ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY
FINANCIAL STATEMENTS
MARCH 31, 2017

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Management's Report

Management's Responsibility for the Financial Statements

These 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 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.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board meets throughout the year and reviews external audited financial statements yearly.

The external auditors, Deloitte 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 Atlantic Provinces Special Education Authority and meet when required.

On behalf of Atlantic Provinces Special Education Authority:

Lisa Doucet　　　　Heather Conrad

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Independent Auditor's Report

To the Board of Directors of
Atlantic Provinces Special Education Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Atlantic Provinces Special Education Authority, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial assets and cash flow 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 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 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 Atlantic Provinces Special Education Authority as at March 31, 2017, and the results of its operations, changes in net financial assets, remeasurement gains and losses, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 of the financial statements, which describes that certain comparative information for the year ended March 31, 2016 has been restated.

Deloitte LLP

Chartered Professional Accountants
February 13, 2018

Atlantic Provinces Special Education Authority
Statement of Financial Position
As at March 31, 2017

	2017	2016 (Restated - Note 2)
Financial Assets		
Cash and cash equivalents	$12,220,058	$ 8,147,609
Restricted cash	705,457	1,021,701
Accounts receivable	207,712	118,436
Accounts receivable from provinces	-	2,568,870
Receivables for early retirement incentive plan (Note 5)	1,120,800	1,143,900
Receivables for post-retirement benefits (Note 7)	3,335,500	3,325,500
Receivables for teachers' sick leave (Note 11)	556,000	513,700
Portfolio investments – blind/visually impaired	7,594,041	6,898,052
Portfolio investments – deaf/hard of hearing	4,998,786	4,106,889
	30,738,354	27,844,657
Liabilities		
Accounts payable	466,583	501,327
Public Service early retirement incentive plan (Note 5)	1,120,800	1,143,900
Post-retirement benefits (Note 7)	3,335,500	3,325,500
Teachers' sick leave (Note 11)	556,000	513,700
Operating advances (Note 6)	830,000	830,000
	6,308,883	6,314,427
Net financial assets	24,429,471	21,530,230
Non-financial assets		
Tangible capital assets, net (Note 8)	4,602,065	4,862,567
Accumulated surplus (Note 10)	29,031,536	26,392,797
Accumulated surplus is comprised of:		
Accumulated operating surplus	25,123,684	23,386,336
Accumulated remeasurement gains	3,907,852	3,006,461
	$29,031,536	$26,392,797

Commitments (Note 12)

APPROVED ON BEHALF OF THE BOARD

R. Gardiner

Member

Member

Atlantic Provinces Special Education Authority
Statement of Operations and Accumulated Surplus
For the Year Ended March 31, 2017

REVENUES	2017 Budget (Unaudited)	2017 Actual	2016 Actual (Restated - Note 2)
Government grants	$17,468,572	$17,715,322	$17,732,036
Other income			
Shared by four provinces	30,000	73,608	80,302
Shared by three provinces	255,000	258,265	289,633
Centre-based programs	355,000	369,855	336,049
Annuities, bequests and donations	-	85,548	3,715
Investment income	-	608,328	709,146
Other	-	13,808	18,158
	640,000	1,409,412	1,437,003
	18,108,572	19,124,734	19,169,039
EXPENDITURES			
Administration and consultation (shared by four provinces)			
Administration	769,507	679,566	655,438
Programs – blind/visually impaired	259,733	190,984	188,235
Resource services	1,513,646	1,580,155	1,452,483
Autism in education	132,070	141,766	137,232
	2,674,956	2,592,471	2,433,388
Administration and consultation (shared by three provinces)			
Programs – deaf/hard of hearing	258,196	190,307	191,892
Audiology	513,735	528,924	569,718
Resource services	78,500	59,908	-
	850,431	779,139	761,610
Assessment services	792,853	675,733	661,171
Centre-based programs			
Education	875,518	685,382	654,880
Residence	677,947	634,527	551,257
Medical	83,056	79,618	77,859
Property and buildings	895,012	969,120	842,537
Food services	190,000	196,794	172,388
	2,721,533	2,565,441	2,298,921
Provincial programs			
New Brunswick – deaf/hard of hearing	2,883,327	2,521,281	2,625,001
New Brunswick – blind/visually impaired	1,356,135	1,228,514	1,145,372
	4,239,462	3,749,795	3,770,373
Nova Scotia – deaf/hard of hearing	3,805,194	3,619,968	3,608,881
Nova Scotia – blind/visually Impaired	2,534,160	2,297,138	2,273,335
	6,339,354	5,917,106	5,882,216
Newfoundland and Labrador – blind/visually impaired	97,411	99,001	58,674
Prince Edward Island – blind/visually impaired	499,674	472,598	480,736
Total program expenses	18,215,674	16,851,284	16,347,089
Early retirement incentive plan	42,898	42,269	42,752
Amortization of tangible capital assets (Note 8)	282,000	282,305	280,125
Total expenses before trust fund expenditures (Note 13)	18,540,572	17,175,858	16,669,966
Trust fund expenditures – blind/visually impaired (Note 9)	-	129,112	133,972
Trust fund expenditures – deaf/hard of hearing (Note 9)	-	82,416	99,382
Total expenses	18,540,572	17,387,386	16,903,320
Annual (deficit) surplus	$ (432,000)	$ 1,737,348	$ 2,265,719
Accumulated operating surplus, beginning of year (as previously reported)	23,386,336	23,386,336	13,251,131
Restatement (Note 2)	-	-	7,869,486
Accumulated operating surplus, beginning of year (as restated)	23,386,336	23,386,336	21,120,617
Accumulated operating surplus, end of year	$22,954,336	$25,123,684	$23,386,336

