

Consolidated Financial Statements

South Shore Regional School Board

March 31, 2018

Contents

	Page
Management's responsibility for the consolidated financial statements	1
Independent auditor's report	2 - 3
Consolidated statement of financial position	4
Consolidated statement of operations and surplus	5
Consolidated statement of changes in net financial assets	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8 - 25
Schedule A – supplementary details of revenues	26
Schedule B – supplementary details of expenditures	27-30
Schedule C – supplementary details of tangible capital assets	31
Schedule D – trust funds balance sheet	32
Schedule E – supplementary details of trust funds	33

South Shore Regional School Board

Consolidated Financial Statements

March 31, 2018

Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and supplementary schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements. The preparation of 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 is also responsible for implementing and maintaining 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.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the South Shore Regional School Board and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the South Shore Regional School Board



Wade Tattrie, CPA, CA
Director of Finance



Scott Milner
Regional Executive Director

July 17, 2018

Independent auditor's report

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

Honourable Zach Churchill - Minister,
Education and Early Childhood Development

We have audited the accompanying consolidated financial statements of the Tri-County Regional School Board, which comprise the consolidated financial position as at March 31, 2018, and the consolidated statement of operations and surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Tri-County Regional School Board as at March 31, 2018, and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

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



Bridgewater, Canada
July 17, 2018

Chartered Professional Accountants
Licensed Public Accountants

South Shore Regional School Board
Consolidated Statement of Financial Position

As at March 31

2018

2017

Financial Assets

Cash and Cash Equivalents	\$ 14,792	\$ 525,446
Cash Held by Schools (Note 5)	2,368,876	2,156,125
	<u>\$ 2,383,668</u>	<u>\$ 2,681,571</u>
Accounts Receivable		
Province of Nova Scotia	\$ 3,025,096	\$ 3,430,364
Government of Canada	369,235	263,754
Other	1,025,383	791,344
	<u>\$ 4,419,714</u>	<u>\$ 4,485,462</u>
Accrued Benefit Asset (Note 6)	2,929,500	2,626,300
Receivable - Service Award Allowance (Note 10)	4,895,823	4,546,538
Receivable - Sick Leave Allowance (Note 11)	9,247,386	9,204,393
Total Financial Assets	<u>\$ 23,876,091</u>	<u>\$ 23,544,264</u>

Financial Liabilities

Accounts Payable and Accrued Liabilities - Trade	\$ 2,691,941	\$ 3,209,330
Accounts Payable and Accrued Payroll and Employee Deductions	1,788,742	1,920,311
	<u>\$ 4,480,683</u>	<u>\$ 5,129,641</u>
Payables and Accruals - Government		
Province of Nova Scotia	\$ 66,583	\$ 249,915
Government of Canada - Employee Deductions	766,838	721,096
Municipalities	51,680	69,879
Other (Government Service Organizations)	378	920
	<u>\$ 865,479</u>	<u>\$ 1,041,810</u>
Deferred Revenue (Note 13)	2,241,781	1,727,749
Service Award Obligations (Note 10)	4,895,823	4,546,538
Sick Leave Obligations (Note 11)	9,247,386	9,204,393
Total Financial Liabilities	<u>\$ 21,731,162</u>	<u>\$ 21,650,131</u>

Net Financial Assets

	<u>\$ 2,144,939</u>	<u>\$ 1,894,133</u>
--	----------------------------	----------------------------

Non-Financial Assets (Note 2)

Tangible Capital Assets (Schedule C)	\$ 310,067	\$ 387,583
Inventory	235,556	239,605
Prepaid Expenses	356,124	328,846
	<u>\$ 901,747</u>	<u>\$ 956,034</u>

Accumulated Surplus (Note 3)

	<u>\$ 3,046,686</u>	<u>\$ 2,850,167</u>
--	----------------------------	----------------------------

Trust Funds Under Administration (Note 7 and Schedules D and E)

Contractual Obligations (Note 8)

Contingent Liabilities (Note 9)

On Behalf of the Board

Deputy Minister



Regional Executive Director



See accompanying notes to the financial statements.

South Shore Regional School Board

Consolidated Statement of Operations and Surplus

Restated
(Note 17)

For the year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues (Schedule A)			
Province of Nova Scotia	\$ 61,360,200	\$ 61,902,464	\$ 60,792,407
Government of Canada	305,400	266,445	308,591
Municipal Contributions	18,431,200	18,431,178	18,290,769
School Based Funds (Note 5)	2,850,000	3,085,063	2,847,961
Board Operations	1,798,845	2,188,724	2,066,517
Total Revenues	<u>\$ 84,745,645</u>	<u>\$ 85,873,874</u>	<u>\$ 84,306,245</u>
Expenditures (Schedule B)			
Board Governance	\$ 238,278	\$ 447,753	\$ 282,792
Office of the Superintendent	451,550	494,056	519,455
Financial Services	676,731	668,888	712,308
Human Resource Services	602,884	595,777	566,937
School Services	65,814,616	66,066,185	64,395,461
Operations Services	13,881,586	14,292,528	14,885,010
Other Non-PSP Programs	230,000	197,158	-
School Based Funds (Note 5)	2,850,000	2,915,010	2,944,107
Total Expenditures	<u>\$ 84,745,645</u>	<u>\$ 85,677,355</u>	<u>\$ 84,306,070</u>
School Board Surplus	\$ -	\$ 196,519	\$ 175
Accumulated Surplus, Beginning of Year	-	2,850,167	2,849,992
Accumulated Surplus, End of Year (Note 3)	<u>\$ -</u>	<u>\$ 3,046,686</u>	<u>\$ 2,850,167</u>

South Shore Regional School Board**Consolidated Statement of Changes in Net Financial Assets**

For the year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Net financial assets, beginning of year	\$ 1,894,133	\$ 1,894,133	\$ 2,090,535
Changes in the year			
School Board surplus	-	196,519	175
Amortization of tangible capital assets	77,516	77,516	72,597
Acquisition of tangible capital assets	-	-	(211,966)
Decrease (increase) in inventories of supplies	-	4,049	(30,617)
Increase in prepaid expenses	-	(27,278)	(26,591)
Increase (decrease) in net financial assets	<u>77,516</u>	<u>250,806</u>	<u>(196,402)</u>
Net financial assets, end of year	<u>\$ 1,971,649</u>	<u>\$ 2,144,939</u>	<u>\$ 1,894,133</u>

See accompanying notes to the financial statements.

