

Financial Statements of

**TRI-BOARD STUDENT
TRANSPORTATION
SERVICES**

And Independent Auditors' Report thereon

Year ended August 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Members of Tri-Board Student Transportation Services

Opinion

We have audited the financial statements of Tri-Board Student Transportation Services (the "Entity"), which comprise:

- the statement of financial position as at August 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at end of August 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

Management is responsible for the preparation and fair presentation of the 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.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

November 4, 2022

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Statement of Financial Position

August 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 129,315	\$ 3,904,703
Accounts receivable	404,546	334,608
	<u>533,861</u>	<u>4,239,311</u>
Financial liabilities:		
Accounts payable	211,184	69,907
Accrued liabilities	316,511	4,118,315
Employee future benefits (note 5(b))	43,551	39,282
Vacation accrual (note 5(d))	27,190	31,339
Deferred capital contributions (note 3)	1,580	169,986
	<u>600,016</u>	<u>4,428,829</u>
Net debt	(66,155)	(189,518)
Non-financial assets:		
Tangible capital assets (note 2)	1,580	169,986
Prepaid expenses	69,745	24,700
	<u>71,325</u>	<u>194,686</u>
Contingencies (note 8)		
Economic dependence (note 9)		
Accumulated surplus	\$ 5,170	\$ 5,168

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Statement of Operations and Accumulated Surplus

Year ended August 31, 2022, with comparative information for 2021

	2022 Budget	2022 Actual	2021 Actual
Revenue:			
Transportation fees	\$ 43,087,770	\$ 44,158,199	\$ 38,596,590
Tri-Board administrative fees	2,232,600	1,342,977	2,123,588
Other revenue - COVID-19	–	844,333	553,604
Gain on sale of tangible capital assets	–	221,509	–
Amortization of deferred capital contributions	–	14,410	31,950
Other revenue - Ministry of Government and Consumer Services supplies	–	125,547	583,533
Deferred capital contributions transferred to operations related to disposition of property	–	153,996	–
Interest income	–	22,857	30,065
Children and Youth in Care funding	–	4,393	–
	<u>45,320,370</u>	<u>46,888,221</u>	<u>41,919,330</u>
Expenses (note 7):			
Salaries and benefits	1,200,000	1,118,538	1,206,646
Office expenses:			
Technology	300,000	254,471	236,106
Professional fees	525,000	242,205	598,174
Safety supplies and services	75,000	68,490	71,954
Amortization of tangible capital assets	–	14,410	31,950
Telephone	18,000	13,828	15,828
Maintenance	30,000	12,165	26,374
Office supplies	30,600	11,046	38,774
Travel and meetings	12,000	9,135	4,637
Staff professional development	27,000	9,143	5,713
Utilities	15,000	2,319	7,251
	<u>2,232,600</u>	<u>1,755,750</u>	<u>2,243,407</u>
Transportation expenses:			
Monthly bus contracts	34,947,270	35,717,503	31,326,808
Special education transportation	5,242,500	5,412,542	4,788,094
COVID-19 expenses	–	844,333	553,604
Bus monitor	1,036,000	1,047,141	847,120
Wheelchair transportation	610,000	613,867	480,337
Provincial day (deaf and blind)	450,000	498,561	406,555
Section 23 transportation	418,000	413,257	437,038
Bus driver training	165,000	251,610	164,181
COVID Ministry of Government and Consumer Services supplies	–	125,547	583,533
Vehicle maintenance and supplies	123,000	120,300	119,937
Provincial residential	37,000	44,519	8,208
Late busing	36,000	37,333	7,260
Children and Youth in Care students	–	4,393	–
Taxis/other special transportation	23,000	1,563	11,051
	<u>43,087,770</u>	<u>45,132,469</u>	<u>39,733,726</u>
	<u>45,320,370</u>	<u>46,888,219</u>	<u>41,977,133</u>
Annual surplus (deficit)	–	2	(57,803)
Accumulated surplus, beginning of year		5,168	62,971
Accumulated surplus, end of year		<u>\$ 5,170</u>	<u>\$ 5,168</u>

See accompanying notes to financial statements.

