



Consolidated Financial Statements

Tri-County Regional Centre for Education

March 31, 2020

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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 consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, change in net financial assets and cash flows 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 consolidated financial position of Tri-County Regional Centre for Education as at March 31, 2020, and its consolidated results of operations, and its consolidated 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 Regional Centre 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 25 to 33 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 Regional Centre'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 Regional Centre 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 Regional Centre'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 Regional Centre'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 Regional Centre 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 26, 2020

Chartered Professional Accountants

Tri-County Regional Centre for Education

Consolidated Statement of Financial Position

As at March 31

2020

2019

Financial Assets

Cash and Cash Equivalents (Bank Indebtedness)	\$ (424,656)	\$ 2,444,521
Cash Held by Schools (Note 5)	1,844,141	1,876,423
	<u>\$ 1,419,485</u>	<u>\$ 4,320,944</u>
Accounts Receivable		
Province of Nova Scotia	\$ 2,206,508	\$ 1,956,471
Government of Canada	403,570	245,575
Other	1,256,148	146,554
Accrued Benefit Asset (Note 6)	1,873,800	1,888,400
Receivable - Service Award Allowance (Note 10)	1,296,787	1,364,245
Receivable - Sick Leave Allowance (Note 11)	8,827,027	8,826,239
Total Financial Assets	<u>\$ 17,283,325</u>	<u>\$ 18,748,428</u>

Financial Liabilities

Accounts Payable and Accrued Liabilities	\$ 2,126,649	\$ 1,831,696
Accrued Payroll and Employee Deductions	2,128,530	2,099,187
Payables and Accruals - Government		
Province of Nova Scotia	73,713	39,113
Municipalities	4,171	-
Government of Canada	16,148	-
Deferred Revenue (Note 13)	1,020,615	2,928,009
Service Award Obligations (Note 10)	1,296,787	1,364,245
Sick Leave Obligations (Note 11)	8,827,027	8,826,239
Total Financial Liabilities	<u>\$ 15,493,640</u>	<u>\$ 17,088,489</u>

Net Financial Assets

	<u>\$ 1,789,685</u>	<u>\$ 1,659,939</u>
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Non-Financial Assets

Tangible Capital Assets (Schedule C)	\$ 175,927	\$ 203,227
Inventory	242,505	242,505
Prepaid Expenses	305,480	343,698
	<u>\$ 723,912</u>	<u>\$ 789,430</u>

Accumulated Surplus (Note 4)

	<u>\$ 2,513,597</u>	<u>\$ 2,449,369</u>
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Trust Funds Under Administration (Note 7 and Schedule D & E)
 Contractual Obligations (Note 8)
 Contingent Liability (Note 9)
 Subsequent Event (Note 16)

On Behalf of the Tri-County Regional Centre for Education



Regional Executive Director



Deputy Minister

Tri-County Regional Centre for Education

Consolidated Statement of Operations and Surplus

For the year ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues (Schedule A)			
Province of Nova Scotia	\$ 71,003,373	\$ 73,648,049	\$ 67,303,621
Government of Canada	370,000	388,531	393,908
Municipal Contributions	11,762,400	11,762,386	11,569,263
School Generated Funds (Note 5)	2,500,000	2,477,151	2,439,409
Regional Centre Operations	2,910,405	2,625,484	2,837,393
Total Revenues	<u>\$ 88,546,178</u>	<u>\$ 90,901,601</u>	<u>\$ 84,543,594</u>
Expenditures (Schedule B)			
Office of the Regional Executive Director	619,579	593,670	638,900
Financial Services	604,421	582,021	609,897
Human Resources Services	587,428	504,026	554,366
School Services	66,989,096	67,904,671	64,263,572
Operational Services	15,086,820	16,758,142	14,893,691
Pre-Primary Programming	2,158,834	2,025,224	1,212,223
School Generated Funds (Note 5)	2,500,000	2,469,619	2,268,690
Total Expenditures	<u>\$ 88,546,178</u>	<u>\$ 90,837,373</u>	<u>\$ 84,441,339</u>
Regional Centre Surplus	\$ -	\$ 64,228	\$ 102,255
Accumulated Surplus, beginning of year		<u>2,449,369</u>	<u>2,347,114</u>
Accumulated Surplus, end of year		<u>\$ 2,513,597</u>	<u>\$ 2,449,369</u>

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

For the year ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Net Financial Assets, Beginning of Year	\$ 1,659,939	\$ 1,659,939	\$ 1,614,640
Changes in the Year			
Regional Centre Surplus	-	64,228	102,255
Amortization of Tangible Capital Assets	102,627	86,735	74,862
Purchases of Tangible Capital Assets	-	(59,435)	(128,392)
Decrease (Increase) in Prepaid Expenses	-	38,218	(3,426)
Increase in Net Financial Assets	<u>102,627</u>	<u>129,746</u>	<u>45,299</u>
Net Financial Assets, End of Year	<u>\$ 1,762,566</u>	<u>\$ 1,789,685</u>	<u>\$ 1,659,939</u>

Tri-County Regional Centre for Education

Consolidated Statement of Cash Flows

For the year ended March 31

2020

2019

Increase (Decrease) in Cash and Cash Equivalents

Operating Transactions

Regional Centre Surplus	\$ 64,228	\$ 102,255
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Items not Affecting Cash:

