



Consolidated Financial Statements

South Shore Regional Centre for Education

March 31, 2019

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South Shore Regional Centre for Education

Consolidated Financial Statements

March 31, 2019

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.

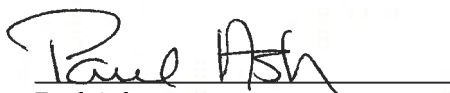
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized 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 Centre for Education 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 Centre for Education



Wade Tattrie, CPA, CA
Director of Finance



Paul Ash
Regional Executive Director

June 26, 2019

Independent auditor's report

Honourable Zach Churchill - Minister,
Education and Early Childhood Development

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the financial position of South Shore Regional Centre for Education as at March 31, 2019, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the 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 24 to 31 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the consolidated financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

Grant Thornton LLP

Bridgewater, Canada
June 26, 2019

Chartered Professional Accountants
Licensed Public Accountants

South Shore Regional Centre for Education Consolidated Statement of Financial Position

As at March 31	2019	2018
Financial Assets		
Cash and Cash Equivalents	\$ 1,095,448	\$ 14,792
Cash Held by Schools (Note 4)	<u>2,271,760</u>	<u>2,368,876</u>
	\$ 3,367,208	\$ 2,383,668
Accounts Receivable		
Province of Nova Scotia	\$ 1,554,336	\$ 3,025,096
Government of Canada	<u>186,603</u>	<u>369,235</u>
Other	<u>497,705</u>	<u>1,025,383</u>
	\$ 2,237,644	\$ 4,419,714
Accrued Benefit Asset (Note 5)	3,612,400	2,929,500
Receivable - Service Award Allowance (Note 9)	696,877	4,895,823
Receivable - Sick Leave Allowance (Note 10)	<u>9,277,326</u>	<u>9,247,386</u>
Total Financial Assets	<u>\$ 19,191,455</u>	<u>\$ 23,876,091</u>
Financial Liabilities		
Accounts Payable and Accrued Liabilities - Trade	\$ 1,286,960	\$ 2,891,941
Accrued Payroll and Employee Deductions	<u>2,061,029</u>	<u>1,788,742</u>
	\$ 3,347,989	\$ 4,680,683
Payables and Accruals - Government		
Province of Nova Scotia	\$ 72,994	\$ 56,583
Government of Canada - Employee Deductions	-	756,838
Municipalities	<u>69,304</u>	<u>51,680</u>
Other (Government Service Organizations)	<u>61,166</u>	<u>378</u>
	\$ 203,463	\$ 865,479
Deferred Revenue (Note 12)	2,685,881	2,241,781
Service Award Obligations (Note 9)	696,877	4,895,823
Sick Leave Obligations (Note 10)	<u>9,277,326</u>	<u>9,247,386</u>
Total Financial Liabilities	<u>\$ 16,211,536</u>	<u>\$ 21,731,152</u>
Net Financial Assets	<u>\$ 2,979,919</u>	<u>\$ 2,144,939</u>
Non-Financial Assets (Note 2)		
Tangible Capital Assets (Schedule C)	\$ 350,476	\$ 310,067
Inventory	<u>216,224</u>	<u>235,556</u>
Prepaid Expenses	<u>76,451</u>	<u>356,124</u>
	\$ 643,151	\$ 901,747
Accumulated Surplus (Note 3)	<u>\$ 3,623,070</u>	<u>\$ 3,046,686</u>

Trust Funds Under Administration (Note 6 and Schedules D and E)
Contractual Obligations (Note 7)
Contingent Liabilities (Note 8)

On Behalf of the Regional Centre

Deputy Minister



Regional Executive Director



See accompanying notes to the financial statements.

South Shore Regional Centre for Education

Consolidated Statement of Operations and Surplus

For the year ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues (Schedule A)			
Province of Nova Scotia	\$ 62,931,761	\$ 64,484,137	\$ 61,902,464
Government of Canada	265,000	224,478	266,445
Municipal Contributions	18,961,500	18,961,500	18,431,178
School Based Funds (Note 4)	3,000,000	2,896,409	3,085,063
Regional Centre Operations	1,801,957	2,077,116	2,188,724
Total Revenues	<u>\$ 86,960,218</u>	<u>\$ 88,643,640</u>	<u>\$ 85,873,874</u>
Expenditures (Schedule B)			
Board Governance	\$ -	\$ -	\$ 447,753
Regional Executive Director	424,332	463,780	494,056
Financial Services	688,616	696,246	668,888
Human Resource Services	600,854	661,137	595,777
School Services	67,608,231	68,342,521	66,066,185
Operations Services	13,628,253	13,937,355	14,292,528
Other Non-PSP Programs	1,009,932	1,040,134	197,158
School Based Funds (Note 4)	3,000,000	2,926,083	2,915,010
Total Expenditures	<u>\$ 86,960,218</u>	<u>\$ 88,067,256</u>	<u>\$ 85,677,355</u>
Regional Centre Surplus	\$ -	\$ 576,384	\$ 196,519
Accumulated Surplus, Beginning of Year	<u>-</u>	<u>3,046,686</u>	<u>2,850,167</u>
Accumulated Surplus, End of Year	<u>\$ -</u>	<u>\$ 3,623,070</u>	<u>\$ 3,046,686</u>

South Shore Regional Centre for Education

Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Net Financial Assets, Beginning of Year	\$ 2,144,939	\$ 2,144,939	\$ 1,894,133
Changes in the Year			
Regional Centre Surplus	-	576,384	196,519
Amortization of Tangible Capital Assets	62,013	68,358	77,516
Acquisition of Tangible Capital Assets	-	(108,767)	-
Decrease in Inventory	-	19,332	4,049
Decrease (Increase) in Prepaid Expenses	-	279,673	(27,278)
Increase in Net Financial Assets	<u>62,013</u>	<u>834,980</u>	<u>250,806</u>
Net Financial Assets, End of Year	<u>\$ 2,206,952</u>	<u>\$ 2,979,919</u>	<u>\$ 2,144,939</u>

See accompanying notes to the financial statements.

