



**OSTA**

Ottawa Student  
Transportation  
Authority

**FINANCIAL STATEMENTS**

**AUGUST 31, 2020**

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

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**OSTA**  
Ottawa Student  
Transportation  
Authority

## MANAGEMENT REPORT

### Management Responsibility for the Financial Statements

The accompanying financial statements of Ottawa Student Transportation Authority (OSTA) for the year ended August 31, 2020 are the responsibility of OSTA's management and have been prepared in compliance with legislation and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

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 Marcil Lavallée, Chartered Professional Accountants, independent external auditors appointed by the members of OSTA. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on OSTA's financial statements.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

General Manager and Chief Administrative Officer

November 9, 2020  
Ottawa, Ontario

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Ottawa Student Transportation Authority

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Ottawa Student Transportation Authority ("OSTA"), which comprise the statement of financial position as at August 31, 2020, and the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of OSTA as at August 31, 2020, and the results of its operations, change in net debt 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 report. We are independent of OSTA 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 OSTA'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 OSTA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing OSTA'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 these 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.
- 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 OSTA'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 OSTA'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 OSTA 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.

We 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.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Corporations Act of Ontario, we report that, in our opinion, the accounting policies described in Note 2 to the financial statements have been applied on a basis consistent with that of the preceding year.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
November 9, 2020

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2020

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	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash	\$ 6,946,895	\$ 1,836,463
Accounts receivable		
Member school boards (Note 4b.)	122,982	594,641
Member school boards – other (Note 4c.)	358,253	301,320
Other	467,074	66,816
<b>TOTAL FINANCIAL ASSETS</b>	<b>7,895,204</b>	<b>2,799,240</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities		
Member school boards (Note 4d.)	363,037	475,121
Trade payables and accrued liabilities	265,779	354,305
Advances from member school boards (Note 4d.)	2,129,574	1,835,739
Retirement and other employee future benefits (Note 6)	238,350	213,708
Deferred capital contributions (Note 7)	41,964	89,717
Deferred revenue (Note 8)	5,066,228	17,496
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>8,104,932</b>	<b>2,986,086</b>
<b>NET DEBT</b>	<b>(209,728)</b>	<b>(186,846)</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	167,764	97,129
Tangible capital assets (Note 9)	41,964	89,717
	<b>209,728</b>	<b>186,846</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ -</b>	<b>\$ -</b>

ON BEHALF OF THE BOARD



President



Treasurer

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED AUGUST 31, 2020

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	Budget (Note 3)	2020	2019
<b>REVENUES</b>			
Recoveries from member school boards (Note 4a.)	\$ 70,823,648	\$ 61,488,255	\$ 64,353,178
Recoveries from other school boards	-	27,443	12,128
Interest and other revenue	100,000	215,102	156,700
Recognition of deferred capital contributions (Note 7)	62,174	70,222	64,405
<b>TOTAL REVENUES</b>	<b>70,985,822</b>	<b>61,801,022</b>	<b>64,586,411</b>
<b>EXPENSES</b>			
Transportation contracts	57,404,896	51,659,277	52,572,223
Public transit	10,088,207	7,265,271	9,319,268
Salaries, wages and benefits	2,231,366	2,231,935	1,983,695
Professional fees	296,666	182,680	231,577
School Active Transportation Support	220,000	83,253	117,536
Occupancy (Note 4f.)	235,650	25,206	30,612
Software licensing	64,818	66,386	57,698
Staff development	25,000	26,092	12,874
Communications	40,000	32,865	31,808
First aid/safety training	103,149	74,259	67,630
Insurance	25,026	23,560	20,340
Other supplies and services	189,053	60,016	76,745
Amortization of tangible capital assets (Note 9)	61,991	70,222	64,405
<b>TOTAL EXPENSES</b>	<b>70,985,822</b>	<b>61,801,022</b>	<b>64,586,411</b>
<b>SURPLUS FOR THE YEAR</b>	-	-	-
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	-	-	-
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 10)</b>	\$ -	\$ -	\$ -