Amortization of Tangible Capital Assets	<u>86,735</u>	<u>74,862</u>
	<u>150,963</u>	<u>177,117</u>

Changes in Non-Cash Working Capital

Increase in Accounts Receivable	(1,517,626)	(4,405)
Decrease in Receivables - Service Award Allowance	67,458	4,184,914
(Increase) Decrease in Receivable - Sick Leave Allowance	(788)	21,007
Decrease (Increase) in Prepaid Expenses	38,218	(3,426)
Decrease (Increase) in Accrued Benefit Asset	14,600	(309,600)
Increase (Decrease) in Accounts Payable and Accruals	379,215	(1,565,291)
(Decrease) Increase in Deferred Revenue	(1,907,394)	453,273
Decrease in Service Award Obligation	(67,458)	(4,184,914)
Increase (Decrease) in Sick Leave Obligations	788	(21,006)
	<u>(2,992,987)</u>	<u>(1,429,448)</u>

Cash Provided by Operating Activities	<u>(2,842,024)</u>	<u>(1,252,331)</u>
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Capital Transactions

Purchases of Tangible Capital Assets	<u>(59,435)</u>	<u>(128,392)</u>
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Decrease in Cash and Cash Equivalents	(2,901,459)	(1,380,723)
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Cash and Cash Equivalents, Beginning of Year	<u>4,320,944</u>	<u>5,701,667</u>
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Cash and Cash Equivalents, end of Year	<u>\$ 1,419,485</u>	<u>\$ 4,320,944</u>
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Tri-County Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2020

1. Nature of Operations

As of March 31, 2020, 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.

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 the consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

3. Financial Reporting and Accounting Policies

These 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 Board (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 as they are not controlled by the Regional Centre.

School based funds, which include the assets, liabilities, revenue and expenses of the various school and student activities that are controlled and administered at the school level but for which the Regional Centre is accountable are reflected in the consolidated financial statements.

For a detailed review the reader should refer to the financial statements of each fund as presented in these consolidated financial statements.

Tri-County Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2020

3. Financial Reporting and Accounting Policies (continued)

Revenues

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) are authorized.

All non-government contribution that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criteria have been met is reported as deferred revenue until the resources are used for the purpose or purposes specified. When revenue is received without eligibility criteria or stipulations, it is recognized when the transfer(s) are authorized.

The Regional Centre recognizes as revenue government transfers representing the year over year change in accrued benefit obligations as the transfers have been authorized.

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

Rental income is recognized straight line over the term of the lease.

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

Expenditures

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 consolidated 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. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets, valuation allowances for receivables, and assets and obligations related to employee future benefits. Actual amounts could differ from these estimates.

Cash and Cash Equivalents (Bank Indebtedness)

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, payable and 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.

Tri-County Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2020

3. Financial Reporting and Accounting Policies (continued)

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 consolidated 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.

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

As at March 31, 2020 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

Inventory

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 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 consolidated financial statements; rather they are included in the Province of Nova Scotia's financial statements.

Tri-County Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2020

3. Financial Reporting and Accounting Policies (continued)

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 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.

4. Accumulated Surplus

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

	<u>2020</u>	<u>2019</u>
Operating Deficit - Unrestricted, beginning of year	\$ (1,315,454)	\$ (896,836)
Regional Centre Surplus, on an expense basis after adjustment	<u>64,228</u>	<u>102,255</u>
	(1,251,226)	(794,581)
Operating Surplus – Designated to Defined Benefit Pension Plan	<u>14,600</u>	(309,600)
Operating Surplus (Deficit) – Designated to School Funds	<u>32,282</u>	(211,273)
Operating Deficit – Unrestricted, end of year	<u>(1,204,344)</u>	<u>(1,315,454)</u>
Defined Pension Plan – Accrued Benefit Asset, beginning of year	<u>1,888,400</u>	1,578,800
Defined Pension Plan – Accrued Benefit Asset, net (deficit) surplus for year	<u>(14,600)</u>	<u>309,600</u>
Defined Pension Plan – Accrued Benefit Asset, end of year	<u>1,873,800</u>	<u>1,888,400</u>
School Funds – Restricted, beginning of year	<u>1,876,423</u>	1,665,150
School Funds – Restricted, net (deficit) surplus for year	<u>(32,282)</u>	<u>211,273</u>
School Funds – Restricted, end of year	<u>1,844,141</u>	<u>1,876,423</u>
Accumulated Surplus, end of year	<u>\$ 2,513,597</u>	<u>\$ 2,449,369</u>

Tri-County Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2020

5. School Generated Funds

These consolidated 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:

Changes in surplus are as follows:	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 1,876,423	\$ 1,665,150
Additions to school generated funds	2,477,151	2,439,409
School funded activities expenses	(2,469,619)	(2,268,690)
School funds – restricted programs (recognition of prior year deferred revenue)	(126,126)	(85,572)
School funds – restricted programs (deferred revenue)	<u>86,312</u>	<u>126,126</u>
Net school generated funds for year	<u>(32,282)</u>	<u>211,273</u>
Balance, end of year	<u>\$ 1,844,141</u>	<u>\$ 1,876,423</u>

6. Defined Benefit Pension Plans

Details on the defined benefit plans were provided by Morneau Shepell on June 5, 2020 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, 2020 based on the information received dated June 5, 2020.