South Shore Regional School Board

Consolidated Statement of Cash Flows

For the year ended March 31

2018

2017

Increase (decrease) in cash and cash equivalents

Operating transactions

School Board surplus	\$	196,519	\$	175
Items not affecting cash:				
Tangible capital asset amortization		77,516		72,597
		<u>274,035</u>		<u>72,772</u>

Changes in non-cash working capital

Decrease in accounts receivable	65,748	298,970
(Increase) decrease in accrued benefit asset	(303,200)	76,900
(Increase) decrease in receivable - service award allowance	(349,285)	248,512
Increase in receivable - sick leave allowance	(42,993)	(4,953)
Decrease (increase) in inventory	4,049	(30,617)
Increase in prepaid expenses	(27,278)	(26,591)
Decrease in accounts payable and accruals	(825,289)	(194,172)
Increase in deferred revenue	514,032	438,281
Increase (decrease) in service award obligations	349,285	(248,512)
Increase in sick leave obligations	42,993	4,953
	<u>(571,938)</u>	<u>562,771</u>

Cash (used) provided by operating activities	<u>(297,903)</u>	<u>635,543</u>
----------------------------------------------	------------------	----------------

Capital transactions

Acquisition of tangible capital assets	<u>-</u>	<u>(211,966)</u>
----------------------------------------	----------	------------------

(Decrease) increase in cash and cash equivalents	<u>(297,903)</u>	<u>423,577</u>
--------------------------------------------------	------------------	----------------

Cash and cash equivalents, beginning of year	<u>2,681,571</u>	<u>2,257,994</u>
----------------------------------------------	------------------	------------------

Cash and cash equivalents, end of year	<u>\$ 2,383,668</u>	<u>\$ 2,681,571</u>
----------------------------------------	---------------------	---------------------

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

1. Nature of Operations

As of March 31, 2018, the South Shore Regional School Board is an independent legal entity with an elected governing board as stipulated under the Education Act. The Board provides a full range of educational services for all instructional programs from Grade Primary through Grade 12 at public schools within Lunenburg and Queens Counties. The Board is registered as a charitable organization under the Income Tax Act and therefore, is exempt from income tax and may issue official receipts to donors for income tax purposes in accordance with Board policy.

2. Financial Reporting and Accounting Policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards, which for purposes of the School Board's consolidated 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 of consolidation prescribed by the Department of Education. Trust funds are not included in the consolidation. For a detailed review the reader should refer to the consolidated financial statements of each fund as presented in these consolidated financial statements.

Revenues

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

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

SSRSB recognizes as revenue, the provincial government transfers representing the year over year change in accrued benefit obligations as the transfer has been authorized.

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.

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 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.

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

2. Financial Reporting and Accounting Policies (continued)

Use of Estimates

In preparing the Board'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. Actual amounts could differ from these estimates.

Financial Instruments

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

Financial Assets

Cash and cash equivalents are recorded at cost which approximates market value. Accounts receivable are recorded at the principal amount less valuation allowances, if applicable.

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.

Liabilities

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

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 South Shore Regional School Board: a) is directly responsible; or b) accepts responsibility; and
- iv. a reasonable estimate of the amount can be made.

Net Financial Assets

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

Non-Financial Assets

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

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

2. Financial Reporting and Accounting Policies (continued)

Tangible Capital Assets

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

The thresholds and amortization rates (declining balances) as defined in the policy are as follows:

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

Prepaid Expenses and Inventories

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

3. Accumulated Surplus

Accumulated Surplus represents the financial assets and non-financial assets of the School Board less liabilities. This represents the accumulated balance of net surplus arising from the operations of the Board and school generated funds. The designation of Accumulated Surplus is as follows:

	<u>2018</u>	<u>2017</u>
Operating-Unrestricted, Beginning of Year	\$ 1,250,937	\$ 1,154,616
School Board Surplus	196,519	175
	<u>\$ 1,447,456</u>	<u>\$ 1,154,791</u>
Operating (Deficit) Surplus - Designated to School Funds	(170,053)	96,146
Operating-Unrestricted, End of Year	<u>\$ 1,277,403</u>	<u>\$ 1,250,937</u>
School Funds-Restricted, Beginning of Year	\$ 1,599,230	\$ 1,695,376
School Funds-Restricted, Surplus (Deficit) for Year	170,053	(96,146)
School Funds-Restricted, End of Year	<u>\$ 1,769,283</u>	<u>\$ 1,599,230</u>
Accumulated Surplus, End of Year	<u>\$ 3,046,686</u>	<u>\$ 2,850,167</u>

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

4. Adoption of New Accounting Standards

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

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

In accordance with the provisions of these new accounting standards, the School Board reflected the an adjustment at April 1, 2017 to record on a gross basis the amount of allocated NSTU medical benefits and pension contributions paid by the Province of Nova Scotia on the School Board's behalf. This resulted in the prior year statements being restated for an increase of Revenue – Province of Nova Scotia by \$7,307,800 and Expenditure – School Costs by the same amount. There is no effect on the accumulated surplus.

5. Cash Held by Schools

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

	<u>2018</u>	<u>2017</u>
Balance, beginning of year excluding deferred	\$ 2,156,125	\$ 1,850,376
Additions to School Generated Funds	3,085,063	2,847,961
School Funded Activity Expenditures	<u>(2,915,010)</u>	<u>(2,944,107)</u>
Net School Generated Funds for Year	170,053	(96,146)
Balance Before Deferred	2,326,178	1,754,230
Change in Deferred Revenue (Note 13)	<u>42,698</u>	<u>401,895</u>
Balance, end of year	<u>\$ 2,368,876</u>	<u>\$ 2,156,125</u>

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

6. Defined Benefit Pension Plans

Details on the defined benefit plans were provided by Morneau Shepell on April 27, 2018 and have been determined by them in accordance with PS 3250 for the South Shore Regional School Board C.U.P.E. Staff Pension Plan (the "CUPE Plan") and the South Shore Regional School Board Support Staff Pension Plan (the "Support Staff Plan").