South Shore Regional Centre for Education

Consolidated Statement of Cash Flows

For the year ended March 31

2019

2018

Increase (decrease) in cash and cash equivalents

Operating transactions

Regional Centre Surplus	\$	576,384	\$	196,519
Items not affecting cash:				
Tangible capital asset amortization		68,358		77,516
		<u>644,742</u>		<u>274,035</u>

Changes in non-cash working capital

Decrease in accounts receivable	2,182,070	65,748
Increase in accrued benefit asset	(682,900)	(303,200)
Decrease (increase) in receivable - service award allowance	4,198,946	(349,285)
Increase in receivable - sick leave allowance	(29,940)	(42,993)
Decrease in inventory	19,332	4,049
Decrease (increase) in prepaid expenses	279,673	(27,278)
Decrease in accounts payable and accruals	(1,794,710)	(825,289)
Increase in deferred revenue	444,100	514,032
(Decrease) increase in service award obligations	(4,198,946)	349,285
Increase in sick leave obligations	29,940	42,993
	<u>447,565</u>	<u>(571,938)</u>

Cash provided (used) by operating activities	<u>1,092,307</u>	<u>(297,903)</u>
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Capital transactions

Acquisition of tangible capital assets	<u>(108,767)</u>	<u>-</u>
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Increase (decrease) in cash and cash equivalents	<u>983,540</u>	<u>(297,903)</u>
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Cash and cash equivalents, beginning of year	<u>2,383,668</u>	<u>2,681,571</u>
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Cash and cash equivalents, end of year	<u>\$ 3,367,208</u>	<u>\$ 2,383,668</u>
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South Shore Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

1. Nature of Operations

As of March 31, 2019, the South Shore 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 Lunenburg and Queens 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 the Regional Centre’s 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 Regional Centre’s consolidated financial statements are represented by accounting recommendations of the CPA Canada Public Sector Accounting Regional Centre (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.

The Regional Centre 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 Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

2. Financial Reporting and Accounting Policies (continued)

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. Actual amounts could differ from these estimates.

Financial Instruments

The Regional Centre'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 Regional Centre is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, except for payables to related parties, for which fair value was not readily determinable.

Financial Assets

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

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

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

Net Financial Assets

Net financial assets represent the financial assets of the Regional Centre less financial liabilities.

Non-Financial Assets

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

South Shore Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

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 and improvements, major equipment, computer hardware, and vehicles. Tangible capital assets do not include intangibles or assets acquired by right. The buildings and school buses financed by the Province of Nova Scotia and transferred to the Regional Centres are not accounted for in the Regional Centre's consolidated financial statements; rather they are included in the Province of Nova Scotia's financial statements. The Regional Centre adopted the Province of Nova Scotia's Tangible Capital Assets Accounting Policy thresholds and only those assets meeting the thresholds are recorded as additions.

The thresholds and amortization rates (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%
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 Regional Centre less liabilities. This represents the accumulated balance of net surplus arising from the operations of the Regional Centre and school generated funds. The designation of Accumulated Surplus is as follows:

	<u>2019</u>	<u>2018</u>
Operating - Unrestricted, Beginning of Year	\$ 1,277,403	\$ 1,250,937
Regional Centre Surplus	576,384	196,519
	<u>\$ 1,853,787</u>	<u>\$ 1,447,456</u>
Operating Deficit (Surplus) - Designated to School Funds	29,674	(170,053)
Operating - Unrestricted, End of Year	<u>\$ 1,883,461</u>	<u>\$ 1,277,403</u>
School Funds - Restricted, Beginning of Year	\$ 1,769,283	\$ 1,599,230
School Funds - Restricted, (Deficit) Surplus for Year	(29,674)	170,053
School Funds - Restricted, End of Year	<u>\$ 1,739,609</u>	<u>\$ 1,769,283</u>
Accumulated Surplus, End of Year	<u>\$ 3,623,070</u>	<u>\$ 3,046,686</u>

South Shore Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

4. 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 Regional Centre 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 Regional Centre. Changes in cash held by schools are as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year excluding deferred	\$ 2,368,876	\$ 2,156,125
Additions to school generated funds	2,896,409	3,085,063
School funded activity expenditures	<u>(2,926,083)</u>	<u>(2,915,010)</u>
Net school generated funds for year	<u>(29,674)</u>	<u>170,053</u>
Balance before deferred	2,339,202	2,326,178
Change in deferred revenue (Note 12)	<u>(67,442)</u>	<u>42,698</u>
Balance, end of year	<u>\$ 2,271,760</u>	<u>\$ 2,368,876</u>

5. Defined Benefit Pension Plans

Details on the defined benefit plans were provided by Morneau Shepell on April 24, 2019 and have been determined by them in accordance with PS 3250 for the South Shore Regional Centre for Education C.U.P.E. Staff Pension Plan (the "CUPE Plan") and the South Shore Regional Centre for Education 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, 2017 and December 31, 2018, 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, 2019.