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, 2020 by including employer contributions made between January and March of 2020. The reconciliation of the accrued benefit asset shows a funded status of \$747,700 as of March 31, 2020. 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 2020	5.25%
Expected return on plan assets	5.25%
Annual salary increases	2.75%
Retirement age	65 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, 2020

6. Defined Benefit Pension Plans (continued)

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 report was not available as of the audit report date. The accrued benefit asset was adjusted to March 31, 2020 by including employer contributions made between January and March of 2020. The reconciliation of the accrued benefit asset shows a funded status of \$1,126,100 as of March 31, 2020. 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 2020	5.25%
Expected return on plan assets	5.25%
Annual salary increases	2.75%
Retirement age	60 Years (or in one year, if later)
Administrative expenses	Implicitly recognized in the discount rate

The following table shows the plan's pension expense for the 2020 fiscal year, the expected benefit asset as at March 31, 2020 and a reconciliation of the accrued benefit asset as at March 31, 2020.

Pension Expense:	<u>CUPE</u>	<u>Support Staff</u>	<u>Total</u>
Pension expenditure/expense:			
Current service cost (net of employee contributions)	\$ 485,300	\$ 520,100	\$ 1,005,400
Amortization of actuarial (gains) losses	47,500	(500)	47,000
Pension interest expenditure/expense:			
Interest cost on the accrued benefit obligation	489,000	380,100	869,100
Expected return on plan assets	<u>(498,600)</u>	<u>(423,000)</u>	<u>(921,600)</u>
Total 2020 Pension Expense	<u>\$ 523,200</u>	<u>\$ 476,600</u>	<u>\$ 999,800</u>

Development of Accrued Benefit Asset as at March 31, 2020

	<u>CUPE</u>	<u>Support Staff</u>	<u>Total</u>
Accrued benefit asset as at March 31, 2019	\$ 776,600	\$ 1,111,800	\$ 1,888,400
Fiscal 2020 expense	(523,200)	(476,600)	(999,800)
Fiscal 2020 Regional Centre contributions	<u>494,400</u>	<u>490,900</u>	<u>985,300</u>
Accrued Benefit Asset as at March 31, 2020	<u>\$ 747,700</u>	<u>\$ 1,126,100</u>	<u>\$ 1,873,800</u>

Tri-County Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2020

6. Defined Benefit Pension Plans (continued)

Reconciliation of the Accrued Benefit Asset as at March 31, 2020

	<u>CUPE</u>	<u>Support Staff</u>	<u>Total</u>
Assets	\$ 11,130,600	\$ 9,623,300	\$ 20,753,900
Accrued benefit obligation	<u>(10,019,900)</u>	<u>(8,012,500)</u>	<u>(18,032,400)</u>
Funded status as at March 31, 2020	1,110,500	1,610,800	2,721,300
Unamortized actuarial gains	(481,200)	(602,400)	(1,083,600)
Employer contributions January to March 2020	<u>118,400</u>	<u>117,700</u>	<u>236,100</u>
Accrued Benefit Asset as at March 31, 2020	<u>\$ 747,700</u>	<u>\$ 1,126,100</u>	<u>\$ 1,873,800</u>

The accrued benefit asset of \$1,873,800 reflected in the financial statements for the year ended March 31, 2020 is based on estimates received from Morneau Shepell on June 5, 2020 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.

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.

8. Contractual Obligations

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

Rental Leases

2021	\$ 269,258
2022	\$ 219,040
2023	<u>\$ 36,374</u>
Total	<u>\$ 524,672</u>

Tri-County Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2020

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, as a result no amounts have been recorded in these consolidated financial statements.

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, 2020.

	<u>2020</u>	<u>2019</u>
Service Awards - Teachers	\$ 478,123	\$ 521,706
Service Awards - Non-Teachers	<u>818,664</u>	<u>842,539</u>
Total Service Award Obligations – Teachers and Non-Teachers	<u>\$ 1,296,787</u>	<u>\$ 1,364,245</u>

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, 2020.

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.

Tri-County Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2020

10. Service Award Obligation (continued)

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, 2020 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 of Nova Scotia:

Discount Rate on Liabilities:	<ul style="list-style-type: none"> 3.29% per annum for fiscal 2018/19 expense determination and March 31, 2019 benefit obligation 3.24% per annum for fiscal 2019/20 expense determination, March 31, 2020 benefit obligation and estimated fiscal 2020/21 expense determination 																
Retirement Age:	50% at Rule of 85, remainder at earlier of 35 years of credited service, age 62 with 10 years of credited service, and age 65 with 2 years of credited service																
Mortality:	<ul style="list-style-type: none"> No pre-retirement mortality assumed 																
Withdrawal Prior to Retirement:	<ul style="list-style-type: none"> No termination prior to retirement assumed 																
Salary Growth Rate:	<ul style="list-style-type: none"> 1.5% 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, 2020 benefit obligation and estimated 2020/2021 expense determination Promotional Scale: <table border="1" data-bbox="483 1514 1482 1766"> <thead> <tr> <th>Age Group</th> <th>Annual increase</th> </tr> </thead> <tbody> <tr> <td>< 30</td> <td>3.25%</td> </tr> <tr> <td>30 – 34</td> <td>2.75%</td> </tr> <tr> <td>35 – 39</td> <td>2.25%</td> </tr> <tr> <td>40 – 44</td> <td>1.75%</td> </tr> <tr> <td>45 – 49</td> <td>1.25%</td> </tr> <tr> <td>50 – 59</td> <td>0.75%</td> </tr> <tr> <td>60 +</td> <td>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, 2020