Atlantic Provinces Special Education Authority
Statement of Remeasurement Gains and Losses
For the Year Ended March 31, 2017

	2017	2016
Accumulated remeasurement gains, beginning of year	$3,006,461	$3,565,583
Remeasurement gains (losses) on portfolio investments quoted in an active market	1,055,180	(250,869)
Less: realized (losses) gains on portfolio investments quoted in an active market	(153,789)	308,253
Net remeasurement gains (losses) for the year	901,391	(559,122)
Accumulated remeasurement gains, end of year	$3,907,852	$3,006,461

Atlantic Provinces Special Education Authority
Statement of Changes in Net Financial Assets
For the Year Ended March 31, 2017

	2017 Budget (Unaudited)	2017 Actual	2016 Actual (Restated - Note 2)
Annual (deficit) surplus (as previously reported)	$(432,000)	$1,737,348	$145,052
Restatement (Note 2)	-	-	2,120,667
Annual (deficit) surplus (as restated)	(432,000)	1,737,348	2,265,719
Acquisition of tangible capital assets	-	(21,803)	-
Amortization of tangible capital assets	282,000	282,305	280,125
Operating expenditures paid from trust funds	150,000	-	-
	-	1,997,850	2,545,844
Net remeasurement gains (losses)	-	901,391	(559,122)
Increase in net financial assets	-	2,899,241	1,986,722
Net financial assets, beginning of year (as previously reported)	21,530,230	21,530,230	11,674,022
Restatement (Note 2)	-	-	7,869,486
Net financial assets, beginning of year (as restated)	21,530,230	21,530,230	19,543,508
Net financial assets, end of year	$21,530,230	$24,429,471	$21,530,230

Atlantic Provinces Special Education Authority
Statement of Cash Flows
For the Year Ended March 31, 2017

	2017	2016 (Restated - Note 2)
Cash flows from operating activities		
Annual surplus	$1,737,348	$2,265,719
Amortization of tangible capital assets	282,305	280,125
	2,019,653	2,545,844
Changes in non-cash working capital		
Changes in accounts receivable	(89,276)	44,954
Changes in accounts receivable from provinces	2,568,870	(2,552,351)
Changes in accounts payable	(34,744)	(544,207)
	2,444,850	(3,051,604)
Net cash flow from operating activities	4,464,503	(505,760)
Cash flows from capital activity		
Purchase of tangible capital assets	(21,803)	-
Cash flows from investing activities		
Proceeds of sale of investments	1,701,911	1,268,117
Purchase of investments	(2,388,406)	(1,504,445)
Net cash flow from investing activities	(686,495)	(236,328)
Increase (decrease) in cash and cash equivalents and restricted cash	3,756,205	(742,088)
Cash and cash equivalents and restricted cash, beginning of year	9,169,310	9,911,398
Cash and cash equivalents and restricted cash, end of year	$12,925,515	$9,169,310
Cash and cash equivalents and restricted cash is comprised of:		
Cash and cash equivalents:		
Cash	11,971,470	7,900,766
Cash equivalents	248,588	246,843
	12,220,058	8,147,609
Restricted cash:		
Internally restricted – blind/visually impaired trust fund	478,788	625,328
Internally restricted – deaf/hard of hearing trust fund	226,669	396,373
	705,457	1,021,701
	$12,925,515	$9,169,310

