

Financial Statements of

**CAPE BRETON-VICTORIA
REGIONAL SCHOOL BOARD**

Year ended March 31, 2017



Cape Breton-Victoria

Regional School Board

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Management's Responsibility for the Financial Statements

The accompanying financial statements of Cape Breton-Victoria Regional School Board are the responsibility of management and have been approved by the Board of Directors.


The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, MGM & Associates, Chartered Professional Accountants, 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 Cape Breton-Victoria Regional School Board and meet when required.



Nancy Dove, CPA, CGA
Director of Financial Services

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Financial Statements

March 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Chairperson and Board Members
Cape Breton-Victoria Regional School Board

We have audited the accompanying financial statements of Cape Breton-Victoria Regional School Board which comprise the statement of financial position as at March 31, 2017 and the statements of operations, accumulated operating surplus, change 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, these financial statements present fairly, in all material respects, the financial position of Cape Breton-Victoria Regional School Board as at March 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants

Sydney, Canada
June 12, 2017

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Financial Position

March 31, 2017, with comparative figures for 2016

	2017	2016
FINANCIAL ASSETS		
Cash and cash equivalents		
General	\$ 9,293,704	\$ 7,274,767
School-based funds (note 2)	4,175,883	3,597,333
	13,469,587	10,872,100
Accounts receivable		
Province of Nova Scotia (note 3)	3,737,542	4,321,176
First Nation (note 4)	236,304	249,225
Government of Canada (note 5)	275,913	520,773
Other	1,979,725	1,897,225
	6,229,484	6,988,399
Province of Nova Scotia, other		
Retirement service awards receivable – teaching (note 6)	9,464,922	9,743,461
Retirement service awards receivable – non-teaching (note 6)	716,817	763,550
Sick leave receivable – teaching (note 7)	16,167,384	16,584,047
Sick leave receivable – non-teaching (note 7)	1,638,388	1,700,902
	27,987,511	28,791,960
Restricted cash and investment – scholarships	401,556	437,769
Total financial assets	48,088,138	47,090,228
FINANCIAL LIABILITIES		
Payables and accruals – trade	5,227,260	5,176,441
Teachers' salary payable	2,454,400	2,014,400
Non-teaching vacation pay payable	947,326	1,006,658
Other salary payable	2,018,968	2,335,921
	10,647,954	10,533,420
Payables and accruals – government		
Province of Nova Scotia	453,256	25,888
Government of Canada	335	2,754
Municipalities	14,579	21,468
	468,170	50,110
Province of Nova Scotia, other		
Retirement service awards obligation – teaching (note 6)	9,464,922	9,743,461
Retirement service awards obligation – non-teaching (note 6)	716,817	763,550
Accrued sick leave obligation – teaching (note 7)	16,167,384	16,584,047
Accrued sick leave obligation – non-teaching (note 7)	1,638,388	1,700,902
	27,987,511	28,791,960
Deferred revenue	4,292,827	3,091,333
Scholarship trust funds	401,556	437,769
Total financial liabilities	43,798,018	42,904,592
NET FINANCIAL ASSETS	4,290,120	4,185,636
NON-FINANCIAL ASSETS		
Prepaid expenses	725,952	304,413
Tangible capital assets (note 8)	155,045	146,935
Total non-financial assets	880,997	451,348
ACCUMULATED SURPLUS	\$ 5,171,117	\$ 4,636,984

Contingencies (note 14)

See accompanying notes to financial statements.

On behalf of the Board

Chairperson

Board Member

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Operations

Year ended March 31, 2017, with comparative figures for 2016

	2017		2016
	Budget	Actual	Actual
REVENUES (Schedule A)			
Province of Nova Scotia	\$ 122,769,960	\$ 125,745,135	\$ 136,472,359
Government of Canada	1,437,552	1,397,384	1,449,458
Municipal contributions	15,686,700	15,686,700	15,154,804
Board generated	3,323,968	4,799,789	4,585,723
School-based funds (note 2)	–	4,310,212	5,194,697
	143,218,180	151,939,220	162,857,041
EXPENSES			
Board governance	430,560	412,983	360,160
Financial services	1,779,523	1,753,634	1,833,100
Office of the Superintendent	529,485	589,921	547,132
Human resources	939,162	883,952	861,485
School services administration	3,684,030	3,830,508	3,576,247
School based	110,247,700	109,051,375	113,081,040
Operations administration	1,294,364	1,195,219	1,377,508
Property services	16,595,345	18,595,870	26,397,765
Transportation	6,410,766	6,430,650	6,613,867
Technology services	1,212,245	1,571,709	1,392,362
Tangible capital asset amortization	95,000	83,485	79,118
Other programs	–	2,777,404	1,957,281
School-based funds (note 2)	–	4,228,377	5,108,789
	143,218,180	151,405,087	163,185,854
OPERATING SURPLUS (DEFICIT)	\$ –	\$ 534,133	\$ (328,813)

