



Student Transportation of Eastern Ontario

2013/2014 Annual Report

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Our Business

Student Transportation of Eastern Ontario (STEO) provides transportation services for the Catholic District School Board of Eastern Ontario (CDSBEO) and the Upper Canada District School Board (UCDSB).

The organization is an effective and efficient operation which oversees the transportation of approximately 31,700 students daily.

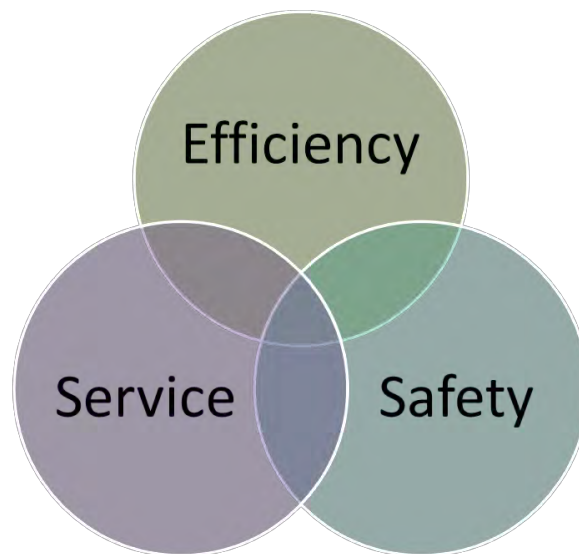
Our goal is to provide safe, efficient, and reliable transportation for our students, schools, and boards.



Philosophy

To deliver safe, effective and efficient transportation and fleet maintenance services, while providing outstanding customer service to school personnel, parents, students, peers, employees and members of the community.

Mission Statement



Service: Providing an exceptional level of service while exceeding the diversity of stakeholder needs.

Safety: Provide superior level of transportation service in a responsible and accountable manner, while ensuring the highest level of safety programs and practices for all stakeholders.

Efficiency: Is the responsible use and allocation of all resources as relates to time, cost and effort.

Vision Statement

The Consortium is committed to building a strong, efficient and integrated transportation system that will ensure safe, reliable transportation for students and communities. The Consortium will strive to improve customer service to all stakeholders by providing convenient service delivery systems.



Credo

STEO is respectful and responsive to the needs of the member boards, schools, families and students. The Consortium will operate in a seamless manner as if managed by the boards themselves.



GM/CAO's Statement

Excellent results achieved in the 2013-2014 school year.

I am pleased to report that the 2013-2014 school year was another excellent year for STEO. We continued to identify efficiencies and improved operations. We continued our efforts to manage costs and focus on operational excellence. Our objective is to provide transportation services that are safe, reliable and meet the needs of our customers, the member school boards, students and stakeholders.

We are extremely pleased with our Web site and the improved methods of communication with students, parents, schools and communities. We will continue our journey to improve our methods of communication and our focus of providing a level of service and innovation that exceeds expectations.



Fuel costs continued to rise in the 2013-2014 school year, and that created challenges for us, however, we have been able to keep tight controls on operational costs.

We will continue to develop operational efficiencies and look at better utilizing vehicle capacity, double busing, and shared busing opportunities.

In the 2013-2014 school year, the organization launched and participated in a number of initiatives aimed at maximizing efficiency which included: continued amalgamation of routes where possible, software development, further special education routing software development, and increased opportunities for shared busing.

Transportation is about moving passengers from point A to point B safely, on time, every time. We want our passengers and communities to feel valued by STEO and that they, in turn, receive good value. We want them to have confidence in our organization, our bus operators and their drivers.

Above all, we will listen to school principals, students, parents, senior administration, and the boards to deliver the services they require. We realize that department staff are key to accomplishing this goal. We ask great things of them each day and I would like to thank them again for the outstanding work and effort they give to the organization.

STEO Key Accomplishments over the past year include:

- Ministry of Education Efficiency & Effectiveness Review (High Rating)
- Efficiency & Effectiveness operational video
- Implementation of Collective Agreement
- All staff completed performance appraisals
- Further upgrades were made to the phone system
- Policies and procedures continue to be reviewed and updated as required
- Staff training and development
- Website development
- Implementation of Public Relations Plan



Outlook

In the 2014-2015 school year increasing fuel costs are an ongoing challenge which we will continue to manage and monitor very closely. We will face challenges as the consortium continues to develop, and we further consolidate operations into a high functioning organization.

Our goal is to become a world class transportation service provider.

Short term initiatives:

- Staff team building sessions
- Further GPS development
- Develop STEO Driver Handbook
- Driver certification
- On-line driver training
- Driver training programs
- Staff training
- Student Training
- MapNet/VEO development
- Implementation of Performance Measurement Software



Long term initiatives:

- Further development of automated key performance measurements (KPI)
- Preparation for enhanced GPS software on all buses
- Video cameras on buses
- Development of Route Optimization software and strategies
- Student monitoring software
- Further development of Special Education document
- Creation of Contractor Performance Dashboard

The decisions we made this year will position STEO to deliver exceptional service to all stakeholders example, route optimization, identified operational efficiencies, software enhancements, staff training, improved performance measurements, etc.

The actions taken in 2013-2014 and in the future will create a strong and vigorous organization, one that is well positioned to effectively face its challenges, deliver on its promises and take advantage of opportunities.

Transportation is a very complex and challenging business with a large number of factors that can affect operations. We put our students, schools and communities at the forefront of everything we do. We will continue to communicate our vision and priorities.

We depend on the skills of department staff to deliver operational excellence. We will continue to use a businesslike approach to our operation and development.

We look to the future with confidence and pride.

