

Financial Statements of

**TRI-BOARD STUDENT
TRANSPORTATION
SERVICES**

And Independent Auditor's Report thereon

Year ended August 31, 2024



KPMG LLP

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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, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net assets 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, 2024, 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.



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'. The signature is written in a cursive, stylized font. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

November 8, 2024

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Statement of Financial Position

August 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 2,183,116	\$ 109,008
Accounts receivable	167,657	146,529
	<u>2,350,773</u>	<u>255,537</u>
Financial liabilities:		
Accounts payable	77,515	44,473
Accrued liabilities	435,755	87,940
Employee future benefits (note 4(c))	53,678	48,197
Vacation accrual (note 4(d))	18,908	13,962
Deferred revenue (note 6)	1,686,175	—
	<u>2,272,031</u>	<u>194,572</u>
Net financial assets	78,742	60,965
Non-financial assets:		
Prepaid expenses	23,137	37,939
Contingencies (note 8)		
Economic dependence (note 9)		
Accumulated surplus	<u>\$ 101,879</u>	<u>\$ 98,904</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, 2024, with comparative information for 2023

	2024 Budget (Note 1(i))	2024 Actual	2023 Actual
Revenue:			
Transportation fees	\$ 48,793,380	\$ 48,992,480	\$ 47,257,995
Tri-Board administrative fees	2,405,019	1,923,307	1,989,567
Other revenue - COVID-19	—	—	746,387
Amortization of deferred capital contributions	—	—	1,580
Other revenue - Ministry of Government and Consumer Services supplies	—	9,207	4,950
Other revenue - driver retention	1,551,500	1,512,260	—
Interest income	—	132,951	88,489
Children and Youth in Care funding	—	7,965	25,346
	52,749,899	52,578,170	50,114,314
Expenses (note 7):			
Salaries and benefits	1,370,019	1,509,790	1,235,050
Office expenses:			
Technology	330,000	280,151	275,587
Professional fees	375,000	47,971	273,257
Safety supplies and services	228,000	158,396	133,479
Amortization of tangible capital assets	—	—	1,580
Telephone	21,000	13,372	14,797
Maintenance	9,000	4,835	7,579
Office supplies	21,000	14,374	12,754
Travel and meetings	15,000	21,352	20,525
Staff professional development	36,000	3,044	11,293
	2,405,019	2,053,285	1,985,901
Transportation expenses:			
Monthly bus contracts	39,426,380	38,958,275	38,071,998
Special education transportation	6,034,500	6,388,804	5,903,995
COVID-19 expenses	—	—	746,387
Bus monitor	1,182,000	1,281,420	1,154,202
Wheelchair transportation	699,000	677,584	654,108
Provincial day (deaf and blind)	528,000	390,509	491,643
Section 23 transportation	504,500	631,942	483,241
Bus driver training	168,000	235,388	232,898
Driver retention program	1,551,500	1,512,261	—
COVID Ministry of Government and Consumer Services supplies	—	9,207	4,950
Vehicle maintenance and supplies	135,000	145,446	148,879
Provincial residential	61,500	199,395	59,152
Late busing	51,000	83,714	56,472
Children and Youth in Care students	—	7,965	25,346
Taxis/other special transportation	3,500	—	1,408
	50,344,880	50,521,910	48,034,679
	52,749,899	52,575,195	50,020,580
Annual surplus	—	2,975	93,734
Accumulated surplus, beginning of year	—	98,904	5,170
Accumulated surplus, end of year	\$ —	\$ 101,879	\$ 98,904

See accompanying notes to financial statements.

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Statement of Change in Net Financial Assets

Year ended August 31, 2024, with comparative information for 2023

	2024 Budget (Note 1(i))	2024 Actual	2023 Actual
Annual surplus	\$ —	\$ 2,975	\$ 93,734
Amortization of tangible capital assets	—	—	1,580
Change in prepaid expenses	—	14,802	31,806
Increase in net financial assets	—	17,777	127,120
Net financial assets (net debt), beginning of year	—	60,965	(66,155)
Net financial assets, end of year	\$ —	\$ 78,742	\$ 60,965

See accompanying notes to financial statements.

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Statement of Cash Flows

Year ended August 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Annual surplus	\$ 2,975	\$ 93,734
Items not involving cash:		
Amortization of tangible capital assets	—	1,580
Amortization of deferred capital contributions	—	(1,580)
Increase in employee future benefits	5,481	4,646
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(21,128)	258,017
Decrease in prepaid expenses	14,802	31,806
Increase (decrease) in accounts payable	33,042	(166,711)
Increase (decrease) in accrued liabilities	347,815	(228,571)
Increase (decrease) in vacation accrual	4,946	(13,228)
Increase in deferred revenue	1,686,175	—
Cash provided by operating activities	2,074,108	(20,307)
Increase (decrease) in cash	2,074,108	(20,307)
Cash, beginning of year	109,008	129,315
Cash, end of year	\$ 2,183,116	\$ 109,008

See accompanying notes to financial statements.