1. Authority

The Atlantic Provinces Special Education Authority ("APSEA") is an inter-provincial cooperative agency established in 1975 by joint agreement among the Ministers of Education of the Atlantic Provinces. The agreement provides for the creation of the APSEA and authorizes it to provide educational services, programs and opportunities for children and youth who are deaf, hard of hearing, blind, or visually impaired and who are residents in Atlantic Canada.

2. Restatement of Prior Year

Prior year financial statements were restated in order to properly reflect the following:

Under Section 3410.17 of Public Sector Accounting Standards ("PSAS"), government transfers with eligibility criteria but without stipulations shall be recognized as revenue by the recipient when the transfer is authorized and all eligibility criteria have been met. In prior years, government transfers received in excess of operating expenditures, which met the eligibility criteria and were without stipulations, were deferred and recorded as a "Due to provinces" liability rather than recognized as revenue when received. This constitutes a departure from PSAS.

During the year ended March 31, 2016, $2,120,667 of government transfers received in excess of operating expenditures were inappropriately recorded as a "Due to provinces" liability rather than recognized as revenue. In the years prior to the year ended March 31, 2016, an aggregate of $7,869,486 in government transfers were also recorded as a liability when received, rather than recognized as revenue in the year they were received.

Therefore, the prior year financial statements have been restated in order to properly reflect the recognition of government transfers as revenue in the year they were received, as follows:

	March 31, 2016 Balance (as previously reported)	Restatement	March 31, 2016 Balance (as restated)
Liabilities			
Due to provinces	$9,990,153	$(9,990,153)	$ -
Accumulated surplus			
Accumulated operating surplus, beginning of year	13,251,131	7,869,486	21,120,617
Annual surplus			
Revenues			
Government grants	15,611,369	2,120,667	17,732,036

3. Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Canadian Public Sector Accounting Board ("PSAB").

Operating Account and Trust Fund Accounts

These statements include the operating accounts for APSEA's program delivery and administrative activity and trust accounts, which are internally restricted. There are two trust accounts, the trust fund for students who are blind or visually impaired ("BVI") and the trust fund for students who are deaf or hard of hearing ("DHH").

Cost Sharing

Pursuant to the agreement and amendments thereto, program expenditures are shared on the following basis:

Certain administration and consultation expenditures are allocated to the provinces in the ratio of their general population to the total population, based on the 2011 quinquennial census figures released by Statistics Canada.

Administration and consultation expenditures shared by the four provinces are allocated as follows:

	2017	**2016**
Nova Scotia	40.1%	40.1%
New Brunswick	32.0%	32.0%
Newfoundland and Labrador	21.7%	21.7%
Prince Edward Island	6.2%	6.2%
	100.0%	100.0%

Administration and consultation expenditures for the program for students who are deaf or hard of hearing are shared by three provinces and allocated as follows:

	2017	**2016**
Nova Scotia	51.3%	51.3%
New Brunswick	40.8%	40.8%
Prince Edward Island	7.9%	7.9%
	100.0%	100.0%

3. Accounting Policies (continued)

Cost Sharing (continued)

Certain centre-based expenditures are allocated on the basis of respective student enrolments for the five preceding school years as follows:

	2017	2016
Nova Scotia	65.7%	65.7%
New Brunswick	21.6%	21.7%
Newfoundland and Labrador	5.5%	5.0%
Prince Edward Island	7.2%	7.6%
	100.0%	100.0%

Portions of the assessment services expenditures are allocated to the provinces using the administration and consultation formula (4 provinces), the administration formula (3 provinces) and the centre-based formula with the following results:

	2017	2016
Nova Scotia	55.4%	55.5%
New Brunswick	28.8%	28.8%
Newfoundland and Labrador	8.7%	8.4%
Prince Edward Island	7.1%	7.3%
	100.0%	100.0%

Provincial program expenditures are charged directly to the province in which the program is conducted.

