

Financial statements

Strait Regional School Board

March 31, 2017

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Management's responsibility for financial reporting

The 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 financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management 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 financial statements.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements annually. The Board also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Strait 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 financial statements.



Superintendent



Director of Finance

Independent auditor's report

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To the Chairperson and Members of the Board of the
Strait Regional School Board

We have audited the accompanying financial statements of the Strait Regional School Board (the "Board") which comprise the statement of financial position as at March 31, 2017, and the statements of operations, 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 financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the 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 Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board's management, as well as evaluating the overall presentation of the 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 financial statements present fairly, in all material respects, the financial position of the Strait Regional School Board as at March 31, 2017, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in the schedules on pages 21 to 29 are presented for purposes of additional analysis and are not a required part of the 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 financial statements taken as a whole.

Port Hawkesbury, Canada
July 12, 2017

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Strait Regional School Board

Statement of financial position

March 31 2017 2016

	2017	2016
Financial assets		
Cash and cash equivalents	\$ 4,400,431	\$ 2,313,716
Receivables		
Province of Nova Scotia	17,759,614	18,503,412
Municipal councils	146	52,278
Government of Canada	-	201,597
Other	<u>2,954,579</u>	<u>2,715,177</u>
Total financial assets	<u>25,114,770</u>	<u>23,786,180</u>
Financial liabilities		
Payables and accruals - trade	4,185,905	3,555,448
Payables and accruals - government		
Province of Nova Scotia	52,423	77,728
Municipalities	40,695	9,999
Government of Canada	515,456	-
Deferred revenues	1,088,563	573,005
Post-employment benefits (Note 6)	6,991,806	7,334,524
Compensated absences benefits (Note 7)	<u>9,181,951</u>	<u>9,213,166</u>
Total financial liabilities	<u>22,056,799</u>	<u>20,763,870</u>
Net financial assets	<u>3,057,971</u>	<u>3,022,310</u>
Non-financial assets		
Tangible capital assets (net of accumulated depreciation) (Page 29)		
School buildings and improvements	1,284,116	1,351,701
Equipment and furnishings	26,315	32,894
Motor vehicles	<u>83,472</u>	<u>79,902</u>
	1,393,903	1,464,497
Prepays	<u>447,155</u>	<u>399,936</u>
Total non-financial assets	<u>1,841,058</u>	<u>1,864,433</u>
Accumulated surplus (Note 9)	<u>\$ 4,899,029</u>	<u>\$ 4,886,743</u>

On behalf of the Board

Francine Boudreau Chairperson

[Signature] Superintendent

See accompanying notes to the financial statements.

Strait Regional School Board

Statement of operations

Year ended March 31	2017	2016	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Province of Nova Scotia (Schedule A)	\$ 59,402,597	\$ 63,308,661	\$ 66,469,070
Government of Canada (Schedule A)	112,343	179,755	194,780
Local First Nations	1,205,157	1,192,812	1,200,036
Municipal contributions	13,042,200	13,042,200	12,556,586
Other revenues (Schedule A)	5,238,488	5,672,178	5,440,533
School generated funds (Schedule D)	<u>-</u>	<u>2,166,065</u>	<u>2,512,382</u>
	<u>79,000,785</u>	<u>85,561,671</u>	<u>88,373,387</u>
Expenses			
Board governance (Schedule B)	306,403	263,645	315,946
Office of the superintendent (Schedule B)	819,308	889,423	933,171
Financial services (Schedule B)	811,851	907,581	868,815
Human resources (Schedule B)	561,995	578,304	596,847
School services (Schedule B)	56,907,420	58,366,701	59,143,088
Operational services (Schedule B)	19,470,628	21,878,161	24,118,038
Interest expense	50	519,867	551,514
School generated funds (Schedule D)	-	2,026,592	2,409,692
Amortization	<u>123,130</u>	<u>119,111</u>	<u>122,390</u>
	<u>79,000,785</u>	<u>85,549,385</u>	<u>89,059,501</u>
School Board annual surplus (deficit)	\$ <u>-</u>	\$ <u>12,286</u>	\$ <u>(686,114)</u>

Accumulated surplus (Note 9)

Balance, beginning of year	\$ 4,886,743	\$ 5,572,857
School Board annual surplus (deficit)	<u>12,286</u>	<u>(686,114)</u>
Balance, end of year	<u>\$ 4,899,029</u>	<u>\$ 4,886,743</u>

See accompanying notes to the financial statements.

