



# OSTA

Ottawa Student  
Transportation  
Authority



## **Financial Statements**

**For the year ended August 31, 2009**

# Ottawa Student Transportation Authority

## Financial Statements

For the year ended August 31, 2009

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**OSTA**  
Ottawa Student  
Transportation  
Authority

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## Management Report

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### Management's Responsibility for the Financial Statements

The accompanying financial statements of the Ottawa Student Transportation Authority (OSTA) for the year ended August 31, 2009 are the responsibility of OSTA's management and have been prepared in compliance with legislation and in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The accounting policies followed by OSTA are included in the summary of significant accounting policies accompanying the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

OSTA's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for the preparation of the financial statements. These systems are monitored and evaluated by management.

OSTA's Board of Directors meets with management and OSTA's external auditors, as necessary, to review the financial statements and discuss any significant financial reporting or internal control matters prior to the Board of Directors' approval of the financial statements.

The financial statements have been audited by Collins Barrow Ottawa LLP, independent external auditors appointed by the members of OSTA. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on OSTA's financial statements.

General Manager

October 7, 2009

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## Auditors' Report

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### **To the Members of the Ottawa Student Transportation Authority**

We have audited the statement of financial position of the Ottawa Student Transportation Authority (OSTA) as at August 31, 2009 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the OSTA's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of OSTA as at August 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*Collins Barrow Ottawa LLP*

Chartered Accountants, Licensed Public Accountants

October 7, 2009

**Ottawa Student Transportation Authority  
Statement of Financial Position**

August 31	2009	2008
<b>Financial assets</b>		
Accounts receivable		
Member school boards (Notes 1c. and e.)	\$ 64,336	\$ 36,734
Member school boards - other (Notes 1e. and 2)	161,450	-
Other	128,555	-
<b>Total financial assets</b>	<b>354,341</b>	<b>36,734</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities		
Member school boards (Notes 1d. and e.)	167,040	41,519
Trade payables and accrued liabilities (Notes 1e., g. and h.)	152,466	25,956
Retirement and other employee future benefits (Note 2)	178,921	-
<b>Total financial liabilities</b>	<b>498,427</b>	<b>67,475</b>
<b>Net financial liabilities</b>	<b>(144,086)</b>	<b>(30,741)</b>
<b>Non-financial assets</b>		
Prepaid expenses	46,043	30,741
<b>Net liabilities</b>	<b>\$ (98,043)</b>	<b>\$ -</b>

**Financial Position**

<b>Fund balances</b>		
Operating fund (Schedule 1)	\$ -	\$ -
Capital fund (Schedule 2 and Note 3)	-	-
Reserve funds	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>
<b>Amounts to be recovered (Note 4)</b>	<b>(98,043)</b>	<b>-</b>
<b>Net financial position</b>	<b>\$ (98,043)</b>	<b>\$ -</b>

On behalf of the Board:



\_\_\_\_\_  
President



\_\_\_\_\_  
Treasurer

## Ottawa Student Transportation Authority Statement of Financial Activities

**For the year ended August 31**

**2009**

**2008**

(With comparative amounts for the period October 24, 2007 to August 31, 2008)

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenues</b>			
Recoveries from member school boards (Notes 1a. and f.)	\$ 57,864,168	\$ 56,935,830	\$ 180,437
<b>Expenditures (Notes 1b. and f.)</b>			
<b>Current</b>			
Transportation contracts	47,510,466	47,594,632	-
Provincial Schools transportation contracts	5,223,550	5,167,639	-
Public transit	3,390,702	2,360,040	-
Salaries, wages and benefits (Notes 1h. and 2)	1,452,865	1,659,975	111,583
Professional fees	58,800	49,991	16,457
Occupancy (Note 1g.)	22,057	24,095	18,000
Software licensing	41,890	31,948	-
Staff development	13,500	6,569	15,081
First aid / safety training	-	30,576	-
Communications	32,946	57,853	-
Insurance	4,200	5,501	-
Other supplies and services	42,700	30,771	33,017
	<u>57,793,676</u>	<u>57,019,590</u>	<u>194,138</u>
<b>Capital</b>			
Furniture and equipment	50,492	14,705	11,960
Computer software	-	-	5,080
Leasehold improvements	20,000	14,880	-
	<u>70,492</u>	<u>29,585</u>	<u>17,040</u>
<b>Total expenditures</b>	<u>57,864,168</u>	<u>57,049,175</u>	<u>211,178</u>
<b>Net revenues (expenditures) for the period</b>	-	(113,345)	(30,741)
<b>Increase (decrease) in non-financial assets</b>	-	15,302	30,741
<b>Decrease (increase) in net liabilities</b>	-	(98,043)	-
<b>Financing transactions and increase (decrease) in amounts to be recovered</b>			
Increase (decrease) in unfunded liabilities	-	98,043	-
<b>Increase (decrease) in fund balances</b>	-	-	-
<b>Fund balances, beginning of period</b>	-	-	-
<b>Fund balances, end of period</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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# Ottawa Student Transportation Authority