Revenue Recognition

Government contributions are recognized as revenue in the period the transfer is authorized, and all eligibility criteria have been met, except when and to the extent the transfer includes stipulations which have not yet been met. Government contributions with stipulations are initially deferred and recognized as revenue as the related stipulations are met.

Investment revenue includes dividends, capital gains and losses, as well as interest on cash balances and fixed income securities. Dividend income is recognized as revenue at the record date and interest income is recognized on an accrual basis. Gains or losses on disposal of investments are recorded as realized.

Annuities, bequests and donations are recognized as income in the period received except when and to the extent the annuities, bequests and donations includes stipulations which have not yet been met. Annuities, bequests and donations with stipulations are initially deferred and recognized as revenue as the related stipulations are met.

Other revenues, including rent, parking, audiology and revenue generated from provision of short-term programs and assessments, are recognized as revenue in the period the service is provided.

3. Accounting Policies (continued)

Financial Instruments

Cash - Cash includes petty cash and amounts on deposit with financial institutions.

Cash equivalents - Cash equivalents comprises short-term investments with a term to maturity of three months or less at the date of acquisition.

Restricted cash - Restricted cash includes internally restricted funds held in the BVI and DHH trust funds for future investments and expenditures.

Accounts receivable and accounts receivable from provinces - Accounts receivable and accounts receivable from provinces are measured at amortized cost using the effective interest rate method. A valuation allowance is used to reduce the recorded value to the lower of its cost or net recoverable value. Gains and losses are recognized in the statement of operations in the period the receivable is derecognized or impaired.

Portfolio investments - Portfolio investments include investments which are publicly traded and quoted in an active market. They are measured at fair value whereby unrealized gains and losses are reported in the statement of remeasurement gains and losses until they are derecognized or impaired, at which time the cumulative gain or loss is transferred to the statement of operations.

Accounts payable - Accounts payable are measured at amortized cost using the effective interest method with gains and losses recognized in the statement of operations in the period the liability is derecognized.

Operating advances – Operating advances are measured at amortized cost using the effective interest method with gains and losses recognized in the statement of operations in the period the liability is derecognized. Operating advances are non-interest bearing and have no set date of repayment.

Fair value - Fair value is the estimated amount for which a financial instrument could be exchanged between willing parties, based on the current market for instruments with the same risk, principal and remaining maturity. Certain fair value estimates are significantly affected by the assumptions for the amount and timing of estimated cash flows and discount rates, all of which reflect varying degrees of risk. As a result, the fair values may not necessarily be indicative of the amounts that would be realized if these instruments were actually settled. The methods and assumptions used to estimate the fair value of financial instruments are described in the following paragraphs.

The fair values of investments in securities which are publicly held and quoted in an active market are based on quoted closing prices.

Due to the short period to maturity, the fair value of cash, receivables, and payables approximate their carrying values as presented in the statement of financial position.

3. Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian PSAS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ materially from those reported. The most significant estimates used in these financial statements include the useful lives of tangible capital assets and post-employment benefits.

Tangible Capital Assets

Tangible capital assets are recorded at cost and amortized at the following annual rates:

Buildings	40 years straight line
Parking lot	10 years straight line
Equipment	10 years straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to APSEA's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write downs are accounted for as expenses in the statement of operations and are not reversed.

APSEA expenses individual asset purchases below a $10,000 threshold.

Early Retirement Incentive Plan

APSEA participated in the early retirement incentive plan (ERIP), offered by the Province of Nova Scotia, from November 1993 to March 1998. The programs offered additional years of pensionable service for those who qualified and elected to retire. The portion of pension payable attributable to this additional service is receivable from the Province and is not paid from the Public Service Superannuation Fund. The accrued benefit obligation is determined by an actuarial assessment, using a discount rate consistent with the rate used to determine the unfunded liability for the Province of Nova Scotia.

Pension Plan

The employees of APSEA are entitled to receive pension benefits pursuant to the Nova Scotia Public Service Superannuation Act, the Nova Scotia Teachers' Pension Plan Act or the New Brunswick Teachers' Pension Act. These are multi-employer joint trustee, defined benefit plans. The joint trustee board of the plan determines the required plan contributions annually. The contributions to the plan by APSEA are recorded as an expense for the year.

