



2015-2016 ANNUAL REPORT



TABLE OF CONTENTS

| | |
|---|--------------|
| DIRECTOR'S UPDATE | 1 |
| Board of Directors, Mission, Vision | 2 |
| 2015-16 HIGHLIGHTS | 3 |
| Route/Operator Statistics..... | 3 |
| Contract Performance Management Program | 3 |
| Bus Operator Audits | 3 |
| External Committee Involvement..... | 4 |
| Student Safety Programs | 5 |
| KEY PERFORMANCE INDICATORS (KPI'S) | 6 |
| Transportation Costs by Board..... | 6 |
| Transported Students by Board | 6 |
| Shared Board Routes | 7 |
| Average Distance to Stop | 7 |
| Vehicle Utilization | 8 |
| AUDITORS' REPORT | 9-11 |
| FINANCIAL STATEMENTS | 12-21 |

DIRECTOR'S UPDATE

The 2015-2016 Halton Student Transportation Service's (HSTS) Annual Report outlines HSTS's accomplishments and ongoing initiatives. The consortium continues to provide excellent customer service to eligible students and stakeholders from the Halton District School Board (HDSB) and the Halton Catholic District School Board (HCDSB). HSTS has met its continuous improvement objectives, with focus on:

1. Safe, equitable and inclusive transportation to students deemed eligible for transportation under the each member boards' Transportation Policy;
2. An excellent level of customer service; and,
3. Effectiveness and efficiency of the organization.

A few highlights from our eighth year of operation include:

- Additional enhancements made to the Contract Performance Management (CPM) program;
- Annual review and revision of pertinent HSTS Operating procedures to reflect changes in legislation or regulations;
- Developed ways to employ customer data analytics to enhance customer satisfaction and improve the overall customer experience;
- Updated HSTS website to enhance communication channels with our stakeholders and improve the online experience by developing video clips;
- Developed a School Staff Portal on the HSTS website to enhance communication with elementary and secondary school staff;



Highlights (cont'd)

- Professional Development opportunities provided to all staff to expand on their technical expertise and customer service skills;
- School Bus Safety Training programs were provided to every elementary (grade JK-8) school in the Region of Halton
- A Request for Proposal (RFP) was released for approximately 25% of the routes in Halton.

The Board of Directors wishes to express their sincere gratitude to the HSTS staff for their hard work, dedication and commitment to continue to provide transportation to approximately 30,000 students every day in the Halton Region.

Additionally, the Board of Directors wishes to thank Paul McMahon, HSTS past President, who retired in July 2016 for his eight years of service on the HSTS Board.

Roxana Negoï
President, HSTS Board of Directors

BOARD OF DIRECTORS

ROXANA NEGOI

President (July – August 31, 2016)

PAUL MCMAHON

President (September 1, 2015 – July 2016)

LUCY VEERMAN

Secretary/Treasurer

PAULA DAWSON

Director

STUART MILLER

Director

JANE MICHAEL

Director

KELLY AMOS

Director

MISSION STATEMENT

To provide safe and reliable transportation services in an effective and efficient manner to all eligible students in the Halton Student Transportation Services jurisdiction.

VISION STATEMENT

To provide excellent customer service to all stakeholders: students, school board personnel, parents, and members of the community while ensuring students are transported in a safe, accessible and caring environment.

2015-16 HIGHLIGHTS

Route/Operator Statistics

HSTS contracted the services of five bus companies and five taxi operators. In September 2015 a new school bus operator, Switzer-CARTY, was contracted to provide service for several routes in the Oakville area. In April 2016 EZ Taxi was contracted to provide service in the Halton Hills area. A total of 450 school bus routes were contracted with the following five school bus operators:

- Attridge Transportation Inc.
- First Student Canada ULC (Burlington & Georgetown Branches)
- Stock Transportation Ltd.
- Tyler Transport Ltd.
- Switzer-CARTY Transportation

Contract Performance Management Program

HSTS continues to monitor contract compliance and performance measures through a formalized Contract Performance Management program (CPM). The HSTS CPM was designed to mitigate risk and enhance contractor performance through active contract compliance monitoring and performance measurements.

This year HSTS enhanced the CPM program by focusing on improving Operator performance feedback documents. In 2015-16 all HSTS Bus Operators received a report card summarizing the results of their facility audits, customer service surveys, on time performance analysis, and collision data.

Bus Operator Audits

During the 2015-16 school year 10% of all school buses under contract with HSTS were audited by an independent auditing firm.