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## STATEMENT OF CHANGE IN NET DEBT FOR THE YEAR ENDED AUGUST 31, 2020

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	2020	2019
<b>SURPLUS FOR THE YEAR</b>	\$ -	\$ -
<b>TANGIBLE CAPITAL ASSETS ACTIVITIES</b>		
Amortization of tangible capital assets (Note 9)	70,222	64,405
Acquisition of capital assets (Note 9)	(22,469)	(20,576)
	47,753	43,829
<b>OTHER NON-FINANCIAL ASSETS ACTIVITIES</b>		
Payment of prepaid expenses	(167,764)	(97,129)
Use of prepaid expenses	97,129	99,138
	(70,635)	2,009
<b>CHANGE IN NET DEBT FOR THE YEAR</b>	(22,882)	45,838
<b>NET DEBT, BEGINNING OF YEAR</b>	(186,846)	(232,684)
<b>NET DEBT, END OF YEAR</b>	\$ (209,728)	\$ (186,846)



# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2020

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	2020	2019
<b>OPERATING TRANSACTIONS</b>		
Surplus for the year	\$ -	\$ -
<b>Non-cash items:</b>		
Recognition of deferred capital contributions (Note 7)	(70,222)	(64,405)
Amortization of tangible capital assets (Note 9)	70,222	64,405
<b>Source (use) of cash</b>		
Net change in operating financial assets and liabilities (Note 11)	4,887,232	381,534
Decrease (increase) in prepaid expenses	(70,635)	2,009
	<b>4,816,597</b>	<b>383,543</b>
<b>FINANCING TRANSACTIONS</b>		
Change in advances from member school boards	293,835	-
Increase in deferred capital contributions	22,469	20,576
	<b>316,304</b>	<b>20,576</b>
<b>INVESTING TRANSACTION</b>		
Acquisition of capital assets	(22,469)	(20,576)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5,110,432</b>	<b>383,543</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,836,463</b>	<b>1,452,920</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 6,946,895</b>	<b>\$ 1,836,463</b>

Cash and cash equivalents consist of cash.

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

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### 1. 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 for income tax purposes, OSTA is exempt from income tax.

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 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 laws 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. Therefore, OSTA is 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.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements are prepared by OSTA's management in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board (PSAB) of CPA Canada since OSTA is a government organization.

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

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Reporting entity

The financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus 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.

#### Use of estimates

Since precise determination of many reported assets and liabilities and the disclosure of contingent assets and liabilities at the financial statements date and the reported amount of revenues and expenses 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 judgements, 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 or disclosed, as appropriate, in the reporting period in which they become known.

Significant estimates include assumptions used in estimating the amount and collectability of other accounts receivable, in estimating provisions for accrued liabilities, in performing actuarial valuations of retirement and other employment future benefits, establishing the values and related amortization of tangible capital assets and the recognition of deferred capital contributions.

#### Contributed assets, materials and services

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 statements in certain circumstances. The fair value of these contributions is often difficult to determine.

Contributions are not recognized in these financial statements unless:

- a fair value can be reasonably estimated;
- the related assets, materials and services are used in the normal course of operations;
- the provider of the contributions has explicitly defined the value to OSTA; and
- 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.

#### Cash and cash equivalents

Cash and cash equivalents are comprised of the net amount of cash on hand; short-term investments, if any, which are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days from the date of acquisition; and short-term temporary borrowing facilities, if any, which included bank indebtedness in the form of bank overdrafts and lines of credit which are repayable on demand and for an integral part of OSTA's cash management such that they fluctuate regularly from a borrowing to a no borrowing position.

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Tangible capital assets

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

First-time equipping	All
Furniture and equipment	\$ 5,000
Computer equipment	\$ 5,000
Leasehold improvements – land and buildings	\$ 10,000

Leases transferring substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are accounted for as expenses in the statement of operations as incurred.