## Summary of Significant Accounting Policies

**August 31, 2009**

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### **Nature and Purpose of the Organization**

The Ottawa Student Transportation Authority (OSTA) was incorporated on October 24, 2007 as a corporation without share capital under the laws of Ontario. As a not-for-profit organization, OSTA is exempt from income taxes on its not-for-profit activities.

OSTA was established pursuant to the direction received from the Ministry of Education of Ontario to all provincial school boards on July 11, 2006 for the formation of local transportation consortia. The objects of OSTA are to act on behalf of its member school boards, being the Ottawa Catholic District School Board operating as the Ottawa Catholic School Board (OCSB) and the Ottawa-Carleton District School Board (OCDSB), to facilitate, organize and deliver safe, effective and efficient school transportation services to students in the Ottawa area on behalf of such members.

In addition to its articles of incorporation and by-laws, the operations of OSTA are governed by an operating agreement dated March 26, 2008 between OSTA and its two members noted above. The agreement continues in force until the earlier of the date on which OSTA is dissolved in accordance with applicable provisions of Ontario law or the parties unanimously agree in writing to terminate the agreement. Any amendment to the agreement must be in writing signed by all members.

The by-laws and the agreement also set out other matters, some of which are set out below.

- OSTA's membership and Board of Directors are comprised of equal representation from both school boards noted above and is therefore subject to joint control by these school boards.
- The cost of operations of OSTA is shared between its members as determined from time to time by OSTA's Board of Directors.

### **Basis of Accounting**

The financial statements are prepared by OSTA's management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants since OSTA is a government organization.

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

### **Reporting Entity**

The financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to OSTA. There are no organizations which are accountable to OSTA.

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# Ottawa Student Transportation Authority

## Summary of Significant Accounting Policies

**August 31, 2009**

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<b>Use of Estimates</b>	Since precise determination of many assets and liabilities at the financial statement date and the reported amount of expenditures and financing of expenditures during the reporting period is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and assumptions. These have been made using careful judgments, however actual results could differ from management's best estimates and assumptions as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the reporting period in which they become known.
<b>Contributed Assets, Materials and Services</b>	<p>OSTA's member school boards contribute assets, materials and services to OSTA from time to time. Assets, materials and services contributed to OSTA are reflected in these financial statement in certain circumstances. The fair value of these contributions is often difficult to determine.</p> <p>Contributions are not recognized in these financial statements unless:</p> <ul style="list-style-type: none"><li>• a fair value can be reasonably estimated;</li><li>• the related assets, materials and services are used in the normal course of operations;</li><li>• the provider of the contributions has explicitly defined the value to OSTA; and</li><li>• the value has been accepted by OSTA's Board of Directors in determining the cost of OSTA's operations to be shared between OSTA's members.</li></ul>
<b>Capital Assets</b>	The historical cost and accumulated amortization of capital assets are not reported. Capital assets are recorded as expenditures on the Statement of Financial Activities in the fiscal period of acquisition.
<b>Reserve Funds</b>	Certain amounts, as approved by OSTA's Board of Directors, could be set aside in reserve funds for future operating and capital purposes. Transfers to and/or from reserve funds would be an adjustment to the respective fund when approved. OSTA's Board of Directors has not established any reserve funds.
<b>Government Transfers</b>	Government transfers, which include grants from OSTA's member school boards, are recognized in the financial statements in the fiscal period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. Legislative grant calculations are prepared by the member school boards annually and submitted to the Ministry of Education of Ontario for final approval. These submissions by OSTA's member school boards may impact transfers made to OSTA by the member school boards, and therefore adjustments, if any, would be recorded in the fiscal period in which they occur.
<b>Investment Income</b>	Investment income earned on surplus operating funds, capital funds and reserve funds are reported as revenue as it is earned with the passage of time. No investment income has been earned by OSTA.



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# Ottawa Student Transportation Authority

## Summary of Significant Accounting Policies

**August 31, 2009**

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### **Retirement and Other Employee Future Benefits**

OSTA employees are paid by its member school boards and OSTA is charged by the member school boards for salaries, wages and benefits. Certain statutory benefits like Canada Pension Plan, Employment Insurance and Employer Health Tax are charged to OSTA as they are incurred based on statutory contribution rates. Other benefits, including retirement benefits, are borne by the respective member school boards and charged to OSTA as determined by OSTA's Board of Directors. These benefits are described below.