Operators are audited on the following categories:

- Driver Qualifications, Records & Reporting
- Driver Logs (Hours of Service)
- Vehicles/Maintenance
- Safety Programs





In addition to the third party audits that are performed annually, HSTS staff also conducted facility, route and bus stop audits on each of the school bus operators.

The HSTS route and bus stop audits consisted of a review of on-time arrival/ departure at bus stops and schools as well as compliance with the Highway Traffic Act. These audits were performed in a variety of ways such as a review of GPS data, following the bus through the route, (observing the arrival time at the bus stops and school, confirming adherence to posted speed limits, proper procedures at railway crossings, etc.). In addition HSTS staff continued to conduct school site visits to confirm arrival/departure times and speak with school staff to discuss any student transportation related concerns they may have.

The HSTS facility audits of each operator consisted of a review of each bus operator's contractual obligations such as driver safety training, valid driver First Aid/CPR certification, review of current driver abstracts, and confirmation of adherence to preventative maintenance schedules.

External Committee Involvement

HSTS staff continued their active participation on several committees throughout the 2015-16 school year, such as:

- Municipal Crossing Guard Committee
- Bus Planner Technical Committee
- Accessibility Coordinating Committee (HDSB)
- School Year Calendar Committees (HDSB and HCDSB)
- Student Transportation Competitive Procurement Advisory Committee
- Ontario Association of School Business Officials (OASBO)
 - OASBO Transportation Committee
 - KPI Committee
 - Accident/Incident Committee

Student Safety Programs

Ensuring student safety is an ongoing priority at HSTS. In the 2015-16 school year HSTS provided the following safety programs:

- School Bus Orientation Day (available to all first time riders)
- The Safe Rider Program - Buster the Bus (grades JK-3)
- Safe Rider Role Model Program (grades 4-8)
- Annual Trip to the Halton Safety Village (grade 2)
- School Bus Evacuation Program (available to all schools/grades)

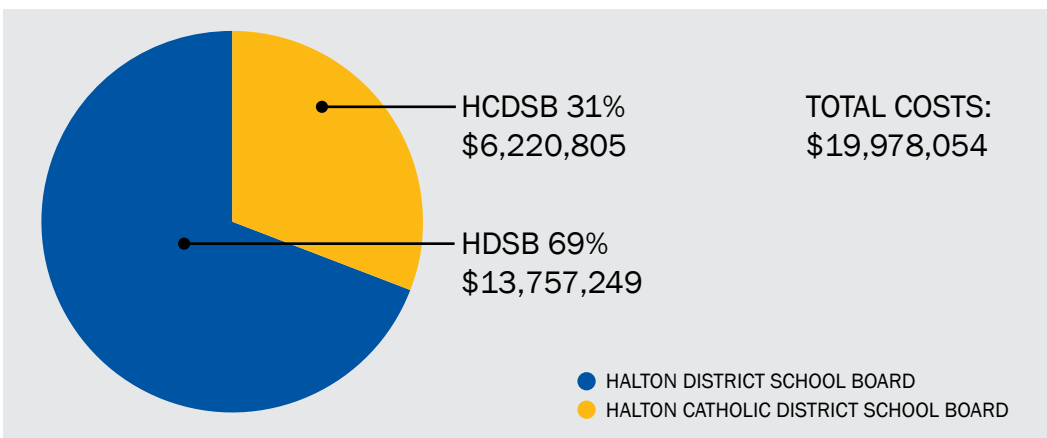


KEY PERFORMANCE INDICATORS (KPI'S)

Transportation KPI's contained within this report are based on a snap shot of data exported on October 31, 2015 from the HSTS student transportation software, Bus Planner. Student data is provided to HSTS through daily data transfer from each board's student information system, Trillium.

The chart below outlines the 2015-16 transportation costs by member board:

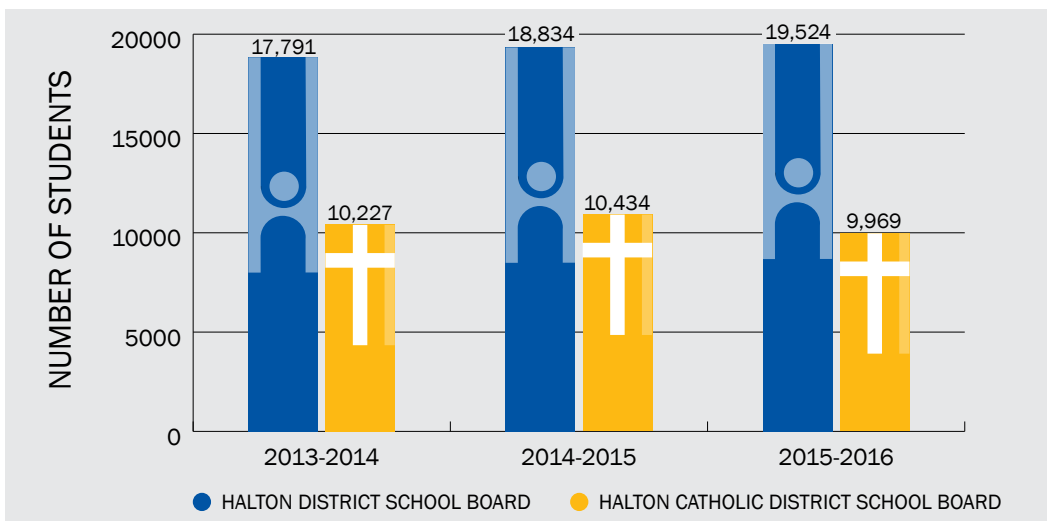
Transportation Costs by Board



Transportation costs only, administrative costs are excluded.

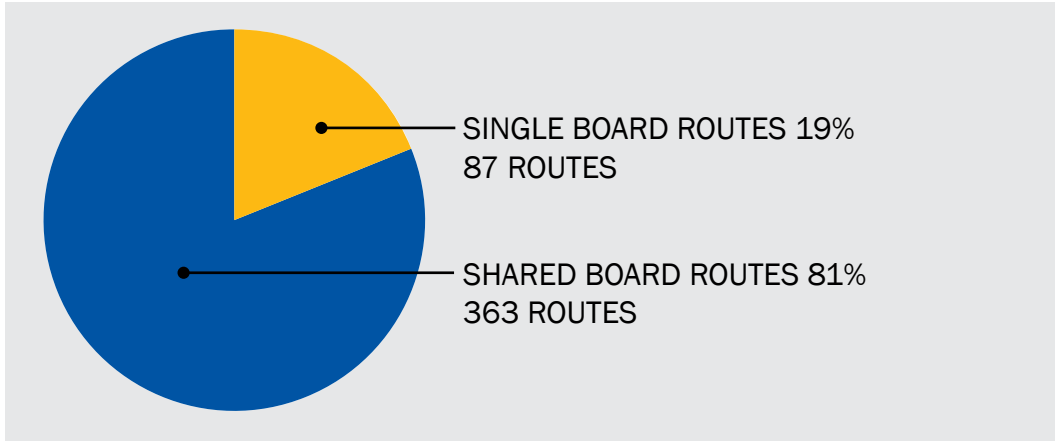
Transported Students by Board

In the 2015-16 school year HSTS transported 19,524 HDSB students and 9,969 HCDSB students. The chart below outlines the number of students transported by member board, year over year from the 2013-14 through 2015-16 school years:



Shared Board Routes

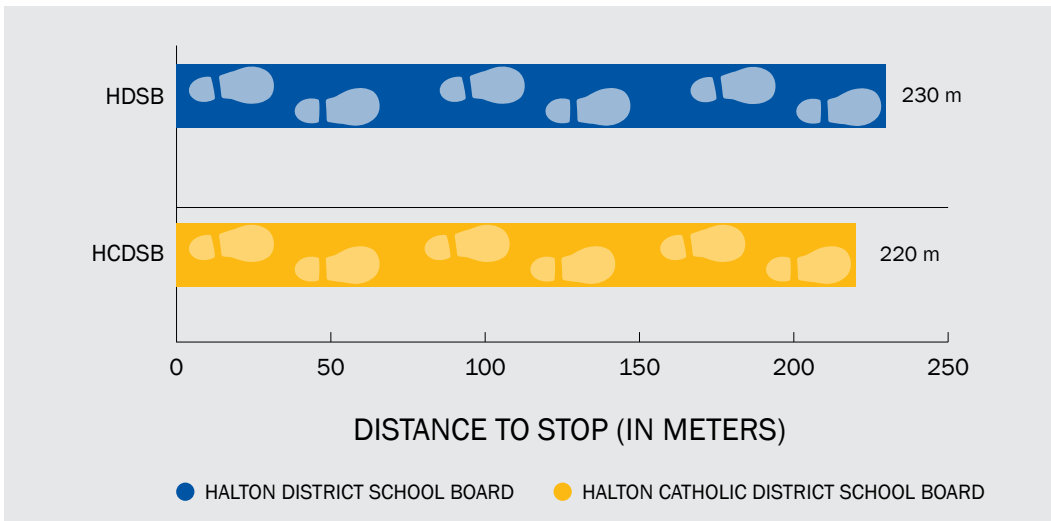
HSTS continues to maximize efficiencies through run/route sharing. The chart below outlines the percentage of routes that are shared; the majority of routes continue to be shared.