4. Exposure to Risks Arising from Financial Instruments

APSEA is exposed to credit, liquidity, and market risks through transactions involving financial instruments. The Board of Directors has the overall responsibility for the oversight of these risks and reviews APSEA's policies on an ongoing basis to ensure that these risks are appropriately managed. The following provides helpful information in assessing the extent of APSEA's exposure to these risks:

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. APSEA's revenue is derived mainly from the four provincial governments of Atlantic Canada and other entities that do not present a credit risk. Amounts subject to credit risk are nominal and APSEA does not anticipate significant loss for non-performance. Furthermore, credit risk is reduced inherently for APSEA due to the fact that the majority of their receivables are with other government entities that will not fail to discharge their obligations.

Liquidity risk
Liquidity risk is the risk that APSEA will encounter difficulty in meeting its financial obligations as they become due. APSEA is exposed to this risk mainly in respect of its accounts payable. APSEA monitors its cash balance and cash flows generated from operations in order to meet its requirements.

Market Risk
Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and equity prices will affect APSEA's excess of revenue over expenditures or the value of its financial instruments.

(a) Price risk
Price risk refers to the risk that the fair value of the financial instrument will vary as a result of changes in market prices of the financial instrument. Fluctuation in the market price of an instrument may result from perceived changes in the underlying economic characteristics of the investment, the relative price of alternative investments, and general market conditions. Therefore, there is a risk that an amount realized in the subsequent sale of portfolio investments which are quoted in an active market may significantly differ from their reported value.

(b) Interest rate risk
Interest rate risk is the risk that market values of a financial instrument will vary as a result of changes in underlying interest rates. Short and long-term instruments held in trust by APSEA are exposed to interest rate risk. APSEA has minimal exposure to interest rate risk, as substantially all of APSEA's investments subjected to interest are held at fixed rates.

(c) Foreign exchange risk
APSEA's functional currency is Canadian dollars and it has limited transactions in foreign currencies, limiting its exposure to foreign exchange risk.

5. Early Retirement Incentive Plan ("ERIP")

In November 1993, the Province of Nova Scotia announced its intention to implement an ERIP. As an outside agency, APSEA was invited to participate, providing it agreed to pay the province all costs of the plan not covered by the Public Service Superannuation Fund. The Board approved APSEA's participation in the plan. The plan ceased on March 31, 1998.

The liability of $1,120,800 was based on a March 31, 2017 actuarial calculation (2016 - $1,143,900). Of the $1,120,800 receivable from Provinces, $643,404 relates to the Province of Nova Scotia (2016 – $658,822), and the remaining $477,396 relates to the other Atlantic Provinces (2016 - $485,078). These amounts will be collected in the year in which the related payments to the plan are made.

The significant actuarial assumptions adopted in measuring the obligation are as follows:

	2017	**2016**
Discount rate	3.71%	4.1%
Inflation	2.0 %	2.0%
Future mortality rate	CPM 2014 Mortality Table [1]	CPM 2014 Mortality Table [1]

[1] Canadian Pensioners' Mortality (CPM) Table with generational projection using improvement scale CPM-B

The accrued liability as a result of the above noted assumptions is:

	2017	**2016**
ERIP liability, beginning of year	$1,179,900	$1,232,100
Fiscal expense	40,600	48,000
Fiscal payments by APSEA	(99,700)	(100,200)
Accrued liability, end of year	1,120,800	1,179,900
Less: unamortized actuarial experience gain	-	36,000
Accrued obligation, end of year	$1,120,800	$1,143,900

6. Operating Advances

This amount represents operating advances from the Provinces of Nova Scotia and New Brunswick. The amounts are non-interest bearing and have no set terms of repayment. The amounts owed to the provinces are as follows:

	2017	**2016**
Province of Nova Scotia	$480,000	$480,000
Province of New Brunswick	350,000	350,000
	$830,000	$830,000

7. Post-Retirement Benefits

Pension benefits - Employees of APSEA are entitled to receive pension benefits pursuant to the provisions of the Nova Scotia Public Service Superannuation Act, the Nova Scotia Teachers' Pension Act or the New Brunswick Teachers' Pension Act. The plans are funded by equal employee and employer contributions. The employer's contributions are included in APSEA's expenditures.

Retirement allowance and post-employment health benefits - APSEA has provided for post-employment benefits other than pensions consisting of retirement allowances and post-employment health benefits using the projected benefit method prorated on services.