10. Service Award Obligation (continued)

Continuity of Service Award Allowance Obligation - Teachers	<u>2020</u>	<u>2019</u>
Opening benefit obligation, beginning of the year	\$ 190,682	\$ 4,626,091
Interest on obligation	5,782	20,858
Less: benefits paid	(26,068)	(4,078,867)
Actuarial losses (gains)	800	(377,400)
Closing benefit obligation, end of year	<u>171,196</u>	<u>190,682</u>
Pension assets, at market related values	-	-
Funded status – deficiency	(171,196)	(190,682)
Unamortized actuarial gains	<u>(306,928)</u>	<u>(331,024)</u>
Accrued benefit liability - Teachers	<u>\$ (478,123)</u>	<u>\$ (521,706)</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.

Tri-County Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2020

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.

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, 2020 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 April 6, 2020.

Valuation Date	March 31, 2018
Annual Discount Rate	<ul style="list-style-type: none"> • 3.29% per annum for fiscal 2018/19 expense determination, March 31, 2019 benefit obligation • 3.24% per annum for fiscal 2019/20 expense determination, March 31, 2020 benefit obligation and estimated fiscal 2020/21 expense determination
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 <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 or 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, 2020

10. Service Award Obligation (continued)

Continuity of Service Award Allowance Obligation – Non-Teachers	<u>2020</u>	<u>2019</u>
Opening benefit obligation, beginning of the year	\$ 866,624	\$ 1,111,823
Interest on obligation	27,090	32,272
Less: benefits paid	(66,209)	(169,794)
Actuarial losses (gains)	<u>2,600</u>	<u>(107,677)</u>
Closing benefit obligation, end of year	830,105	866,624
Pension assets, at market related values	-	-
Funded status – deficiency	<u>(830,105)</u>	<u>(866,624)</u>
Unamortized actuarial losses	<u>11,441</u>	<u>24,085</u>
Accrued Benefit Liability – Non-Teachers	<u>\$ (818,664)</u>	<u>\$ (842,539)</u>

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, 2020

11. Sick Leave Obligation (continued)

Actuarial Assumptions

Discount Rate on Liabilities:	<ul style="list-style-type: none"> 3.29% per annum for fiscal 2018/19 expense determination, March 31, 2019 benefit obligation 3.24% per annum for fiscal 2019/20 expense determination, March 31, 2020 benefit obligation and estimated fiscal 2020/21 expense determination 																
Retirement Age:	<ul style="list-style-type: none"> 50% at Rule of 85, remainder at earlier of 35 years of credited service, age 62 with 10 years of credited service, and age 65 with 2 years of credited service 																
Mortality:	<ul style="list-style-type: none"> 100% of CPM-2014 Public with future mortality improvements according to scale CPM-B 																
Withdrawal Prior to Retirement:	<ul style="list-style-type: none"> 5% per annum in first 2 years of employment 																
Salary Growth Rate:	<ul style="list-style-type: none"> 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, March 31, 2020 benefit obligation and estimated fiscal 2020/21 expense determination Promotional Scale: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Age Group</th> <th style="text-align: center;">Promotional Scale</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">< 30</td> <td style="text-align: center;">3.25%</td> </tr> <tr> <td style="text-align: center;">30 – 34</td> <td style="text-align: center;">2.75%</td> </tr> <tr> <td style="text-align: center;">35 – 39</td> <td style="text-align: center;">2.25%</td> </tr> <tr> <td style="text-align: center;">40 – 44</td> <td style="text-align: center;">1.75%</td> </tr> <tr> <td style="text-align: center;">45 – 49</td> <td style="text-align: center;">1.25%</td> </tr> <tr> <td style="text-align: center;">50 – 59</td> <td style="text-align: center;">0.75%</td> </tr> <tr> <td style="text-align: center;">60 +</td> <td style="text-align: center;">0%</td> </tr> </tbody> </table>	Age Group	Promotional Scale	< 30	3.25%	30 – 34	2.75%	35 – 39	2.25%	40 – 44	1.75%	45 – 49	1.25%	50 – 59	0.75%	60 +	0%
Age Group	Promotional Scale																
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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"> Each year, full time employees are expected to use sick time accrued during the school year as follows: <ul style="list-style-type: none"> 7.6 days per school year for males 8.8 days per school year for females Current year utilization assumption developed from analysis of the sick leave usage of the Nova Scotia Teachers during fiscal years 2014-15 through 2016-17 																

Tri-County Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2020

11. Sick Leave Obligation (continued)

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

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

Continuity of Accumulated Sick Leave Obligation - Teachers	<u>2020</u>	<u>2019</u>
Opening benefit obligation, beginning of the year	\$ 5,022,245	\$ 4,787,775
Current service cost	454,000	438,000
Interest on obligation	163,711	159,670
Actuarial losses	20,600	48,000
Less: sick leave taken	<u>(434,100)</u>	<u>(411,200)</u>
Closing benefit obligation, end of year	5,226,456	5,022,245
Pension assets, at market related values	<u>-</u>	<u>-</u>
Funded status – deficiency	(5,226,456)	(5,022,245)
Unamortized actuarial gains	<u>(2,821,263)</u>	<u>(3,048,582)</u>
Accrued benefit liability	<u>\$ (8,047,719)</u>	<u>\$ (8,070,827)</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, 2020.