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Accumulated Operating Surplus

Year ended March 31, 2017, with comparative figures for 2016

	2017	2016
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR	\$ 4,636,984	\$ 4,965,797
Operating surplus (deficit)	534,133	(328,813)
ACCUMULATED OPERATING SURPLUS, END OF YEAR	\$ 5,171,117	\$ 4,636,984
Accumulated operating surplus consisting of		
Unrestricted	\$ 1,522,211	\$ 1,069,913
Internally restricted funds		
School-based funds	3,648,906	3,567,071
	\$ 5,171,117	\$ 4,636,984

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Change in Net Financial Assets

Year ended March 31, 2017, with comparative figures for 2016

	2017	2016
NET FINANCIAL ASSETS, BEGINNING OF YEAR	\$ 4,185,636	\$ 4,446,678
Changes during the year		
Operating surplus (deficit)	534,133	(328,813)
Acquisition of tangible capital assets	(91,595)	(58,006)
Amortization of tangible capital assets	83,485	79,118
Decrease (increase) in prepaid expenses	(421,539)	46,659
Increase (decrease) in net financial assets	104,484	(261,042)
NET FINANCIAL ASSETS, END OF YEAR	\$ 4,290,120	\$ 4,185,636

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Cash Flows

Year ended March 31, 2017, with comparative figures for 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating surplus (deficit)	\$ 534,133	\$ (328,813)
Non-cash items		
Amortization of tangible capital assets	83,485	79,118
Change in non-cash operating working capital		
Decrease in accounts receivable	758,915	2,956,263
Decrease (increase) in prepaid expenses	(421,539)	46,659
Increase (decrease) in payables and accruals – trade	50,819	(1,551,730)
Increase (decrease) in salaries payable	63,715	(30,789)
Increase in payables and accruals – government	418,060	4,128
Increase in deferred revenue	1,201,494	198,556
	<u>2,689,082</u>	<u>1,373,392</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of tangible capital assets	(91,595)	(58,006)
INCREASE IN CASH AND CASH EQUIVALENTS	<u>2,597,487</u>	<u>1,315,386</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,872,100</u>	<u>9,556,714</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 13,469,587</u>	<u>\$ 10,872,100</u>
Represented on the financial statements by		
General	\$ 9,293,704	\$ 7,274,767
School-based funds	4,175,883	3,597,333
	<u>\$ 13,469,587</u>	<u>\$ 10,872,100</u>

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Scholarship Fund Financial Position

March 31, 2017, with comparative figures for 2016

	2017	2016
ASSETS		
Cash and investments	\$ 401,556	\$ 437,769
FUND BALANCE		
Rossetti	\$ 163,630	\$ 162,465
O'Connell	25,454	61,445
George MacKay Bursary	145,191	145,176
Annie Bell Grady Memorial	19,550	19,373
Townsend	997	998
McDonagh	5,254	5,257
Panagiotakos	8,915	8,919
McQuarrie	3,120	3,174
Annie Hall	1,918	1,921
C.J.C.B.	3,994	3,994
Daniel Munroe	2,923	2,926
John D. MacLeod Memorial	938	949
T.L. Sullivan Memorial	1,812	1,815
Mary Elizabeth Brennan	2,215	2,215
William Hilchie Memorial	2,916	2,915
Isabel MacDermid Memorial	3,366	3,397
Wendell & Diane Coldwell Memorial	752	770
Jon David Corbett	2,986	2,984
Leonard Matheson	1,361	1,364
Ellen Dunn Balah	1,118	1,603
Minor Hockey	3,146	4,109
	\$ 401,556	\$ 437,769

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Continuity of Scholarship Fund