The historical cost, less any residual value, of a tangible capital asset in use with a limited life is 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 written down, if necessary, to their estimated current residual value and not amortized. The amortization of the costs of tangible assets and their write-down are accounted for as expenses in the statement of operations.

Tangible capital assets are amortized on a straight-line basis, commencing in the month of acquisition, over their estimated useful lives as follows:

First-time equipping	10 years
Furniture and equipment	5-15 years
Computer equipment	5 years
Leasehold improvements	Lease term

#### Write-down of tangible capital assets

When a tangible capital asset no longer contributes to the OSTA's ability to provide services, its carrying amount is written down to residual value, if any. The excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

#### Reserves

Certain amounts, as approved by OSTA's Board of Directors, could be set aside in reserves for future operating and capital purposes or to fund existing liabilities. Reserves are internally restricted amounts and are a part of the accumulated surplus at the end of the year. Transfers to and/or from reserves would be recognized when approved. OSTA's reserves are set out in Note 10.

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Government transfers

Government transfers, which include recoveries 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. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for capital assets are recorded as deferred capital contributions (DCC) and recognized as revenue in the statement of operations at the same rate and over the same periods as the asset is amortized.

#### Investment income

Investment income earned on surplus funds is reported as revenue in the statement of operations as it is earned with the passage of time.

#### Retirement and other employee future benefits

OSTA provides 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. 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 expected usage 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 long-term discount rates.

For self-insured retirement gratuities and sick leave benefits that vest or accumulate over the periods of service provided by employees, 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 related to the expected usage of these benefits and their related assumptions are amortized over the expected average remaining service life of the employee group. The cost related to plan changes is recognized immediately in the reporting period the obligating event occurs.

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, the cost is recognized immediately in the reporting period the obligating event occurs.

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

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

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### 3. BUDGET FIGURES

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

### 4. RELATED PARTY TRANSACTIONS

As explained in Note 1, OSTA is jointly controlled by the Ottawa Catholic School Board and the Ottawa-Carleton District School Board ("the member school boards").

OSTA's revenues reported in the statement of operations are substantially all from the member school boards. In addition, a 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 are in the normal course of operations and are measured at the exchange amount, which is the amount agreed upon by the parties. Revenues and expenditures for which the actual amount (direct cost) is not reasonably determinable, the exchange amount is the agreed amount. Revenues and expenditures for 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.

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

#### a. Revenues

	2020	2019
Recoveries for materials and services (Note 16a.)		
Ottawa Catholic School Board	\$ 21,931,842	\$ 22,630,358
Ottawa-Carleton District School Board	39,556,413	41,722,820
	\$ 61,488,255	\$ 64,353,178

#### b. Financial assets

	2020	2019
Accounts receivable		
Ottawa Catholic School Board	\$ 103,531	\$ 38,092
Ottawa-Carleton District School Board	19,451	556,549
	\$ 122,982	\$ 594,641

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

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### 4. RELATED PARTY TRANSACTIONS (continued)

#### c. Terms of repayment and other accounts receivable

The accounts receivable, accounts payable and accrued liabilities with member school boards are substantially all as a result of the revenues and expenditures transacted with them, but exclude other accounts receivable amounts related to retirement and other employee future benefits as set out in Note 6 and accrued vacation leave set out in part g. of this note.

A summary of these latter amounts are as follows:

	2020	2019
Ottawa Catholic School Board		
Retirement and other future employee benefits	\$ 99,369	\$ 89,695
Accrued vacation leave and time in lieu	47,074	34,502
	<b>146,443</b>	124,197
Ottawa-Carleton District School Board		
Retirement and other future employee benefits	138,981	124,013
Accrued vacation leave and time in lieu	72,829	53,110
	<b>211,810</b>	177,123
	<b>\$ 358,253</b>	<b>\$ 301,320</b>

Amounts due from and to member school boards do not bear interest and are due on demand except for the balances related to retirement and other employee future benefits and accrued vacation leave amounts. These latter amounts are receivable in the year of payment of such amounts to eligible employees.