Route sharing data is based on 450 routes.

Average Distance to Stop

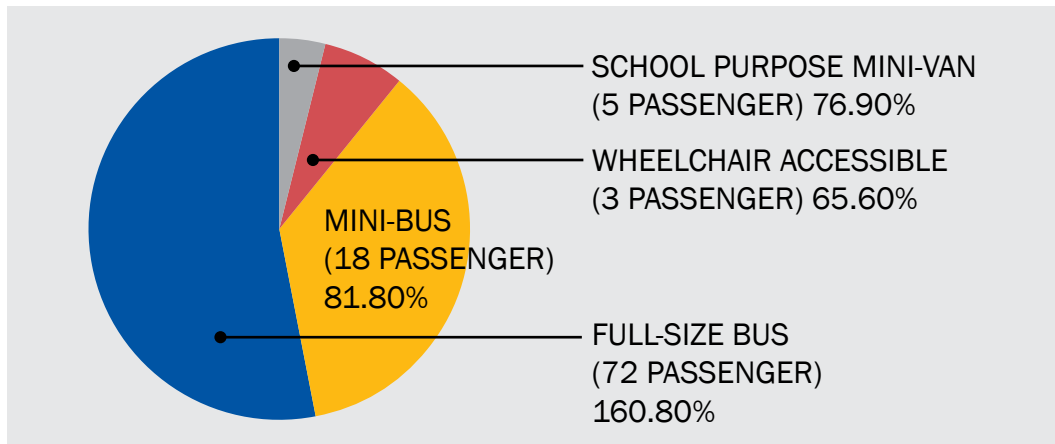
The chart below depicts the average distance to the bus stop by board for students in grades JK-8:



Data excludes students with special needs.

Vehicle Utilization

Vehicle utilization percentage indicates how efficiently each vehicle type is used. The calculation is based on the vehicle capacity/riders, all routes, and all vehicle types. As noted in the chart below, the large buses (72 passenger) utilization rate is 160.80%, up 7.10% from the 2014-15 school year. This value highlights the level of expertise of the Transportation Officers and demonstrates the ongoing efforts to maximize the use of the assets. The smaller vehicles provide service predominantly to students with special needs. Given the specialized nature of the service provided to students with special needs it does not allow for efficiency rates in the ranges of the large buses. However in a year over year comparison of utilization rates there was an increase in every vehicle class except in the wheelchair accessible category.



Vehicle utilization is based on assigned riders as of October 31st, 2015.



Financial Statements of

**HALTON STUDENT
TRANSPORTATION SERVICES**

Year ended August 31, 2016



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton Ontario L8P 4W7
Canada
Telephone (905) 523-8200
Fax (905) 523-2222

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Halton Student Transportation Services

We have audited the accompanying financial statements of Halton Student Transportation Services, which comprise the statement of financial position as at August 31, 2016, the statement of operations, changes in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

AUDITORS' REPORT



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Halton Student Transportation Services as at August 31, 2016, and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
October 18, 2016

HALTON STUDENT TRANSPORTATION SERVICES

Financial Statements

Year ended August 31, 2016

Financial Statements

| | |
|---------------------------------|---|
| Statement of Financial Position | 1 |
| Statement of Operations | 2 |
| Statement of Change in Net Debt | 3 |
| Statement of Cash Flows | 4 |
| Notes to Financial Statements | 5 |

HALTON STUDENT TRANSPORTATION SERVICES

Statement of Financial Position

August 31, 2016, with comparative information for 2015

| | 2016 | 2015 |
|--|------------|------------|
| Financial assets | | |
| Due from related parties (note 4) | \$ 300,374 | \$ 228,576 |
| Financial liabilities | | |
| Accounts payable and accrued liabilities | 27,656 | 75,977 |
| Due to related parties (note 4) | 278,580 | 158,269 |
| Deferred capital contributions (note 5) | 17,210 | 46,458 |
| | 323,446 | 280,704 |
| Net debt | (23,072) | (52,128) |
| Non-financial assets | | |
| Tangible capital assets (note 2) | 17,210 | 46,458 |
| Prepaid expenses | 6,622 | 6,430 |
| | 23,832 | 52,888 |
| Accumulated surplus | \$ 760 | \$ 760 |

See accompanying notes to financial statements.