Year ended March 31, 2017, with comparative figures for 2016

	Rossetti	O'Connell	Mackay	Grady	Townsend	McDonagh	Panagiotakos	McQuarrie
Balance, beginning of year	\$ 162,465	\$ 61,445	\$ 145,176	\$ 19,373	\$ 998	\$ 5,257	\$ 8,919	\$ 3,174
Interest earned	2,115 164,580	512 61,957	1,315 146,491	177 19,550	9 1,007	47 5,304	81 9,000	65 3,239
Scholarship awarded	950	36,503	1,300	—	10	50	85	119
Balance, end of year	\$ 163,630	\$ 25,454	\$ 145,191	\$ 19,550	\$ 997	\$ 5,254	\$ 8,915	\$ 3,120

	Annie Hall	C.J.C.B.	Munroe	MacLeod	Sullivan	Brennan	Hilchie	MacDermid
Balance, beginning of year	\$ 1,921	\$ 3,994	\$ 2,926	\$ 949	\$ 1,815	\$ 2,215	\$ 2,915	\$ 3,397
Interest earned	17 1,938	— 3,994	27 2,953	9 958	17 1,832	20 2,235	26 2,941	69 3,466
Scholarship awarded	20	—	30	20	20	20	25	100
Balance, end of year	\$ 1,918	\$ 3,994	\$ 2,923	\$ 938	\$ 1,812	\$ 2,215	\$ 2,916	\$ 3,366

		Coldwell	Corbett	Matheson	Dunn Balah	Minor Hockey	2017 Total	2016 Total
Balance, beginning of year	\$	770	\$ 2,984	\$ 1,364	\$ 1,603	\$ 4,109	\$ 437,769	\$ 451,313
Interest earned	7 777	27 3,011	12 1,376	15 1,618	37 4,146	4604 442,373	5,116 456,429	
Scholarship awarded	25	25	15	500	1,000	40,817	18,660	
Balance, end of year	\$	752	\$ 2,986	\$ 1,361	\$ 1,118	\$ 3,146	\$ 401,556	\$ 437,769

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements

Year ended March 31, 2017

The Cape Breton-Victoria Regional School Board is incorporated under the provisions of the Education Act of the Province of Nova Scotia and its principal business activity is operating a regional school system serving the Cape Breton Regional Municipality and the Municipality of the County of Victoria. The School Board is registered as a charitable organization under the Income Tax Act and, therefore, is exempt from income tax and may issue official receipts to donors for income tax purposes.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector which, for purposes of the School Board's financial statements, are represented by the accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA), supplemented where appropriate by other CPA Canada accounting standards or pronouncements.

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

(a) Revenues

Revenues are recognized on an accrual basis. Grants received, donations and fees collected in advance of the provision or use of related services are deferred. The main components of revenue are funding from the Province of Nova Scotia, Government of Canada and Municipal contributions.

Each year, contributions by volunteers support the delivery of certain programs within schools. Due to the difficulty in determining or otherwise estimating the value of these contributions and because these services are not otherwise purchased, contributed services are not quantified and recognized in these financial statements.

The School Board recognizes as revenue provincial government transfers representing the year over year change in the accrued retirement and service awards obligation and accrued sick leave obligation as the transfer has been authorized.

(b) Expenses

Expenses are recorded on an accrual basis and include the cost of supply inventories purchased during the year. Provisions are made for contingent liabilities when it is likely that a liability exists and the amount can be reasonably determined. These provisions are updated as estimates are revised.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements

Year ended March 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial assets

Cash and cash equivalents are recorded at cost which approximates market value.

Accounts receivable are recorded at the principal amount less valuation allowance. These allowances are recorded where collectability is considered doubtful.

(d) Financial liabilities

Teachers' salary and benefit costs are accrued at year end. As directed by the Province of Nova Scotia, an offsetting receivable is recorded from the Province. The annual accrual and offsetting receivable are adjusted as required.

Salaries, vacation pay and benefits of non-teaching employees are also accrued at year end. There is no equivalent offsetting receivable from the Province except for vacation pay.

(e) Net financial assets

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

(f) Non-financial 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 gross 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. Contributions are not netted against the cost of the related tangible asset. All tangible capital assets are capitalized in accordance with Province of Nova Scotia thresholds and are amortized over the estimated useful life of the asset. The amortization expense is recorded in the statement of operations.