OSTA's member school boards provide defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, retirement gratuities, workplace safety and insurance benefits, long-term disability benefits, parental leave benefits and sick leave benefits. As part of OSTA's establishment, these liabilities have been assumed by OSTA. OSTA has adopted the following policies with respect to accounting for these employee benefits:

- a. The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, future utilization of sick days for illness related absences, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates.

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, life insurance and health care benefits for retirees, and sick leave benefits, the cost is actuarially determined using the projected benefit 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 are amortized over the expected average remaining service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workplace safety and insurance benefits, long-term disability benefits, life insurance and health care benefits for those on disability leave, and parental leave benefits, the cost is recognized immediately in the reporting period the obligating event occurs. Any actuarial gains and losses that are related to these benefits are recognized immediately in the reporting period they arise.

- b. The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are OSTA's contributions due to the plan in the reporting period through its member school boards.
- c. The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the year.

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## Ottawa Student Transportation Authority Summary of Significant Accounting Policies

**August 31, 2009**

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**Statement of Changes  
in Financial Position**

A Statement of Changes in Financial Position has not been presented since the purpose of the statement is to present cash flows from operating, financing and investing activities. OSTA has not yet established its own banking arrangements. All transactions were incurred by OSTA's member school boards on its behalf. As such there are no cash flows to report.

**Budget Figures**

Budget figures have been provided for comparative purposes and have been derived from the budget approved by OSTA's Board of Directors. The budget figures are unaudited.

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# Ottawa Student Transportation Authority

## Notes to Financial Statements

**August 31, 2009**

### 1. Related Party Transactions

As explained in the Summary of Significant Accounting policies accompanying these financial statements, OSTA is jointly controlled by the Ottawa Catholic School Board and the Ottawa-Carleton District School Board (the member school boards).

Substantially all of OSTA's revenues are or will be from the member school boards. In addition a significant portion of OSTA's expenditures are incurred by the member school boards on OSTA's behalf and charged to OSTA accordingly. Transactions occurring during the reporting period were in the normal course of operations and are measured at the exchange amount, which is the amount agreed upon by the parties. For revenues and expenditures for which the actual amount (direct cost) is not reasonably determinable the exchange amount is the agreed amount. For those revenues and expenditures which the actual amount is reasonably determinable the exchange amount is the actual amount (direct cost) of expenditures incurred by the member school boards on behalf of OSTA.

Effective September 1, 2008, some employees of each member board effectively became employees of OSTA. At this time, OSTA effectively assumed the liability for retirement and other employee future benefits for these employees. The amounts assumed will be recovered from the member boards in the year of payment of such amounts to eligible employees.

Further, as explained in the Summary of Significant Accounting Policies accompanying these financial statements, OSTA's member school boards contribute assets, materials and services to OSTA and in certain circumstances these contributions are recognized in these financial statements.

Transactions and balances with OSTA's member school boards include:

#### a. Revenues

	2009	2008
Recoveries for materials and services		
Ottawa Catholic School Board (Note 10a.)	\$ 22,936,222	\$ 82,678
Ottawa-Carleton District School Board (Note 10a.)	33,999,608	97,759
	\$ 56,935,830	\$ 180,437

#### b. Expenditures

OSTA has not yet established its own bank account. Therefore expenditures for current and capital purchases were paid by one of the member boards on behalf of OSTA and charged to OSTA accordingly.

#### c. Financial Assets

	2009	2008
Accounts receivable (See Note 2 also)		
Ottawa-Carleton District School Board	\$ 64,336	\$ 36,734

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# Ottawa Student Transportation Authority

## Notes to Financial Statements

**August 31, 2009**

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**1. Related Party Transactions (continued)**

**d. Financial Liabilities**

	2009	2008
Accounts payable and accrued liabilities Ottawa Catholic School Board	\$ 167,040	\$ 41,519

**e. Terms of Repayment**

The accounts receivable, accounts payable and accrued liabilities set out in parts c. and d. of this note are as a result of the revenues and expenditures set out in parts a. and b. of this note but exclude the assumption of retirement and other employee future benefits amounts on the establishment of OSTA set out in Note 2 to these financial statements and the amounts related to accrued vacation leave set out in part h. of this note. These amounts do not bear interest and are due on demand except for the balance of the assumption of the retirement and other employee future benefits and accrued vacation leave amounts. These latter amounts are due in the year of payment of such amounts to eligible employees.