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
Mortality	CPM-2014 Public Mortality Table with generational projection using improvement scale CPM-B with size adjustment factors Sex distinct No pre-retirement mortality

South Shore Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

5. Defined Benefit Pension Plans (continued)

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	

The following table shows the CUPE and Support Staff Plans' pension expense for the 2019 fiscal year, and the accrued benefit asset/(liability) as at March 31, 2019.

Fiscal 2019 Expense	CUPE	Support Staff	Total
Service Cost (net of employee contributions)	\$ 372,600	\$ 780,800	\$ 1,153,400
Amortization of Actuarial Losses/(Gains)	(102,300)	(219,000)	(321,300)
Pension Interest Expenditure/Expense:			
Interest Cost on the Accrued Benefit Obligation	797,400	1,332,000	2,129,400
Expected Return on Plan Assets	(899,700)	(1,523,300)	(2,423,000)
Total 2019 Pension Expense	\$ 168,000	\$ 370,500	\$ 538,500
Expected Average Remaining Service Lifetime	11 years	9 years	
Development of Accrued Benefit Asset as at March 31, 2019	CUPE	Support Staff	Total
Accrued Benefit Asset (Liability) as at March 31, 2018	\$ 1,000,800	\$ 1,928,700	\$ 2,929,500
Fiscal 2019 (Expense) Income	(168,000)	(370,500)	(538,500)
Fiscal 2019 Centre for Education Contributions	407,800	813,600	1,221,400
Accrued Benefit Asset as at March 31, 2019	\$ 1,240,600	\$ 2,371,800	\$ 3,612,400

The following table shows the disclosure figures (assets and accrued benefit obligation) as at the end of fiscal 2019 (i.e. measured at December 31, 2018), and the reconciliation of the accrued benefit asset (liability) as at that date. The assets are actual market value as at December 31, 2018, adjusted for amounts in transit.

South Shore Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

5. Defined Benefit Pension Plans (continued)

Reconciliation of Accrued Benefit Asset (Liability) as at March 31, 2019

	CUPE	Support Staff	Total
Pension Fund Assets	\$ 16,966,100	\$ 29,175,400	\$ 46,141,500
Less: Accrued Benefit Obligation	16,683,100	28,304,500	44,987,600
Funded Status as at March 31, 2019	283,000	870,900	1,153,900
Plus: Unamortized Actuarial Losses/(Gains)	851,800	1,281,000	2,132,800
Plus: Employer Contributions January to March 2019	105,800	219,900	325,700
Accrued Benefit Asset (Liability) as at March 31, 2019	\$ 1,240,600	\$ 2,371,800	\$ 3,612,400

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. No assets or liabilities related to this plan are included in the Regional Centre's consolidated financial statements.

Some non-teaching employees are covered by a multi-employer defined pension plan by held on behalf of the Regional Centre by the Nova Scotia Common Services Bureau.

6. 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. The Trust funds are used primarily to provide scholarships for eligible students or for expenditures for specifically, designated purposes.

7. Contractual Obligations

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

	Rental Leases
2020	\$ 126,666
2021	42,222
Total	\$ 168,888

8. Contingent Liabilities

There are several outstanding grievances and claims against the Regional Centre. 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.

South Shore Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

9. Service Award Obligations

Summary of Service Award Obligation

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, 2019 were extrapolated based on the latest actuarial valuations. The actuarial valuation for the non-teacher service awards was as at March 31, 2018 and was extrapolated to March 31, 2019.

	<u>2019</u>	<u>2018</u>
Service Awards - Teachers	\$ 660,445	\$ 4,738,838
Service Awards - Non-Teachers	<u>36,432</u>	<u>156,985</u>
Total Service Award Obligations – Teachers and Non-Teachers	<u>\$ 696,877</u>	<u>\$ 4,895,823</u>

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

In Fiscal 2018, 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 paid in early Fiscal 2019 was \$4 million. The impact of these immediate payouts was reflected in the Fiscal 2018 year by recognizing a loss on settlement of \$74,704 and previously unamortized losses of \$260,213.

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:

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 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 before 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 ten years of service with the Regional Centre. The amount of the award is as follows: 1% of each year of service with the Regional Centre to a maximum of 30 years multiplied by the annual salary rate (including any administration allowance) on the last day of employment with the Regional Centre.

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

South Shore Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

9. Service Award Obligations (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.

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

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

Actuarial Assumptions

Discount Rate on Liabilities:	<ul style="list-style-type: none"> • 3.42% per annum for fiscal 2017/18 expense determination, and March 31, 2018 benefit obligation • 3.29% per annum for fiscal 2018/19 expense determination, and March 31, 2019 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"> • 1.5% at April 1, 2018, 0.5% at March 31, 2019, 1.5% at April 1, 2019, 1.5% at April , 2020 and 0.5% at March 31, 2020, 2.00% per annum beginning April 1, 2021, plus promotional scale <table border="1"> <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																
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35 – 39	2.25%																
40 – 44	1.75%																
45 – 49	1.25%																
50 – 59	0.75%																
60 +	0%																

Continuity of Service Award Allowance Liability - Teachers

	<u>2019</u>	<u>2018</u>
Opening benefit obligation, beginning of the year	\$ 4,806,731	\$ 4,702,184
Interest on obligation	26,830	161,123
Other (past service, transfer, etc.)	-	18,500
Less: benefits paid	(4,117,336)	(168,176)
Actuarial (gains) losses	(273,500)	93,100
Closing benefit obligation, end of year	\$ 442,725	\$ 4,806,731
Pension assets, at market related values	-	-
Funded status - deficiency	(442,725)	(4,806,731)
Unamortized actuarial (gains) losses	(217,720)	67,893
Accrued Benefit Liability - Teachers	\$ (660,445)	\$ (4,738,838)

South Shore Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

9. 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 Regional Centres 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 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.