Strait Regional School Board

Statement of changes in net financial assets

Year ended March 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Net financial assets, beginning of year	\$ <u>3,022,310</u>	\$ <u>3,022,310</u>	\$ <u>3,996,717</u>
Changes in the year			
School Board annual surplus (deficit)	-	12,286	(686,114)
Acquisition of tangible capital assets	-	(48,517)	(37,043)
Amortization of tangible capital assets	123,130	119,111	122,390
Increase in prepaids	<u>-</u>	<u>(47,219)</u>	<u>(373,640)</u>
Increase (decrease) in net financial assets	<u>123,130</u>	<u>35,661</u>	<u>(974,407)</u>
Net financial assets, end of year	\$ <u>3,145,440</u>	\$ <u>3,057,971</u>	\$ <u>3,022,310</u>

See accompanying notes to the financial statements.

Strait Regional School Board

Statement of cash flows

Year ended March 31

2017

2016

Increase (decrease) in cash and cash equivalents

Operating transactions

School Board annual surplus (deficit)	\$ 12,286	\$ (686,114)
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Non-cash items included in annual surplus (deficit)

Amortization	119,111	122,390
Decrease in receivables	758,125	742,676
Increase (decrease) in payables	1,151,304	(671,838)
Decrease in post-employment benefits	(342,718)	(320,565)
Decrease in compensated absences benefits	(31,215)	(53,580)
Increase in prepaids	(47,219)	(373,640)
Increase (decrease) in deferred revenues	<u>515,558</u>	<u>(160,385)</u>

Cash provided (used) by operating transactions	<u>2,135,232</u>	<u>(1,401,056)</u>
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Capital transactions

Acquisition of tangible capital assets	<u>(48,517)</u>	<u>(37,043)</u>
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Cash applied to capital transactions	<u>(48,517)</u>	<u>(37,043)</u>
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Net increase (decrease) in cash and cash equivalents	2,086,715	(1,438,099)
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Cash and cash equivalents, beginning of year	<u>2,313,716</u>	<u>3,751,815</u>
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Cash and cash equivalents, end of year	<u>\$ 4,400,431</u>	<u>\$ 2,313,716</u>
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See accompanying notes to the financial statements.

Strait Regional School Board

Notes to the financial statements

March 31, 2017

1. Nature of operations

The Strait Regional School Board manages education programs and finances of public schools within Inverness, Guysborough, Richmond, and Antigonish counties. The Board is registered as a charitable organization under the Income Tax Act and therefore, is exempt from income tax.

2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards, which for purposes of the School Board's financial statements are represented by accounting recommendations of the CPA Canada Public Sector Accounting Board (PSAB), supplemented where appropriate by other CPA Canada accounting standards or pronouncements.

These financial statements have been prepared using the following significant accounting policies:

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.

Provincial government transfers representing the year over year change in accrued benefit obligations are recognized as revenue when the transfer has been 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 inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

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.

Strait Regional School Board

Notes to the financial statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Expenses

Expenses are the cost of goods and services acquired in the period whether or not payment has been made or invoices recorded. Expenses are recorded on the accrual basis and include the cost of supply inventories purchased during the year. Provisions are made for probable losses on 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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balance with banks, short term deposits and bank balances held by schools. Bank borrowings are considered to be financing activities.

Financial instruments

The school board classifies its financial instruments at amortized cost.

This category includes cash and cash equivalents, receivables, payables and accruals and deferred revenue. They are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Management assess each financial instrument to determine whether there is any impairment losses and if any, are reported in the statement of operations.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

There are no unrealized gains or losses therefore the statement of remeasurement gains and losses has not been presented.

Net financial assets

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

Strait Regional School Board

Notes to the financial statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Non-financial assets

Tangible capital assets that 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 (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, construction, development and installation of the tangible capital asset, except interest. Tangible capital assets include land, buildings, computer equipment and software, and vehicles. Tangible capital assets do not include intangibles or assets acquired by right, such as forests, water and mineral resources, or works of art and historical treasures.

Tangible capital assets are amortized using the declining balance method at the following rates:

Buildings	5%
Equipment	20%
Motor vehicles	35%

When conditions indicate that a tangible capital asset no longer contributes to the Board's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. Write-downs are not reversed.

Under the agreement with the municipal councils, all school buildings and land on hand at January 1, 1982, remain assets of the Municipality but are under the operational control of the Board until such time, as the Board no longer requires the asset for school purposes. At that time, control will revert back to the municipal councils.

The Board has made additions to school buildings, legal title to which is held by the Municipality. Under the Education Act, should the buildings in question be disposed of, the Board will be entitled to a portion of any net proceeds of disposition.

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.

Accumulated surplus

Accumulated surplus represents the financial assets and non-financial assets of the Board less their financial liabilities. This represents the accumulated balance of net surplus/deficit arising from the operations of the Board.