Tri-County Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2020

11. Sick Leave Obligation (continued)

II. Sick Leave – Non-Teachers

Morneau-Shepell provided to the Province of Nova Scotia on December 18, 2019, 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, 2020. 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:	<ul style="list-style-type: none"> • 3.29% per annum for fiscal 2018/19 expense determination and March 31, 2019 benefit obligation • 3.24% per annum for fiscal 2019/20 expense determination, March 31, 2020 benefit obligation and estimated fiscal 2020/21 expense determination 					
Annual Salary Increases (includes 0.5% merit)	<ul style="list-style-type: none"> • 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:	Age	Hours	Age	Hours	Age	Hours
	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:	<ul style="list-style-type: none"> • 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) 					

Tri-County Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2020

11. Sick Leave Obligation (continued)

Continuity of Accumulated Sick Leave Obligation – Non-Teachers	<u>2020</u>	<u>2019</u>
Opening benefit obligation, beginning of the year	\$ 840,574	\$ 776,123
Current service cost	121,600	96,724
Interest on obligation	27,120	25,300
Less: sick leave taken	(133,100)	(122,346)
Actuarial losses	<u>2,200</u>	<u>64,773</u>
Closing benefit obligation, end of year	858,394	840,574
Pension assets, at market related values	<u>-</u>	<u>-</u>
Funded status – deficiency	(858,394)	(840,574)
Unamortized actuarial losses	<u>79,086</u>	<u>85,162</u>
Accrued benefit liability	<u>\$ (779,308)</u>	<u>\$ (755,412)</u>

Summary of Accumulated Sick Leave Obligation	<u>2020</u>	<u>2019</u>
Accumulated sick leave obligation - Teachers	\$ 8,047,719	\$ 8,070,827
Accumulated sick leave obligation - Non-Teachers	<u>779,308</u>	<u>755,412</u>
Total accumulated sick leave obligation	<u>\$ 8,827,027</u>	<u>\$ 8,826,239</u>

The Regional Centre has recognized in the consolidated 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, 2020.

12. Collective Agreements

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

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

The collective agreement with SEIU expires on March 31, 2023.

The collective agreement with the Nova Scotia Government Employees Union expires on March 31, 2021.

The collective agreement with CUPE expires on March 31, 2021.

Tri-County Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2020

13. Deferred Revenue

Deferred revenue as of March 31:	<u>2020</u>	<u>2019</u>
Teachers PD Fund	\$ 91,888	\$ 152,047
School Generated Funds (Note 5)	86,312	126,126
Programs – Province of Nova Scotia	<u>842,415</u>	<u>2,649,836</u>
	<u>\$ 1,020,615</u>	<u>\$ 2,928,009</u>

14. Bank Indebtedness

The Regional Centre had utilized \$437,945 (2019 – Nil) of the available operating line of credit of \$766,000 as of March 31, 2020 (2019 - \$646,000), with the Canadian Imperial Bank of Commerce.

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.

Tri-County Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2020

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.

16. Subsequent Event

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and the spread of the virus has severely impacted many economies around the globe. The Province of Nova Scotia declared a Provincial State of Emergency on March 22, 2020 and all public schools in the province were closed effective March 23, 2020. The closure has remained in effect for the duration of the 2019-20 school year. The Regional Centre for Education has also taken significant measures to follow public health protocols including closing the regional office to the public, social distancing, and limiting non-essential travel. Despite the closure of public schools, a continuity of learning plan was implemented for students and all permanent and long-term casual employees continued to be paid.

The Regional Centre has assessed its ability to continue as a going concern. The financial and operational impact to future operations is unknown as the situation is dynamic and the duration of impacts is not known at this time. However, at the time of the financial statement date, there is no indications the Regional Centre will have difficulty meeting cash flow needs or collecting accounts receivable and the Department of Education and Early Childhood Development will continue providing funding to the Regional Centre.

Tri-County Regional Centre for Education
Schedule A - Supplementary Details of Revenues
(Unaudited)

For the year ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Province of Nova Scotia			
Operating	\$ 45,271,960	\$ 47,943,334	\$ 38,923,520
Restricted	12,142,090	12,141,480	20,024,668
Capital	57,500	57,500	57,500
Other	13,531,823	13,505,735	8,297,933
	<u>\$ 71,003,373</u>	<u>\$ 73,648,049</u>	<u>\$ 67,303,621</u>
 Government of Canada			
First Nations	<u>\$ 370,000</u>	<u>\$ 388,531</u>	<u>\$ 393,908</u>
 Municipal Contributions - Mandatory	<u>\$ 11,762,400</u>	<u>\$ 11,762,386</u>	<u>\$ 11,569,263</u>
 School Generated Funds (Note 5)	<u>\$ 2,500,000</u>	<u>\$ 2,477,151</u>	<u>\$ 2,439,409</u>
 Regional Centre Operations			
Regional Centre Generated Revenue - Other Revenue	\$ 2,825,405	\$ 2,593,719	\$ 2,735,470
Interest/Investment	85,000	31,765	96,112
Sale of Assets	-	-	5,811
	<u>\$ 2,910,405</u>	<u>\$ 2,625,484</u>	<u>\$ 2,837,393</u>
 Total Revenue	<u>\$ 88,546,178</u>	<u>\$ 90,901,601</u>	<u>\$ 84,543,594</u>