Ron Cotnam

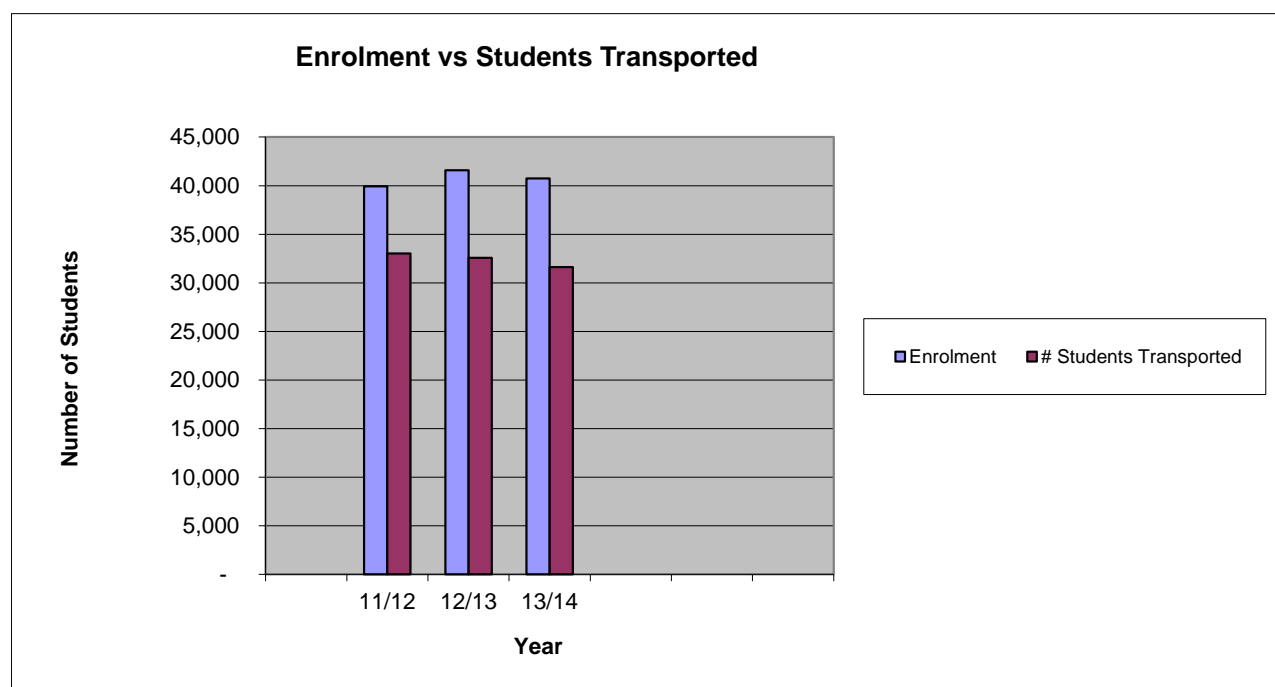
Student Transportation of Eastern Ontario
General Manager/CAO



2013-2014 Highlights

We transported approximately 31,700 students daily, 63,400 trips, which accounted for a total of 11,919,200 trips completed during the year.

Statistics—Enrolment vs Students Transported



Fact: *Transportation Canada's research shows that on a per passenger, per kilometer basis, the occupant of a school bus is 16 times less likely to be in a road collision than the occupant of any*

We are proud of the achievements of the past year and of the progress we have made which has allowed us to continue to enhance and improve operations of the organization. Full credit for these achievements goes to our staff. They are our ambassadors and we are proud of the tremendous job they do every day. They continue to show immense commitment and work tirelessly to deliver great service to our students and schools.