Strait Regional School Board

Notes to the financial statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Trust funds

The trust funds represent capital contributed in trust on which the income thereon is used to provide scholarships for eligible students. Trust fund assets administered by the School Board are identified in Schedule C.

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.

Use of estimates

The preparation of the financial statements requires management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets; valuation allowances for receivables; and assets and obligations related to employee future benefits. Actual results could differ from these estimates.

School generated funds

These financial statements include 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 detailed in Schedule D.

Post-employment benefits and compensated allowances

The Board provides defined service awards and compensated absences to certain employee groups. These benefits include pension, service awards and non-vesting sick leave. The Board has adopted the following policies with respect to accounting for these employee benefits:

- i) The costs of post-employment service awards are actuarially determined using management's best estimate of employee retention, retirement ages of employees, salary escalation, other cost escalation, long term inflation and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over estimated average remaining service life of the employee groups on a straight line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.

Strait Regional School Board

Notes to the financial statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Post-employment benefits and compensated allowances (continued)

- ii) The costs of non-vesting sick leave are actuarially determined using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees.
- iii) The costs of multi-employer defined benefit pension are the employer's contributions due to the plan in the period and are accounted for as a defined contribution plan.

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 Strait Regional School Board:
 - A) Is directly responsible; or
 - B) Accepts responsibility; and
 - C) A reasonable estimate of the amount can be made.

As of March 31, 2017, there are no known contaminated sites identified.

3. Pension plans

The Board contributes to the following pension plans on behalf of its employees:

- i) The Board's Canadian Union of Public Employees (CUPE) staff and non-union staff participate in a multi-employer defined pension plan held on behalf of the Regional School Board by the Nova Scotia School Boards Association.
- ii) The Board's teachers are covered by a multi-employer pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act.

The Regional School Board accounts for the above plans as defined contribution plans and as such no accrued liability is recorded, and only the contributions paid or payable are expensed in the year.

Strait Regional School Board

Notes to the financial statements

March 31, 2017

4. Bank indebtedness

The Board has an operating line of credit of \$717,000 which was fully available as at March 31, 2017.

5. Related party transactions

These financial statements do not include certain expenditures paid and services provided on behalf of the Board by the Province of Nova Scotia, including but not limited to:

- Early Retirement Program payments;
 - P3 schools and facilities leases and operating costs;
 - Payments for the teachers' pension plan and medical premiums; and
 - Certain IT systems and support.
-

6. Post-employment benefits

Retirement allowance – Teachers

For teachers hired before August 1, 2002 the service awards at retirement or pre-retirement death are based on the provisions of the collective agreement with the applicable school board at August 1, 2002. The service award for service after July 31, 2002 is equal to the greater of the benefit determined according to the applicable collective agreement and 1% of the teachers' annual salary, including any administration allowance, to a maximum of 30 years in total.

For teachers hired after July 31, 2002, the service award entitlement at retirement or death prior to retirement is equal to 1% of the teacher's annual salary at retirement (or death), including any administration allowance, multiplied by their years of service, to a maximum of 30 years. The teacher must have completed at least 10 years of service to be eligible for a service award.

The Province of Nova Scotia assumed responsibility for the payment of Service Awards for teachers effective August 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 through an actuarial valuation obtained as required under Section 3250 of the CPA Canada Public Sector Accounting Handbook ("Section 3250").

The valuations and extrapolations reflect the benefit provisions of the retirement allowance programs as of the measurement date with the possible exception that the actuaries were 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 that the collective agreements that incorporate the service freeze under the retirement allowance programs had not been ratified as of the date of their reports. 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 actuarial calculations 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.

Strait Regional School Board

Notes to the financial statements

March 31, 2017

6. Post-employment benefits (continued)

Retirement allowance – Teachers (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.

Eckler Ltd. provided the Province with post-retirement benefit disclosures as at March 31, 2017 under section 3250 of the CPA Canada Public Sector Accounting Handbook.

	<u>2017</u>	<u>2016</u>
Accrued benefit obligation, beginning of year	\$ 4,723,948	\$4,742,718
Current service cost	-	112,500
Interest on obligation	164,109	179,812
Impact of curtailment	-	(9,400)
Other (past service, transfers, etc.)	-	191,600
Less: benefits paid	(419,906)	(350,282)
Actuarial losses (gains)	<u>473,300</u>	<u>(143,000)</u>
Accrued benefit obligation, end of year	4,941,451	4,723,948
Pension assets, at market related values	<u>-</u>	<u>-</u>
Funded status – (deficiency)	(4,941,451)	(4,723,948)
Unamortized actuarial losses (gains)	<u>340,514</u>	<u>(143,000)</u>
Accrued benefit liability – Teachers	<u>\$ (4,600,937)</u>	<u>\$ (4,866,948)</u>

Retirement allowance – Non-Teachers

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 in connection with post-retirement benefit valuations. 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 actuaries were 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 that the collective agreements that incorporate the service freeze under the retirement allowance programs had not been ratified as of the date of their reports. 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 actuarial calculations 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.