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, Fiscal 2017 and Fiscal 2018.

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 triggered a settlement under PS3250. The actuary had reflected the settlement in Fiscal 2018 as at March 31, 2018 with benefit payments made in Fiscal 2019.

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

For those employees electing to receive the one-time payout of their retirement allowance benefit, their accrued benefit obligation at March 31, 2018 is simply the amount of the one-time payment 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 Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

9. 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, 2019 under section 3250 of the CPA Canada Public Sector Accounting Handbook.

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

Valuation Date	March 31, 2018
Annual Discount Rate	3.29% per annum
Annual Salary Increases (includes 0.5% merit and 0.5% productivity)	2.5% at April 1, 2018 3.0% at April 1, 2019 3.0% at April 1, 2020 3.5% at April 1, 2021 3.0% per annum from April 1, 2022 onwards
Termination	Nil
Mortality	Nil
Retirement Age	10% at age 59 20% at age 60 10% at each age 61-64 50% at each age 65-69 100% at age 70 However, these rates are adjusted to 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>2019</u>	<u>2018</u>
Opening benefit obligation, beginning of the year	\$ 161,072	\$ 100,137
Interest on obligation	1,169	3,468
Settlement loss due to early payout offer	-	56,204
Less: benefits paid	(125,637)	-
Actuarial (gains) losses	<u>(29,520)</u>	<u>1,263</u>
Closing benefit obligation, end of year	7,084	161,072
Pension assets, at market related values	<u>-</u>	<u>-</u>
Funded status - deficiency	(7,084)	(161,072)
Unamortized actuarial (gains) losses	<u>(29,348)</u>	<u>4,087</u>
Accrued Benefit Liability - Non-Teachers	<u>\$ (36,432)</u>	<u>\$ (156,985)</u>

South Shore Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

10. Sick Leave Obligation

Summary of Sick Leave Obligations

	<u>2019</u>	<u>2018</u>
Accumulated Sick Leave Obligation – Teachers	\$ 8,319,455	\$ 8,318,626
Accumulated Sick Leave Obligation - Non-Teachers	<u>957,871</u>	<u>829,760</u>
Total Sick Leave Obligations	\$ 9,277,326	\$ 9,247,386

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

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 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 depleted.
- (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.

Eckler Ltd. provided the Province with updated sick leave benefit disclosures as at March 31, 2019 under section 3250 of the CPA Canada Public Sector Accounting Handbook.

Actuarial Assumptions

Discount Rate on Liabilities:	<ul style="list-style-type: none"> • 3.42% per annum for fiscal 2017/18 expense determination, March 31, 2018 benefit obligation • 3.29% per annum for fiscal 2018/19 expense determination, March 31, 2019 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"> • 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 Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

10. Sick Leave Obligation (continued)

Salary Growth Rate:	<ul style="list-style-type: none"> 1.5% at April 1, 2018, 0.5% at March 31, 2019, 1.5% at April 1, 2019, 0.5% at March 31, 2020, 1.5% at April 1, 2020, 0.5% at March 31, 2021 and 2.0% per annum beginning April 1, 2021 plus a promotional scale. Promotional Scale: 																																			
	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th style="width: 60%;">Age Group</th> <th colspan="2">Promotional Scale</th> </tr> </thead> <tbody> <tr> <td>< 30</td> <td colspan="2">3.25%</td> </tr> <tr> <td>30 – 34</td> <td colspan="2">2.75%</td> </tr> <tr> <td>35 – 39</td> <td colspan="2">2.25%</td> </tr> <tr> <td>40 – 44</td> <td colspan="2">1.75%</td> </tr> <tr> <td>45 – 49</td> <td colspan="2">1.25%</td> </tr> <tr> <td>50 – 59</td> <td colspan="2">0.75%</td> </tr> <tr> <td>60 +</td> <td colspan="2">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%										
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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 																																			
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: <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th style="width: 45%;">Age Group</th> <th style="width: 25%;">Probability of Usage</th> <th style="width: 30%;">Sick Bank Days Used</th> </tr> </thead> <tbody> <tr> <td>Males under 30</td> <td>3.9%</td> <td>7.6 days</td> </tr> <tr> <td>Males 30 – 39</td> <td>5.3%</td> <td>18.5 days</td> </tr> <tr> <td>Males 40 – 49</td> <td>7.0%</td> <td>26.9 days</td> </tr> <tr> <td>Males 50 – 59</td> <td>13.5%</td> <td>39.6 days</td> </tr> <tr> <td>Males 60 & over</td> <td>19.5%</td> <td>46.6 days</td> </tr> <tr> <td>Females under 30</td> <td>5.7%</td> <td>8.5 days</td> </tr> <tr> <td>Females 30 – 39</td> <td>12.7%</td> <td>14.6 days</td> </tr> <tr> <td>Females 40 – 49</td> <td>10.6%</td> <td>22.3 days</td> </tr> <tr> <td>Females 50 – 59</td> <td>14.1%</td> <td>30.3 days</td> </tr> <tr> <td>Females 60 & over</td> <td>18.6%</td> <td>35.5 days</td> </tr> </tbody> </table> <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. 			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
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Females 60 & over	18.6%	35.5 days																																		