On behalf of the Board of Directors:

ORIGINAL SIGNED BY LUCY VEERMAN Director

ORIGINAL SIGNED BY ROXANA NEGOI Director

HALTON STUDENT TRANSPORTATION SERVICES

Statement of Operations

Year ended August 31, 2016, with comparative information for 2015

| | 2016 Budget | 2016 Actual | 2015 Actual |
|---|----------------|----------------|----------------|
| Revenues | \$ 22,056,112 | \$ 21,374,800 | \$ 21,136,996 |
| Expenses: | | | |
| Transportation services | 20,529,975 | 19,978,054 | 19,746,507 |
| Administrative expenses: | | | |
| Salaries and benefits | 1,100,477 | 1,103,509 | 1,054,453 |
| Rent | 66,300 | 64,653 | 64,653 |
| Professional fees | 66,251 | 60,193 | 48,900 |
| Communication | 30,460 | 23,573 | 28,865 |
| Office supplies | 38,472 | 24,932 | 30,678 |
| Software fees and licenses | 96,000 | 46,397 | 68,180 |
| Professional development | 16,340 | 10,268 | 5,018 |
| Travel and meetings | 9,894 | 4,248 | 3,592 |
| Contractual services | 80,000 | 18,853 | 20,705 |
| Advertising | 5,610 | 1,565 | 1,751 |
| Equipment | 10,000 | 3,698 | 4,189 |
| Insurance | 5,313 | 4,795 | 4,566 |
| Amortization of tangible capital assets | - | 29,248 | 54,259 |
| Day to day maintenance | 1,020 | 814 | 680 |
| Total expenses | \$ 22,056,112 | 21,374,800 | 21,136,996 |
| Annual surplus | | - | - |
| Accumulated surplus, beginning of year | | 760 | 760 |
| Accumulated surplus, end of year | | \$ 760 | \$ 760 |

See accompanying notes to financial statements.

HALTON STUDENT TRANSPORTATION SERVICES

Statement of Changes in Net Debt

Year ended August 31, 2016, with comparative information for 2015

| | 2016 | 2015 |
|--|-------------|-------------|
| Annual surplus | \$ - | \$ - |
| Acquisition of tangible capital assets | - | (16,057) |
| Amortization of tangible capital assets | 29,248 | 54,259 |
| Other non-financial asset activity | 29,248 | 38,202 |
| Acquisition of prepaid expenses | (1,771) | (1,579) |
| Use of prepaid expenses | 1,579 | 6,794 |
| Total other non-financial asset activity | (192) | 5,215 |
| Change in net debt | 29,056 | 43,417 |
| Net debt, beginning of year | (52,128) | (95,545) |
| Net debt, end of year | \$ (23,072) | \$ (52,128) |

See accompanying notes to financial statements.

HALTON STUDENT TRANSPORTATION SERVICES

Statement of Cash Flows

Year ended August 31, 2016, with comparative information for 2015

| | 2016 | 2015 |
|---|----------|----------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual surplus | \$ - | \$ - |
| Item not involving cash: | | |
| Amortization of tangible capital assets | 29,248 | 54,259 |
| Revenue recognized from deferred capital contributions | (29,248) | (54,259) |
| Changes in non-cash working capital: | | |
| (Decrease) increase in accounts payable and accrued liabilities | (48,321) | 67,202 |
| (Increase) decrease in prepaid expenses | (192) | 5,215 |
| | (48,513) | 72,417 |
| Capital activities: | | |
| Cash used to acquire tangible capital assets | - | (16,057) |
| Deferred capital contributions received | - | 16,057 |
| | - | - |
| Investing activities: | | |
| Increase in due from related parties (note 4) | (71,798) | (19,494) |
| Increase (decrease) in due to related parties (note 4) | 120,311 | (52,923) |
| | 48,513 | (72,417) |
| Net change in cash | - | - |
| Cash, beginning of year | - | - |
| Cash, end of year | \$ - | \$ - |

See accompanying notes to financial statements.

HALTON STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements

Year ended August 31, 2016

Halton Student Transportation Services ("HSTS") on behalf of Halton District School Board and the Halton Catholic District School Board (the "School Boards") was set up to provide transportation services.

HSTS was incorporated on February 10, 2009 under the Corporations Act of Ontario as a non-profit corporation without share capital and is exempt from income taxes.