Tri-County Regional Centre for Education
Schedule B - Supplementary Details of Expenditures
(Unaudited)

For the year ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>Office of the Regional Executive Director</u>			
Salaries	\$ 253,283	\$ 225,981	\$ 284,489
Benefits	27,546	24,546	33,258
Travel	12,000	24,317	13,699
Professional Services - Legal and Audit	105,000	77,932	89,745
Contracted Services	21,000	41,035	20,554
Repairs & Maintenance	-	-	675
Supplies/Materials/Telecommunications	76,000	67,377	84,350
Professional Development	3,750	3,260	325
Insurance	121,000	129,222	111,805
Total Office of the Regional Executive Director	\$ 619,579	\$ 593,670	\$ 638,900
<u>Financial Services</u>			
Salaries	\$ 130,056	\$ 132,818	\$ 124,916
Benefits	24,252	24,406	25,298
Travel	10,000	5,193	9,214
Contracted Services	436,463	366,710	423,506
Other Contracted Services	-	49,721	23,917
Supplies/Materials/Telecommunications/Utilities	700	805	1,186
Professional Development	2,950	2,368	1,860
Total Financial Services	\$ 604,421	\$ 582,021	\$ 609,897
<u>Human Resources Services</u>			
Salaries	\$ 400,600	\$ 367,244	\$ 403,630
Benefits	113,278	90,227	105,270
Travel	20,000	17,584	16,538
Contracted Services	10,000	19,945	873
Other Contracted Services	-	5,140	4,619
Supplies/Materials/Telecommunications	9,700	9,838	4,164
Vehicle Expenses	-	-	4,299
Amortization	-	-	2,222
Professional Development	33,850	(5,952)	12,751
Total Human Resources Services	\$ 587,428	\$ 504,026	\$ 554,366

Tri-County Regional Centre for Education
Schedule B - Supplementary Details of Expenditures
(Unaudited)

For the year ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>School Services</u>			
School Services Administration			
Salaries	\$ 1,661,368	\$ 1,600,980	\$ 1,453,491
Benefits	128,830	115,747	106,850
Total School Services Administration	\$ 1,790,198	\$ 1,716,727	\$ 1,560,341
School Costs			
Salaries	\$ 45,492,660	\$ 47,348,069	\$ 45,363,916
Benefits	11,139,874	11,242,628	10,563,696
Travel	36,000	52,324	44,689
Contracted Services	165,200	169,057	172,522
Supplies/Materials/Telecommunications	551,299	451,357	412,213
Interest-Service Awards	-	223,703	238,099
Professional Development	16,000	27,974	10,536
Total School Costs	\$ 57,401,033	\$ 59,515,112	\$ 56,805,671
School Services PD			
Salaries	\$ 213,527	\$ 64,508	\$ 93,144
Benefits	-	4,174	4,090
Professional Development	412,000	412,532	365,895
Total School Services PD	\$ 625,527	\$ 481,214	\$ 463,129
International Students			
Salaries	\$ 307,768	\$ 297,902	\$ 283,999
Benefits	26,523	26,338	26,984
Travel	74,700	57,880	79,181
Contracted Services	866,080	748,470	820,715
Supplies/Materials/Telecommunications	311,580	187,732	215,785
Professional Development	7,000	3,304	5,651
Total International Students	\$ 1,593,651	\$ 1,321,626	\$ 1,432,315
Other			
Salaries	\$ 232,335	\$ 209,154	\$ 207,786
Benefits	18,812	25,068	25,606
Travel	1,900	1,314	1,172
Supplies/Materials/Telecommunications	26,200	18,702	16,915
Total Other	\$ 279,247	\$ 254,238	\$ 251,479

Tri-County Regional Centre for Education
Schedule B - Supplementary Details of Expenditures
(Unaudited)

For the Year Ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Special Education			
Salaries	\$ 1,546,248	\$ 1,345,423	\$ 1,287,456
Benefits	97,065	98,571	84,622
Travel	60,000	59,519	66,968
Contracted Services	40,000		
Supplies/Materials/Telecommunications	98,837	31,503	14,783
Professional Development	9,000	7,900	6,141
Total Special Education	\$ 1,851,150	\$ 1,542,916	\$ 1,459,970
Program Grants			
Salaries	\$ 228,967	\$ 365,262	\$ 367,030
Benefits	-	21,906	22,102
Travel	226,890	314,377	277,455
Supplies/Materials/Telecommunications	2,382,683	2,021,371	1,529,664
Conveyance	27,500	16,311	21,971
Professional Development	82,250	27,789	43,289
Total Program Grants	\$ 2,948,290	\$ 2,767,016	\$ 2,261,511
School Services Grants			
Salaries	\$ 312,402	\$ 240,921	\$ 12,994
Benefits	16,675	19,931	1,046
Travel	-	3,263	2,561
Contracted Services	40,000	2,490	11,260
Supplies/Materials/Telecommunications	130,923	33,052	1,295
Conveyance	-	6,165	-
Total School Services Grants	\$ 500,000	\$ 305,822	\$ 29,156
Total School Services	\$ 66,989,096	\$ 67,904,671	\$ 64,263,572
Operational Services			
Operations Administration			
Salaries	\$ 487,467	\$ 463,849	\$ 393,386
Benefits	109,207	95,657	93,140
Travel	13,000	11,644	13,315
Contracted Services	19,807	19,807	19,807
Vehicle Expenses	4,804	6,326	6,723
Supplies/Materials/Telecommunications	5,401	4,067	4,735
Professional Development	6,000	1,012	2,172
Total Operations Administration	\$ 645,686	\$ 602,362	\$ 533,278