South Shore Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

10. Sick Leave Obligation (continued)

Continuity of Sick Leave Liability - Teachers	<u>2019</u>	<u>2018</u>
Opening benefit obligation, beginning of the year	\$ 5,154,350	\$ 6,986,868
Current service cost	476,200	337,400
Interest on obligation	171,866	239,782
Less: sick leave taken	(446,500)	(475,000)
Actuarial losses (gains)	(50,500)	(1,937,700)
Closing benefit obligation, end of year	<u>5,406,416</u>	<u>5,154,350</u>
Pension assets, at market related values	-	-
Funded status – deficiency	(5,406,416)	(5,154,350)
Unamortized actuarial gains	(2,913,039)	(3,164,276)
Accrued Benefit Liability - Teachers	<u>\$ (8,319,455)</u>	<u>\$ (8,318,626)</u>

II. Sick Leave Obligation – Non-Teaching

Morneau Shepell provided to the Province of Nova Scotia on December 13, 2018 the requested financial disclosure figures related to the Sick Leave Benefit (the “Sick Leave”) to Non-Teaching employees of all Regional Centres in Nova Scotia for the fiscal year ending March 31, 2019 (“fiscal 2019”). 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.

The financial disclosure figures as at March 31, 2019 are based on an extrapolation of the actuarial valuation as at March 31, 2018.

Sick Leave historical usage data for the fiscal years 2016 to 2018 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.

Actuarial Assumptions

Valuation Date:	March 31, 2018					
Annual Discount Rate:	3.29% per annum for fiscal 2018/19					
Annual Salary Increases (includes 0.5% merit):	2.5% at April 1, 2018 3.0% at April 1, 2019 3.0% at April 1, 2020 3.5% at April 1, 2021 3.0% per annum from April 1, 2022 onwards					
Sample Net Excess Utilization Rate of Sick Leave:	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					

South Shore Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

10. Sick Leave Obligation (continued)

Mortality Pre-Retirement:	Nil
Retirement Age:	10% at age 59 20% at age 60 10% at each age 61-64 50% at each age 65-69 100% at age 70 However, these rates are adjusted to 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>2019</u>	<u>2018</u>
Opening benefit obligation, beginning of the year	\$ 1,006,880	\$ 977,845
Current service cost	132,666	129,600
Interest on obligation	33,153	33,519
Less: sick leave taken	(145,201)	(143,055)
Actuarial losses	5,374	8,971
Closing benefit obligation, end of year	\$ 1,032,872	\$ 1,006,880
Pension assets, at market related values	-	-
Funded status - deficiency	(1,032,872)	(1,006,880)
Unamortized actuarial losses	75,001	78,120
Accrued Benefit Liability - Non-Teachers	\$ (957,871)	\$ (928,760)

11. 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, 2020.

The collective agreement with the NSGEU expires on March 31, 2021.

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.

South Shore Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

12. Deferred Revenue

Deferred Revenue as of March 31:	<u>2019</u>	<u>2018</u>
Teachers PD Fund	\$ 297,377	\$ 178,792
International Student Program	257,259	175,739
School Generated Funds (Note 4)	532,151	599,593
Programs - Province of Nova Scotia	<u>1,599,094</u>	<u>1,287,657</u>
Total	\$ 2,685,881	\$ 2,241,781

13. Bank Indebtedness

The Regional Centre 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.

14. 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.

South Shore Regional Centre for Education

Notes to the Consolidated Financial Statements

March 31, 2019

14. Financial Instrument Risk Management (continued)

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 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.

15. Comparative Figures

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

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

South Shore Regional Centre for Education Schedule A - Supplementary Details of Revenues

For the year ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Province of Nova Scotia			
Operating	\$ 43,007,741	\$ 43,078,045	\$ 43,618,280
Teacher Salary Accrual	-	1,297,700	1,019,400
Restricted	19,789,320	19,949,958	17,134,004
Capital	59,800	59,800	59,800
Other	74,900	98,634	70,980
	<u>\$ 62,931,761</u>	<u>\$ 64,484,137</u>	<u>\$ 61,902,464</u>
Government of Canada			
First Nations/Other	\$ 265,000	\$ 224,478	\$ 266,445
	<u>\$ 265,000</u>	<u>\$ 224,478</u>	<u>\$ 266,445</u>
Municipal Contributions-Mandatory	\$ 18,961,500	\$ 18,961,500	\$ 18,431,178
	<u>\$ 18,961,500</u>	<u>\$ 18,961,500</u>	<u>\$ 18,431,178</u>
School Based Funds (Note 4)	\$ 3,000,000	\$ 2,896,409	\$ 3,085,063
	<u>\$ 3,000,000</u>	<u>\$ 2,896,409</u>	<u>\$ 3,085,063</u>
Regional Centre Operating			
Regional Centre Generated-Other	\$ 1,776,357	\$ 1,996,607	\$ 2,160,282
Rental Revenue	600	-	650
Interest/Investment	20,000	58,750	21,677
Sale of Assets	5,000	21,759	6,115
	<u>\$ 1,801,957</u>	<u>\$ 2,077,116</u>	<u>\$ 2,188,724</u>
Total Revenues	<u>\$ 86,960,218</u>	<u>\$ 88,643,640</u>	<u>\$ 85,873,874</u>

South Shore Regional Centre for Education
Schedule B - Supplementary Details of Expenditures