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements

Year ended August 31, 2024

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

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2024

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, 2024

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 2023-2024 is reflected on the Statement of Operations and Accumulated Surplus. The budget was approved on June 21, 2023.

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.

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2024

2. Change in accounting policy – adoption of new accounting standards:

Tri-Board adopted the following standards concurrently beginning September 1, 2023 retroactively with restatement: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and adopted PSG-8 *Purchased Intangibles* prospectively.

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 nonexchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

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 P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There were no adjustments to opening balances as a result of adopting the new accounting standards.

3. 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 and administration fees for providing these services from the respective school board as follows:

	2024	2023
Limestone District School Board	\$ 19,774,454	\$ 18,760,609
Hastings and Prince Edward District School Board	18,320,228	17,517,576
Algonquin and Lakeshore Catholic District School Board	14,380,133	13,630,946

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2024

4. 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.

			2024		2023	
	Retirement gratuity benefit	Non-vesting accumulated sick leave benefit	Total retirement and other benefits	Total retirement and other benefits		
Accrued benefit liability, opening balance	\$ 21,119	\$ 27,078	\$ 48,197	\$ 43,551		
Current year benefit cost	1,631	2,315	3,946	3,869		
Interest accrued	496	787	1,283	1,245		
Amortized loss	356	2,866	3,222	2,755		
Total current year expense	2,483	5,968	8,451	7,869		
Benefit payments	—	(2,970)	(2,970)	(3,223)		
Accrued benefit liability, closing balance	\$ 23,602	\$ 30,076	\$ 53,678	\$ 48,197		
Accrued benefit obligation	\$ 23,470	\$ 39,796	\$ 63,266	\$ 70,782		
Unamortized actuarial gain (loss)	132	(9,720)	(9,588)	(22,585)		
Accrued benefit liability, closing balance	\$ 23,602	\$ 30,076	\$ 53,678	\$ 48,197		

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2024

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

- (c) The accrued benefit obligations for employee future benefit plans as at August 31, 2024 are based on actuarial valuations for accounting purposes. The most recent valuation of the employee future benefits was completed as at August 31, 2024 and projected to August 31, 2027.

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:

	2024	2023
Wage and salary escalation	2.00%	2.00%
	per annum	per annum
Discount on accrued benefit obligations	3.80%	1.80%
Inflation rate	2.00%	1.80%

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	2024 Retirement Rate	2023 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, 2024 is \$18,908 (2023 - \$13,962).

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2024

5. 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, 2023, and at that time, the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.7 billion actuarial deficit).

The amount contributed to OMERS was \$117,380 (2023 - \$96,887) for current services and is included in salaries and benefits on the Statement of Operations and Accumulated Surplus.

6. Deferred revenue:

Deferred revenue consists of fees received in advance by Tri-Board Student Transportation Services from Algonquin & Lakeshore Catholic District School Board for the 2024-25 year amounting to \$1,686,175.

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2024

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	2024 Total	2023 Total
Transportation expenses:						
Monthly bus contracts	\$ 11,141,580	\$ 13,538,777	\$ 14,177,538	\$ 100,380	\$ 38,958,275	\$ 38,071,998
Special education transportation	1,349,584	2,125,224	2,913,996	—	6,388,804	5,903,995
Wheelchair transportation	187,504	241,589	248,491	—	677,584	654,108
Section 23 transportation	64,082	235,667	332,193	—	631,942	483,241
Bus monitor	284,279	535,065	462,076	—	1,281,420	1,154,202
Late busing	72,014	8,100	3,600	—	83,714	56,472
Taxis/other special transportation	—	—	—	—	—	1,408
Provincial day (deaf and blind)	29,942	197,453	163,114	—	390,509	491,643
Provincial residential	51,215	84,622	63,558	—	199,395	59,152
Bus driver training	63,555	82,386	89,447	—	235,388	232,898
COVID-19 MGCS supplies	2,486	3,222	3,499	—	9,207	4,950
COVID-19 expenses	408,310	529,291	574,660	—	1,512,261	746,387
CYIC	—	7,965	—	—	7,965	25,346
Vehicle maintenance and supplies	48,585	48,479	48,382	—	145,446	148,879
	13,703,136	17,637,840	19,080,554	100,380	50,521,910	48,034,679
Administrative expenses	676,997	682,388	693,900	—	2,053,285	1,985,901
	\$ 14,380,133	\$ 18,320,228	\$ 19,774,454	\$ 100,380	\$ 52,575,195	\$ 50,020,580

TRI-BOARD STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2024

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, 2024 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:

Tri-Board has 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, 2024 was \$Nil (2023 - \$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.