Plan assets used for purposes of the accounting valuation were based on the market value of assets as at December 31, 2016 and December 31, 2017, as presented in the consolidated financial statements provided by Desjardins Financial Security as at those dates. These assets were then adjusted for amounts in transit. Contributions to the Plans, benefits and investment earnings were determined from the consolidated financial statements.

To calculate the Plan's liabilities, Morneau Shepell used the Plan provisions as at January 1, 2018.

The most recent valuations of the Plans for funding purposes were performed on December 31, 2016. The next funding valuation of the plan is required to be completed for December 31, 2019.

The following table summarizes the actuarial assumptions and methods used for the valuation:

Actuarial Cost Method	Projected Unit Credit prorated on service	
Discount Rate	5.00% per year	
Expected Return on Plan Assets	5.00% per year	
Salary Increases	2.75% per year	
Interest Credited on Employee Contributions	3.00% per year	
Mortality	CPM-2014 Public Mortality Table with generational projection using improvement scale CPM-B with size adjustment factors Sex distinct No pre-retirement mortality	
Termination of Employment	<u>Age</u>	<u>Termination</u>
	25	20.0%
	30	11.2%
	35	6.3%
	40	3.4%
	45	1.8%
	50	1.2%
	55	0.7%
Termination Election	50% of terminated members elect a deferred pension	
Discount Rate for members assumed to elect a commuted value transfer upon termination	4.25%	
Disability	None	
Retirement: CUPE Plan	Age 65 (or in one year, later)	
Support Staff Plan	Age 60 (or in one year, later)	
Administrative Expenses	Implicitly recognized in the discount rate	

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

6. Defined Benefit Pension Plans (continued)

The following table shows the CUPE and Support Staff Plans' pension expense for the 2018 fiscal year, and the accrued benefit asset/(liability) as at March 31, 2018.

Fiscal 2018 Expense	CUPE	Support Staff	Total
Service Cost (net of employee contributions)	\$ 401,500	\$ 665,400	\$ 1,066,900
Amortization of Actuarial Losses/(Gains)	(45,500)	(104,000)	(149,500)
Pension Interest Expenditure/Expense:			
Interest Cost on the Accrued Benefit Obligation	767,400	1,237,300	2,004,700
Expected Return on Plan Assets	(835,600)	(1,371,000)	(2,206,600)
Total 2018 Pension Expense	\$ 287,800	\$ 427,700	\$ 715,500
Expected Average Remaining Service Lifetime	12 years	11 years	

Development of Accrued Benefit Asset/(Liability) as at March 31, 2018

	CUPE	Support Staff	Total
Accrued Benefit Asset (Liability) as at March 31, 2017	\$ 926,400	\$ 1,699,900	\$ 2,626,300
Fiscal 2018 (Expense) Income	(287,800)	(427,700)	(715,500)
Fiscal 2018 School Board Contributions	362,200	656,500	1,018,700
Accrued Benefit Asset (Liability) as at March 31, 2018	\$ 1,000,800	\$ 1,928,700	\$ 2,929,500

The following table shows the disclosure figures (assets and accrued benefit obligation) as at the end of fiscal 2018 (i.e. measured at December 31, 2017), and the reconciliation of the accrued benefit asset (liability) as at that date. The assets are actual market value as at December 31, 2017, adjusted for amounts in transit.

Reconciliation of Accrued Benefit Asset (Liability) as at March 31, 2018

	CUPE	Support Staff	Total
Pension Fund Assets	\$ 18,045,700	\$ 30,144,800	\$ 48,195,500
Less: Accrued Benefit Obligation	16,008,700	26,313,000	42,321,700
Funded Status as at March 31, 2018	2,037,000	3,831,800	5,868,800
Plus: Unamortized Actuarial Losses/(Gains)	(1,125,300)	(2,075,100)	(3,200,400)
Plus: Employer Contributions January to March 2018	89,100	172,000	261,100
Accrued Benefit Asset (Liability) as at March 31, 2018	\$ 1,000,800	\$ 1,928,700	\$ 2,929,500

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

6. Defined Benefit Pension Plans (continued)

Other Pension Plans

The School Board's teaching staff is covered by a pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act. Employer contributions for these employees are provided directly by the Province of Nova Scotia. Costs and the related funding provided by the Province have been reflected in these consolidated financial statements. The pension costs and obligations related to these plans are the direct responsibility of the Province. No assets or liabilities related to this plan are included in the Board's consolidated financial statements.

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

7. Trust Funds under Administration

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

8. Contractual Obligations

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

	Rental Leases
2019	\$ 118,840
2020	39,612
Total	\$ 158,452

9. Contingent Liabilities

There are several outstanding grievances and claims against the Board. The outcomes of these grievances and claims are not determinable. Any settlements resulting from arbitration or resolution of these claims will be treated as a charge to operations in the period the settlement occurs.

10. Service Award Obligations

Summary of Service Award Obligation

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

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

	<u>2018</u>	<u>2017</u>
Service Awards - Teachers	\$ 4,738,838	\$ 4,462,124
Service Awards - Non-Teachers	<u>156,985</u>	<u>83,814</u>
Total Service Award Obligations – Teachers and Non-Teachers	<u>\$ 4,895,823</u>	<u>\$ 4,546,538</u>

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

During the year, eligible employees (teachers and non-union) were provided an opportunity to elect for an early service payout in lieu of their retirement allowance. This one-time election ended March 29, 2018. The election uptake was 89 % for teachers and 93 % for non-union. Non-teaching union groups were not eligible in 2017-18. The total amount of early service payouts accrued at March 31, 2018 was \$4.8 million. The impact of these immediate payouts has been reflected in the current year by recognizing a loss on settlement of \$260,213 and previously unamortized losses of \$74,704.

I. Service Awards – Teachers

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

Queens District	0.45 of 1% of a TC5 - MAX per year of service (maximum 35 years)
Lunenburg District	\$200 per year of service (maximum 35 years)

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

For all service commencing on or before August 1, 2002 under the terms of agreement with the NSTU and Province of Nova Scotia the Board is required to pay a service award to each teacher who accumulates a minimum of ten years of service with the Board. The amount of the award is as follows: 1% of each year of service with the Board to a maximum of 30 years multiplied by the annual salary rate (including any administration allowance) on the last day of employment with the Board.