For the year ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>Board Governance</u>			
Salaries	\$ -	\$ -	\$ 131,104
Benefits	-	-	239,909
Travel	-	-	12,113
Contracted Services	-	-	-
Supplies/Materials	-	-	13,119
Professional Development	-	-	3,759
NSSBA Dues	-	-	47,749
Total Board Governance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,753</u>
<u>Regional Executive Director</u>			
Regional Executive Director			
Travel	\$ 8,200	\$ 8,906	\$ 8,469
Supplies/Materials	2,350	4,320	2,428
Professional Development	3,700	3,951	3,708
	<u>\$ 14,250</u>	<u>\$ 17,177</u>	<u>\$ 14,605</u>
Communications			
Salaries	\$ 61,629	\$ 64,626	\$ 62,797
Benefits	11,613	11,817	9,269
Travel	2,500	1,700	692
Supplies/Materials	5,800	6,518	4,609
	<u>\$ 81,542</u>	<u>\$ 84,661</u>	<u>\$ 77,367</u>
Regional Management			
Salaries	\$ 201,025	\$ 200,279	\$ 193,774
Benefits	16,815	16,333	16,670
Travel	100	-	66
Contracted Services	77,200	104,556	161,922
Supplies/Materials	33,400	40,774	29,652
	<u>\$ 328,540</u>	<u>\$ 361,942</u>	<u>\$ 402,084</u>
Total Regional Executive Director	<u>\$ 424,332</u>	<u>\$ 463,780</u>	<u>\$ 494,056</u>
<u>Financial Services</u>			
Salaries	\$ 815,158	\$ 821,185	\$ 731,278
Benefits	189,834	190,600	179,440
Travel	9,750	9,758	7,749
Contracted Services	32,000	32,000	26,105
Repairs/Maintenance	2,500	1,240	1,216
Supplies/Materials	2,650	2,818	6,005
Professional Development	6,950	5,039	7,686
Insurance	64,000	57,112	83,499
Other Expenses	(434,226)	(423,506)	(374,090)
Total Financial Services	<u>\$ 688,616</u>	<u>\$ 696,246</u>	<u>\$ 668,888</u>

South Shore Regional Centre for Education
Schedule B - Supplementary Details of Expenditures

For the year ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>Human Resource Services</u>			
Salaries	\$ 392,706	\$ 420,121	\$ 380,832
Benefits	105,248	128,340	105,574
Travel	14,000	3,251	16,584
Contracted Services	6,000	3,914	14,238
Repairs/Maintenance	32,000	34,871	32,323
Supplies/Materials	10,400	4,868	16,213
Professional Development	40,500	37,948	30,013
Other	-	27,824	-
Total Human Resources	\$ 600,854	\$ 661,137	\$ 595,777
<u>School Services</u>			
School Services Administration			
Salaries	\$ 912,594	\$ 931,322	\$ 828,324
Benefits	60,073	64,910	62,804
Travel	23,600	35,177	24,728
Supplies/Materials	26,400	46,999	35,908
Professional Development	2,200	5,660	16,223
	\$ 1,024,867	\$ 1,084,068	\$ 967,987
School Costs			
Salaries	\$ 49,130,851	\$ 50,379,235	\$ 48,497,119
Benefits	12,011,889	11,541,330	11,544,680
Travel	71,800	88,350	71,242
Contracted Services	192,000	184,744	186,438
Repairs/Maintenance	-	-	4,138
Supplies/Materials	575,876	482,297	340,072
Professional Development	26,000	109,952	44,894
Insurance	11,000	12,779	11,120
Bank/Interest Costs	-	233,017	273,301
	\$ 62,019,416	\$ 63,031,704	\$ 60,973,004
School Services Grants			
Salaries	\$ 99,272	\$ 94,762	\$ -
Benefits	9,071	11,987	-
Travel	-	23,284	-
Contracted Services	-	800	-
Supplies/Materials	-	49,096	-
Professional Development	-	3,994	-
	\$ 108,343	\$ 183,923	\$ -
School Services Professional Development			
Salaries	\$ 151,118	\$ 113,941	\$ 73,550
Benefits	11,305	7,293	4,935
Repairs/Maintenance	9,900	7,493	8,539
Professional Development	502,014	248,257	287,221
	\$ 674,337	\$ 376,984	\$ 374,245
International Students			
Salaries	\$ 322,277	\$ 323,355	\$ 311,517
Benefits	35,059	31,427	25,567
Travel	42,000	43,753	37,106
Contracted Services	814,000	798,666	794,762
Supplies/Materials	87,000	69,872	84,525
Professional Development	3,500	4,139	3,188
	\$ 1,303,836	\$ 1,271,212	\$ 1,256,665

South Shore Regional Centre for Education
Schedule B - Supplementary Details of Expenditures