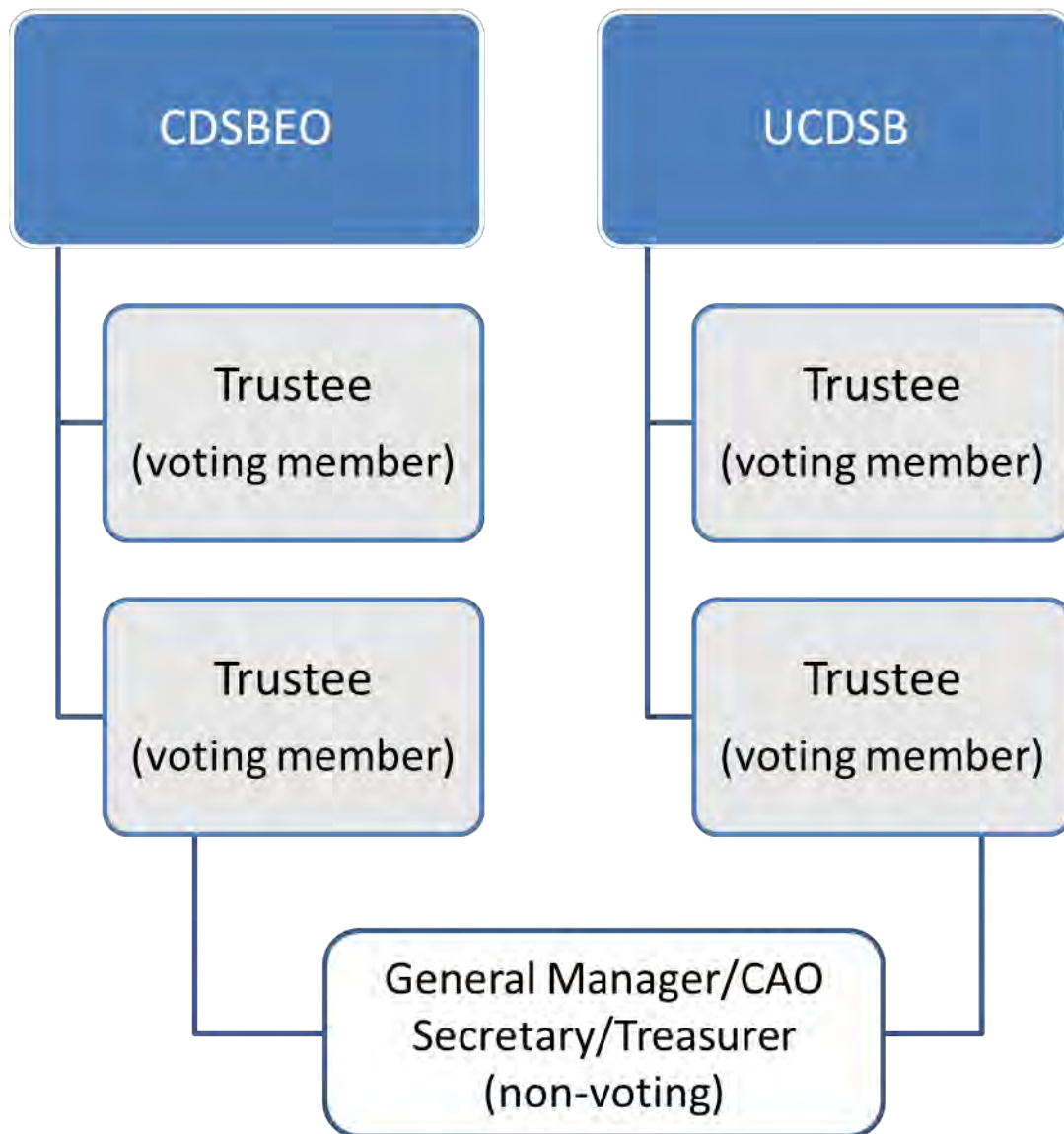


We will begin developing new routing for the 2015-2016 school year, taking into consideration opportunities for integrating transportation requirements of both school boards. In completing the tasks we will be fair, consistent, flexible, cost-effective and will ensure a balance between service and efficiency.

We will listen and respond to our students, parents, school staff, senior administration, and boards as we aggressively manage operating costs.

Fact: Over 800,000 children are transported daily in Ontario. According to Transport Canada, the yellow and black school bus is the safest mode of transportation for school children in terms of construction, driver standards, training and passenger safety.

STEO Board of Directors Organizational Chart



STEO Board of Directors



Board Chair—Jeff McMillan



Trustee—David McDonald (UCDSB)

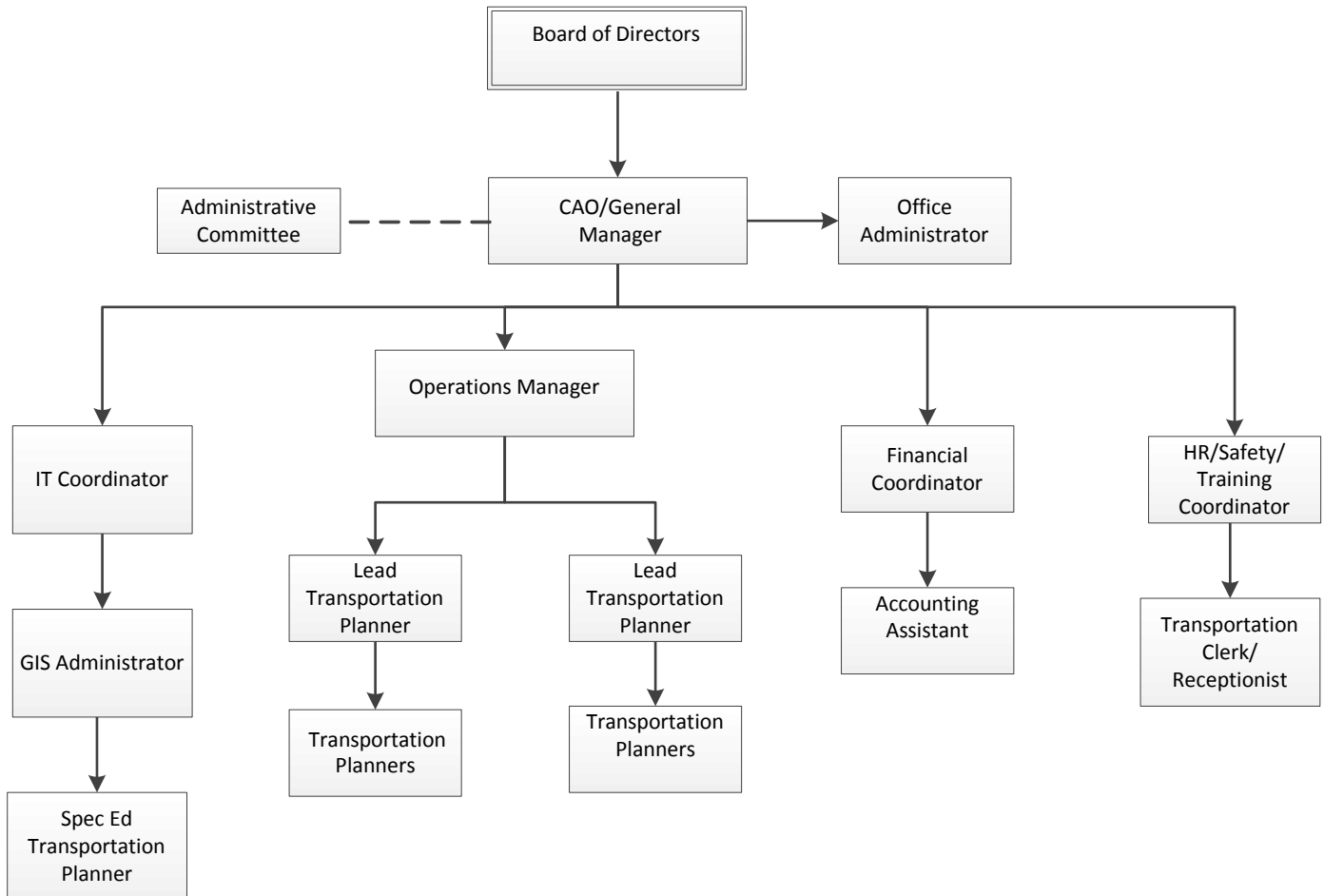


Trustee—Ronald Eamer (CDSBEO)



Trustee—Robin Reil (CDSBEO)

STEO Organization Chart



“Great Vision with Great People Defines Success”

Key Members of the Management Team

Operations Manager

A key member of the Operations team, the Operations Manager is responsible for managing the day to day transportation of students within STEO's service area. This includes overseeing the design and implementation of routes that maximize safety, efficiency and effectiveness. The Operations Manager recommends and develops draft policies, procedures and practices. The incumbent focuses on customer service and the development of relationships with member boards, the MOE and bus contractors that will enable STEO to achieve its objectives. The Operations Manager provides strategic advice to the GM/CAO and keeps the GM/CAO aware of real and perceived issues. The Operations Manager monitors expenditures and manages the human resources of the Division.