Amortization of tangible capital assets is provided using the following methods and annual rate:

Asset	Basis	Rate
Service vehicles	Declining balance	35%

Prepaid expenses are cash disbursements or other transfers of economic resources 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.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Accumulated surplus

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

(h) Scholarship trust funds under administration

The scholarship trust funds represent capital contributed in trust from which the income thereon is used to provide scholarships for eligible students. A schedule of trust funds is included in the financial statements.

(i) 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the carrying value of capital assets, valuation of post retirement benefits and obligations, valuation allowance of accounts receivable and obligations resulting from employee contract negotiations.

(j) Financial instruments

Measurement of financial instruments

The School Board initially measures its financial assets and financial liabilities at fair value.

Financial assets subsequently measured at amortized cost includes cash and cash equivalents, restricted cash and accounts receivable.

Financial liabilities subsequently measured at amortized cost includes payables and accruals and payroll related accruals.

The receivable and obligation relating to retirement service awards and sick leave are recorded based on actuarial valuation.

Investments are subsequently measured at fair market value.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Unless otherwise noted, the School Board is not exposed to significant credit, market or liquidity risks arising from these instruments.

2. SCHOOL-BASED FUNDS

These financial statements include funds arising from certain school and student activities that are controlled and administered locally by each school, but for which the School Board is accountable. Revenues from school-based funds are recognized as the funds are received. School fund activities are recorded as funds are expended.

Changes in cash held by schools are as follows:

	2017	2016
Opening balance	\$ 3,597,333	\$ 3,354,446
Additions to school-based funds	4,310,212	5,194,697
School funded activities	(4,228,377)	(5,108,789)
Decrease in prepaids	132,821	59,838
Decrease in accounts receivable	164,754	17,028
Increase (decrease) in deferred revenue	228,852	(12,518)
Increase (decrease) in accounts payable	(29,712)	92,631
	<u>\$ 4,175,883</u>	<u>\$ 3,597,333</u>

3. ACCOUNTS RECEIVABLE, PROVINCE OF NOVA SCOTIA

	2017	2016
Teachers' salary accrual	\$ 2,454,400	\$ 2,014,400
International student program	474,438	250,898
Other	237,033	352,422
TCA capital	201,119	919,585
Information economy initiative	135,152	175,189
Provincial operating capital	126,200	—
Non-Teaching Directors Service Award	75,825	151,650
Non-Teaching Other Service Award	25,334	—
Gas tax rebate	8,041	8,463
Reading recovery – salaries and benefits	—	244,191
P-3 refresh	—	204,378
	<u>\$ 3,737,542</u>	<u>\$ 4,321,176</u>

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2017

4. ACCOUNTS RECEIVABLE, FIRST NATION

	2017	2016
Tuition receivable	\$ 236,304	\$ 249,225

5. ACCOUNTS RECEIVABLE, GOVERNMENT OF CANADA

	2017	2016
Harmonized sales tax	\$ 275,913	\$ 520,773

6. RETIREMENT SERVICE AWARDS

Teachers receive a service award upon retirement, disability, death or termination, when entitled to a vested pension, under the contracts between the Nova Scotia Teachers' Union local and the predecessor boards. The contracts prescribe the formulae used in calculating the payment as well as the period over which the payment is to be made.

Non-teaching employees are entitled to 50% of sick leave accrual upon retirement, death, resignation or termination, provided the employee has at least ten years of service or an employee with at least ten years of service on retirement, death, resignation or termination shall be entitled to \$250 for each year of service to a maximum of thirty-five years of service, whichever is greater.

The Province of Nova Scotia assumed responsibility for the payment of service awards for all qualifying School Board employees effective April 1, 2002. As a result, school boards were required to make certain entries on their financial statements beginning with the year ending March 31, 2002, to record the value of projected liabilities, as well as a corresponding receivable from the Province of Nova Scotia. These entries have been determined by the Nova Scotia Department of Finance in relation to an independent actuarial evaluation performed for them. This evaluation calculated the present value of the service awards payable for past services for the School Board to be \$9,464,922 as of March 31, 2017 (2016 - \$9,743,461) – teaching; \$716,817 as of March 31, 2017 (2016 - \$763,550) – non-teaching.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2017

6. RETIREMENT SERVICE AWARDS (CONTINUED)

The information below provides further detail on the calculation of the accrued retirement service award obligations.