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

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

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

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

10. Service Award Obligations (continued)

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

Actuarial Assumptions

Discount Rate on Liabilities:	<ul style="list-style-type: none"> • 3.59% per annum for fiscal 2016/17 expense determination, and March 31, 2017 benefit obligation • 3.42% per annum for fiscal 2017/18 expense determination, and March 31, 2018 benefit obligation 																
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"> • No pre-retirement mortality assumed 																
Withdrawal Prior to Retirement:	<ul style="list-style-type: none"> • No termination prior to retirement assumed 																
Salary Growth Rate:	<ul style="list-style-type: none"> • 1.0% at April 1, 2017, 1.5% at April 1, 2018, 0.5% at April 1, 2019, 2.00% per annum beginning April 1, 2019, plus promotional scale <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Age Group</th> <th style="text-align: left;">Annual Increase</th> </tr> </thead> <tbody> <tr> <td>< 30</td> <td>2.75%</td> </tr> <tr> <td>30 – 34</td> <td>2.25%</td> </tr> <tr> <td>35 – 39</td> <td>1.75%</td> </tr> <tr> <td>40 – 44</td> <td>1.25%</td> </tr> <tr> <td>45 – 49</td> <td>0.75%</td> </tr> <tr> <td>50 – 59</td> <td>0.25%</td> </tr> <tr> <td>60 +</td> <td>0%</td> </tr> </tbody> </table>	Age Group	Annual Increase	< 30	2.75%	30 – 34	2.25%	35 – 39	1.75%	40 – 44	1.25%	45 – 49	0.75%	50 – 59	0.25%	60 +	0%
Age Group	Annual Increase																
< 30	2.75%																
30 – 34	2.25%																
35 – 39	1.75%																
40 – 44	1.25%																
45 – 49	0.75%																
50 – 59	0.25%																
60 +	0%																

Continuity of Service Award Allowance Liability - Teachers

	<u>2018</u>	<u>2017</u>
Opening Benefit Obligation, beginning of the year	\$ 4,702,184	\$ 4,559,779
Interest on Obligation	161,123	158,945
Other (past service, transfer, etc.)	18,500	-
Less: Benefits Paid	(168,176)	(381,440)
Actuarial Losses (Gains)	93,100	364,900
Closing Benefit Obligation, end of year	\$ 4,806,731	\$ 4,702,184
Pension Assets, at market related values	-	-
Funded Status - (Deficiency)	(4,806,731)	(4,702,184)
Unamortized Actuarial Losses (Gains)	67,893	239,460
Accrued Benefit Liability - Teachers	\$ (4,738,838)	\$ (4,462,724)

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

10. Service Award Obligations (continued)

II. Service Awards – Non-Teachers

Morneau Shepell has prepared disclosure figures under PS 3250 of the CPA Canada Public Sector Accounting Handbook. Retiring allowance benefit descriptions and copies of the relevant parts of the collective agreements and letters of understanding for the different boards and union/non-union groups were provided by the Province of Nova Scotia ("the Province").

Non-union members hired before April 1, 2009 with 15 years of service at April 1, 2015 are entitled to a payment upon retirement of 1% per year of service at April 1, 2015 to a maximum of 25 years.

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

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

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

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

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

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

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

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

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

10. Service Award Obligations (continued)

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

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

All assumptions used in the Retiring Allowance valuation have been chosen by the Province. The assumptions are summarized in the table below.

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

Continuity of Service Award Liability - Non-Teachers

	<u>2018</u>	<u>2017</u>
Opening Benefit Obligation, beginning of the year	\$ 100,137	\$ 113,909
Interest on Obligation	3,468	3,707
Settlement loss (gain) due to early payout offer	56,204	-
Less: Benefits Paid	-	(23,119)
Actuarial Losses	<u>1,263</u>	<u>5,640</u>
Closing Benefit Obligation, end of year	161,072	100,137
Pension Assets, at market related values	<u>-</u>	<u>-</u>
Funded Status - Surplus (Deficiency)	(161,072)	(100,137)
Unamortized Actuarial (Gains) Losses	<u>4,087</u>	<u>16,323</u>
Accrued Benefit Liability - Non-Teachers	\$ (156,985)	\$ (83,814)

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

11. Sick Leave Obligation

I. Sick Leave Obligation – Teachers

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

- (a) Full time teachers are entitled to twenty (20) days sick leave in each school year. Teachers who are not full time will receive a pro-rated amount of days.
- (b) Teachers may accumulate 100% of their unused current sick days up to a maximum of 195 days in a sick leave bank.
- (c) Accumulated sick leave cannot be used until the current year's sick leave (20 days per school year) has been expended.
- (d) Accumulated sick leave benefits are not paid out on termination, retirement or resignation.

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

Eckler Ltd. provided the Province with updated sick leave benefit disclosures as at March 31, 2018 under section 3250 of the CPA Canada Public Sector Accounting Handbook.

Actuarial Assumptions

Discount Rate on Liabilities:	<ul style="list-style-type: none"> • 3.59% per annum for fiscal 2016/17 expense determination and March 31, 2017 benefit obligation • 3.42% per annum for fiscal 2017/18 expense determination, March 31, 2018 benefit obligation
Retirement Age:	<ul style="list-style-type: none"> • March 31, 2017 benefit obligation, fiscal 2017/18 expense determination, March 31, 2018 benefit obligation: 50% at Rule of 85, remainder at earlier of 35 years of credited service, age 62 with 10 years of credited service, and age 65 with 2 years of credited service
Mortality:	<ul style="list-style-type: none"> • 100% of CPM-2014 Public with future mortality improvements according to scale CPM-B
Withdrawal Prior to Retirement:	<ul style="list-style-type: none"> • 5% per annum in first 2 years of employment

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

11. Sick Leave Obligation (continued)

Salary Growth Rate:	<ul style="list-style-type: none"> • 0% at April 1, 2015, 0% at April 1, 2016, 1% at April 1, 2017, 1.5% at April 1, 2018, 0.5% at March 31, 2019, 2% per annum beginning April 1, 2019 plus a promotional scale. • Promotional Scale: 		
	Age Group Promotional Scale		
	< 30 30 – 34 35 – 39 40 – 44 45 – 49 50 – 59 60 +	3.25% 2.75% 2.25% 1.75% 1.25% 0.75% 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 • The expected net sick leave accrual for a full time employee is 20 days less the expected current year sick leave used (i.e. 12.4 days for males and 11.2 days for females) • Current year utilization assumption developed from analysis of the sick leave usage of the Nova Scotia Teachers during fiscal years 2011-12, 2012-13 and 2013-14 		
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. 		