I.T. Coordinator

A key member of the Information Technology team, the Information Technology Coordinator is responsible for managing the Information Technology operations of the organization. This includes the design and implementation of safe, efficient and effective computerized student transportation systems. The Information Technology Coordinator also oversees all administrative systems including the purchasing and maintenance of office hardware, software and telephone systems. He focuses on customer service, the establishment of and adherence to appropriate internal controls, and the meeting of all student transportation deadlines. Advice is provided to senior management on information technology policies, reporting issues, authorization policies and continuous improvement. The Information Technology Coordinator also develops and monitors operating budgets, and manages the human resources of the Division.



Key Members of the Management Team (cont'd)

HR/Safety/Training Coordinator

A key member of the Leadership team, the Human Resources (HR), Safety and Training Coordinator is responsible for providing human resources, safety and training support. HR responsibilities include recruitment, benefits and collective agreement administration. Safety and training responsibilities include conducting incident investigations, developing and delivering safety training modules, ensuring service and maintenance standards are being met, and liaison with stakeholders such as the Ontario School Boards' Insurance Exchange (OSBIE). Overall portfolio day-to-day operational responsibilities include records maintenance, policy and procedure development. The incumbent focuses on customer service, the establishment of and adherence to appropriate internal controls, and the meeting of all deadlines. Advice is provided to senior management on relevant policies, reporting issues, and continuous improvement. The HR, Safety and Training Coordinator also develops and monitors operating budgets, and manages the human resources of the Division.



Financial Coordinator

A key member of the Finance and Administration team, the Financial Coordinator is responsible for managing the accounting and financial operations of the organization. This entails leadership of the Billing, Accounts Payable, Accounts Receivable, and General Accounting functions, which encompass all expenditure and revenue transactions of the consortium. The incumbent is also responsible for the consortium's banking and investments and all corporate and external regulatory reporting such as the annual budget and year-end financial statements. The Financial Coordinator is also responsible for payroll. The incumbent focuses on customer service, the establishment of and adherence to appropriate internal controls, and the meeting of all accounting deadlines. Advice is provided to senior management on accounting policies, reporting issues, authorization policies and continuous improvement. The Financial Coordinator also develops and monitors operating budgets, and manages the human resources of the Division.

Efficiency and Effectiveness Review

Eastern Ontario's student transportation consortium has achieved the province's highest rating for efficiency and effectiveness, just three years after its formation by the Catholic District School Board of Eastern Ontario (CDSBEO) and the Upper Canada District School Board (UCDSB).

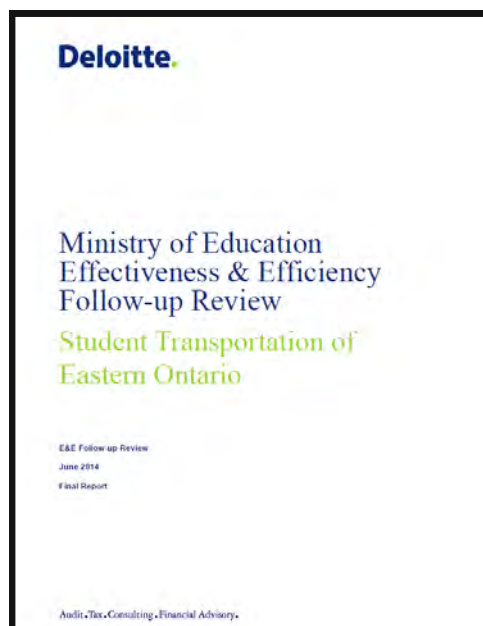
The Ministry of Education's Effectiveness and Efficiency Review of Student Transportation of Eastern Ontario (STEO) concentrated on four key areas such as consortium management, policies and practices, routing and technology, and contracting. The goal of the review was not only to ensure students are safely transported to and from school each day, but to determine if the consortium is operating in an efficient and cost effective manner.

In March 2014, Deloitte, the firm leading the review for the Ministry of Education found that the consortium was functioning at an extremely high operational level.

"[STEO] has gone from two independently operated transportation departments to a highly effective and efficient integrated consortium," its June report stated.

In fact, it added, STEO "could be emulated by other transportation consortia across the province. The strategies, policies and processes STEO has developed are considered best practices in the industry," the report said.

The consortium operates as a legal corporation with a Board of Directors drawn from the two school boards — CDSBEO trustees Ron Eamer and Robin Reil and UCDSB trustees Jeff McMillan and David McDonald. The organization is led by Ron Cotnam, CAO.



Operation's Summary

The 2013-2014 school year focus was preparing for the Ministry of Education Effectiveness and Efficiency (E&E) Follow-Up Review. The initial review, back in 2011, outlined incremental findings and recommendations for changes.

Well defined policies were created to ensure that the levels of service provided were clearly documented. Consistency provided the baseline necessary to harmonize critical planning policies and organizational procedures.

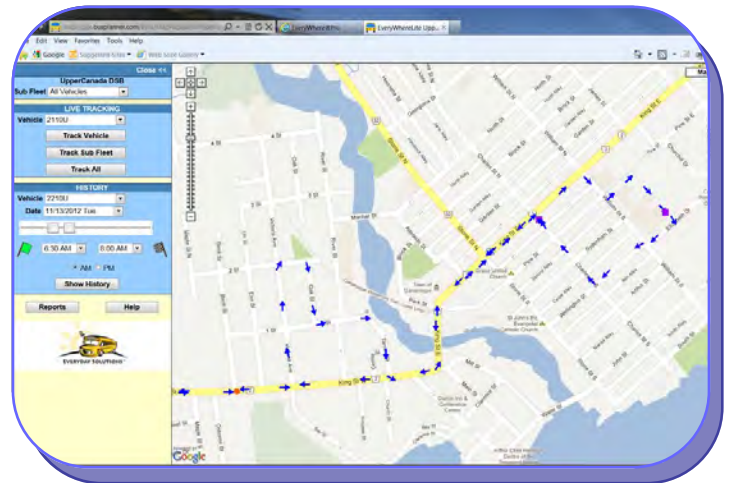
Analysis of walk to school distances were made and provided to the Boards in an attempt to harmonize the policy. The harmonization of the policy created service that is fair and equitable amongst the Boards.

