</b>	<u>\$ 84,581,592</u>	<u>\$ <b>84,441,339</b></u>	<u>\$ 83,413,275</u>

**Tri-County Regional Centre for Education**  
**Schedule C - Supplementary Details of Tangible Capital Assets**

For the year ended March 31, 2019

	Land, Buildings and Improvement	Major Equipment	Computer Hardware	Vehicles	2019 Total	2018 Total
<b>Cost of Tangible Assets</b>						
Opening Costs	\$ -	\$ -	\$ -	\$ 366,359	\$ 366,359	\$ 366,082
Additions	-	-	-	128,392	128,392	42,306
Dispositions	-	-	-	-	-	(42,029)
Closing Costs	\$ -	\$ -	\$ -	\$ 494,751	\$ 494,751	\$ 366,359
<b>Accumulated Amortization</b>						
Opening Balance	\$ -	\$ -	\$ -	\$ 216,662	\$ 216,662	\$ 173,728
Amortization Expense	-	-	-	74,862	74,862	79,648
Amortization Adjustment on disposition	-	-	-	-	-	(36,714)
Closing Balance	\$ -	\$ -	\$ -	\$ 291,524	\$ 291,524	\$ 216,662
Net Book Value (NBV)	\$ -	\$ -	\$ -	\$ 203,227	\$ 203,227	\$ 149,697
<b>Net Book Value (NBV):</b>						
Opening Balance	\$ -	\$ -	\$ -	\$ 192,354	\$ 192,354	\$ 192,354
Closing Balance	-	-	-	203,227	203,227	149,697
Increase in NBV	\$ -	\$ -	\$ -	\$ 10,873	\$ 10,873	\$ (42,657)

# Tri-County Regional Centre for Education

## Schedule D - Trust Funds Balance Sheet

As at March 31

2019

2018

### Assets

Cash and Cash Equivalents	\$ 925,177	\$ 704,534
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### Equity

Augusta Nickerson	\$ 17,101	\$ 16,730
Elsie Hemeon Fund	191	681
F. Dakin and P. Dakin Dickson	46,478	46,109
Dr. Charles and Mary Webster	384,757	111,486
Reserve for Scholarships		
Tri-County Regional School Board Memorial	1,697	2,155
Samuel Margolian Trust - Yarmouth High	5,111	5,069
Samuel Margolian Trust - St. Ambrose	5,113	5,072
Churchill Trust	1,021	999
Loraleis Trust	1,663	1,627
Blackader - Kirk Trust	25	19
Olson Trust	3,342	3,266
Andrew Maxwell	1,508	1,672
Estate of Marjorie E. Jones	21	21
Digby Community Theatre Fund	349	341
Atlantic Philanthropy	9	9
Shelburne High - New School	56,885	55,651
Faith Guay	611	598
Barrington High - Enhancements - New School	40,750	39,866
Nicol Balcom	21,209	20,791
Emily Allen	81,061	84,230
Krista Harris	1,093	3,031
Forest Ridge	4,288	47,079
Meadowfields	1,124	8,245
Salida Capital Corporation	3,766	8,628
K. Daley Memorial	1,944	2,882
C. Stanley Memorial	18,273	18,862
F. Walker Memorial	7,101	7,937
J. Roache Memorial	18,661	13,628
S. deMolitor Memorial	13	672
David and Clytie Dexter	95,704	93,617
David and Clytie Dexter-BMHS Enhancements	4,430	4,468
Dr John Sutherland Medical Scholarship	46,118	45,118
George A Cox Scholarship	17,813	18,415
Nellie & Grant Dauphinee Bursary	20,623	20,175
Harley Cox & Sons Award	4,737	4,781
Lynn Ward Memorial Bursary	10,587	10,604
	<u>\$ 925,177</u>	<u>\$ 704,534</u>

On Behalf of the Regional Centre

Regional Executive Director



Deputy Minister

See accompanying notes to the financial statements.

**Tri-County Regional Centre for Education**  
**Schedule E - Supplementary Details of Trust Funds**

For the year ended March 31, 2019

	Balance Beginning of Year	<u>Additions</u>	<u>Interest</u>	<u>Disbursements</u>	Balance End of Year
Augusta Nickerson	\$ 16,730		\$ 371		\$ 17,101
Elsie Hemeon	681		10	(500)	191
F. Dakin and P. Dakin Dickson	46,109		1,019	(650)	46,478
Dr. Charles and Mary Webster	111,486	273,023	748	(500)	384,757
Tri-County Regional School Board Memorial	2,155		42	(500)	1,697
S. Margolian Trust - Yarmouth High	5,069		112	(70)	5,111
S. Margolian Trust - St. Ambrose	5,072		111	(70)	5,113
Churchill Trust	999		22		1,021
Loraleis Trust	1,627		36		1,663
Blackader - Kirk Trust	19	700	6	(700)	25
Olson Trust	3,266	200	76	(200)	3,342
Andrew Maxwell	1,672		36	(200)	1,508
Estate of Marjorie E. Jones	21				21
Digby Community Theatre Fund	341		8		349
Atlantic Philanthropy	9				9
Shelburne High - New School	55,651		1,234		56,885
Faith Guay	598		13		611
Barrington High - Enhancements - New School	39,866		884		40,750
Nicol Balcom	20,791	1,000	418	(1,000)	21,209
Emily Allen	84,230		1,831	(5,000)	81,061
Krista Harris	3,031		62	(2,000)	1,093
Forest Ridge	47,079		495	(43,286)	4,288
Meadowfields	8,245		50	(7,171)	1,124
Salida Capital Corporation	8,628		138	(5,000)	3,766
K. Daley Memorial	2,882		62	(1,000)	1,944
C. Stanley Memorial	18,862		411	(1,000)	18,273
F. Walker Memorial	7,937		164	(1,000)	7,101
J. Roache Memorial	13,628	6,697	336	(2,000)	18,661
S. deMoliter Memorial	672	330	11	(1,000)	13
David and Clytie Dexter	93,617		2,087		95,704
David and Clytie Dexter-BMHS Enhancements	4,468		98	(136)	4,430
Dr John Sutherland Medical Scholarship	45,118		1,000		46,118
George A Cox Scholarship	18,415		398	(1,000)	17,813
Nellie & Grant Dauphinee Bursary	20,175		448		20,623
Harley Cox & Sons Award	4,781		106	(150)	4,737
Lynn Ward Memorial Bursary	10,604	100	233	(350)	10,587
	<u>\$ 704,534</u>	<u>\$ 282,050</u>	<u>\$ 13,076</u>	<u>\$ (74,483)</u>	<u>\$ 925,177</u>

See accompanying notes to the financial statements.