Strait Regional School Board

Notes to the financial statements

March 31, 2017

6. Post-employment benefits (continued)

Retirement allowance – Non-Teachers (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.

Morneau Shepell provided the Province with post-retirement benefit disclosures as at March 31, 2017 under section 3250 of the CPA Canada Public Sector Accounting Handbook.

	<u>2017</u>	<u>2016</u>
Accrued benefit obligation, beginning of year	\$ 2,277,460	\$ 2,650,144
Interest on obligation	79,873	92,405
Impact of curtailment	-	(63,342)
Other (past service, transfer, etc)	-	19,454
Less: benefits paid	(124,894)	(231,085)
Actuarial losses (gains)	<u>65,502</u>	<u>(190,116)</u>
Accrued benefit obligation, end of year	2,297,941	2,277,460
Pension assets, at market related values	<u>-</u>	<u>-</u>
Funded status – (deficiency)	(2,297,941)	(2,277,460)
Unamortized actuarial (gains) losses	<u>(92,928)</u>	<u>(190,116)</u>
Accrued benefit liability – Non-teachers	<u>\$ (2,390,869)</u>	<u>\$ (2,467,576)</u>

Summary of post-employment benefits

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, 2017.

	<u>2017</u>	<u>2016</u>
Accrued benefit liability – Teachers	\$ (4,600,937)	\$ (4,866,948)
Accrued benefit liability – Non-teachers	<u>(2,390,869)</u>	<u>(2,467,576)</u>
Total post-employment benefit obligation	<u>\$ (6,991,806)</u>	<u>\$ (7,334,524)</u>

The following actuarial assumptions have been used in the determination of the accrued benefit obligation related to retiring allowances as at March 31:

	<u>2017</u>	<u>2016</u>
Discount rate	3.59%	3.71%
Rate of compensation increase	1% - 3.5%	0.5% - 3.0%

Strait Regional School Board

Notes to the financial statements

March, 31, 2017

6. Post-employment benefits (continued)

Summary of post-employment benefits (continued)

The actuary assumed that 50% of teachers will retire at the Rule of 85. The actuary has also assumed that the remainder of teachers will retire at the earlier of 35 years of credited service, age 62 with 10 years of credited service, and age 65 with 2 years of credited service.

The actuary assumed that for non-teachers 10% will retire at the age of 59, 20% will retire at the age of 60, 10% will retire between the ages of 61-64, 50% will retire between the ages of 65-69 and 100% will retire at the age of 70. The actuary has also assumed that 20% of non-teachers will retire on or after the earliest unreduced retirement date if it is greater, and 40% of non-teachers will retire at 35 years of service.

The Board has recognized in these financial statements the liability associated with retirement allowances 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, 2017.

7. Compensated absences benefits

Qualifying employees are entitled to a prescribed number of sick leave days for use over their employment term.

The Board has recognized in these financial statements, the liability associated with accumulated sick leave earned by staff. The Board has also recorded a corresponding receivable from the Province of Nova Scotia which has assumed responsibility for the liability up to March 31, 2017. These amounts have been determined by the Department of Finance in relation to an independent actuarial evaluation performed for them. The actuarial valuation for Teachers non-vesting sick leave banks usage was as at July 31, 2014, and have been extrapolated to March 31, 2017. The actuarial valuation for Non-teacher non-vesting sick leave banks usage was as at March 31, 2015 and have been extrapolated to March 31, 2017.

This evaluation has calculated the benefit obligation for the Board to be \$9,181,951 of March 31, 2017 (2016 - \$9,213,166).

	<u>2017</u>	<u>2016</u>
Accrued benefit obligation, beginning of year	\$ 7,712,692	\$ 7,388,911
Current service cost	449,671	404,482
Interest on obligation	275,886	279,299
Less: Sick leave taken	(652,409)	(605,772)
Actuarial losses (gains)	<u>106,014</u>	<u>245,772</u>
Accrued benefit obligation, end of year	<u>7,891,854</u>	<u>7,712,692</u>
Funded status – (deficiency)	(7,891,854)	(7,712,692)
Unamortized actuarial (gains) losses	<u>(1,290,097)</u>	<u>(1,500,474)</u>
Compensated absences benefits liability	<u>\$ (9,181,951)</u>	<u>\$ (9,213,166)</u>

Strait Regional School Board

Notes to the financial statements

March 31, 2017

7. Compensated absences benefits (continued)

These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the board's best estimate of expected rates of:

	<u>2017</u>	<u>2016</u>
Discount rate	3.59%	3.71%
Rate of compensation increase	1% - 3.5%	0.5% - 3.0%

The actuary assumed that 50% of teachers will retire at the Rule of 85. The actuary has also assumed that the remainder of teachers will retire at the earlier of 35 years of credited service, age 62 with 10 years of credited service, and age 65 with 2 years of credited service.