TEACHING

	2017		2016	
	Actual Obligation	Unamortized Losses	Total	Total
Balance, beginning of year	\$ 9,463,661	\$ 279,800	\$ 9,743,461	\$ 8,613,277
Current service cost	—	—	—	210,500
Interest cost	332,943	—	332,943	361,095
Impact of curtailment	—	—	—	(312,400)
Assumption change	—	—	—	351,500
Unamortized items Recognized on curtailment (prior year)	—	(1,344,800)	(1,344,800)	1,362,510
Amortization of actuarial gains	—	(23,316)	(23,316)	—
Benefit payments	(588,166)	—	(588,166)	(563,221)
Actuarial losses	1,344,800	—	1,344,800	(279,800)
Balance, end of year	\$ 10,553,238	\$ (1,088,316)	\$ 9,464,922	\$ 9,743,461

The information below provides further detail on the calculation of retirement service award expense.

TEACHING

	2017	2016
Current service cost	\$ —	\$ 210,500
Interest obligation	332,943	361,095
Amortization of actuarial gains	(23,316)	—
Other adjustments	—	(312,400)
Unamortized items recognized on curtailment	—	1,434,210
	\$ 309,627	\$ 1,693,405

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2017

6. RETIREMENT SERVICE AWARDS (CONTINUED)

NON-TEACHING

	2017			2016	
	Actual Obligation	Unamortized Losses	Total	Total	
Balance, beginning of year	\$ 751,209	\$ 12,341	\$ 763,550	\$ 744,729	
Current service cost	—	—	—	—	
Interest cost	25,830	—	25,830	28,453	
Impact of curtailment	—	—	—	39,132	
Unamortized items					
Recognized on curtailment (prior year)	—	(20,577)	(20,577)	30,213	
Amortization of actuarial gain	—	(3,085)	(3,085)	—	
Other adjustments	—	—	—	(2,966)	
Benefit payments	(69,478)	—	(69,478)	(63,670)	
Actuarial (gains) losses	20,577	—	20,577	(12,341)	
Balance, end of year	\$ 728,138	\$ (11,321)	\$ 716,817	\$ 763,550	

The information below provides further detail on the calculation of retirement service award expense.

	2017		2016	
Interest obligation	\$ 25,830	\$ 28,453		
Amortization of actuarial gain	(3,085)	—		
Other adjustments	—	36,166		
Plan amendment/curtailment	—	17,872		
	\$ 22,745	\$ 82,491		

7. ACCRUED SICK LEAVE

The School Board has recognized in these consolidated financial statements, the liability associated with accumulated sick leave earned by teaching and non-teaching staff. The School Board has recorded a corresponding receivable from the Province of Nova Scotia which has assumed responsibility for the liability up to March 31, 2017. These entries have been determined by the Nova Scotia Department of Finance in relation to an independent actuarial evaluation performed for them.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2017

7. ACCRUED SICK LEAVE (CONTINUED)

This evaluation calculated the present value of the accumulated sick leave for past services for the School Board to be \$16,167,384 as of March 31, 2017 (2016 - \$16,584,047) – teaching; \$1,638,388 as of March 31, 2017 (2016 - \$1,700,902) – non-teaching.

The information below provides further detail on the calculation of the accrued benefit obligation.

TEACHING

	2017		2016	
	Actual Obligation	Unamortized Losses	Total	Total
Balance, beginning of year	\$ 12,279,063	\$ 4,304,984	\$ 16,584,047	\$ 16,986,602
Current service cost	493,200	–	493,200	484,900
Interest cost	436,905	–	436,905	461,763
Sick leave taken	(961,000)	–	(961,000)	(961,000)
Amortization of actuarial gain	–	(385,768)	(385,768)	(388,218)
Actuarial loss	124,900	(124,900)	–	–
Balance, end of year	\$ 12,373,068	\$ 3,794,316	\$ 16,167,384	\$ 16,584,047

The information below provides further detail on the calculation of accumulated sick leave expense.