The significant actuarial assumptions adopted in measuring these accrued benefit obligations are as follows:

	2017	2016
Discount rate	3.71%	4.1%
Inflation	2.0%	2.0%
Mortality (post-retirement only)	CPM 2014 Mortality Table [1]	CPM 2014 Mortality Table [1]
Extended health care cost increases	6.33% [2]	6.5% [2]
Retirement age assumption	58 years	58 years
Salary increase	1.5% in 2018	1.0% in 2017
	2.5% in 2019	1.5% in 2018
	2.0% in 2020 and onward	2.5% in 2019

[1] Canadian Pensioners' Mortality (CPM) Table with generational projection using improvement scale CPM-B

[2] decreasing annually by 0.167% (2016 – 0.167%) to a rate of 4.5% (2016 – 4.5%)

The accrued benefit liability as a result of the above noted plans and actuarial assumptions is as follows:

	Teacher Service Award	Non-Teacher Service Award	Non-Teacher Post-Retirement Health	2017	2016
Retirement benefit liability, beginning of year	$729,800	$848,600	$1,879,500	$3,457,900	$3,537,000
Fiscal retirement benefit expenses	19,400	24,100	141,300	184,800	131,900
Fiscal benefit payments by APSEA	(103,800)	(43,600)	(37,900)	(185,300)	(211,000)
Accrued benefit liability, end of year	645,400	829,100	1,982,900	3,457,400	3,457,900
Unamortized actuarial experience (gain)/loss	-	-	(121,900)	(121,900)	(132,400)
Accrued benefit obligations, end of year	$645,400	$829,100	$1,861,000	$3,335,500	$3,325,500

7. Post-Retirement Benefits (continued)

The liability of $3,335,500 (2016 - $3,325,500) is fully funded by the provinces, thus an offsetting accounts receivable is recorded. Based on current cost sharing formulas, the liability and receivable are divided among the provinces as follows:

	2017	2016
Nova Scotia	$1,915,691	$1,759,274
New Brunswick	990,944	1,112,898
Newfoundland and Labrador	279,900	282,176
Prince Edward Island	148,965	171,152
	$3,335,500	$3,325,500

8. Tangible Capital Assets

March 31, 2017

	Land	Buildings	Parking Lot	Equipment	Total
Cost					
Opening balance	$2,324,930	$9,729,956	$105,094	$203,553	$12,363,533
Additions	-	-	-	21,803	21,803
Disposals	-	-	-	17,904	17,904
Closing balance	2,324,930	9,729,956	105,094	207,452	12,367,432
Accumulated amortization					
Opening balance	-	7,334,561	105,094	61,311	7,500,966
Amortization	-	261,560	-	20,745	282,305
Disposals	-	-	-	17,904	17,904
Closing balance	-	7,596,121	105,094	64,152	7,765,367
Net book value	$2,324,930	$2,133,835	$ -	$143,300	$4,602,065

March 31, 2016

	Land	Buildings	Parking Lot	Equipment	Total
Cost					
Opening balance	$2,324,930	$9,729,956	$105,094	$203,553	$12,363,533
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Closing balance	2,324,930	9,729,956	105,094	203,553	12,363,533
Accumulated amortization					
Opening balance	-	7,073,001	105,094	42,746	7,220,841
Amortization	-	261,560	-	18,565	280,125
Closing balance	-	7,334,561	105,094	61,311	7,500,966
Net book value	$2,324,930	$2,395,395	$ -	$142,242	$ 4,862,567

9. Trust Fund Expenditures

Trust fund expenditures consist of the following:

	Trust Funds – Blind & Visually Impaired		Trust Funds – Deaf & Hard of Hearing	
	2017	2016	2017	2016
Recreational/social/cultural grants	$ 31,254	$ 36,322	$ 7,997	$11,843
Teacher education grants	8,000	8,500	6,000	4,000
Student prizes	11,875	9,525	1,906	1,524
Scholarships	9,000	3,660	30,300	29,400
Professional development	4,825	-	2,942	19,339
Investment fees	49,500	47,490	28,370	25,877
Other	14,658	28,475	4,901	7,399
	$129,112	$133,972	$82,416	$99,382

10. Accumulated Surplus

	2017	2016
Accumulated surplus is comprised of:		
Excess of operating grants over expenditures (Schedule 1)	$11,632,541	$9,990,153
Internally restricted – trust fund BVI	7,842,123	$7,397,123
Internally restricted – trust fund DHH	5,250,787	4,501,134
Unrestricted operating fund	(295,980)	(358,180)
Net assets invested in capital assets	4,602,065	4,862,567
Total accumulated surplus	$29,031,536	$26,392,797

11. Teachers' Sick Leave

Teachers are entitled to accumulate up to 195 sick days for use over their term of employment.