For the year ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Special Education			
Salaries	\$ 468,794	\$ 473,761	\$ 484,760
Benefits	61,237	61,095	64,334
Travel	18,200	22,062	20,375
Repairs/Maintenance	17,000	12,593	8,457
Supplies/Materials	12,050	13,208	26,449
Professional Development	5,300	10,331	350
	<u>\$ 582,581</u>	<u>\$ 593,050</u>	<u>\$ 604,725</u>
Program Grants			
Travel	\$ 114,327	\$ 139,690	\$ 118,037
Contracted Services	334,966	328,740	300,409
Repairs/Maintenance	-	4,703	-
Supplies/Materials	1,436,558	1,290,972	1,458,685
Professional Development	9,000	37,475	12,428
	<u>\$ 1,894,851</u>	<u>\$ 1,801,580</u>	<u>\$ 1,889,559</u>
Total School Services	<u>\$ 67,608,231</u>	<u>\$ 68,342,521</u>	<u>\$ 66,066,185</u>
<u>Operational Services</u>			
Operations Administration			
Salaries	\$ 484,913	\$ 498,090	\$ 483,057
Benefits	105,757	106,411	107,153
Travel	14,000	12,135	13,538
Contracted Services	19,000	18,340	18,340
Repairs/Maintenance	-	-	608
Vehicle Expenses	11,000	11,128	11,700
Supplies/Materials	6,350	6,989	6,504
Professional Development	1,000	2,020	6,277
	<u>\$ 642,020</u>	<u>\$ 655,113</u>	<u>\$ 647,177</u>
Property Services			
Salaries	\$ 2,615,488	\$ 2,599,360	\$ 2,715,773
Benefits	644,697	627,510	680,349
Travel	4,000	6,268	8,456
Contracted Services	797,765	749,455	791,129
Repairs/Maintenance	571,467	583,058	808,801
Vehicle Expenses	68,000	70,079	80,774
Supplies/Materials	193,800	248,039	283,658
Utilities	1,804,400	1,829,848	1,758,553
Professional Development	3,700	5,962	7,333
Insurance	218,000	225,934	199,399
TCA Expense	31,771	36,587	37,802
Other Expenses (Recoveries)	(289,948)	(318,587)	(305,421)
	<u>\$ 6,663,140</u>	<u>\$ 6,663,513</u>	<u>\$ 7,066,606</u>

South Shore Regional Centre for Education
Schedule B - Supplementary Details of Expenditures

For the year ended March 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Student Transportation			
Salaries	\$ 3,048,790	\$ 3,119,370	\$ 3,052,558
Benefits	736,632	747,526	748,256
Travel	36,500	43,430	40,943
Contracted Services	52,600	54,800	53,744
Repairs/Maintenance	24,000	47,724	43,111
Vehicle Expenses	1,307,500	1,454,910	1,376,459
Conveyance	135,000	135,260	125,673
Supplies/Materials	46,000	45,916	54,872
Professional Development	17,500	10,840	14,253
Insurance	57,000	60,559	66,200
TCA Expense	30,242	31,771	39,714
	<u>\$ 5,491,764</u>	<u>\$ 5,752,104</u>	<u>\$ 5,615,783</u>
Technology Services			
Salaries	\$ 413,367	\$ 422,233	\$ 421,322
Benefits	109,003	109,631	115,447
Travel	10,000	18,138	12,703
Contracted Services	86,809	58,489	180,651
Vehicle Expenses	-	46	-
Supplies/Materials	212,150	257,710	232,839
Professional Development	-	378	-
	<u>\$ 831,329</u>	<u>\$ 866,625</u>	<u>\$ 962,962</u>
Total Operational Services	<u>\$ 13,628,253</u>	<u>\$ 13,937,355</u>	<u>\$ 14,292,528</u>
Other Non-PSP Programs			
Salaries	\$ 681,004	\$ 791,104	\$ 154,248
Benefits	129,767	145,203	25,191
Travel	3,000	10,016	3,659
Supplies/Materials	196,161	92,557	13,645
Professional Development	-	1,256	415
Total Other Non-PSP Programs	<u>\$ 1,009,932</u>	<u>\$ 1,040,134</u>	<u>\$ 197,158</u>
School Based Funds			
School Based Funds (Note 5)	\$ 3,000,000	\$ 2,926,083	\$ 2,915,010
Total School Based Funds	<u>\$ 3,000,000</u>	<u>\$ 2,926,083</u>	<u>\$ 2,915,010</u>
Total Expenditures	<u>\$ 86,960,218</u>	<u>\$ 88,067,256</u>	<u>\$ 85,677,355</u>

South Shore Regional Centre for Education
Schedule C - Supplementary Details of Tangible Capital Assets

For the year ended March 31

	<u>Land,</u> <u>Buildings and</u> <u>Improvements</u>	<u>Major</u> <u>Equipment</u>	<u>Computer</u> <u>Hardware</u>	<u>Vehicles</u>	<u>2019</u> <u>Total</u>	<u>2018</u> <u>Total</u>
<u>Cost of Tangible Capital Assets</u>						
Opening Costs	\$ -	\$ 498,366	\$ -	\$ 118,419	\$ 616,785	\$ 616,785
Additions	-	-	-	108,767	108,767	-
Disposals	-	-	-	-	-	-
Closing Costs	\$ -	\$ 498,366	\$ -	\$ 227,186	\$ 725,552	\$ 616,785
<u>Accumulated Amortization</u>						
Opening Balance	\$ -	\$ 188,299	\$ -	\$ 118,419	\$ 306,718	\$ 229,202
Disposals	-	-	-	-	-	-
Amortization Expense	-	62,013	-	6,345	68,358	77,516
Closing Balance	\$ -	\$ 250,312	\$ -	\$ 124,764	\$ 375,076	\$ 306,718
Net Book Value (NBV)	\$ -	\$ 248,054	\$ -	\$ 102,422	\$ 350,476	\$ 310,067

See accompanying notes to the financial statements.