**f. Contributed Assets, Materials and Services**

Contributions of assets, materials and services which have not been recognized in the financial statements since they are provided at no cost by the member school boards are as follows:

- administration and support;
- other overhead expenses; and
- the use of certain capital assets.

**g. Administrative Premises**

OSTA's administrative premises are owned by the Ottawa-Carleton District School Board. A lease agreement has been reached during the 2009 fiscal year with a term ending August 31, 2012. Lease rates are based on the Ministry of Education of Ontario benchmark guideline for operating costs plus annual inflationary increases. Certain other charges are also included. The agreement can be terminated at any time during the term, upon ninety days written notice. The agreement also includes a five year renewal option at comparable terms and conditions.

As at August 31, 2008 the agreement was not finalized but an accrual of \$18,000 was included in OSTA's Statement of Financial Position in trade payables and accrued liabilities as well as being reflected as an occupancy expenditure in the Statement of Financial Activities.

For the year ended August 31, 2009 the total lease amounts were \$23,256.

For the year ended August 31, 2010 the total lease amounts are expected to be \$24,779.

**h. Accrued Vacation Leave**

As at August 31, 2009 an amount of \$80,572 representing unused vacation leave is included in OSTA's Statement of Financial Position in trade payables and accrued liabilities as well as being reflected as a salaries, wages and benefits expenditure in the Statement of Financial Activities.

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## Ottawa Student Transportation Authority Notes to Financial Statements

**August 31, 2009**

### 2. Retirement and Other Employee Future Benefits

	<b>2009</b>			<b>2008</b>	
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
<b>Liabilities</b>					
Accrued employee future benefits obligation	\$ 116,411	\$ 69,256	\$ -	\$ 185,667	\$ -
Unamortized actuarial losses	(5,829)	(917)	-	(6,746)	-
Employee future benefits liability at August 31	<b>\$ 110,582</b>	<b>\$ 68,339</b>	<b>\$ -</b>	<b>\$ 178,921</b>	<b>\$ -</b>
<b>Expenses</b>					
Accrual for service	\$ 5,748	\$ 8,508	\$ -	\$ 14,256	\$ -
Interest on accrued benefit obligation	4,638	2,852	-	7,490	-
Amortization of actuarial losses	-	-	-	-	-
Employee future benefit expenses for the year	<b>\$ 10,386</b>	<b>\$ 11,360</b>	<b>\$ -</b>	<b>\$ 21,746</b>	<b>\$ -</b>

Except for workplace safety and insurance benefits; life insurance, dental and health care benefits for employees on long-term disability leave; and parental leave benefits; actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The most recent actuarial report was prepared as at August 31, 2008 effective September 1, 2008 in which there were actuarial losses with respect to retirement benefits. Commencing September 1, 2009 these actuarial losses will be amortized on a straight-line basis over the expected average remaining service life of the related employee groups which range from 7.99 to 12.66 years. The accrued employee benefits obligations presented above for 2009 are based on this actuarial report. For workplace safety and insurance benefits; and life insurance, dental and health care benefits for employees on long-term disability leave; an actuarial valuation for accounting purposes was performed as at August 31, 2009 and the liabilities were adjusted to that valuation.

In connection with its active commencement of operations on September 1, 2008, OSTA assumed retirement and other employee future benefit liabilities relating to member school boards' employees totalling \$161,450 as at September 1, 2008. This amount is reflected as an accounts receivable from member school boards as at August 31, 2009, being \$26,507 from the Ottawa Catholic School Board and \$134,943 from the Ottawa-Carleton District School Board, for a total of \$161,450, since it is not an OSTA cost of operations.

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# Ottawa Student Transportation Authority

## Notes to Financial Statements

**August 31, 2009**

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**2. Retirement and Other Employee Future Benefits (continued)**

**Retirement Benefits**

Ontario Municipal Employees Retirement System

All qualifying employees of the OSTA are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. OSTA's contributions equal the employee contributions to the plan. Employer contributions to the plan during the fiscal period ended August 31, 2009 by OSTA amounted to approximately \$66,500 (2008 - \$7,000). As this is a multi-employer pension plan, these contributions are OSTA's pension benefit expenses. No pension liability for this plan is included in the OSTA's financial statements.

Retirement Gratuities

Certain employees are entitled to retirement or termination gratuity benefits based on accumulated sick leave credits or sick days, length of service and salary at retirement.

OSTA provides these benefits through a member school board's unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in OSTA's financial statements.

During the year total gratuity payments to employees was \$nil since the number of employees who received gratuity payments in the current year was nil. The estimated accrued retirement gratuity obligation represents the liability for 8 employees.