The significant actuarial assumptions adopted in measuring the obligation are:

	2017	2016
Discount rate	3.71%	4.1%
Inflation	2.0%	2.0%
Mortality	No pre-retirement mortality	No pre-retirement mortality
Retirement age	58	58
Salary Increase	1.5% in 2018 2.5% in 2019 2.0% in 2020 and onward	1.0% in 2017 1.5% in 2018 2.5% in 2019

11. Teachers' Sick Leave (continued)

The accrued liability as a result of the above noted actuarial assumptions is as follows:

	2017	2016
Teachers sick leave liability, beginning of year	$549,700	$540,200
Fiscal expense	81,700	88,600
Fiscal payments	(75,400)	(79,100)
Accrued teachers sick leave liability, end of year	556,000	549,700
Less: unamortized actuarial experience (gain)/loss	-	(36,000)
Accrued teachers sick leave obligations, end of year	$556,000	$513,700

The liability of $556,000 (2016 - $513,700) is fully funded by the provinces, thus an offsetting accounts receivable is recorded. Based on current cost sharing formulas the liability and receivable are divided among the provinces as follows:

	2017	2016
Nova Scotia	$315,328	$297,497
New Brunswick	199,928	177,198
Newfoundland and Labrador	8,168	7,247
Prince Edward Island	32,576	31,758
	$556,000	$513,700

12. Commitments

APSEA has commitments for photocopier leases that expire at various dates up to December 23, 2021. The annual commitment is indicated below:

2018	$17,359
2019	13,376
2020	13,376
2021	12,029
2022	5,991

13. Operating Expenses by Object

	2017	2016
Salaries and benefits	$13,661,171	$13,243,501
Travel	606,980	619,493
Equipment	379,167	371,028
Utilities	291,402	261,525
Amortization	282,305	280,125
Operating supplies	278,648	320,530
Resources services supplies	249,791	231,182
Maintenance (building, property, vehicle)	239,365	146,970
Audiology	213,421	215,981
Professional services	198,659	157,158
Cafeteria operations	193,003	165,343
Other	134,317	151,087
Security	104,321	103,171
Student transportation	81,607	92,831
Professional development	68,039	41,209
Summer programs	60,286	61,520
Insurance	45,536	46,661
Early retirement incentive plan	42,269	42,752
Telephone	23,239	95,956
Bank charges	22,332	21,943
	$17,175,858	$16,669,966

14. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Atlantic Provinces Special Education Authority
Schedule 1
Accumulated Excess of Operating Grants over Expenditures
For the Year Ended March 31, 2017
(Unaudited)

	Nova Scotia	New Brunswick	Newfoundland and Labrador	Prince Edward Island	2017 Total	2016 Total
Accumulated excess of operating grants over expenditures, beginning of year	$6,419,047	$2,857,396	$333,806	$379,904	$9,990,153	$7,869,486
Add: payments received	9,831,993	6,123,627	824,661	935,041	17,715,322	17,732,036
Deduct: withdrawals	-	-	-	-	-	-
Administration and consultation (4 provinces)	949,914	758,036	514,043	146,870	2,368,863	2,250,669
Administration and consultation (3 provinces)	266,695	212,109	-	41,070	519,874	471,977
Assessment services	374,356	194,611	58,789	47,977	675,733	661,171
Centre-based programs	1,442,500	474,247	120,757	158,082	2,195,586	1,962,872
Provincial programs	5,917,106	3,749,795	99,001	472,598	10,238,500	10,191,999
ERIP	-	25,505	9,786	6,978	42,269	42,752
Amortization	21,096	6,935	1,766	2,312	32,109	29,929
Total deductions	8,971,667	5,421,238	804,142	875,887	16,072,934	15,611,369
Accumulated excess of operating grants over expenditures, end of year	$7,279,373	$3,559,785	$354,325	$439,058	$11,632,541	$9,990,153