Tri-County Regional Centre for Education
Schedule B - Supplementary Details of Expenditures
(Unaudited)

For the year ended March 31

	2020		2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Property Services			
Salaries	\$ 2,794,104	\$ 3,202,811	\$ 2,688,585
Benefits	708,608	782,435	710,949
Travel	2,000	651	3,859
Contracted Services	787,504	897,795	811,541
Repairs/Maintenance	830,700	1,247,223	917,177
Vehicle Expenses	67,823	92,053	88,204
Supplies/Materials/Telecommunications	256,350	353,563	276,166
Utilities	2,204,866	2,109,093	2,126,132
Professional Development	3,500	8,765	5,102
Insurance	172,700	168,832	153,178
Amortization	89,459	68,405	68,534
Total Property Services	<u>\$ 7,917,614</u>	<u>\$ 8,931,626</u>	<u>\$ 7,849,427</u>
Student Transportation			
Salaries	\$ 2,826,425	\$ 3,043,472	\$ 2,776,057
Benefits	756,922	788,552	736,874
Travel	18,000	35,830	40,321
Contracted Services	61,654	82,690	53,099
Repairs/Maintenance	76,700	48,286	81,536
Vehicle Expenses	1,420,324	1,400,709	1,469,880
Supplies/Materials/Telecommunications	45,398	44,489	43,638
Conveyance	24,000	37,492	31,323
Utilities	38,804	37,189	38,914
Professional Development	16,250	23,986	26,477
Insurance	64,295	61,239	62,005
Amortization	13,168	18,330	4,106
Total Student Transportation	<u>\$ 5,361,940</u>	<u>\$ 5,622,264</u>	<u>\$ 5,364,230</u>
Technology Services			
Salaries	\$ 440,161	\$ 438,617	\$ 447,483
Benefits	119,588	113,065	122,787
Travel	32,000	27,468	30,612
Contracted Services	235,510	628,909	233,751
Vehicle Expenses	1,500	717	3,302
Supplies/Materials/Telecommunications	331,821	393,114	307,879
Professional Development	1,000	-	942
Total Technology Services	<u>\$ 1,161,580</u>	<u>\$ 1,601,890</u>	<u>\$ 1,146,756</u>
Total Operational Services	<u>\$ 15,086,820</u>	<u>\$ 16,758,142</u>	<u>\$ 14,893,691</u>

Tri-County Regional Centre for Education
Schedule B - Supplementary Details of Expenditures
(Unaudited)

For the year ended March 31

		2020	2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>Pre-Primary Program</u>			
Salaries	\$ 1,133,080	\$ 1,506,609	\$ 866,588
Benefits	196,948	306,303	184,586
Travel	-	18,948	17,970
Supplies/Materials/Telecommunications	828,806	189,159	142,529
Professional Development	-	4,205	550
Total Pre-Primary Program	\$ 2,158,834	\$ 2,025,224	\$ 1,212,223
<u>School Based Funds (Note 5)</u>			
School Based Funds	\$ 2,500,000	\$ 2,469,619	\$ 2,268,690
Total School Based Funds	\$ 2,500,000	\$ 2,469,619	\$ 2,268,690
Total Expenditures	\$ 88,546,178	\$ 90,837,373	\$ 84,441,339

Tri-County Regional Centre for Education
Schedule C - Supplementary Details of Tangible Capital Assets
(Unaudited)

For the year ended March 31, 2020

	<u>Vehicles</u>	<u>2020</u> <u>Total</u>	<u>2019</u> <u>Total</u>
<u>Cost of Tangible Assets</u>			
Opening Costs	\$ 494,751	\$ 494,751	\$ 366,359
Additions	59,435	59,435	128,392
Dispositions	-	-	-
Closing Costs	<u>\$ 554,186</u>	<u>\$ 554,186</u>	<u>\$ 494,751</u>
 <u>Accumulated Amortization</u>			
Opening Balance	\$ 291,524	\$ 291,524	\$ 216,662
Amortization Expense	86,735	86,735	74,862
Amortization Adjustment on disposition	-	-	-
Closing Balance	<u>\$ 378,259</u>	<u>\$ 378,259</u>	<u>\$ 291,524</u>
Net Book Value (NBV)	<u>\$ 175,927</u>	<u>\$ 175,927</u>	<u>\$ 203,227</u>
 <hr/>			
Net Book Value (NBV):			
Opening Balance	\$ 203,227	\$ 203,227	\$ 192,354
Closing Balance	175,927	175,927	203,227
(Decrease) Increase in NBV	<u>\$ (27,300)</u>	<u>\$ (27,300)</u>	<u>\$ 10,873</u>