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

11. Sick Leave Obligation (continued)	<u>2018</u>	<u>2017</u>
Continuity of Sick Leave Liability - Teachers		
Opening Benefit Obligation, beginning of the year	\$ 6,986,868	\$ 6,826,290
Current Service Cost	337,400	322,500
Interest on Obligation	239,782	244,778
Less: Sick Leave Taken	(475,000)	(475,000)
Actuarial (Gains) Losses	(1,937,700)	68,300
Closing Benefit Obligation, end of year	5,154,350	6,986,868
Pension Assets, at market related values	-	-
Funded Status – (Deficiency) Surplus	(5,154,350)	(6,986,868)
Unamortized Actuarial (Gains) Losses	(3,164,276)	(1,316,507)
Accrued Benefit Liability	\$ (8,318,626)	\$ (8,303,375)

II. Sick Leave Obligation – Non-Teaching

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

Sick Leave historical data for the fiscal years 2012 to 2015 was also provided by the Province. This data was then used to develop an assumption for excess usage (i.e. hours of sick leave used in a given year in excess of the sick leave accrued that year) by age group which was then used in the calculation of the Accrued Benefit Obligation (“ABO”) and annual current service cost.

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

Valuation Date:	March 31, 2015					
Annual Discount Rate:	3.59% per annum for fiscal 2016/17 3.42% per annum for fiscal 2017/18					
Annual Salary Increases (includes 0.5% merit)	1.0% at April 1, 2015 1.0% at April 1, 2016 2.0% at April 1, 2017 2.5% at April 1, 2018 3.5% at April 1, 2019 3.0% per annum from April 1, 2020 onwards					
Sample Net Excess Utilization Rate of Sick Leave:	Age	Hours	Age	Hours	Age	Hours
	20	3.9	40	7.8	60	28.2
	25	4.8	45	8.7	65	36.9
	30	5.8	50	11.0	70	45.5
	35	6.8	55	19.6		
Termination:						Nil
Mortality Pre-Retirement:						Nil

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

11. Sick Leave Obligation (continued)

Retirement Age:	10% at age 59 20% at age 60 10% at each age 61-64 50% at each age 65-69 100% at age 70 <u>However:</u> 20% each year on or after earliest unreduced retirement date if it is greater, and 40% at 35 years of service Earliest unreduced date is the earlier of age 60 with 2 years of service or age 50 with 80 points (55 with 85 points if hired on or after April 4, 2012)
-----------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Continuity of Sick Leave Liability - Non-Teachers

	<u>2018</u>	<u>2017</u>
Opening Benefit Obligation, beginning of the year	\$ 977,845	\$ 917,696
Current Service Cost	129,600	121,993
Interest on Obligation	33,519	32,812
Less: Sick Leave Taken	(143,055)	(140,938)
Actuarial (Gains) Losses	8,971	46,282
Closing Benefit Obligation, end of year	\$ 1,006,880	\$ 977,845
Pension Assets, at market related values	-	-
Funded Status - Surplus (Deficiency)	(1,006,880)	(977,845)
Unamortized Actuarial (Gains) Losses	78,120	76,827
Accrued Benefit Liability	\$ (928,760)	\$ (901,018)

Summary of Sick Leave Obligations

	<u>2018</u>	<u>2017</u>
Accumulated Sick Leave Obligation – Teachers	\$ 8,318,626	\$ 8,303,375
Accumulated Sick Leave Obligation - Non-Teachers	928,760	901,018
Total Sick Leave Obligations	\$ 9,247,386	\$ 9,204,393

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

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

12. Collective Agreements

Collective Agreements and other Terms and Conditions of Employment

The provincial collective agreement with the NSTU expires July 31, 2019.

The local collective agreement with the NSTU expires July 31, 2019.

The collective agreement with the NSGEU expired on March 31, 2015.

The collective agreement with SEIU expired March 31, 2015.

The collective agreement with CUPE expired March 31, 2015.

The Non-Union Terms and Conditions of Employment expired February 7, 2016.

13. Deferred Revenue

Deferred Revenue as of March 31:	<u>2018</u>	<u>2017</u>
Teachers PD Fund	\$ 178,792	\$ 61,637
International Student Program	175,739	207,578
School Generated Funds (Note 5)	599,593	556,895
Programs - Province of Nova Scotia	<u>1,287,657</u>	<u>901,639</u>
Total	\$ 2,241,781	\$ 1,727,749

14. Bank Indebtedness

The Board has utilized the available operating line of credit during the fiscal year with the Canadian Imperial Bank of Commerce. There was no outstanding balance at fiscal year-end.

15. Financial instrument risk management

Credit risk

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

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

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

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

15. Financial Instrument Risk Management (continued)

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

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

Market risk

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

Interest rate risk

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

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

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

Liquidity risk

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

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

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

16. Comparative figures

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

South Shore Regional School Board

Notes to the Consolidated Financial Statements

March 31, 2018

17. Restatement of Comparative Years Statement of Operations and Surplus

In the 17/18 fiscal year, the Province of Nova Scotia started to reflect those portions of NSTU Pension Plan contributions and benefits plan premiums it pays on behalf of school board employees in the annual funding documents of each school board. To ensure the 16/17 consolidated financial statements are comparable, these figures have been restated to include these amounts. Both revenues and expenditures for the year ended March 31, 2017 have been increased by \$7,307,800. There was no impact on the School Board Surplus.

