

Financial Statements of

**TRI-BOARD STUDENT  
TRANSPORTATION  
SERVICES**

And Independent Auditor's Report thereon

Year ended August 31, 2023



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## **INDEPENDENT AUDITOR'S 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, 2023
- 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 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, 2023, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



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### ***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.

### ***Auditor's 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 auditor's report that includes our opinion.

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's 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 auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

November 22, 2023

# TRI-BOARD STUDENT TRANSPORTATION SERVICES

## Statement of Financial Position

August 31, 2023, with comparative information for 2022

	2023	2022
Financial assets:		
Cash	\$ 109,008	\$ 129,315
Accounts receivable	146,529	404,546
	<u>255,537</u>	<u>533,861</u>
Financial liabilities:		
Accounts payable	44,473	211,184
Accrued liabilities	87,940	316,511
Employee future benefits (note 5(b))	48,197	43,551
Vacation accrual (note 5(d))	13,962	27,190
Deferred capital contributions (note 3)	—	1,580
	<u>194,572</u>	<u>600,016</u>
Net assets (debt)	60,965	(66,155)
Non-financial assets:		
Tangible capital assets (note 2)	—	1,580
Prepaid expenses	37,939	69,745
	<u>37,939</u>	<u>71,325</u>
Contingencies (note 8)		
Economic dependence (note 9)		
Accumulated surplus	<u>\$ 98,904</u>	<u>\$ 5,170</u>

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, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
	(Note 1(i))		
Revenue:			
Transportation fees	\$ 46,844,680	\$ 47,257,995	\$ 44,158,199
Tri-Board administrative fees	2,346,425	1,989,567	1,342,977
Other revenue - COVID-19	-	746,387	844,333
Gain on sale of tangible capital assets	-		221,509
Amortization of deferred capital contributions	-	1,580	14,410
Other revenue - Ministry of Government and Consumer Services supplies	-	4,950	125,547
Deferred capital contributions transferred to operations related to disposition of property	-	-	153,996
Interest income	-	88,489	22,857
Children and Youth in Care funding	-	25,346	4,393
	49,191,105	50,114,314	46,888,221
Expenses (note 7):			
Salaries and benefits	1,219,925	1,235,050	1,118,538
Office expenses:			
Technology	330,000	275,587	254,471
Professional fees	547,500	273,257	242,205
Safety supplies and services	150,000	133,479	68,490
Amortization of tangible capital assets	-	1,580	14,410
Telephone	18,000	14,797	13,828
Maintenance	9,000	7,579	12,165
Office supplies	21,000	12,754	11,046
Travel and meetings	12,000	20,525	9,135
Staff professional development	39,000	11,293	9,143
Utilities	-	-	2,319
	2,346,425	1,985,901	1,755,750
Transportation expenses:			
Monthly bus contracts	37,969,240	38,071,998	35,717,503
Special education transportation	5,697,000	5,903,995	5,412,542
COVID-19 expenses	-	746,387	844,333
Bus monitor	1,130,760	1,154,202	1,047,141
Wheelchair transportation	668,520	654,108	613,867
Provincial day (deaf and blind)	521,640	491,643	498,561
Section 23 transportation	459,000	483,241	413,257
Bus driver training	162,000	232,898	251,610
COVID Ministry of Government and Consumer Services supplies	-	4,950	125,547
Vehicle maintenance and supplies	129,600	148,879	120,300
Provincial residential	50,760	59,152	44,519
Late busing	46,440	56,472	37,333
Children and Youth in Care students	-	25,346	4,393
Taxis/other special transportation	9,720	1,408	1,563
	46,844,680	48,034,679	45,132,469
	49,191,105	50,020,580	46,888,219
Annual surplus	-	93,734	2
Accumulated surplus, beginning of year	-	5,170	5,168
Accumulated surplus, end of year	\$ -	\$ 98,904	\$ 5,170

See accompanying notes to financial statements.

# TRI-BOARD STUDENT TRANSPORTATION SERVICES

## Statement of Change in Net Debt

Year ended August 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
Annual surplus	\$ —	\$ 93,734	\$ 2
Amortization of tangible capital assets	—	1,580	14,410
Proceeds on sale of tangible capital assets	—	—	375,505
Gain on sale of tangible capital assets	—	—	(221,509)
Change in prepaid expenses	—	31,806	(45,045)
Decrease in net debt	—	127,120	123,363
Net debt, beginning of year	(66,155)	(66,155)	(189,518)
Net assets (debt), end of year	\$ (66,155)	\$ 60,965	\$ (66,155)

See accompanying notes to financial statements.

# TRI-BOARD STUDENT TRANSPORTATION SERVICES

## Statement of Cash Flows

Year ended August 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Annual surplus	\$ 93,734	\$ 2
Items not involving cash:		
Amortization of tangible capital assets	1,580	14,410
Amortization of deferred capital contributions	(1,580)	(14,410)
Gain on sale of tangible capital assets	–	(221,509)
Increase in employee future benefits	4,646	4,269
Deferred capital contributions transferred to operations	–	(153,996)
Changes in non-cash operating working capital:		
Increase (decrease) in accounts receivable	258,017	(69,938)
Increase (decrease) in prepaid expenses	31,806	(45,045)
Increase (decrease) in accounts payable	(166,711)	141,277
Decrease in accrued liabilities	(228,571)	(3,801,804)
Decrease in vacation accrual	(13,228)	(4,149)
Cash provided by operating activities	(20,307)	(4,150,893)
Capital activities:		
Proceeds on sale of tangible capital assets	–	375,505
Decrease in cash	(20,307)	(3,775,388)
Cash, beginning of year	129,315	3,904,703
Cash, end of year	\$ 109,008	\$ 129,315

See accompanying notes to financial statements.



# TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements

Year ended August 31, 2023

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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 are amortized on a straight-line basis over their estimated useful lives as follows:

	Rate
Computer software	5 years

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# TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2023

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## 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, 2023

## 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 2022-2023 is reflected on the Statement of Operations and Accumulated Surplus. The budget was approved on May 6, 2022.

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:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Computer software	\$ 319,505	\$ 319,505	\$ –	\$ 1,580

Cost and accumulated amortization at August 31, 2022 amounted to \$319,505 and \$317,925, respectively.

# TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2023

### 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.

	2023	2022
Balance, beginning of year	\$ 1,580	\$ 169,986
Amortization of deferred capital contributions	–	(14,410)
Deferred capital contributions transferred to operations	(1,580)	(153,996)
Balance, end of year	\$ –	\$ 1,580

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

	2023	2022
Unamortized capital contributions used to purchase tangible capital assets	\$ –	\$ 1,580

### 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:

	2023	2022
Limestone District School Board	\$ 18,760,609	\$ 17,578,858
Hastings and Prince Edward District School Board	17,517,576	16,546,541
Algonquin and Lakeshore Catholic District School Board	13,630,946	12,671,553

# TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2023

## 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.

			2023	2022
	Retirement gratuity benefit	Non-vesting accumulated sick leave benefit	Total retirement and other benefits	Total retirement and other benefits
Accrued benefit liability, opening balance	\$ 19,177	\$ 24,374	\$ 43,551	\$ 39,282
Current year benefit cost	1,595	2,274	3,869	3,790
Interest accrued	458	787	1,245	1,215
Amortized loss (gain)	(111)	2,866	2,755	2,806
Total current year expense	1,942	5,927	7,869	7,811
Benefit payments	–	(3,223)	(3,223)	(3,542)
Accrued benefit liability, closing balance	\$ 21,119	\$ 27,078	\$ 48,197	\$ 43,551
Accrued benefit obligation	\$ 26,724	\$ 44,058	\$ 70,782	\$ 68,891
Unamortized actuarial loss	(5,605)	(16,980)	(22,585)	(25,340)
Accrued benefit liability, closing balance	\$ 21,119	\$ 27,078	\$ 48,197	\$ 43,551

# TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2023

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

- (c) The accrued benefit obligations for employee future benefit plans as at August 31, 2023 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, 2023.

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:

	2023	2022
Wage and salary escalation	2.00%	2.00%
	per annum	per annum
Discount on accrued benefit obligations	1.80%	1.80%
Inflation rate	1.80%	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	2023 Retirement Rate	2022 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, 2023 is \$13,962 (2022 - \$27,190).

# TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2023

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## **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, 2022, and at that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion actuarial deficit).

The amount contributed to OMERS was \$96,887 (2022 - \$90,683) 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, 2023

## 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	2023	2022
Transportation expenses:						
Monthly bus contracts	\$ 10,775,307	\$ 13,273,848	\$ 13,917,924	\$ 104,919	\$ 38,071,998	\$ 35,717,505
Special education transportation	1,303,205	1,988,786	2,612,004	–	5,903,995	5,412,542
Wheelchair transportation	142,981	259,433	251,694	–	654,108	613,867
Section 23 transportation	67,384	203,225	212,632	–	483,241	413,257
Bus monitor	262,540	473,020	418,642	–	1,154,202	1,047,141
Late busing	46,932	6,060	3,480	–	56,472	37,333
Taxis/other special transportation	–	1,408	–	–	1,408	1,563
Provincial day (deaf and blind)	48,503	246,505	196,635	–	491,643	498,561
Provincial residential	8,060	11,032	40,060	–	59,152	44,519
Bus driver training	62,860	82,044	87,994	–	232,898	251,608
COVID-19 MGCS supplies	1,337	1,732	1,881	–	4,950	125,547
COVID-19 expenses	201,525	261,235	283,627	–	746,387	844,333
CYIC	–	8,557	16,789	–	25,346	4,393
Vehicle maintenance and supplies	52,756	43,366	52,757	–	148,879	120,300
	12,973,390	16,860,251	18,096,119	104,919	48,034,679	45,132,469
Administrative expenses	661,967	661,967	661,967	–	1,985,901	1,755,750
	\$ 13,635,357	\$ 17,522,218	\$ 18,758,086	\$ 104,919	\$ 50,020,580	\$ 46,888,219



# TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2023

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## 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, 2023 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. Credit facility:

During the year, Tri-Board has negotiated a revolving demand facility in the amount of \$6,000,000 with its financial institution. Interest is to be paid at a rate of the bank's prime rate plus 1.25% per annum. The amount drawn on this facility at August 31, 2023 was \$Nil. Security of this facility includes a collective guarantee of \$6,000,000 by the Algonquin and Lakeshore Catholic District School Board, the Limestone District School Board and the Hastings and Prince Edward District School Board.

## 11. Change in accounting policy – adoption of new accounting standards:

Tri-Board adopted the following standards concurrently beginning September 1, 2022 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

PS1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

# TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2023

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## 11. Change in accounting policy – adoption of new accounting standards (continued):

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

### Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

### Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2023

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## 11. Change in accounting policy – adoption of new accounting standards (continued):

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

The adoption of these standards did not result in an accounting policy change for Tri-Board, and did not result in any adjustments to the financial statement as at September 1, 2022.

## 12. Future accounting standard adoption:

Tri-Board is in the process of assessing the impact of the upcoming new standards and the extent of the impact of their adoption on its financial statements.

Standards applicable for fiscal years beginning on or after April 1, 2023 (in effect for Tri-Board as of September 1, 2023 and for the year ending August 31, 2024):

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 *Public Private Partnerships (P3s)* provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.