#### d. Financial liabilities

	2020	2019
Accounts payable and accrued liabilities		
Ottawa Catholic School Board	\$ -	\$ 364,532
Ottawa-Carleton District School Board	363,037	110,589
	<b>\$ 363,037</b>	<b>\$ 475,121</b>
Advances, without interest		
Ottawa Catholic School Board	\$ 745,548	\$ 637,746
Ottawa-Carleton District School Board	1,384,026	1,197,993
	<b>\$ 2,129,574</b>	<b>\$ 1,835,739</b>

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

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### 4. RELATED PARTY TRANSACTIONS (continued)

#### e. 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.

#### f. Administrative premises

OSTA's administrative premises are owned by the Ottawa-Carleton District School Board. A lease agreement was reached during the fiscal year with a term ending August 31, 2020. The agreement can be terminated at any time during the term, upon a ninety-day written notice.

For the year ended August 31, 2020, lease amounts total \$25,206 (2019: \$30,612).

#### g. Accrued vacation leave and time in lieu

As at August 31, 2020 an amount of \$119,903 (2019: \$87,612) representing unused vacation leave and time in lieu 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 expense in the statement of operations.

During the 2020 fiscal year, OSTA established a reserve for this liability in the amount of \$119,903 as set out in Note 10.

### 5. CREDIT FACILITY

OSTA has a credit facility for credit card advances to a maximum of \$100,000. The credit facility is secured by a general security agreement.



# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

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### 6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

	Retirement Benefits	Sick Leave Benefits	2020 Total Employee Future Benefits	2019 Total Employee Future Benefits
<b>Liabilities</b>				
Accrued employee future benefits obligations	\$ 214,811	\$ 85,726	\$ 300,537	\$ 272,876
Unamortized actuarial losses – net	(46,616)	(15,571)	(62,187)	(59,168)
Employee future benefits liability	\$ 168,195	\$ 70,155	\$ 238,350	\$ 213,708
<b>Expenses</b>				
Accrual for service	\$ 13,110	\$ 5,583	\$ 18,693	\$ 17,334
Interest on accrued benefits obligations	3,938	1,635	5,573	8,355
Amortization of actuarial losses	5,480	2,079	7,559	5,821
Employee future benefits expenses for the year	\$ 22,528	\$ 9,297	\$ 31,825	\$ 31,510
<b>Continuity of liabilities</b>				
Balance, beginning of year	\$ 145,667	\$ 68,041	\$ 213,708	\$ 274,858
Expenses for the year	22,528	9,297	31,825	31,510
Benefits paid	-	(7,183)	(7,183)	(92,660)
Balance, end of year	\$ 168,195	\$ 70,155	\$ 238,350	\$ 213,708
<b>Continuity of obligations</b>				
Balance, beginning of year	\$ 190,336	\$ 82,540	\$ 272,876	\$ 325,790
Actuarial loss	7,427	3,151	10,578	14,057
Accrual for service	13,110	5,583	18,693	17,334
Interest on accrued benefits obligations	3,938	1,635	5,573	8,355
Benefits paid	-	(7,183)	(7,183)	(92,660)
Balance, end of year	\$ 214,811	\$ 85,726	\$ 300,537	\$ 272,876
<b>Continuity of unamortized actuarial losses</b>				
Balance, beginning of year	\$ (44,669)	\$ (14,499)	\$ (59,168)	\$ (50,932)
Current year loss	(7,427)	(3,151)	(10,578)	(14,057)
Amortization of actuarial losses	5,480	2,079	7,559	5,821
Balance, end of year	\$ (46,616)	\$ (15,571)	\$ (62,187)	\$ (59,168)

Actuarial valuations for accounting purposes are performed annually using the projected benefit method prorated on services. The actuarial reports prepared indicated there were actuarial losses and gains with respect to retirement and sick leave benefits. These actuarial losses and gains are amortized on a straight-line basis over the expected average remaining service life of the related employee groups, which is approximately 8 years. 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 is also performed annually and the respective liabilities, if any, are adjusted to the respective valuation.