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Statement of Change in Net Debt

Year ended August 31, 2022, with comparative information for 2021

	2022 Budget	2022 Actual	2021 Actual
Annual surplus (deficit)	\$ —	\$ 2	\$ (57,803)
Amortization of tangible capital assets	—	14,410	31,950
Proceeds on sale of tangible capital assets	—	375,505	—
Gain on sale of tangible capital assets	—	(221,509)	—
Change in prepaid expenses	—	(45,045)	(7,467)
Decrease (increase) in net debt	—	123,363	(33,320)
Net debt, beginning of year	(189,518)	(189,518)	(156,198)
Net debt, end of year	\$ (189,518)	\$ (66,155)	\$ (189,518)

See accompanying notes to financial statements.

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Statement of Cash Flows

Year ended August 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Annual surplus (deficit)	\$ 2	\$ (57,803)
Items not involving cash:		
Amortization of tangible capital assets	14,410	31,950
Amortization of deferred capital contributions	(14,410)	(31,950)
Gain on sale of tangible capital assets	(221,509)	–
Increase in employee future benefits	4,269	20,742
Deferred capital contributions transferred to operations	(153,996)	–
Changes in non-cash operating working capital:		
Increase in accounts receivable	(69,938)	(130,541)
Increase in prepaid expenses	(45,045)	(7,467)
Increase in accounts payable	141,277	64,601
Increase (decrease) in accrued liabilities	(3,801,804)	1,059,110
Decrease in vacation accrual	(4,149)	(36,491)
Cash provided by operating activities	(4,150,893)	912,151
Capital activities:		
Proceeds on sale of tangible capital assets	375,505	–
Increase (decrease) in cash	(3,775,388)	912,151
Cash, beginning of year	3,904,703	2,992,552
Cash, end of year	\$ 129,315	\$ 3,904,703

See accompanying notes to financial statements.

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements

Year ended August 31, 2022

Tri-Board Student Transportation Services (“Tri-Board”) is a not-for-profit organization incorporated September 12, 2006 as a corporation without share capital under the Corporations Act of Ontario and, accordingly, is exempt from the payment of income taxes under the Income Tax Act (Canada). Tri-Board provides safe, secure, on-time transportation and related services to students of Algonquin and Lakeshore Catholic District School Board, the Hastings and Prince Edward District School Board and the Limestone District School Board.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(a) Reporting entity:

These financial statements reflect the assets, liabilities, revenue and expenses of Tri-Board.

(b) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they are earned and measurable; expenses are the cost of goods and services acquired in the period whether or not payment has been made or invoices received.

(c) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(d) Tangible capital assets:

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction.

Tangible capital assets, except land, are amortized on a straight-line basis over their estimated useful lives as follows:

	Rate
Building	28.5 years
Computer hardware	5 years
Computer software	5 years
Equipment	10 years

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2022

1. Significant accounting policies (continued):

(d) Tangible capital assets (continued):

When conditions indicate that a tangible capital asset no longer contributes to Tri-Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Statement of Operations and Accumulated Surplus.

(e) Government transfers:

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events are giving rise to the transfer occur, provided the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions. Amounts are deferred and recognized into revenue on the same basis as the related tangible capital asset.

(f) Revenue recognition:

Revenue from fees is recognized when the services are provided.

(g) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Items subject to such estimates and assumptions include accrued liabilities and obligations related to employee future benefits. Actual results could differ from those estimates.

(h) Retirement and other employee future benefits:

Tri-Board provides defined retirement and other future benefits to their employees. These benefits include retirement gratuity and accumulated sick leave benefits. Tri-Board has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using administration's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates.

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2022

1. Significant accounting policies (continued):

(h) Retirement and other employee future benefits (continued):

(i) (continued):

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities and life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

(ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System (“OMERS”) pensions, are the employer’s contributions due to the plan in the period.

(i) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors of Tri-Board Student Transportation Services.