The actuary assumed that for non-teachers 10% will retire at the age of 59, 20% will retire at the age of 60, 10% will retire between the ages of 61-64, 50% will retire between the ages of 65-69 and 100% will retire at the age of 70. The actuary has also assumed that 20% of non-teachers will retire on or after the earliest unreduced retirement date if it is greater, and 40% of non-teachers will retire at 35 years of service.

8. Expenditures by object

	<u>2017</u>	<u>2016</u>
Salaries, wages, and benefits	\$ 68,238,237	\$ 68,866,140
Travel	482,905	626,023
Contracted services	900,907	793,416
Equipment	954,068	1,076,831
Property	2,168,764	4,503,320
Vehicle	1,773,078	2,033,081
Utilities	3,530,818	3,496,034
Supplies	4,318,413	3,694,878
Conferences	191,938	245,574
Professional development	324,687	640,608
Amortization	119,111	122,390
School based funds	2,026,592	2,409,692
Interest expense	<u>519,867</u>	<u>551,514</u>
	<u>\$ 85,549,385</u>	<u>\$ 89,059,501</u>

Strait Regional School Board

Notes to the financial statements

March 31, 2017

9. Accumulated surplus	<u>2017</u>	<u>2016</u>
Operating fund	\$ 1,880,141	\$ 1,936,734
School generated funds	1,624,985	1,485,512
Capital fund	<u>1,393,903</u>	<u>1,464,497</u>
	<u>\$ 4,899,029</u>	<u>\$ 4,886,743</u>
Operating fund		
Balance, beginning of year	\$ 1,936,734	\$ 2,640,196
School Board annual surplus (deficit)	<u>12,286</u>	<u>(686,114)</u>
	1,949,020	1,954,082
Transfer to school generated funds	(139,473)	(102,695)
Transfer from capital fund	119,111	122,390
Transfer to capital fund	<u>(48,517)</u>	<u>(37,043)</u>
Balance, end of year	<u>\$ 1,880,141</u>	<u>\$ 1,936,734</u>
School generated funds		
Balance, beginning of year	\$ 1,485,512	\$ 1,382,817
Transfer from operating fund	<u>139,473</u>	<u>102,695</u>
Balance, end of year	<u>\$ 1,624,985</u>	<u>\$ 1,485,512</u>
Capital fund		
Balance, beginning of year	\$ 1,464,497	\$ 1,549,844
Transfer to operating fund	(119,111)	(122,390)
Transfer from operating fund	<u>48,517</u>	<u>37,043</u>
Balance, end of year	<u>\$ 1,393,903</u>	<u>\$ 1,464,497</u>

Strait Regional School Board

Notes to the financial statements

March 31, 2017

10. 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 federal and provincial governments and municipal governments under the Board's jurisdiction. 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.

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 other price risk. The School Board is not exposed to significant currency or other price 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.

Strait Regional School Board

Notes to the financial statements

March 31, 2017

10. Financial instrument risk management (continued)

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.

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

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.

11. Collective Agreements and other Terms and Conditions of Employment

The teachers' provincial agreement with the Nova Scotia Teachers Union expires July 31, 2019.

The local collective agreement with the Nova Scotia Teachers Union expires July 31, 2017.

The collective agreement with CUPE Local 955 expired on March 31, 2015.

12. Comparative figures

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

13. Other matters

During the year the Board constructed a new head office space within the Strait Area Education Recreation Centre (SAERC). The capital expenditures were funded out of operations and were completed during the fiscal year. The cost of the expenditures were \$1,058,035. These assets were transferred to the Province of Nova Scotia for consideration of \$Nil in fiscal 2017.