OSTA does not maintain a specific reserve for the Retirement Gratuities plan.

Retirement Life Insurance and Health Care Benefits

OSTA provides life insurance, dental and health care benefits to a certain employee group after retirement until the members reach 65 years of age. OSTA provides these benefits through a member school board's unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in OSTA's financial statements.

During the year total retirement life insurance and health care benefit payments were \$nil.

OSTA does not maintain a specific reserve for the Retirement Life Insurance and Health Care Benefits plan.

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# Ottawa Student Transportation Authority

## Notes to Financial Statements

**August 31, 2009**

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2. **Retirement and Other Employee Future Benefits** (continued)

**Sick Leave Benefits**

OSTA provides sick leave benefits to its employees, which the employees earn throughout their employment. Permanent employees are credited with two days per month as paid sick leave in the year. Part-time employees are entitled to prorated days based on the proportion of part-time to full-time work. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreements. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. Sick day credits are paid out at the salary in effect at the time of usage. The use of accumulated sick days for sick leave compensation ceases on termination of employment. OSTA provides these benefits through the member school boards' unfunded defined benefit plans. The benefit costs and liabilities related to these plans are included in OSTA's financial statements.

Sick leave benefit payments approximated \$4,300 for the current year.

OSTA does not maintain a specific reserve for the Sick Leave Benefits plan.

**Other Employee Future Benefits**

Workplace Safety and Insurance Benefits (WSIB)

OSTA is designated as a Schedule 2 employer under the Workplace Safety and Insurance Act of Ontario. As such, OSTA is directly liable for all claims of accidental injury or industrial disease and does not participate with other employers on a pooled basis. OSTA provides these benefits through an unfunded defined benefit plan. WSIB procedures require OSTA to pay for actual costs as they are incurred. These expenses are recognized when injuries to employees occur.

During the year total workplace safety insurance payments were \$nil.

OSTA does not maintain a specific reserve for the Workplace Safety and Insurance Benefits plan.

Long-Term Disability Life Insurance and Health Care Benefits and Parental Leave Benefits

OSTA provides life insurance, dental and health care benefits to employees on long-term disability leave. OSTA is responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. OSTA provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan. The benefit costs and liabilities related to the Long-Term Disability Life Insurance and Health Care Benefits plan are included in OSTA's financial statements. The liability at August 31, 2009 is \$nil.

OSTA also provides parental leave benefits to its employees through an unfunded defined benefit plan. The benefit costs and liabilities related to parental leave benefits are included in OSTA's financial statements. The liability at August 31, 2009 is \$nil.

OSTA does not maintain specific reserves for the Long-Term Disability Life Insurance and Health Care Benefits plan or the Parental Leave Benefits plan.

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# Ottawa Student Transportation Authority

## Notes to Financial Statements

**August 31, 2009**

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**2. Retirement and Other Employee Future Benefits (continued)**

**Actuarial Assumptions**

Except for Long-Term Disability and Parental Leave benefits, the accrued benefit obligations for employee future benefit plans as at August 31, 2008 are based on actuarial valuations for accounting purposes as at August 31, 2008 effective September 1, 2008 and extrapolated to August 31, 2009. These actuarial valuations were based on assumptions about future events. The method of valuation used for retirement benefits, consisting of retirement gratuities and retirement life insurance and health care benefits, is the projected benefit method pro-rated on service, which uses management's best estimate assumptions of real interest rates, inflation rates, salary escalations, mortality, terminations, retirement ages, and insurance and health care cost trends. According to this method, the accrued benefit obligation is equal to the actuarial present value of all estimated future benefits multiplied by the ratio of an employee's service at the valuation date to the estimated total service at the estimated future date when benefits are paid.

For sick leave benefits, the accrued benefit obligation is determined as the actuarial present value of future utilization of sick leave days for illness related absences.

For claimants in receipt of WSIB benefits, the accrued benefit obligation is determined as the actuarial present value of all estimated future benefit payments.

For claimants in receipt of Long-Term Disability Life Insurance and Health Care Benefits, and Parental Leave Benefits, the accrued benefit obligation is determined as the actuarial present value of all estimated future benefit payments.

The economic assumptions used in these valuations are OSTA's best estimates of average expected rates of:

	%
Wage and salary escalation rates	
2009	3.0
Thereafter	3.0
Discount rate	4.5
Inflation rate	2.0

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## Ottawa Student Transportation Authority Notes to Financial Statements

**August 31, 2009**

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### 3. Capital Fund

At August 31, 2009 all capital expenditures have been permanently financed.