Tri-Board approves its budget annually. The approved operating budget for 2021-2022 is reflected on the Statement of Operations and Accumulated Surplus. The budget was approved on May 18, 2021.

Budgets established for capital purposes are based on a project-oriented basis, the costs of which may be carried out over one or more years. Capitalization of assets, amortization and disposals were not contemplated in the development of the budget.

2. Tangible capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ –	\$ –	\$ –	\$ 1,000
Building	–	–	–	146,806
Computer hardware	–	–	–	8,880
Computer software	319,505	317,925	1,580	4,740
Equipment	–	–	–	8,560
	<u>\$ 319,505</u>	<u>\$ 317,925</u>	<u>\$ 1,580</u>	<u>\$ 169,986</u>

Cost and accumulated amortization at August 31, 2021 amounted to \$779,518 and \$609,532, respectively.

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2022

3. Deferred capital contributions:

Deferred capital contributions related to tangible capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of tangible capital assets. The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations and Accumulated Surplus.

	2022	2021
Balance, beginning of year	\$ 169,986	\$ 201,936
Amortization of deferred capital contributions	(14,410)	(31,950)
Deferred capital contributions transferred to operations	(153,996)	–
Balance, end of year	\$ 1,580	\$ 169,986

The balance of unamortized deferred capital contributions related to tangible capital assets consists of the following:

	2022	2021
Unamortized capital contributions used to purchase tangible capital assets	\$ 1,580	\$ 169,986

4. Related party transactions:

Tri-Board Student Transportation Services provides transportation and related services to students of Algonquin and Lakeshore Catholic District School Board, the Hastings and Prince Edward District School Board and the Limestone District School Board.

Tri-Board recovered transportation fees, administration fees and incremental COVID-19 expenses for providing these services from the respective school board as follows:

	2022	2021
Limestone District School Board	\$ 17,578,858	\$ 15,767,707
Hastings and Prince Edward District School Board	16,546,541	14,670,323
Algonquin and Lakeshore Catholic District School Board	12,671,553	11,468,492

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2022

5. Retirement gratuities and accumulated sick leave benefits:

(a) Retirement gratuities:

Tri-Board provides retirement gratuities to their employees. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. Tri-Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in Tri-Board's financial statements.

(b) Accumulated sick leave benefits:

Tri-Board provides accumulated sick leave benefits to their employees. Under the plan employees can accumulate unused sick leave days available for use in future years. Tri-Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in Tri-Board's financial statements.

			2022	2021
	Retirement gratuity benefit	Non-vesting accumulated sick leave benefit	Total retirement and other benefits	Total retirement and other benefits
Accrued benefit liability, opening balance	\$ 17,259	\$ 22,023	\$ 39,282	\$ 18,540
Current year benefit cost	1,556	2,234	3,790	19,677
Interest accrued	422	793	1,215	1,374
Amortized loss (gain)	(60)	2,866	2,806	2,660
Total current year expense	1,918	5,893	7,811	23,711
Benefit payments	–	(3,542)	(3,542)	(2,969)
Accrued benefit liability, closing balance	\$ 19,177	\$ 24,374	\$ 43,551	\$ 39,282
Accrued benefit obligation	\$ 24,671	\$ 44,220	\$ 68,891	\$ 67,428
Unamortized actuarial loss	(5,494)	(19,846)	(25,340)	(28,146)
Accrued benefit liability, closing balance	\$ 19,177	\$ 24,374	\$ 43,551	\$ 39,282

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2022

5. Retirement gratuities and accumulated sick leave benefits (continued):

- (c) The accrued benefit obligations for employee future benefit plans as at August 31, 2022 are based on actuarial valuations for accounting purposes. The most recent valuation of the employee future benefits was completed as at August 31, 2021 and projected to August 31, 2022.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employees, which is estimated to be 16 and 10 years for retirement gratuities and accumulated sick leave benefits, respectively. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are Tri-Board's best estimates of expected rates of:

	2022	2021
Wage and salary escalation	2.00%	2.00%
	per annum	per annum
Discount on accrued benefit obligations	1.80%	1.80%
Inflation rate	1.50%	1.50%