Strait Regional School Board

Schedule A – Supplementary details of revenues

Year ended March 31, 2017

	2017		2016
	Budget	Actual	Actual
Province of Nova Scotia			
Operating	\$ 45,294,600	\$ 45,094,108	\$ 46,547,900
Accrued wages and vacation	-	1,252,200	1,032,200
Restricted	12,534,000	12,505,142	11,793,390
Capital	-	332,526	3,299,169
Special programs and projects	1,573,997	4,124,685	3,796,411
	\$ 59,402,597	\$ 63,308,661	\$ 66,469,070
Government of Canada			
Secretary of State	\$ 112,343	\$ 179,755	\$ 194,780
Other revenues			
Other revenue - schools	\$ 2,702,557	\$ 3,121,204	\$ 2,887,626
Rentals	69,083	67,783	69,483
Investment income	18,952	35,295	35,528
Recoveries - non-governmental	2,447,896	2,447,896	2,447,896
	\$ 5,238,488	\$ 5,672,178	\$ 5,440,533

Strait Regional School Board

Schedule B - Supplementary details of expenses

Year ended March 31, 2017

	2017		2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Board governance			
Salaries	\$ 168,297	\$ 183,967	\$ 168,583
Benefits	8,727	9,196	8,712
Travel	25,654	22,977	29,143
Repairs and maintenance	-	3,175	-
Supplies and services	19,700	17,390	20,406
Utilities	3,000	2,893	3,134
Professional development	36,400	(21,031)	40,868
NSSBA	44,625	44,625	44,625
Insurance	-	453	475
	<u>\$ 306,403</u>	<u>\$ 263,645</u>	<u>\$ 315,946</u>
Office of the superintendent			
Salaries	\$ 361,204	\$ 367,818	\$ 423,525
Benefits	42,930	50,725	68,187
Travel	22,055	18,020	19,425
Contracted services	112,000	179,357	157,289
Repairs and maintenance	-	1,600	1,091
Supplies and services	168,100	155,420	165,658
Utilities	4,980	4,445	4,343
Professional development	9,350	6,298	3,515
Insurance	98,689	105,740	90,138
	<u>\$ 819,308</u>	<u>\$ 889,423</u>	<u>\$ 933,171</u>
Financial services			
Salaries	\$ 647,019	\$ 716,236	\$ 652,182
Benefits	121,613	158,525	174,678
Travel	19,994	21,354	22,216
Contracted services	-	2,231	9,210
Repairs and maintenance	-	-	(50)
Supplies and services	2,675	3,635	3,220
Utilities	2,800	2,195	2,608
Professional development	17,750	3,405	4,751
	<u>\$ 811,851</u>	<u>\$ 907,581</u>	<u>\$ 868,815</u>

Strait Regional School Board

Schedule B - Supplementary details of expenses

Year ended March 31, 2017

	2017		2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Human resources			
Salaries	\$ 437,918	\$ 460,054	\$ 480,260
Benefits	52,907	58,570	53,873
Travel	34,845	28,184	38,715
Contracted services	15,000	40	5,179
Repairs and maintenance	-	11,194	3,798
Supplies and services	5,125	3,683	7,611
Utilities	5,300	6,547	5,448
Professional development	10,900	10,032	1,963
	<u>\$ 561,995</u>	<u>\$ 578,304</u>	<u>\$ 596,847</u>
School Services			
<i>School services admin</i>			
Salaries	\$ 1,141,658	\$ 1,175,005	\$ 1,321,590
Benefits	69,023	72,142	78,142
Travel	47,000	47,106	65,648
Contracted services	52,000	146,079	51,823
Supplies and services	15,850	11,787	45,289
Utilities	7,900	10,767	12,065
Professional development	115,000	131,847	212,483
Insurance	-	832	-
	<u>1,448,431</u>	<u>1,595,565</u>	<u>1,787,040</u>
<i>School Costs</i>			
Salaries	46,385,860	47,104,737	47,762,614
Benefits	4,071,738	3,857,259	3,699,182
Travel	123,800	159,461	199,316
Contracted services	-	6,688	7,585
Repairs and maintenance	24,864	68,351	145,007
Vehicle expenses	-	27	-
Student conveyance	-	-	933
Supplies and services	1,218,520	1,545,892	1,283,430
Utilities	45,200	55,791	47,603
Professional development	130,800	46,097	117,665
	<u>52,000,782</u>	<u>52,844,303</u>	<u>53,263,335</u>

Strait Regional School Board

Schedule B - Supplementary details of expenses

Year ended March 31, 2017

	<u>2017</u>		<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
School Services (continued)			
<i>International students</i>			
Salaries	160,856	185,290	162,542
Benefits	22,198	29,910	25,181
Travel	26,425	34,686	29,414
Contracted services	300,000	389,915	295,475
Supplies and services	125,231	162,751	120,294
Utilities	2,993	4,421	3,043
Professional development	273	-	613
	<u>637,976</u>	<u>806,973</u>	<u>636,562</u>
<i>Special education</i>			
Salaries	195,867	195,241	211,598
Benefits	7,418	10,093	9,853
Travel	18,150	22,025	23,683
Contracted services	-	7,241	433
Supplies and services	37,050	64,620	56,261
Utilities	5,000	5,787	5,005
Professional development	35,000	11,448	11,216
	<u>298,485</u>	<u>316,455</u>	<u>318,049</u>
<i>Programs PD</i>			
Salaries	1,361,404	1,479,584	1,555,226
Benefits	58,712	115,030	121,630
Travel	61,500	51,520	61,436
Contracted services	102,200	57,868	61,546
Repairs and maintenance	-	23,020	65,829
Vehicles expenses	-	750	-
Student conveyance	-	1,600	2,311
Supplies and services	232,900	393,398	507,969
Utilities	700	1,733	2,601
Professional development	194,200	168,689	255,360
NSSBA	-	83	-
	<u>2,011,616</u>	<u>2,293,275</u>	<u>2,633,908</u>