Also, the 16/17 comparative figures of the Statement of Operations and Surplus (and the Supplementary Schedules Revenues and Expenditures) have been restated to decrease both the Province of Nova Scotia revenues, and the benefits expense related to School Costs by \$419,095. There was no impact on the School Board Surplus.

18. Subsequent Event

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

South Shore Regional School Board
Schedule A - Supplementary Details of Revenues

Restated
(Note 17)

For the year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Province of Nova Scotia			
Operating	\$ 43,632,890	\$ 43,618,280	\$ 44,824,500
Teacher Salary Accrual		1,019,400	1,223,100
Restricted	17,576,510	17,134,004	14,418,162
Capital	59,800	59,800	59,800
Other	91,000	70,980	266,845
	<u>\$ 61,360,200</u>	<u>\$ 61,902,464</u>	<u>\$ 60,792,407</u>
Government of Canada			
First Nations/Other	\$ 305,400	\$ 266,445	\$ 308,591
	<u>\$ 305,400</u>	<u>\$ 266,445</u>	<u>\$ 308,591</u>
Municipal Contributions-Mandatory	<u>\$ 18,431,200</u>	<u>\$ 18,431,178</u>	<u>\$ 18,290,769</u>
	<u>\$ 18,431,200</u>	<u>\$ 18,431,178</u>	<u>\$ 18,290,769</u>
School Based Funds (Note 5)	<u>\$ 2,850,000</u>	<u>\$ 3,085,063</u>	<u>\$ 2,847,961</u>
Board Operating			
Board Generated-Other	\$ 1,786,845	\$ 2,160,282	\$ 2,055,844
Rental Revenue		\$ 650	\$ -
Interest/Investment	10,000	21,677	10,571
Sale of Assets	2,000	6,115	102
	<u>\$ 1,798,845</u>	<u>\$ 2,188,724</u>	<u>\$ 2,066,517</u>
Total Revenues	<u>\$ 84,745,645</u>	<u>\$ 85,873,874</u>	<u>\$ 84,306,245</u>

South Shore Regional School Board
Schedule B - Supplementary Details of Expenditures

Restated
(Note 17)

For the year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>Board Governance</u>			
Salaries	\$ 142,147	\$ 131,104	\$ 132,908
Benefits	7,373	239,909	7,344
Travel	9,250	12,113	7,246
Contracted Services	-	-	18,448
Supplies/Materials	10,950	13,119	8,121
Professional Development	20,809	3,759	(26,167)
NSSBA Dues	47,749	47,749	44,625
Election costs	-	-	90,267
Total Board Governance	\$ 238,278	\$ 447,753	\$ 282,792
<u>Office of the Superintendent</u>			
Office of the Superintendent			
Travel	\$ 8,000	\$ 8,469	\$ 9,141
Supplies/Materials	1,300	2,428	3,469
Professional Development	4,950	3,708	1,931
	\$ 14,250	\$ 14,605	\$ 14,541
Communications			
Salaries	\$ 57,693	\$ 62,797	\$ 16,524
Benefits	7,871	9,269	2,363
Travel	2,500	692	-
Supplies/Materials	5,800	4,609	1,268
	\$ 73,864	\$ 77,367	\$ 20,155
Regional Management			
Salaries	\$ 190,633	\$ 193,774	\$ 185,915
Benefits	16,503	16,670	19,970
Travel	100	66	85
Contracted Services	127,500	161,922	227,512
Supplies/Materials	28,700	29,652	51,277
	\$ 363,436	\$ 402,084	\$ 484,759
Total Office of the Superintendent	\$ 451,550	\$ 494,056	\$ 519,455
<u>Financial Services</u>			
Salaries	\$ 751,299	\$ 731,278	\$ 839,369
Benefits	180,025	179,440	196,664
Travel	9,800	7,749	10,711
Contracted Services	34,000	26,105	41,248
Repairs/Maintenance	2,500	1,216	2,978
Supplies/Materials	2,500	6,005	3,611
Professional Development	5,400	7,686	5,883
Insurance	74,664	83,499	70,268
Other Expenses	(383,457)	(374,090)	(458,424)
Total Financial Services	\$ 676,731	\$ 668,888	\$ 712,308

South Shore Regional School Board
Schedule B - Supplementary Details of Expenditures

Restated
(Note 17)

For the year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>Human Resource Services</u>			
Salaries	\$ 385,223	\$ 380,832	\$ 369,863
Benefits	105,561	105,574	105,753
Travel	17,400	16,584	9,347
Contracted Services	6,000	14,238	-
Repairs/Maintenance	29,000	32,323	30,015
Supplies/Materials	13,700	16,213	12,278
Professional Development	46,000	30,013	39,681
Total Human Resources	\$ 602,884	\$ 595,777	\$ 566,937
<u>School Services</u>			
School Services Administration			
Salaries	\$ 826,996	\$ 828,324	\$ 1,089,023
Benefits	58,819	62,804	81,931
Travel	22,300	24,728	29,711
Supplies/Materials	33,000	35,908	53,904
Professional Development	15,024	16,223	1,910
	\$ 956,139	\$ 967,987	\$ 1,256,479
School Costs			
Salaries	\$ 47,605,029	\$ 48,497,119	\$ 46,207,525
Benefits	11,872,740	11,544,680	10,997,338
Travel	78,900	71,242	30,545
Contracted Services	197,000	186,438	178,920
Repairs/Maintenance	-	4,138	8,018
Supplies/Materials	401,471	340,072	348,381
Professional Development	40,000	44,894	22,229
Insurance	11,000	11,120	-
Bank/Interest Costs	-	273,301	277,591
	\$ 60,206,140	\$ 60,973,004	\$ 58,070,547
School Services Professional Development			
Salaries	\$ 114,365	\$ 73,550	\$ 99,786
Benefits	8,993	4,935	7,134
Repairs/Maintenance	9,828	8,539	5,297
Professional Development	419,851	287,221	317,971
	\$ 553,037	\$ 374,245	\$ 430,188
International Students			
Salaries	\$ 300,387	\$ 311,517	\$ 305,656
Benefits	25,225	25,567	24,690
Travel	36,000	37,106	39,102
Contracted Services	720,400	794,762	855,313
Supplies/Materials	83,000	84,525	96,785
Professional Development	2,000	3,188	3,155
	\$ 1,167,012	\$ 1,256,665	\$ 1,324,701