Retirement rates:

The retirement rates used vary based on the ages at which the employee was projected to be eligible for a reduced or unreduced OMERS pension. An age plus service factor of 90 was used to determine the eligibility dates for unreduced pensions. The retirement rates used are as follows:

Attained Age	2022 Retirement Rate	2021 Retirement Rate
Under age 55	0.00%	0.00%
Age 55 to age at unreduced pension eligibility	4.00%	4.00%
Age at unreduced pension eligibility to age 65	30.00%	30.00%
Age 65 and over	100.00%	100.00%

Normal retirement age: 61

Mortality is assumed to be in accordance with the 2014 CPM-Public Trade [2014 Canadian Pensioner Mortality (Public Sector) Table] with Improvement Scale CPM-B.

- (d) Other employee future benefits:

The value of unused vacation days accrued as of August 31, 2022 is \$27,190 (2021 - \$31,339).

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2022

6. Pension plan costs:

Employees of Tri-Board are eligible to be members of the OMERS, a multi-employer pension plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all members of the plan, Tri-Board does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The last available report for the OMERS plan was at December 31, 2021, and at that time, the plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion actuarial deficit).

The amount contributed to OMERS was \$90,683 (2021 - \$85,004) for current services and is included in salaries and benefits on the Statement of Operations and Accumulated Surplus.

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2022

7. Schedule of allocated expenses:

Tri-Board provides transportation and related services mainly to students of Algonquin and Lakeshore Catholic District School Board, Hastings and Prince Edward District School Board and Limestone District School Board. Some of these services are provided to other school boards and all of the school board cost allocations are reported as follows:

	Algonquin and Lakeshore Catholic District School Board	Hastings and Prince Edward District School Board	Limestone District School Board	Renfrew County District School Board	2022	2021
Transportation expenses:						
Monthly bus contracts	\$ 10,031,928	\$ 12,559,079	\$ 13,035,231	\$ 91,267	\$ 35,717,505	\$ 31,326,808
Special education transportation	1,143,813	1,823,640	2,445,089	–	5,412,542	4,788,094
Wheelchair transportation	102,058	255,621	256,188	–	613,867	480,337
Section 23 transportation	99,527	124,165	189,565	–	413,257	437,038
Bus monitor	243,936	427,788	375,417	–	1,047,141	847,120
Late busing	28,993	5,580	2,760	–	37,333	7,260
Taxis/other special transportation	–	1,388	175	–	1,563	11,051
Provincial day (deaf and blind)	58,486	296,610	143,465	–	498,561	406,555
Provincial residential	–	–	44,519	–	44,519	8,208
Bus driver training	67,935	88,064	95,609	–	251,608	164,181
COVID-19 MGCS supplies	33,898	43,941	47,708	–	125,547	583,533
Vehicle maintenance and supplies	40,100	40,100	40,100	–	120,300	119,937
COVID-19 expenses	235,629	293,496	315,208	–	844,333	553,604
CYIC	–	1,819	2,574	–	4,393	–
	12,086,303	15,961,291	16,993,608	91,267	45,132,469	39,733,726
Administrative expenses	585,250	585,250	585,250	–	1,755,750	2,243,407
	\$ 12,671,553	\$ 16,546,541	\$ 17,578,858	\$ 91,267	\$ 46,888,219	\$ 41,977,133

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2022

8. Contingencies:

Tri-Board is involved with pending litigation and claims which arose in the normal course of operations. Management has made accruals on the Statement of Financial Position and the Statement of Operations and Accumulated Surplus as at and for the year ended August 31, 2022 for certain litigation, based on their best estimate of the likelihood of settlement. Any adjustments arising from these matters will be provided for in future years.

9. Economic dependence:

Tri-Board's operations consist exclusively of supplying services to the Limestone District School Board, Hastings and Prince Edward District School Board, and Algonquin and Lakeshore Catholic District School Board. Tri-Board Student Transportation Services is economically dependent on these school boards for its revenue.

10. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.