Strait Regional School Board

Schedule B - Supplementary details of expenses

Year ended March 31, 2017

	2017		2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
School Services (continued)			
<i>Staff development (SRISD)</i>			
Salaries	113,903	68,748	106,189
Benefits	-	5,000	6,133
Contracted services	3,000	8,130	10,220
Supplies and services	900	181,677	122,179
Professional development	<u>392,327</u>	<u>246,575</u>	<u>259,473</u>
	<u>510,130</u>	<u>510,130</u>	<u>504,194</u>
School Services total	<u>\$ 56,907,420</u>	<u>\$ 58,366,701</u>	<u>\$ 59,143,088</u>
Operational services			
<i>Operations administration</i>			
Salaries	\$ 566,511	\$ 517,847	\$ 308,930
Benefits	116,792	171,614	80,656
Travel	31,500	17,187	35,326
Contracted services	-	39,842	120
Supplies and services	26,900	23,310	17,108
Utilities	7,900	6,093	3,960
Professional development	<u>1,310</u>	<u>5,958</u>	<u>751</u>
	<u>750,913</u>	<u>781,851</u>	<u>446,851</u>
<i>Property services</i>			
Salaries	\$ 4,043,155	\$ 4,301,460	\$ 4,294,862
Benefits	912,785	919,895	940,034
Travel	25,000	23,470	29,485
Contracted services	343,826	818,011	753,510
Repairs and maintenance	1,283,386	2,461,500	4,885,006
Vehicles expenses	125,000	111,599	97,328
Supplies and services	297,458	399,019	314,457
Utilities	3,358,657	3,312,660	3,258,339
Professional development	20,000	14,289	29,774
Insurance	<u>302,730</u>	<u>296,832</u>	<u>275,430</u>
	<u>10,711,997</u>	<u>12,658,735</u>	<u>14,878,225</u>

Strait Regional School Board

Schedule B - Supplementary details of expenses

Year ended March 31, 2017

	<u>2017</u>		<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operational Services (continued)			
<i>Student Transportation</i>			
Salaries	\$ 4,201,966	\$ 4,490,881	\$ 4,612,620
Benefits	895,665	947,445	1,011,195
Travel	14,500	17,838	38,041
Contracted services	45,672	26,283	48,472
Repairs and maintenance	85,000	81,273	102,016
Vehicles expenses	1,491,422	1,616,483	1,876,174
Student conveyance	52,900	41,403	55,273
Supplies and services	106,770	73,311	121,163
Utilities	7,500	9,472	10,103
Professional development	10,000	14,376	4,743
Insurance	<u>98,251</u>	<u>112,171</u>	<u>98,251</u>
	<u>7,009,646</u>	<u>7,430,936</u>	<u>7,978,051</u>
<i>Technology Services</i>			
Salaries	\$ 305,876	\$ 328,053	\$ 324,565
Benefits	74,331	77,450	82,843
Travel	30,000	19,077	34,174
Contracted services	150,000	73,689	73,840
Repairs and maintenance	94,150	171,272	119,377
Vehicles expenses	-	1,215	1,062
Supplies and services	299,500	322,104	136,020
Utilities	9,500	8,312	8,925
Professional development	<u>34,715</u>	<u>5,467</u>	<u>34,105</u>
	<u>998,072</u>	<u>1,006,639</u>	<u>814,911</u>
Operational services total	<u>\$ 19,470,628</u>	<u>\$ 21,878,161</u>	<u>\$ 24,118,038</u>