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### 4. Amounts to be Recovered

The amounts to be recovered in future years reported on the statement of financial position are comprised of the following:

	2009	2008
Amounts to be financed in future years		
Unfunded liabilities		
Retirement and other employee future benefits (Note 2) \$	178,921	\$ -
Unused vacation leave (Note 1h.)	80,572	-
Less amounts assumed on active commencement of operations (Note 2)	(161,450)	-
	\$ 98,043	\$ -

These amounts are allocated to member school boards as follows:

	2009	2008
Ottawa Catholic School Board	\$ 35,611	\$ -
Ottawa-Carleton District School Board	62,432	-
	\$ 98,043	\$ -

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### 5. Contractual Agreements

As part of OSTA's ongoing operations, transportation contracts are in place for OSTA's 2010 fiscal year with terms and conditions comparable to those in place for the 2009 fiscal year.

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### 6. Contingencies

In connection with its operations, OSTA or OSTA through its member school boards may be a defendant in certain pending or threatened litigation the outcome of which is not reasonably determinable. In the opinion of OSTA's and member school boards' management, these possible actions will not result in any material liabilities to OSTA and therefore no provision has been made in the financial statements with respect to any possible litigation. Any settlement resulting from these possible actions will be treated as an operating fund expenditure in the fiscal period in which settlement occurs.

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# Ottawa Student Transportation Authority

## Notes to Financial Statements

**August 31, 2009**

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### 7. Ontario School Boards' Insurance Exchange

Effective September 1, 2008 OSTA secured its own coverage as a separately recognized member of Ontario School Boards' Insurance Exchange (OSBIE). Prior to September 1, 2008, OSTA was a member through its member school boards. A reciprocal insurance company licensed under the Insurance Act, OSBIE insures, on a pooling basis for its members, general public liability, property damage and certain other risks. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they or predecessor school boards were members of the pool on a pro rata basis. It is anticipated that should such an assessment occur it would be funded over a period of up to five years. To August 31, 2009, no significant assessments have been made with respect to 2009 and prior.

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### 8. Tangible Capital Assets

As explained in the Summary of Significant Accounting Policies accompanying these financial statements, the historical cost and accumulated amortization of capital assets are not reported, rather capital assets are recorded as expenditures on the Statement of Financial Activities in the fiscal period of acquisition.

In accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as set out in the Public Sector Accounting Handbook PS 3150 - Tangible Capital Assets, commencing with the fiscal years beginning on or after January 1, 2009 which will be OSTA's August 31, 2010 fiscal year, tangible capital assets would be required to be accounted for and reported as assets on the Statement of Financial Position. As required by the Ministry of Education of Ontario, OSTA was to fully implement this standard with its August 31, 2009 fiscal period. On March 9, 2009 the Ministry announced that it has decided to postpone the presentation requirement of tangible capital assets on the face of the financial statements for the fiscal period August 31, 2009 to August 31, 2010. For 2008 and 2009 presentation in the notes to the financial statements only is required.

Tangible capital assets, including capital leases and subject to certain dollar value thresholds, will be initially recorded at historical cost or at their fair value if they were contributed (donated) to OSTA. Capitalization thresholds are as follows:

Leasehold improvements - land and buildings	\$ 10,000
First time equipping	All
Furniture and equipment	\$ 5,000
Computer hardware and software (including certain software licences)	\$ 5,000

# Ottawa Student Transportation Authority

## Notes to Financial Statements

**August 31, 2009**

**8. Tangible Capital Assets** (continued)

The historical cost, less any residual value, of a tangible capital asset in use with a limited life will be amortized over its estimated useful life in a rational and systematic manner appropriate to its nature and use by OSTA. Tangible capital assets that have been permanently removed from service are not amortized. Tangible capital assets that have been permanently removed from service are written down, if necessary, to their estimated current residual value. The amortization of the costs of tangible assets and their write down will be accounted for as expenses in the Statement of Financial Activities.

This change in accounting policy will be applied retroactively and OSTA's 2010 financial statements will reflect the change on a retroactive and restated basis.

For the 2008 and 2009 fiscal periods, the Public Sector Accounting Handbook Guideline 7 requires the disclosure of tangible capital asset information in the notes to the financial statements to the extent that reliable information is available.

All of OSTA's tangible capital assets are being amortized. As indicated in Note 1 to these financial statements, OSTA enjoys the use of certain capital assets that remain the property of the contributing member school boards on a no charge basis. These assets are therefore excluded from OSTA's tangible capital assets.