1. Significant accounting policies:

The financial statements are prepared by management in accordance with Canadian public sector accounting standards.

(a) Basis of accounting:

Revenues and expenditures 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 acquired in the period whether or not payment has been made or invoices received.

(b) Tangible capital assets:

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

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

| Asset | Estimated useful life in years |
|-------------------------|--------------------------------|
| Computer software | 5 |
| Computer hardware | 5 |
| Leasehold improvements | 5 |
| Furniture and equipment | 10 |

HALTON STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2016

1. Significant accounting policies (continued):

(c) Budget figures:

Budget figures have been provided for comparison purposes and have been approved by the Board of Directors of the Halton Student Transportation Services. Budget figures were originally approved on April 30, 2015. The revised figures, which are reported in the statement of operations, were approved December 1, 2015. The figures have been reported for the purposes of these statements to comply with Public Sector Accounting Board ("PSAB") reporting requirements. Budget figures were excluded from the Statement of Change in Net Debt as these amounts were not included in management's revised budgeted figures.

(d) Government transfers:

Government transfers, which include legislative grants, are recognized in the financial statements in the 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.

Government transfers for capital that meet the definition of liability are referred to as deferred capital contributions ("DCC"). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating accrued liabilities. Amounts recorded for amortization of tangible capital assets are based on estimates of useful service life. Actual results could differ from these estimates.

HALTON STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2016

2. Tangible capital assets:

| Cost | Balance at August 31, 2015 | Additions | Disposals | Balance at August 31, 2016 |
|-------------------------|----------------------------------|-------------|-------------|----------------------------------|
| Computer software | \$ 254,734 | \$ - | \$ - | \$ 254,734 |
| Computer hardware | 7,993 | - | - | 7,993 |
| Leasehold improvements | 14,088 | - | - | 14,088 |
| Furniture and equipment | 5,016 | - | - | 5,016 |
| Total | \$ 281,831 | \$ - | \$ - | \$ 281,831 |

| Accumulated amortization | Balance at August 31, 2015 | Disposals | Amortization Expense | Balance at August 31, 2016 |
|--------------------------|----------------------------------|-------------|-------------------------|----------------------------------|
| Computer software | \$ 219,164 | \$ - | \$ 24,329 | \$ 243,493 |
| Computer hardware | 5,596 | - | 1,599 | 7,195 |
| Leasehold improvements | 9,861 | - | 2,818 | 12,679 |
| Furniture and equipment | 752 | - | 502 | 1,254 |
| Total | \$ 235,373 | \$ - | \$ 29,248 | \$ 264,621 |

| Net book value | August 31, 2015 | August 31, 2016 |
|-------------------------|--------------------|--------------------|
| Computer software | \$ 35,570 | \$ 11,241 |
| Computer hardware | 2,397 | 798 |
| Leasehold improvements | 4,227 | 1,409 |
| Furniture and equipment | 4,264 | 3,762 |
| Total | \$ 46,458 | \$ 17,210 |

3. Economic dependence:

HSTS's operations consist exclusively of supplying services to Halton District School Board and Halton Catholic District School Board. HSTS is economically dependent on these boards for its busing revenues.

HALTON STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2016

4. Due from/to related party:

Amounts included in due from related parties are due to the following partners of HSTS:

| | 2016 | 2015 |
|------------------------------|------------|------------|
| Halton District School Board | \$ 300,274 | \$ 228,576 |

Amounts included in due to related parties are due to the following partners of HSTS:

| | 2016 | 2015 |
|---------------------------------------|------------|------------|
| Halton Catholic District School Board | \$ 278,580 | \$ 158,269 |

Amounts due from/to related parties are non-interest bearing with no fixed repayment terms.

5. Deferred capital contributions:

Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

| | 2016 | 2015 |
|---|-----------|-----------|
| Balance, beginning of year | \$ 46,458 | \$ 84,660 |
| Additions to deferred capital contributions | - | 16,057 |
| Revenue recognized in the period | (29,248) | (54,259) |
| Balance, end of year | \$ 17,210 | \$ 46,458 |

HALTON STUDENT TRANSPORTATION SERVICES

Notes to Financial Statements (continued)

Year ended August 31, 2016

6. Lease commitments:

The HSTS leases office premises with terms to October 31, 2017. The minimum annual rental under this agreement is as follows:

Fiscal year ending August 31:

| | | |
|------|----|--------|
| 2017 | \$ | 64,653 |
| 2018 | | 10,776 |
| | \$ | 75,429 |