Tri-County Regional Centre for Education
Schedule D - Trust Funds Balance Sheet
(Unaudited)

As at March 31

2020

2019

Assets

Cash and Cash Equivalents

\$ 930,155 \$ 925,177

Equity

Augusta Nickerson

\$ 17,526 \$ 17,101

Elsie Hemeon Fund

196 191

F. Dakin and P. Dakin Dickson

47,633 46,478

Dr. Charles and Mary Webster

367,304 384,757

Reserve for Scholarships

 Tri-County Regional School Board Memorial

1,771 1,697

 Samuel Margolian Trust - Yarmouth High

5,035 5,111

 Samuel Margolian Trust - St. Ambrose

4,988 5,113

 Churchill Trust

1,047 1,021

 Loraleis Trust

1,653 1,663

 Blackader - Kirk Trust

29 25

 Olson Trust

3,251 3,342

Andrew Maxwell

1,546 1,508

Estate of Marjorie E. Jones

- 21

Digby Community Theatre Fund

- 349

Atlantic Philanthropy

- 9

Shelburne High - New School

58,299 56,885

Faith Guay

1 611

Barrington High - Enhancements - New School

41,762 40,750

Nicol Balcom

21,694 21,209

Emily Allen

78,033 81,061

Krista Harris

1,121 1,093

Forest Ridge

28,673 4,288

Meadowfields

- 1,124

Salida Capital Corporation

1,611 3,766

K. Daley Memorial

985 1,944

C. Stanley Memorial

17,718 18,273

F. Walker Memorial

7,277 7,101

J. Roache Memorial

17,121 18,661

S. deMolitor Memorial

639 13

David and Clytie Dexter

98,081 95,704

David and Clytie Dexter-BMHS Enhancements

4,511 4,430

Dr John Sutherland Medical Scholarship

47,264 46,118

George A Cox Scholarship

17,253 17,813

Nellie & Grant Dauphinee Bursary

20,984 20,623

Harley Cox & Sons Award

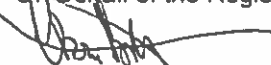
4,552 4,737

Lynn Ward Memorial Bursary

10,597 10,587

\$ 930,155 \$ 925,177

On Behalf of the Regional Centre



Regional Executive Director



Deputy Minister

See accompanying notes to the consolidated financial statements.

Tri-County Regional Centre for Education
Schedule E - Supplementary Details of Trust Funds
(Unaudited)
For the year ended March 31, 2020

	Balance Beginning of Year	Additions	Interest	Disbursements	Balance End of Year
Augusta Nickerson	\$ 17,101	-	\$ 425	-	\$ 17,526
Elsie Hemeon	191	-	5	-	196
F. Dakin and P. Dakin Dickson	46,478	-	1,155	-	47,633
Dr. Charles and Mary Webster	384,757	-	842	(18,295)	367,304
Tri-County Regional School Board Memorial	1,697	32	42	-	1,771
S. Margolian Trust - Yarmouth High	5,111	-	124	(200)	5,035
S. Margolian Trust - St. Ambrose	5,113	-	125	(250)	4,988
Churchill Trust	1,021	-	26	-	1,047
Loraleis Trust	1,663	-	40	(50)	1,653
Blackader - Kirk Trust	25	700	4	(700)	29
Olson Trust	3,342	200	84	(375)	3,251
Andrew Maxwell	1,508	-	38	-	1,546
Estate of Marjorie E. Jones	21	-	-	(21)	-
Digby Community Theatre Fund	349	-	6	(355)	-
Atlantic Philanthropy	9	-	-	(9)	-
Shelburne High - New School	56,885	-	1,414	-	58,299
Faith Guay	611	-	11	(621)	1
Barrington High - Enhancements - New School	40,750	-	1,012	-	41,762
Nicol Balcom	21,209	1,000	485	(1,000)	21,694
Emily Allen	81,061	-	1,972	(5,000)	78,033
Krista Harris	1,093	-	28	-	1,121
Forest Ridge	4,288	58,295	350	(34,260)	28,673
Meadowfields	1,124	26,276	186	(27,586)	-
Salida Capital Corporation	3,766	1,985	110	(4,250)	1,611
K. Daley Memorial	1,944	-	41	(1,000)	985
C. Stanley Memorial	18,273	-	445	(1,000)	17,718
F. Walker Memorial	7,101	-	176	-	7,277
J. Roache Memorial	18,661	-	460	(2,000)	17,121
S. deMoliter Memorial	13	621	5	-	639
David and Clytie Dexter	95,704	-	2,377	-	98,081
David and Clytie Dexter-BMHS Enhancements	4,430	-	111	(30)	4,511
Dr John Sutherland Medical Scholarship	46,118	-	1,146	-	47,264
George A Cox Scholarship	17,813	-	440	(1,000)	17,253
Nellie & Grant Dauphinee Bursary	20,623	-	511	(150)	20,984
Harley Cox & Sons Award	4,737	-	115	(300)	4,552
Lynn Ward Memorial Bursary	10,587	100	260	(350)	10,597
	<u>\$ 925,177</u>	<u>\$ 89,209</u>	<u>\$ 14,571</u>	<u>\$ (98,802)</u>	<u>\$ 930,155</u>

See accompanying notes to the consolidated financial statements.