Strait Regional School Board

Schedule C – Supplementary details of trust funds

Year ended March 31, 2017

Trust fund - scholarships

	<u>Equity</u> <u>2016</u>	<u>Donations</u> <u>& income</u>	<u>Awards</u> <u>& other</u>	<u>Equity</u> <u>2017</u>
Catherine Avery Bursary	\$ 2,614	\$ 47	\$ -	\$ 2,661
Allistair Fraser Award	2	-	-	2
Ray Caldwell Scholarship	5,072	91	72	5,091
Dorothy Jost Drysdale Scholarship	2,060	37	60	2,037
Roy Fanning-Hillside Bursary	25	1	-	26
Norman Grant Scholarship	25,936	463	-	26,399
Carol Long Scholarship	12,079	215	250	12,044
NSP Employees Scholarship	19,808	250	750	19,308
James Russell Scholarship	2	-	-	2
Bertha Morgan Scholarship	997	18	-	1,015
Henry Marshall Tory Prize	133,140	2,373	3,000	132,513
James Tory Prize	12,699	481	-	13,180
Paul Hendsbee Memorial	10	1	-	11
Donald Archibald Memorial	1,018	18	18	1,018
Neil & Eileen MacIsaac Bursary	2,619	48	100	2,567
Thomas Williams Prize	5,100	69	59	5,110
Tina Munro Hickey Prize	9,988	340	-	10,328
AW Cameron Memorial	2,990	54	1,500	1,544
Jesse Sceles Memorial	2,437	-	246	2,191
E Beatrice Nichols Scholarship	<u>4,062</u>	<u>2,211</u>	<u>-</u>	<u>6,273</u>
	<u>\$ 242,658</u>	<u>\$ 6,717</u>	<u>\$ 6,055</u>	<u>\$ 243,320</u>

Strait Regional School Board

Schedule D – Supplementary details of school generated funds

Year ended March 31, 2017

	Equity <u>2016</u>	Revenue & interest	Disbursements	Equity <u>2017</u>
Antigonish Education Centre	\$ 164,672	\$ 68,637	\$ 51,876	\$ 181,433
Bayview Education Centre	44,150	53,255	47,620	49,785
Canso Academy/ Fanning Education Centre	67,198	99,744	90,178	76,764
Cape Breton Highlands Academy/ Education Centre	99,558	150,064	149,877	99,745
Chedabucto Place	105,603	98,064	101,582	102,085
Dalbrae Academy	86,074	154,155	137,727	102,502
Dr. J.H. Gillis Regional	230,967	306,652	234,060	303,559
East Antigonish Academy/ Education Centre	168,341	171,209	187,508	152,042
East Richmond Education Centre	32,071	41,138	36,737	36,472
Felix Marchand Education Centre	14,458	31,422	27,274	18,606
H.M. MacDonald Elementary School	5,467	31,015	28,713	7,769
Inverness Academy/Education Centre	94,657	125,277	120,970	98,964
Mulgrave Memorial Education Centre	13,159	14,763	16,620	11,302
Richmond Academy	48,027	172,704	183,366	37,365
SAERC	107,899	286,339	281,121	113,117
St. Andrew's Consolidated School	24,628	62,438	63,256	23,810
St. Andrew Junior High	83,671	77,481	67,175	93,977
St. Mary's Centre/Academy	35,084	116,330	105,741	45,673
Tamarac Education Centre	22,468	70,154	65,457	27,165
Whycocomagh Education Centre	37,360	35,224	29,734	42,850
	<u>\$ 1,485,512</u>	<u>\$ 2,166,065</u>	<u>\$ 2,026,592</u>	<u>\$1,624,985</u>

Strait Regional School Board
Schedule E – Supplementary details of capital assets
Year ended March 31, 2017

	<u>School buildings</u>	<u>Equipment and furnishings</u>	<u>Motor vehicles</u>	<u>2017</u>	<u>2016</u>
Cost					
Opening	\$ 3,141,287	\$ 1,291,709	\$ 914,770	\$ 5,347,766	\$ 5,310,723
Additions	<u>-</u>	<u>-</u>	<u>48,517</u>	<u>48,517</u>	<u>37,043</u>
Closing	<u>3,141,287</u>	<u>1,291,709</u>	<u>963,287</u>	<u>5,396,283</u>	<u>5,347,766</u>
Accumulated depreciation					
Opening	1,789,586	1,258,815	834,868	3,883,269	3,760,879
Depreciation	<u>67,585</u>	<u>6,579</u>	<u>44,947</u>	<u>119,111</u>	<u>122,390</u>
Closing	<u>1,857,171</u>	<u>1,265,394</u>	<u>879,815</u>	<u>4,002,380</u>	<u>3,883,269</u>
Net book value	1,284,116	26,315	83,472	1,393,903	1,464,497
Opening balance	<u>1,351,701</u>	<u>32,894</u>	<u>79,902</u>	<u>1,464,497</u>	<u>1,549,844</u>
Decrease in net book value	<u>\$ (67,585)</u>	<u>\$ (6,579)</u>	<u>\$ 3,570</u>	<u>\$ (70,594)</u>	<u>\$ (85,347)</u>