The coding structures within MapNet were enhanced to fully meet the expectations of the E&E process.

Effective route planning is a key function of any high performing transportation operation. Maximizing the use of the fleet and controlling costs while delivering a high level of service to students using each mode of transportation.

A key benefit of modern routing software is the ability to quickly gather, collate and analyze large data sets. In November, the Operations team began the planning process to identify 2014-2015 route efficiency opportunities. The review included routing CDSBEO and UCDSB schools together, bell time adjustments, the reduction of kilometers and improved pairing.

Transportation Planners participated in a number of training sessions to expand their current knowledge of the transportation routing software.



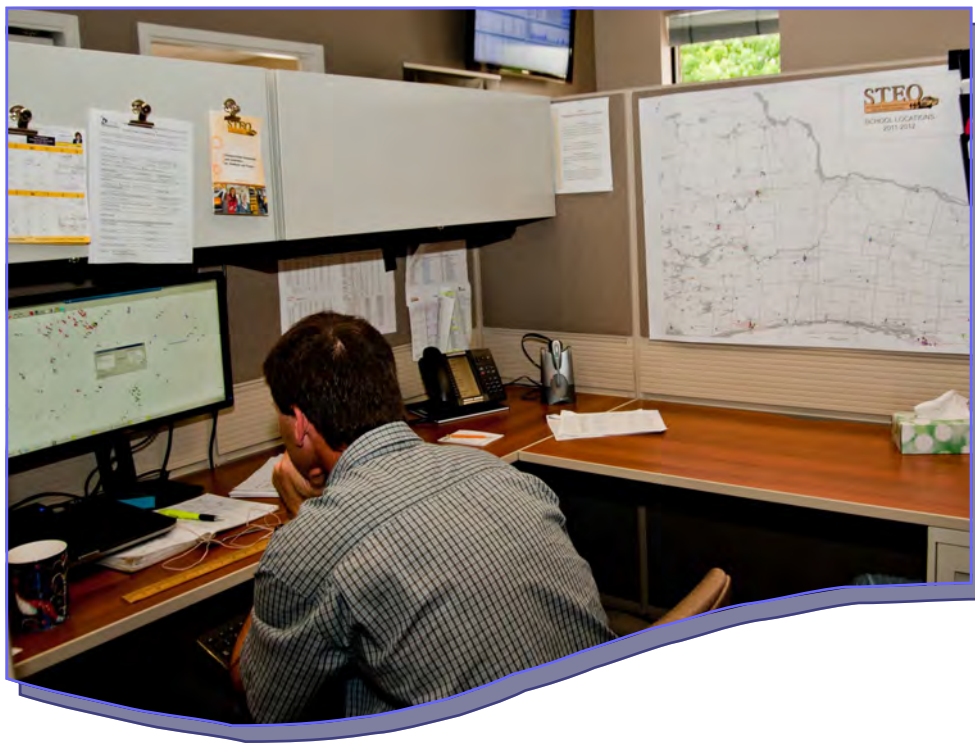
Transportation Planners continue to physically audit school buses to ensure Ontario Ministry of Transportation compliance and high levels of safety are being met. Regular verification of transmitted GPS data is analyzed by the Transportation Planners to ensure maximum efficiencies

Nicole Proulx

Operations Manager

Routing Efficiencies

STEO continues to become more dynamic and flexible. We have enhanced our operation to better meet the needs of our society. Currently 18% of buses are double runned between the member boards. Effective route planning ensures that services are delivered within established parameters and helps to predict and control operation costs. We continue to incorporate, where possible, fewer stops and improved pick up and drop off times while striving to reduce mileage and student ride times.