**South Shore Regional Centre for Education
Schedule D - Trust Funds Balance Sheet**

As at March 31

2019

2018

Assets

Cash and cash equivalents (Note 6)

\$ 990,656

\$ 1,015,395

Equity

Reserve for scholarships

Teachers' Scholastic Scholarship \$ 2,533 \$ 3,259

Josephine Christie Fredea Award 1,487 1,455

South Shore District Memorial Scholarship 54,492 29,181

Murray Barkhouse Scholarship Fund 6,446 6,293

Robert Hirtle Memorial Fund 233 192

Dr. K.C. Marfatia Ghandi Scholarship Fund 144,599 151,338

W.G.L. Hirtle Scholarship 86,670 85,967

Elinor Muir Leary Scholarship 10,217 10,143

Irene and Derrell Ernst Scholarship 5,068 5,033

David Lowe Scholarship 8,637 8,890

Clara Quinlan Scholarship 5,149 5,111

Monte Oickle Scholarship 3,501 3,425

Colleen Finck Memorial 81,075 84,254

Paul Eisnor Memorial 1,586 898

Timothy Daniels Memorial 6,240 6,100

Sylvia Weagle Bursary 29,344 29,103

Dr. J.C. Wickwire 183 180

M. Ernst MacLeod 5,075 4,965

Colleen Finck Memorial - Acadia 2,886 7,755

Erma Westhaver Loomis 35,936 35,995

John S. Derrick 9,748 9,536

Caterina Cushing 11,620 11,875

Margaret Marshall 1,069 1,046

Teachers Centre 8,607 8,420

Jerome A. Tanner Scholarship 1,603 1,569

Tech Refresh-Bayview 12,561 81,267

Tech Refresh-Aspotogan 10,423 2,746

David K Berkshire Scholarship 5,759 7,608

Annette V. McNeil (Wamboldt) Memorial 2,815 2,754

Charles Andrews Memorial 85 83

Norm Johnston PVEC Memorial 5,940 5,126

F. Homer Zwicker Memorial 27,580 27,376

Inez Morse Putnam 64,394 63,985

Dr. J. Murray Beck Scholarship 25,702 25,490

Acadia Broadcasting 1,712 3,157

Dr Charles Uhlman 2,292 3,230

Cynthia & James Snyder Scholarship 2,585 3,992

Capt Earle Wagner 8 4

Agnes & Glynne Lloyd Scholarship 222,317 197,692

St Matthew's Anglican Church 76,758 76,082

Lahey Memorial Scholarship 1,028 1,007

Non-Teacher Deferred 4,693 1,813

\$ 990,656

\$ 1,015,395

On Behalf of the Regional Centre

Deputy Minister of Education



Regional Executive Director



See accompanying notes to the financial statements.

South Shore Regional Centre for Education
Schedule E - Supplementary Details of Trust Funds

For the year ended March 31, 2019

	Balance Beginning of Year	Additions	Interest	Disbursements	Balance End of Year
Teachers' Scholastic Scholarship	\$ 3,259	\$ 2,541	\$ 68	\$ 3,335	\$ 2,533
Josephene Christee Fredea Award	1,455		32		1,487
South Shore District Memorial Scholarship	29,181	30,281	1,030	6,000	54,492
Murray Barkhouse Scholarship Fund	6,293	311	142	300	6,446
Robert Hirtle Memorial Fund	192	1,025	16	1,000	233
Dr. K.C. Marfatia Ghandi Scholarship Fund	151,338		3,261	10,000	144,599
W.G.L. Hirtle Scholarship	85,967		1,903	1,200	86,670
Elinor Muir Leary Scholarship	10,143		224	150	10,217
Irene and Derrell Ernst Scholarship	5,033		110	75	5,068
David Lowe Scholarship	8,890	50	197	500	8,637
Clara Quinlan Scholarship	5,111		113	75	5,149
Monte Oickle Scholarship	3,425		76		3,501
Colleen Finck Memorial	84,254		1,821	5,000	81,075
Paul Eisnor Memorial	898	759	29	100	1,586
Timothy Daniels Memorial	6,100	500	140	500	6,240
Sylvia Weagle Bursary	29,103		641	400	29,344
Dr. J.C. Wickwire	180		3		183
M. Ernst MacLeod	4,965		110		5,075
Colleen Finck Memorial - Acadia	7,755		131	5,000	2,886
Erma Westhaver Loomis	35,995		791	850	35,936
John S. Derrick	9,536		212		9,748
Caterina Cushing	11,875	482	263	1,000	11,620
Margaret Marshall	1,046		23		1,069
Teachers Centre	8,420		187		8,607
Jerome A. Tanner Scholarship	1,569		34		1,603
Tech Refresh-Bayview	81,267		944	69,650	12,561
Tech Refresh-Aspotogan	2,746	23,766	83	16,172	10,423
David K Berkshire Scholarship	7,608		151	2,000	5,759
Annette V. McNeil (Wamboldt) Memorial	2,754		61		2,815
Charles Andrews Memorial	83		2		85
Norm Johnston PVEC Memorial	5,126	700	114		5,940
F. Homer Zwicker Memorial	27,376		604	400	27,580
Inez Morse Putnam	63,985		1,409	1,000	64,394
Dr. J. Murray Beck Scholarship	25,490		562	350	25,702
Acadia Broadcasting	3,157		55	1,500	1,712
Dr Charles Uhlman	3,230		62	1,000	2,292
Cynthia & James Snyder Scholarship	3,992	20	73	1,500	2,585
Capt Earle Wagner	4	400	4	400	8
Agnes & Glynne Lloyd Scholarship	197,692	22,373	4,602	2,350	222,317
St Matthew's Anglican Church	76,082		1,676	1,000	76,758
Lahey Memorial Scholarship	1,007		21		1,028
Non-Teacher Deferred	1,813	2,812	68		4,693
	\$ 1,015,395	\$ 86,020	\$ 22,048	\$ 132,807	\$ 990,656