Amortization is provided on a straight-line basis commencing in the month of acquisition over the estimated useful life of the assets and the amortization rates are as follows:

Leasehold improvements	Lease term
First time equipping	10 years
Furniture	10 years
Equipment	5 - 15 years
Computer hardware	5 years
Computer software (including certain licences)	5 years

A summary of OSTA's tangible capital assets follows. First time equipping is included in the furniture and equipment category.

	2009			2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 26,665	\$ 2,920	\$ 23,745	\$ 11,960	\$ 100	\$ 11,860
Computer software	5,080	1,270	3,810	5,080	254	4,826
Leasehold improvements	14,880	3,720	11,160	-	-	-
	<b>\$ 46,625</b>	<b>\$ 7,910</b>	<b>\$ 38,715</b>	<b>\$ 17,040</b>	<b>\$ 354</b>	<b>\$ 16,686</b>

## Ottawa Student Transportation Authority Notes to Financial Statements

**August 31, 2009**

8. **Tangible Capital Assets** (continued)

A continuity of the August 31, 2009 balances is as follows:

	Cost				Balance end of year
	Balance beginning of year	Additions	Disposals	Transfers	
Furniture and equipment	\$ 11,960	\$ 14,705	\$ -	\$ -	\$ 26,665
Computer software	5,080	-	-	-	5,080
Leasehold improvements	-	14,880	-	-	14,880
	<b>\$ 17,040</b>	<b>\$ 29,585</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 46,625</b>

	Accumulated Amortization				Balance end of year
	Balance beginning of year	Amortization Expense	Disposals		
Furniture and equipment	\$ 100	\$ 2,820	\$ -	\$ -	\$ 2,920
Computer software	254	1,016	-	-	1,270
Leasehold improvements	-	3,720	-	-	3,720
	<b>\$ 354</b>	<b>\$ 7,556</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,910</b>

A continuity of the August 31, 2008 balances is as follows:

	Cost				Balance end of period
	Balance beginning of period	Additions	Disposals	Transfers	
Furniture and equipment	\$ -	\$ 11,960	\$ -	\$ -	\$ 11,960
Computer software	-	5,080	-	-	5,080
	<b>\$ -</b>	<b>\$ 17,040</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,040</b>

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## Ottawa Student Transportation Authority Notes to Financial Statements

**August 31, 2009**

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**8. Tangible Capital Assets** (continued)

	Accumulated Amortization			
	Balance beginning of period	Amortization Expense	Disposals	Balance end of period
Furniture and equipment	\$ -	\$ 100	\$ -	\$ 100
Computer software	-	254	-	254
	\$ -	\$ 354	\$ -	\$ 354

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**9. Employment Matter**

In connection with the establishment of OSTA and its commencement of active operations on September 1, 2008, OSTA and its member school boards are engaged in discussions with recognized employee bargaining agents of the member school boards for the purpose of establishing an appropriate bargaining unit and a recognized bargaining agent for OSTA as a new organization. Insofar as these discussions are on-going the possible outcome is uncertain. Until such time as this employment matter is resolved, OSTA will continue to acquire services from member school boards with respect to services that would otherwise be performed by OSTA employees.

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## Ottawa Student Transportation Authority Notes to Financial Statements

**August 31, 2009**

### 10. Financial Activities by Member School Board

- a. The following supplementary information is a summary of the total operating and capital expenditures and the recovery thereof reported on the Statement of Financial Activities allocated by member school board for the year ended August 31, 2009.

	<b>Total Budget</b>	<b>Total Actual</b>	<b>OCSB</b>	<b>OCDSB</b>
<b>Expenditures</b>				
Current				
Transportation contracts	\$ 47,510,466	\$ 47,594,632	\$ 20,468,612	\$ 27,126,020
Provincial Schools transportation contracts	5,223,550	5,167,639	-	5,167,639
Public transit	3,390,702	2,360,040	1,677,203	682,837
Salaries, wages and benefits	1,452,865	1,659,975	716,878	943,097
Professional fees	58,800	49,991	19,995	29,996
Occupancy	22,057	24,095	12,047	12,048
Software licensing	41,890	31,948	19,609	12,339
Staff development	13,500	6,569	3,285	3,284
First aid / safety training	-	30,576	-	30,576
Communications	32,946	57,853	28,927	28,926
Insurance	4,200	5,501	2,750	2,751
Other supplies and services	42,700	30,771	15,385	15,386
	<u>57,793,676</u>	<u>57,019,590</u>	<u>22,964,691</u>	<u>34,054,899</u>
Capital				
Furniture and equipment	50,492	14,705	7,353	7,352
Leasehold improvements	20,000	14,880	7,440	7,440
	<u>70,492</u>	<u>29,585</u>	<u>14,793</u>	<u>14,792</u>
<b>Total expenditures</b>	57,864,168	57,049,175	22,979,484	34,069,691
<b>Decrease (increase) in non-financial assets</b>	-	(15,302)	(7,651)	(7,651)
<b>Decrease (increase) in unfunded liabilities</b>	-	(98,043)	(35,611)	(62,432)
<b>Recoveries from member school boards</b>	<u>\$ 57,864,168</u>	<u>\$ 56,935,830</u>	<u>\$ 22,936,222</u>	<u>\$ 33,999,608</u>