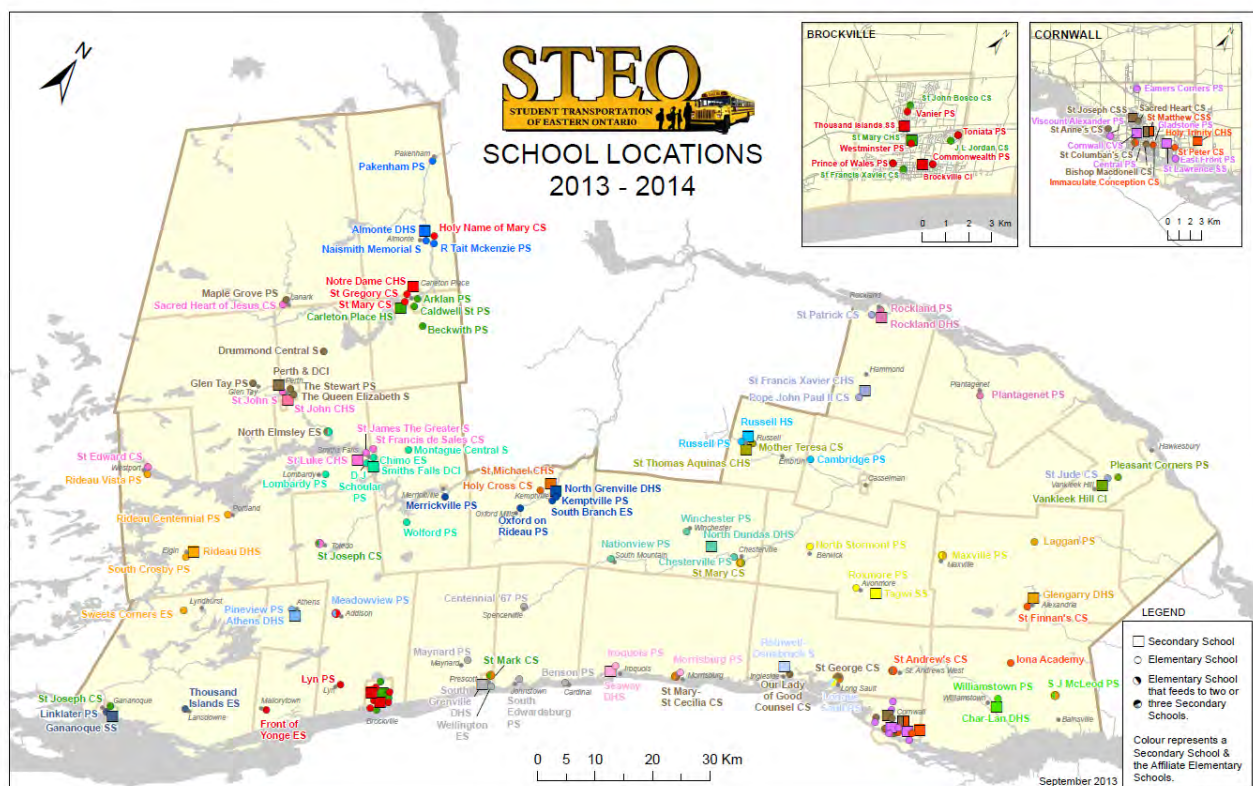


Vehicles under contract with the Consortium travel approximately 21,700,000 kilometres each year which is the equivalent of 525 trips around the world each year.

Focus: We have focused on students', schools' and parents' needs. We strive to address their needs by carefully listening and responding to them.

Employees: We believe that each employee can be an ambassador for the Consortium. They represent our commitment to providing high quality service.

Safety: Safety is and will continue to be our number one priority. We want to ensure that students are transported to and from school safely.



I.T. Summary

STEO's I.T. Department has now been in existence for just over two years and has been quite active. The consortium's independently functioning I.T. Department has successfully moved over all I.T. needs to the STEO office, where we make sure that all aspects of any technology STEO uses, from computers to the phone system is fully operational and maintained in-house.



To date we have successfully completed the following tasks:

- Further enhancements to the notification registration system through STEO's website where parents, students can sign up to receive notices advising of vehicle delays or cancellations, by email, text notification, Twitter and Facebook.
- Further upgrading of phone lines to accommodate more incoming and outgoing calls.
- Implementation of STEO Mobile Website.
- Implementation of the student automation of CDSBEO and UCDSB data into MapNet.
- Implementation of online form for Special Transportation Request.
- Online form for Incidents and Accidents, Route Audits, GPS Verification, Request for Transportation and Special Needs Transportation.
- Internal Disaster Recovery Plan.

Present tasks being working on:

- Dashboard—information to operators regarding their performance.
- Further enhancements and automation of the GPS software.
- Alternate Program Request for Transportation online form.

Future tasks:

- Ongoing I.T. training for staff to ensure they continue to be industry leaders.
- GPS units to be installed on all vehicles servicing the consortium.
- Video cameras on all vehicles.
- Upgrading of the phone system software.
- Onboard Mobile Data Terminal to be installed in all buses.
- Testing of new Special Transportation Routing software (VEO).
- Real-Time GPS with Student Tracking.

STEO's I.T. Department is excited for the future as we move forward in the development of a world class organization. With vision, innovations and courage we are well prepared to lead the organization into the future.

Chris Krbavac

I.T. Coordinator

Human Resources, Safety & Training Summary

Notable Department Activities and Successes	Delivered/Achieved – 2013-2014
Benefits Plan	Renewed Sun Life Benefits and Dental
Summer Staffing	Recruited staff to support start-up
Collective Bargaining	Began preparations to conducted Labour Management meetings – negotiation process for new collective agreement
Staff Morale and Engagement	Opportunities for in-house and community involvement; Social Committee; enhanced process for staff feedback
STEO Wellness Committee	Several initiatives delivered and in process (flu clinic, ergonomics assessments, team building sessions)
A Shared Set of Common Principles	Reviewed with all staff
Policy and Procedure Development	Ongoing development of HR and Safety policies and procedures
Occupational Health & Safety	Internal H&S Committee; staff training, bulletin board, CPR certification
Student Safety Programs/Training	First Time Riders; Bus Evacuation; Buster the Bus; Purple Band
Driver Recognition Program	A program to recognize outstanding driver contributions
Facility Audits	To ensure safety, efficiency and optimum operational standards of our Operators
Safety Officers Group	Regular meetings/calls to discuss best practices as relates to safety issues
Code of Conduct	Introduced STEO Code of Conduct; conducted Respect in the Workplace Training and Harassment Training
ERP – Evacuation Procedure	Developed and trained staff in Emergency Response Plan
H&S Awareness	Online programs to be completed
Accessibility Awareness (AODA)	Online training for staff and operators
Attendance Management Plan	Developed Attendance Management Plan with various steps to work with all staff to ensure common treatment for all
Computer Program Training	Conducted several training workshops to improve the staff's knowledge of Microsoft Outlook and Excel, phone system

Departmental Plans for 2014 - 2015

Continuous Improvement Survey Process

To measure STEO stakeholder satisfaction/engagement and augment practices as warranted

Driver Certification Process

To ensure an unparalleled standard in driver excellence

STEO Driver Handbook

To ensure consistency in driver expectations and processes

HR Policies and Practices

To establish HR practices in cohesion with STEO's mission, vision, values and organizational culture