	2017	2016
Current service cost	\$ 493,200	\$ 484,900
Interest cost	436,905	461,763
Amortization of actuarial gain	(385,768)	(388,218)
	\$ 544,337	\$ 558,445

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2017

7. ACCRUED SICK LEAVE (CONTINUED)

NON-TEACHING

	2017		2016	
	Actual Obligation	Unamortized Gains (losses)	Total	Total
Balance, beginning of year	\$ 1,658,634	\$ 42,268	\$ 1,700,902	\$ 1,699,775
Current service cost	174,638	—	174,638	210,148
Interest cost	57,777	—	57,777	64,302
Sick leave taken	(291,547)	—	(291,547)	(277,362)
Actuarial loss	74,060	(74,060)	—	—
Amortization of actuarial gain	—	(3,382)	(3,382)	4,039
Balance, end of year	\$ 1,673,562	\$ (35,174)	\$ 1,638,388	\$ 1,700,902

The information below provides further detail on the calculation of accumulated sick leave expense.

	2017	2016
Current service cost	\$ 174,638	\$ 210,148
Interest cost	57,777	64,302
Amortization of actuarial gain	(3,382)	4,039
	\$ 229,033	\$ 278,489

8. TANGIBLE CAPITAL ASSETS

	2017		2016	
	Cost	Accumulated amortization	Net	Net
Service vehicles	\$ 1,284,443	\$ 1,129,398	\$ 155,045	\$ 146,935

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2017

9. DEFERRED TEACHERS' SALARIES

Under the terms of the teachers' contract, the School Board withholds a portion of certain eligible teachers' salaries and deposits it with the Nova Scotia Teachers' Credit Union. These amounts are subsequently withdrawn by the teachers in a year when they are on leave of absence. As at March 31, 2017, the Board had \$436,321 (2016 - \$477,820) of such funds on deposit together with a corresponding liability of \$436,321 (2016 - \$478,576) the difference which is set up as a payable to (receivable from) the Nova Scotia Teachers' Credit Union as at March 31, 2016.

10. PENSION PLANS

(a) Teachers

The School Board's teachers are members of the pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act. The Province of Nova Scotia has accepted responsibility for funding this plan and accordingly, no provision is included in the Board's financial statements for the related pension amounts.

(b) Non-teachers

The School Board's Canadian Union of Public Employees (CUPE) staff participate in a money purchase pension plan which is accounted for by the School Board as a defined contribution plan. Employer pension costs of \$1,160,195 (2016 - \$1,196,990) are included in the statement of operations which represent the cost of employer contributions for current service of participating employees during the year. Employees and the School Board both contribute at the rate of 5% of pensionable earnings.

The School Board also contributes to an RRSP plan for its confidential non-CUPE employees. Employees and the School Board both contribute at the rate of 9% of pensionable earnings. Included in the March 31, 2017 statement of operations are employer contributions of \$94,136 (2016 - \$82,445), which represents the pension cost to the School Board.

11. INSURANCE

The School Board is a member of the School Insurance Exchange, which provides all insurance coverage, with the exception of fleet insurance, which is contracted to a private carrier.

During the year, the School Board made an insurance claim relating to flooding at one of the schools. Insurance proceeds of \$251,245 were recorded as revenue in the year ended March 31, 2017 statement of operations to offset expenses incurred by the School Board. Further insurance proceeds are expected, however, no amounts have been recorded at March 31, 2017. The remaining insurance proceeds will be recorded in the period of settlement.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Notes to Financial Statements, continued

Year ended March 31, 2017

12. RELATED PARTY TRANSACTIONS

These financial statements do not include certain expenses paid on behalf of the School Board by the Province of Nova Scotia, including but not limited to:

- P-3 schools and facilities leases and operating costs, and
- Payments for the teachers' pension plans and medical premiums.

13. FINANCIAL INSTRUMENTS

The School Board is exposed to various risks through its financial instruments and includes the following significant risk at March 31, 2017.

Credit risk

The School Board's exposure to credit risk relates to accounts receivable and arises from the possibility that creditors do not fulfill their obligations. This risk is mitigated due to receivables being from various levels of government based on approved agreements.

The School Board performs continuous evaluation of its accounts receivable.

Liquidity risk

Liquidity risk is the risk that the School Board will encounter difficulty raising funds to meet its liabilities. This is mitigated through regular monitoring of cash flows.

14. CONTINGENCIES

The Board has been named a defendant in a legal matter and other grievances. The outcome of the matters is not determinable and settlement, if any, will be accounted for as a charge to operations in the period of settlement.

15. COMPARATIVE FIGURES

Certain 2016 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.