South Shore Regional School Board
Schedule B - Supplementary Details of Expenditures

Restated
(Note 17)

For the year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Special Education			
Salaries	\$ 483,220	\$ 484,760	\$ 1,292,137
Benefits	63,865	64,334	107,900
Travel	18,200	20,375	47,656
Repairs/Maintenance	17,000	8,457	13,260
Supplies/Materials	12,050	26,449	40,371
Professional Development	300	350	11,748
	<u>\$ 594,635</u>	<u>\$ 604,725</u>	<u>\$ 1,513,072</u>
Program Grants			
Travel	\$ 121,189	\$ 118,037	\$ 109,880
Contracted Services	286,000	300,409	140,523
Repairs/Maintenance	-	-	899
Supplies/Materials	1,929,764	1,458,685	1,540,174
Professional Development	700	12,428	8,348
Insurance	-	-	650
	<u>\$ 2,337,653</u>	<u>\$ 1,889,559</u>	<u>\$ 1,800,474</u>
Total School Services	<u>\$ 65,814,616</u>	<u>\$ 66,066,185</u>	<u>\$ 64,395,461</u>
Operational Services			
Operations Administration			
Salaries	\$ 488,418	\$ 483,057	\$ 494,945
Benefits	105,473	107,153	107,177
Travel	14,000	13,538	16,101
Contracted Services	26,200	18,340	13,100
Repairs/Maintenance	-	608	-
Vehicle Expenses	8,500	11,700	7,491
Supplies/Materials	4,400	6,504	12,491
Professional Development	1,000	6,277	3,479
	<u>\$ 647,991</u>	<u>\$ 647,177</u>	<u>\$ 654,784</u>
Property Services			
Salaries	\$ 2,715,247	\$ 2,715,773	\$ 2,778,936
Benefits	658,375	680,349	692,045
Travel	4,000	8,456	3,997
Contracted Services	800,342	791,129	807,909
Repairs/Maintenance	609,948	808,801	916,667
Vehicle Expenses	65,970	80,774	71,652
Supplies/Materials	178,600	283,658	348,434
Utilities	1,836,300	1,758,553	1,768,493
Professional Development	3,700	7,333	7,872
Insurance	207,468	199,399	203,870
TCA Expense	39,714	37,802	49,643
Other Expenses (Recoveries)	(312,198)	(305,421)	(322,874)
	<u>\$ 6,807,466</u>	<u>\$ 7,066,606</u>	<u>\$ 7,326,644</u>

South Shore Regional School Board
Schedule B - Supplementary Details of Expenditures

Restated
(Note 17)

For the year ended March 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Student Transportation			
Salaries	\$ 3,169,952	\$ 3,052,558	\$ 3,145,256
Benefits	773,122	748,256	775,683
Travel	36,500	40,943	38,471
Contracted Services	57,600	53,744	64,452
Repairs/Maintenance	27,000	43,111	126,259
Vehicle Expenses	1,248,200	1,376,459	1,227,820
Conveyance	95,000	125,673	92,944
Supplies/Materials	45,550	54,872	49,975
Professional Development	26,000	14,253	25,312
Insurance	66,200	66,200	70,219
TCA Expense	37,802	39,714	22,954
	<u>\$ 5,582,926</u>	<u>\$ 5,615,783</u>	<u>\$ 5,639,345</u>
Technology Services			
Salaries	\$ 419,764	\$ 421,322	\$ 534,920
Benefits	113,640	115,447	140,697
Travel	10,000	12,703	10,165
Contracted Services	82,649	180,651	200,268
Vehicle Expenses	-	-	68
Supplies/Materials	217,150	232,839	376,573
Professional Development	-	-	1,546
	<u>\$ 843,203</u>	<u>\$ 962,962</u>	<u>\$ 1,264,237</u>
Total Operational Services	<u>\$ 13,881,586</u>	<u>\$ 14,292,528</u>	<u>\$ 14,885,010</u>
Other Non-PSP Programs			
Salaries	\$ 110,563	\$ 154,248	\$ -
Benefits	19,287	25,191	-
Travel	3,000	3,659	-
Supplies/Materials	97,150	13,645	-
Professional Development	-	415	-
Total Other Non-PSP Programs	<u>\$ 230,000</u>	<u>\$ 197,158</u>	<u>\$ -</u>
School Based Funds			
School Based Funds (Note 5)	\$ 2,850,000	\$ 2,915,010	\$ 2,944,107
	<u>\$ 2,850,000</u>	<u>\$ 2,915,010</u>	<u>\$ 2,944,107</u>
Total Expenditures	<u>\$ 84,745,645</u>	<u>\$ 85,677,355</u>	<u>\$ 84,306,070</u>

South Shore Regional School Board
Schedule C - Supplementary Details of Tangible Capital Assets

For the year ended March 31

	<u>Land, Buildings and Improvements</u>	<u>Major Equipment</u>	<u>Computer Hardware</u>	<u>Vehicles</u>	<u>2018 Total</u>	<u>2017 Total</u>
<u>Cost of Tangible Assets</u>						
Opening Costs	\$ -	\$ 498,366	\$ -	\$ 118,419	\$ 616,785	\$ 404,819
Additions	-	-	-	-	-	211,966
Disposals	-	-	-	-	-	-
Closing Costs	<u>\$ -</u>	<u>\$ 498,366</u>	<u>\$ -</u>	<u>\$ 118,419</u>	<u>\$ 616,785</u>	<u>\$ 616,785</u>
 <u>Accumulated Amortization</u>						
Opening Balance	\$ -	\$ 110,783	\$ -	\$ 118,419	\$ 229,202	\$ 156,605
Disposals	-	-	-	-	-	-
Amortization Expense	-	77,516	-	-	77,516	72,597
Closing Balance	<u>\$ -</u>	<u>\$ 188,299</u>	<u>\$ -</u>	<u>\$ 118,419</u>	<u>\$ 306,718</u>	<u>\$ 229,202</u>
 Net Book Value (NBV)	 <u>\$ -</u>	 <u>\$ 310,067</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 310,067</u>	 <u>\$ 387,583</u>