Computer Program Training

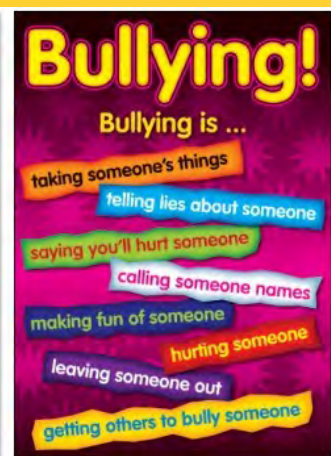
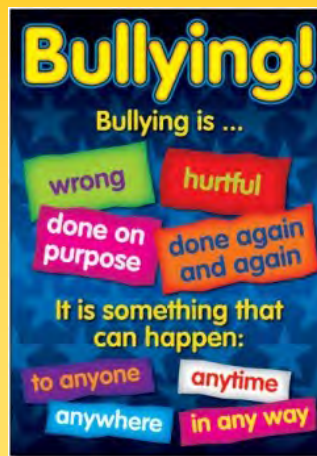
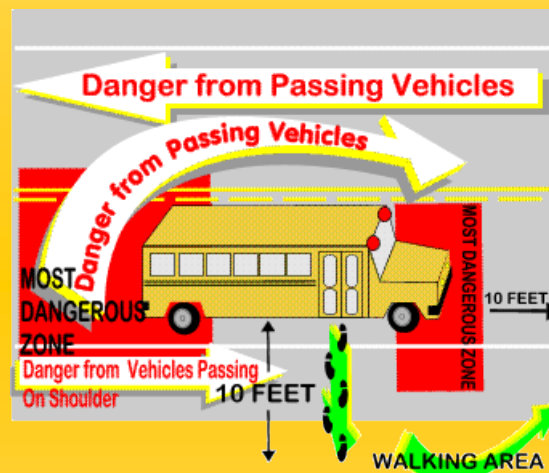
Working on bringing in a Business Writing workshop

STEO's HR Department is committed to shaping the student transportation industry by establishing a new standard of excellence in the innovation of safety initiatives, employee engagement and policy development, both internally and within the public sphere.

HR/Safety/Training Coordinator

Dedicated to Increasing Safety

We are committed to the highest safety standards.



Providing safe transportation is paramount to everything we do. We want to be the leaders in the expansion of functional safety practices and related technology. We are determined to provide continuous training for our staff, students, parents and school staff.

Special Attention Paid to Special Needs Training and Passengers

We listen carefully to school staff, parents, students and contractors. We have established comprehensive in-house training programs for drivers and transportation staff.



Driver Requirements

We are committed to ensuring the safety of the school children transported every day. All the drivers under contract with STEO operate under very strict safety standards and undergo thorough Criminal Reference checks and testing. Some of the requirements are as follows:



- Drivers must be at least 21 years of age
- Mandatory annual refresher course conducted by the operator for all drivers over 65 years of age
- Drivers must meet medical and vision standards
- Not be classed as a probationary or novice driver
- Have successfully completed a driver improvement course approved by the Ministry
- Have knowledge of bus equipment, maintenance, passenger safety and control
- Pass a Ministry of Transportation driver examination
- Pass a practical knowledge test
- Pass a circle check test
- Pass a road test in a bus of appropriate size
- Not have accumulated six demerit points
- Not have had driver's licences under suspension at any time within the preceding twelve months to obtaining a drivers licence
- Not have been convicted or found guilty within the proceeding five years of two or more offences under the Criminal Code of Canada
- Drivers of a Class B licence may not accumulate eight demerit points
- Participation in mandatory training in the classroom
- Participate in random route audits by the contractor and board

First Aid-CPR Training

The Ministry of Education informed all school boards/transportation consortiums that they expect all school bus drivers to have First Aid-CPR training. The training includes: First Aid, CPR, EpiPen training and emergency situation management. To date, 100% of all drivers under contract with STEO have received this training.



Driver Training Workshops

Drivers have participated in the following workshops provided by STEO:

Building Positive Student Behaviour – BPSB (All drivers)

Presented by the Train-the-Trainer group.

Training outline:

- Communication
- Why children misbehave
- Responding to misbehaviour



Behaviour Management (Drivers that deal with severe behavioural students)

Presented by specialized professional trainers.

Training outline:

- Severe behaviour issues
- Role playing
- Interaction with drivers

Autism (Drivers of special needs students)

Presented by specialized professional trainers.

Training outline:

- Overview of Autism Spectrum Disorder
- Characteristics of Autism Spectrum Disorder
- Strategies for the bus drivers to use with a focus on:
 - ❖ Language – keeping it clear and concrete
 - ❖ The use of visuals, including schedules
 - ❖ Reducing sensory input & using fidget toys
 - ❖ Providing a consistent routine
 - ❖ Strategies to minimize inappropriate behaviour



Driver Training Workshops (cont'd)

Wheelchair/Medical Fragile (Drivers of special needs students)

Presented by specialized professional trainers.

Training outline:

- Safe transportation discussion:
 - ❖ Highway Traffic Act
 - ❖ CSA best practices
 - ❖ Transport Canada
 - ❖ Wheelchair construction voluntary best practices
- Q-Strait
- Medical fragile ambulatory students:
 - ❖ Ideal position to assist these students
 - ❖ Where or where not these students should be touched
 - ❖ Falling



Growing Respect on Your Bus (All drivers)

Presented by specialized professional trainers.

Training outline:

- The purpose of this training is to help bus drivers reduce incidents of bullying and harassment on their buses.
 - ❖ What bullying is
 - ❖ What sexual harassment is
 - ❖ How they hurt children
 - ❖ How you can prevent bullying on your bus



Buster the Bus

Buster the School Bus is an outstanding tool for teaching the important lessons of school bus safety. Buster is a fully animated remote controlled school bus robot.

He can wink, blink and move his eyes. His smiling mouth presents a positive and friendly image to young children.

A thirty minute interactive presentation is delivered to JK—Grade 2 students by various contractors and drivers.



Annual Operational Statistics

School Year	Preventable Accidents	Non-Preventable Accidents	Incidents	Complaints	
				Bus Operator	Bus Driver
2013-2014	21	20	35	32	39
2012-2013	16	12	29	12	13

Definitions

Preventable Accident: Any occurrence where a school purpose vehicle, with children on board, is involved in a collision with another vehicle, a person, an object or when a school purpose vehicle unintentionally leaves the road way.

Non-Preventable Accident: the school purpose vehicle driver did everything possible to prevent the accident.