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

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### 6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

#### Retirement Benefits

##### Ontario Municipal Employees Retirement System

All qualifying employees of 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 contributions to the plan. Employer contributions to the plan during the fiscal period ended August 31, 2020 by OSTA amount to approximately \$163,549 (2019: \$149,498). 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 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 established a reserve for the liability under the Retirement Gratuities Plan as set out in Note 10.

#### Sick Leave Benefits

OSTA provides sick leave benefits to its employees, which the employees earn throughout their employment. OSTA and the OSSTF-ESP signed a first-time collective agreement on December 18, 2013. The accumulated sick leave plan has been grandfathered as of the signing date and no employees hired after the signing date will be eligible for the following benefits. Permanent employees hired before December 18, 2013 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. The benefit costs and liabilities related to these plans are included in OSTA's financial statements.

For employees hired after December 18, 2013, employees receive 12 days per fiscal year, pro-rated based on the proportion of full-time work. Unused days do not carry forward from year to year. After 12 days of sick leave absence, a reduced rate of pay is provided on a short-term, self-funded disability plan, for up to 120 days. Unused sick leave days from previous years can top up salary if available. Short-term leave is payable at 90% of regular salary.

OSTA established a reserve for the liability under the Sick Leave Benefits Plan as set out in Note 10.

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

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### 6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

#### Other Employee Future Benefits

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

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 as at August 31, 2020 is \$Nil (2019: \$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 as at August 31, 2020 is \$Nil (2019: \$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.

#### Actuarial assumptions

OSTA's actuarial valuations are based on assumptions about future events; therefore, actual results could differ from these assumptions.

The method of valuation used for retirement gratuities 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 expected usage of sick leave days for illness related absences.

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.

#### Actuarial assumptions (continued)

The economic assumptions used in the 2020 valuations are OSTA's best estimates of average expected rates of:

Wage and salary escalation rates	2% for each year
Discount/interest rate on accrued benefit obligations	1.4%
Inflation rate	1.5%

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

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### 6. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

#### Sensitivity

Since OSTA's employee group is considered statistically small, variations between expected and actual usage of sick leave could cause a significant difference between the expected and actual employee future benefits costs for accounting purposes. However, the variations would not be expected to be material to the financial statements as a whole.

### 7. DEFERRED CAPITAL CONTRIBUTIONS

A summary of OSTA's deferred capital contributions follows:

	2020	2019
Balance, beginning of year	\$ 89,717	\$ 133,546
Increase in deferred capital contributions	22,469	20,576
Revenue recognized for the year	(70,222)	(64,405)
Balance, end of year	\$ 41,964	\$ 89,717

### 8. DEFERRED REVENUE

In 2018, OSTA received money from the Ontario Active School Travel Fund to carry out a project. The amount received will be recognized as revenue when the project is realized. The change in deferred revenue for the year is as follows:

	2020	2019
Balance, beginning of year	\$ 17,496	\$ 49,600
Increase in deferred revenue	49,600	-
Revenue recognized for the year	(67,096)	(32,104)
Balance, end of year	\$ -	\$ 17,496

Also, OSTA received during the year, an amount of \$5,066,228 from the OCDSB related to the 2020-2021 school year.

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

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### 9. TANGIBLE CAPITAL ASSETS

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

	2020			2019		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 32,161	\$ 27,856	\$ 4,305	\$ 32,161	\$ 26,757	\$ 5,404
Computer equipment	443,591	405,932	37,659	421,122	336,809	84,313
Leasehold improvements	14,880	14,880	-	14,880	14,880	-
	<b>\$ 490,632</b>	<b>\$ 448,668</b>	<b>\$ 41,964</b>	<b>\$ 468,163</b>	<b>\$ 378,446</b>	<b>\$ 89,717</b>

A continuity of the August 31, 2020 balances is as follows:

	Cost				
	Balance beginning of year	Additions	Disposals	Transfers	Balance end of year
Furniture and equipment	\$ 32,161	\$ -	\$ -	\$ -	\$ 32,161
Computer equipment	421,122	22,469	-	-	443,591
Leasehold improvements	14,880	-	-	-	14,880
	<b>\$ 468,163</b>	<b>\$ 22,469</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 490,632</b>

	Accumulated amortization			
	Balance beginning of year	Amortization expense	Disposals	Balance end of year
Furniture and equipment	\$ 26,757	\$ 1,099	\$ -	\$ 27,856
Computer equipment	336,809	69,123	-	405,932
Leasehold improvements	14,880	-	-	14,880
	<b>\$ 378,446</b>	<b>\$ 70,222</b>	<b>\$ -</b>	<b>\$ 448,668</b>

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

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### 9. TANGIBLE CAPITAL ASSETS (continued)

A continuity of the August 31, 2019 balances is as follows:

	Cost				
	Balance beginning of year	Additions	Disposals	Transfers	Balance end of year
Furniture and equipment	\$ 26,665	\$ 5,496	\$ -	\$ -	\$ 32,161
Computer equipment	406,042	15,080	-	-	421,122
Leasehold improvements	14,880	-	-	-	14,880
	<b>\$ 447,587</b>	<b>\$ 20,576</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 468,163</b>

  

	Accumulated amortization			
	Balance beginning of year	Amortization expense	Disposals	Balance end of year
Furniture and equipment	\$ 26,665	\$ 92	\$ -	\$ 26,757
Computer equipment	272,496	64,313	-	336,809
Leasehold improvements	14,880	-	-	14,880
	<b>\$ 314,041</b>	<b>\$ 64,405</b>	<b>\$ -</b>	<b>\$ 378,446</b>

### 10. ACCUMULATED SURPLUS

#### Composition of accumulated surplus

	2020	2019
Amounts to be recovered from school boards in future years		
Retirement and other employee future benefits	\$ (238,350)	\$ (213,708)
Unused vacation leave and time in lieu	(119,903)	(87,612)
	<b>(358,253)</b>	<b>(301,320)</b>
Reserves for the above liabilities		
Retirement and other employee benefits	238,350	213,708
Unused vacation leave and time in lieu	119,903	87,612
	<b>358,253</b>	<b>301,320</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

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### 10. ACCUMULATED SURPLUS (continued)

#### Accumulated surplus allocated to member school boards

	2020	2019
Amounts to be recovered in future years		
Ottawa Catholic School Board	\$ (146,443)	\$ (124,197)
Ottawa-Carleton District School Board	(211,810)	(177,123)
	(358,253)	(301,320)
Reserves for the above liabilities		
Ottawa Catholic School Board	146,443	124,197
Ottawa-Carleton District School Board	211,810	177,123
	358,253	301,320
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>

#### Continuity of accumulated surplus

	2020	2019
Amounts to be recovered in future years		
Balance, beginning of year	\$ (301,320)	\$ (364,166)
Decrease (increase) in unfunded liabilities for the year	(56,933)	62,846
Balance, end of year	(358,253)	(301,320)
Reserves for the above liabilities		
Balance, beginning of year	301,320	364,166
Increase (decrease) in unfunded liabilities for the year	56,933	(62,846)
Balance, end of year	358,253	301,320
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>

### 11. NET CHANGE IN OPERATING FINANCIAL ASSETS AND LIABILITIES

The net change in non-cash operating financial assets and financial liabilities represents a source (use) of cash and consists of the change in the current fiscal year-end balance from the prior fiscal year-end as follows:

	2020	2019
Decrease in accounts receivable	\$ 14,468	\$ 295,495
Increase (decrease) in accounts payable and accrued liabilities	(200,610)	179,293
Increase (decrease) in retirement and other employee future benefits	24,642	(61,150)
Increase (decrease) in deferred revenue	5,048,732	(32,104)
	<b>\$ 4,887,232</b>	<b>\$ 381,534</b>

# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

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### 12. ECONOMIC DEPENDENCE

As described in Note 1, OSTA was created to act on behalf of its member school boards being the Ottawa Catholic School Board and the Ottawa-Carleton District School Board. Consequently, OSTA's capacity to carry on its operations depends substantially on its two school board members as mostly all of the transportation services are rendered to them.