**South Shore Regional School Board
Schedule D - Trust Funds Balance Sheet**

As at March 31

2018

2017

Assets

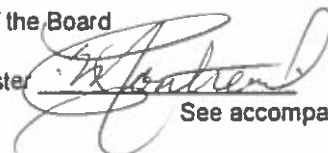
Cash and cash equivalents (Note 7)	\$ 1,015,395	\$ 871,049
------------------------------------	--------------	------------

Equity

Reserve for scholarships		
Teachers' Scholastic Scholarship	\$ 3,259	\$ 2,633
Josephine Christie Fredea Award	1,455	1,433
South Shore District Memorial Scholarship	29,181	26,540
Murray Barkhouse Scholarship Fund	6,293	6,171
Robert Hirtle Memorial Fund	192	657
Dr. K.C. Marfatia Ghandi Scholarship Fund	151,338	18,338
W.G.L. Hirtle Scholarship	85,967	85,477
Elinor Muir Leary Scholarship	10,143	10,091
Irene and Derrell Ernst Scholarship	6,033	5,007
David Lowe Scholarship	8,890	9,005
Clara Quinlan Scholarship	6,111	5,035
Monte Oickle Scholarship	3,425	3,374
Colleen Finck Memorial	84,254	87,958
Paul Eisnor Memorial	898	985
Timothy Daniels Memorial	6,100	6,006
Sylvia Weagle Bursary	29,103	28,916
Dr. J.C. Wickwire	180	177
M. Ernst MacLeod	4,965	4,891
Colleen Finck Memorial - Acadia	7,755	12,594
Erma Westhaver Loomis	35,995	35,805
John S. Derrick	9,536	9,889
Caterina Cushing	11,875	12,542
Margaret Marshall	1,046	1,031
Teachers Centre	8,420	8,295
Jerome A. Tanner Scholarship	1,569	1,545
Tech Refresh-Bayview	81,267	58,294
Tech Refresh-Aspotogan	2,746	10,151
David K Berkshire Scholarship	7,608	9,476
Annette V. McNeil (Wamboldt) Memorial	2,754	2,961
Charles Andrews Memorial	83	82
Norm Johnston PVEC Memorial	6,126	5,050
F. Homer Zwicker Memorial	27,376	27,463
Inez Morse Putnam	63,985	63,524
Dr. J. Murray Beck Scholarship	25,490	24,610
Acadia Broadcasting	3,157	5,129
Dr Charles Uhman	3,230	4,174
Cynthia & James Snyder Scholarship	3,992	5,110
Capt Earle Wagner	4	1
Agnes & Glynne Lloyd Scholarship	197,692	195,629
St Matthew's Anglican Church	76,082	75,000
Lahey Memorial Scholarship	1,007	-
Non-Teach Deferred	1,813	-
	<u>\$ 1,015,395</u>	<u>\$ 871,049</u>

On Behalf of the Board

Deputy Minister



Regional Executive Director



See accompanying notes to the financial statements.

South Shore Regional School Board
Schedule E - Supplementary Details of Trust Funds

For the year ended March 31, 2018

	Balance Beginning of Year	Additions	Interest	Disbursements	Balance End of Year
Teachers' Scholastic Scholarship	\$ 2,633	\$ 2,281	\$ 45	\$ 1,700	\$ 3,259
Josephene Christee Fredea Award	1,433		22		1,455
South Shore District Memorial Scholarship	26,540	14,170	471	12,000	29,181
Murray Barkhouse Scholarship Fund	6,171	328	94	300	6,293
Robert Hirtle Memorial Fund	657	525	10	1,000	192
Dr. K.C. Marfatia Ghandi Scholarship Fund	18,338	132,500	1,500	1,000	151,338
W.G.L. Hirtle Scholarship	85,477		1,290	800	85,967
Elinor Muir Leary Scholarship	10,091		152	100	10,143
Irene and Derrell Ernst Scholarship	5,007		76	50	5,033
David Lowe Scholarship	9,005	50	135	300	8,890
Clara Quinlan Scholarship	5,035		76		5,111
Monte Oickle Scholarship	3,374		51		3,425
Colleen Finck Memorial	87,958		1,296	5,000	84,254
Paul Eisnor Memorial	985		13	100	898
Timothy Daniels Memorial	6,006	500	94	500	6,100
Sylvia Weagle Bursary	28,916		437	250	29,103
Dr. J.C. Wickwire	177		3		180
M. Ernst MacLeod	4,891		74		4,965
Colleen Finck Memorial-Acadia	12,594		161	5,000	7,755
Erma Westhaver Loomis	35,805		540	350	35,995
John S. Derrick	9,889		147	500	9,536
Caterina Cushing	12,542	150	183	1,000	11,875
Margaret Marshall	1,031		15		1,046
Teachers Centre	8,295		125		8,420
Jerome A. Tanner Scholarship	1,545		24		1,569
Tech Refresh-Bayview	58,294	56,604	696	34,327	81,267
Tech Refresh-Aspotogan	10,151	3,961	146	11,512	2,746
David K Berkshire Scholarship	9,476		132	2,000	7,608
Annette V. McNeil (Wamboldt) Memorial	2,961		43	250	2,754
Charles Andrews Memorial	82		1		83
Norm Johnston PVEC Memorial	5,050		76		5,126
F. Homer Zwicker Memorial	27,463		413	500	27,376
Inez Morse Putnam	63,524		961	500	63,985
Dr. J. Murray Beck Scholarship	24,610	500	380		25,490
Acadia Broadcasting	5,129	464	64	2,500	3,157
Dr Charles Uhlman	4,174		56	1,000	3,230
Cynthia & James Snyder Scholarship	5,110	312	70	1,500	3,992
Capt Earle Wagner	1	400	3	400	4
Agnes & Glynne Lloyd Scholarship	195,629		2,963	900	197,692
St Matthew's Anglican Church	75,000		1,082		76,082
Lahey Memorial Scholarship		2,000	7	1,000	1,007
Non-Teach Deferred		1,804	9		1,813
	\$ 871,049	\$ 216,549	\$ 14,136	\$ 86,339	\$ 1,015,395