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## Ottawa Student Transportation Authority Notes to Financial Statements

**August 31, 2009**

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**10. Financial Activities by Member School Board (continued)**

- b. The following supplementary information is a summary by member school board of the total actual operating and capital expenditures reported on the Statement of Financial Activities for use by the respective member school board as a distribution for Schedule 10 in the Ministry of Education of Ontario filing requirements for the year ended August 31, 2009. This supplementary information is not required to be subject to audit.

	<b>Total Actual</b>	<b>OCSB</b>	<b>OCDSB</b>
<b>Expenditures</b>			
Current			
Salaries and wages	\$ 1,209,234	\$ 560,882	\$ 648,352
Employee benefits	450,741	155,996	294,745
Staff development	37,145	3,285	33,860
Supplies and services	120,572	63,921	56,651
Rental expenditures	24,095	12,047	12,048
Fees and contractual services	55,177,803	22,168,560	33,009,243
	57,019,590	22,964,691	34,054,899
Capital	29,585	14,793	14,792
	\$ 57,049,175	\$ 22,979,484	\$ 34,069,691

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**11. Comparative Amounts**

In certain instances, the 2008 information presented for comparative purposes has been reclassified to conform to the financial statement presentation adopted for the current year.

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## Ottawa Student Transportation Authority Schedule 1 - Operating Fund

**For the year ended August 31** **2009** **2008**

(With comparative amounts for the period October 24, 2007 to August 31, 2008)

	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenues</b>			
Recoveries from member school boards (Notes 1a. and f.)	\$ 57,864,168	\$ 56,935,830	\$ 180,437
<b>Expenditures</b> (Notes 1b. and f.)			
Transportation contracts	47,510,466	47,594,632	-
Provincial Schools transportation contracts	5,223,550	5,167,639	-
Public transit	3,390,702	2,360,040	-
Salaries, wages and benefits (Notes 1h. and 2)	1,452,865	1,659,975	111,583
Professional fees	58,800	49,991	16,457
Occupancy (Note 1g.)	22,057	24,095	18,000
Software licensing	41,890	31,948	-
Staff development	13,500	6,569	15,081
First aid / safety training	-	30,576	-
Communications	32,946	57,853	-
Insurance	4,200	5,501	-
Other supplies and services	42,700	30,771	33,017
<b>Total expenditures</b>	<b>57,793,676</b>	<b>57,019,590</b>	<b>194,138</b>
<b>Net revenues (expenditures) for the period</b>	70,492	(83,760)	(13,701)
<b>Increase (decrease) in non-financial assets</b>	-	15,302	30,741
<b>Decrease (increase) in net liabilities</b>	70,492	(68,458)	17,040
<b>Financing transactions and increase (decrease) in amounts to be recovered</b>			
Increase (decrease) in unfunded liabilities	-	98,043	-
<b>Net transfers</b>			
Transfer from (to) capital fund	(70,492)	(29,585)	(17,040)
<b>Increase in fund balance</b>	-	-	-
<b>Fund balance, beginning of period</b>	-	-	-
<b>Fund balance, end of period</b>	\$ -	\$ -	\$ -



## Ottawa Student Transportation Authority Schedule 2 - Capital Fund

**For the year ended August 31** **2009** **2008**

(With comparative amounts for the period October 24, 2007 to August 31, 2008)

	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenues</b>			
Contributions from member school boards (Notes 1a. and f.)	\$ -	\$ -	\$ -
<b>Expenditures</b> (Notes 1b. and f.)			
Furniture and equipment	50,492	<b>14,705</b>	11,960
Computer software	-	-	5,080
Leasehold improvements	20,000	<b>14,880</b>	-
<b>Total expenditures</b>	70,492	<b>29,585</b>	17,040
<b>Net revenues (expenditures) for the period</b>	(70,492)	<b>(29,585)</b>	(17,040)
<b>Net transfers</b>			
Transfer from (to) operating fund	70,492	<b>29,585</b>	17,040
<b>Increase in fund balance</b>	-	-	-
<b>Fund balance, beginning of period</b>	-	-	-
<b>Fund balance, end of period</b>	\$ -	\$ -	\$ -