### 13. CONTRACTUAL AGREEMENTS

As part of OSTA's ongoing operations, transportation contracts are in place for OSTA's 2021 fiscal year with terms and conditions comparable to those in place for the 2020 fiscal year.

### 14. CONTINGENCIES

In connection with its operations, OSTA or OSTA through its member school boards, may be a defendant in litigations, the outcome of which is not reasonably determinable. In the opinion of OSTA's and member school board's management, these possible actions will not result in any additional material liabilities to OSTA. Any costs resulting from these possible actions will be treated as an expense in the fiscal period in which they occur.

### 15. 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 general public liability, property damage and certain other risks on a pooling basis for its members. OSTA's non-owned automobile liability insurance is to a maximum of \$27,000,000. The insurance premiums are based on the reciprocal's and the member's actual claims experience. 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. As at August 31, 2020, no significant assessments have been made with respect to 2020 and prior periods.



# OTTAWA STUDENT TRANSPORTATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

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### 16. FINANCIAL ACTIVITIES BY MEMBER SCHOOL BOARD

- a. The following supplementary information is a summary of the total expenses and expenditures and the recovery thereof reported in these financial statements for the year ended August 31, 2020.

	Total	OCSB	OCDSB	Other School Boards
<b>Expenses</b>				
Transportation contracts	\$ 51,659,277	\$ 18,586,132	\$ 33,045,702	\$ 27,443
Public transit	7,265,271	2,343,920	4,921,351	-
Salaries, wages and benefits	2,231,935	860,167	1,371,768	-
Professional fees	182,680	71,720	110,960	-
School Active Transportation				
Support	83,253	32,685	50,568	-
Occupancy	25,206	9,896	15,310	-
Software licensing	66,386	27,365	39,021	-
Staff development	26,092	10,244	15,848	-
Communications	32,865	12,903	19,962	-
First aid/safety training	74,259	28,447	45,812	-
Insurance	23,560	9,250	14,310	-
Other supplies and services	60,016	23,562	36,454	-
Amortization of tangible capital assets	70,222	27,569	42,653	-
<b>Total expenses</b>	<b>61,801,022</b>	<b>22,043,860</b>	<b>39,729,719</b>	<b>27,443</b>
<b>Less: Recognition of deferred     capital contributions</b>	<b>70,222</b>	<b>27,569</b>	<b>42,653</b>	<b>-</b>
<b>Less: Recoveries, other government     sources and school boards</b>	<b>27,443</b>	<b>-</b>	<b>-</b>	<b>27,443</b>
<b>Less: Interest and other revenue</b>	<b>215,102</b>	<b>84,449</b>	<b>130,653</b>	<b>-</b>
<b>Total recoveries</b>	<b>\$ 61,488,255</b>	<b>\$ 21,931,842</b>	<b>\$ 39,556,413</b>	<b>\$ -</b>

- b. The following supplementary information is a summary by member school board of the total actual operating expenses reported on the statement of operations 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, 2020.

	Total	OCSB	OCDSB	Other School Boards
<b>Expenses</b>				
Salaries and wages	\$ 1,805,993	\$ 709,033	\$ 1,096,960	\$ -
Employee benefits	425,942	151,134	274,808	-
Staff development	26,092	10,244	15,848	-
Supplies and services	523,019	205,932	317,087	-
Rental expenses	25,206	9,896	15,310	-
Fees and contractual expenses	58,924,548	20,930,052	37,967,053	27,443
Amortization of tangible capital assets	70,222	27,569	42,653	-
<b>Total expenses</b>	<b>\$ 61,801,022</b>	<b>\$ 22,043,860</b>	<b>\$ 39,729,719</b>	<b>\$ 27,443</b>