Incident: Any occurrence where a child requires medical attention or becomes injured either while riding on the school purpose vehicle or while entering/exiting the vehicle (note that this includes allergy/epipen and seizures).



Inclement Weather

STEO's geographical area is separated into 18 zones with an operator as a captain in each zone. STEO deals with The Weather Network, one of the renowned weather forecasters in the country.

- Three forecasts are received daily by STEO: 1:00 p.m., 9:30 p.m. and 4:00 a.m.

The bus operator weather captains and their staff begin to drive various roads in their zones at 4:30 a.m.

Between 5:00 a.m. and 5:45 a.m. the decision is made as to whether or not busing is cancelled. The discussions take place between STEO's GM/CAO, Operations Manager, bus operator captains and each school boards' Director of Education or designate.



By 5:45 a.m. the decision is made, phone chain begins if busing is cancelled, radio stations, the website and phone line are updated.

STEO has three methods by which parents/students/schools can check for bus/vehicle cancellations:

1. Announcements regarding the cancellation of school bus and special vehicle transportation will be broadcast starting at 6:15 a.m. on local area radio stations.
2. Access the website at www.steo.ca and click "View Bus Delays & Cancellations". School bus cancellations will be posted by 6:15 a.m.
3. Call 1-866-629-0629 to access a pre-recorded message which is posted by 6:15 a.m. and only updated on inclement weather days.



Number of Inclement Weather Days

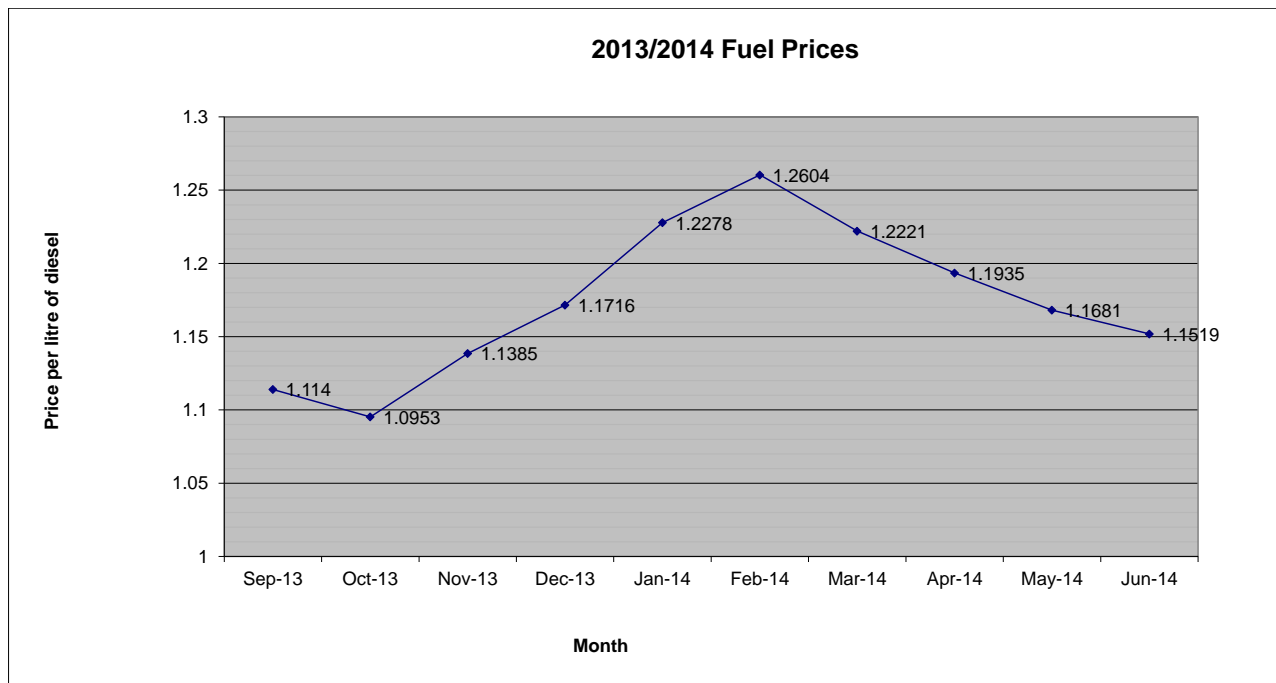
School Year	Number of Days
2013-2014	4 – board wide
2012-2013	8 – board wide
2011-2012	6 - board wide; 1 – regional

Rising Fuel Cost Has a Major Effect on Operational Costs



Fuel costs represent a significant portion of our expenses. Fuel costs have increased steadily over the last few years and fuel accounts for greater than 18% of STEO's operating budget. Fuel prices and supplies are influenced significantly by international, political, and economic circumstances

as well as naturally occurring disasters. If a fuel supply shortage were to arise from Organization of the Petroleum Exporting Countries (OPEC) production curtailments, a disruption of oil imports or refining capacity due to natural disaster or otherwise, higher fuel price increases could greatly affect our operating costs.



*** Fuel prices exclude HST and have a 2 cent per litre discount deducted.

Fact: A one cent change in the price of diesel will cost STEO \$60,000 over the full school year.

Financial Summary

From a financial perspective, STEO continues to focus on implementation of key initiatives and projects to ensure application of best practices in all areas.

Maintaining consistent and timely financial data, along with key performance indicators, will give us the tools to not only look into the future, but also to evaluate the past and identify areas for improvement.

A monthly financial reporting process is in place that reviews actual results compared to budget, and forecasts a financial projection for the remainder of the fiscal year. Monitoring our performance allows us to compare the organizations' achievements with set strategies, goals and targets. It allows us to closely monitor expenditures, quickly identify discrepancies, predict future costs with greater reliability and explain any variances to budget. Greater emphasis has been placed on TRACS Management reporting to generate monthly reports and key performance indicators.



Monitoring the progress of identified goals and objectives enables us to determine the progress of each goal, identify strengths and weaknesses and make any necessary adjustments. On-going benchmarking allows us to identify and adopt best-practice methods.

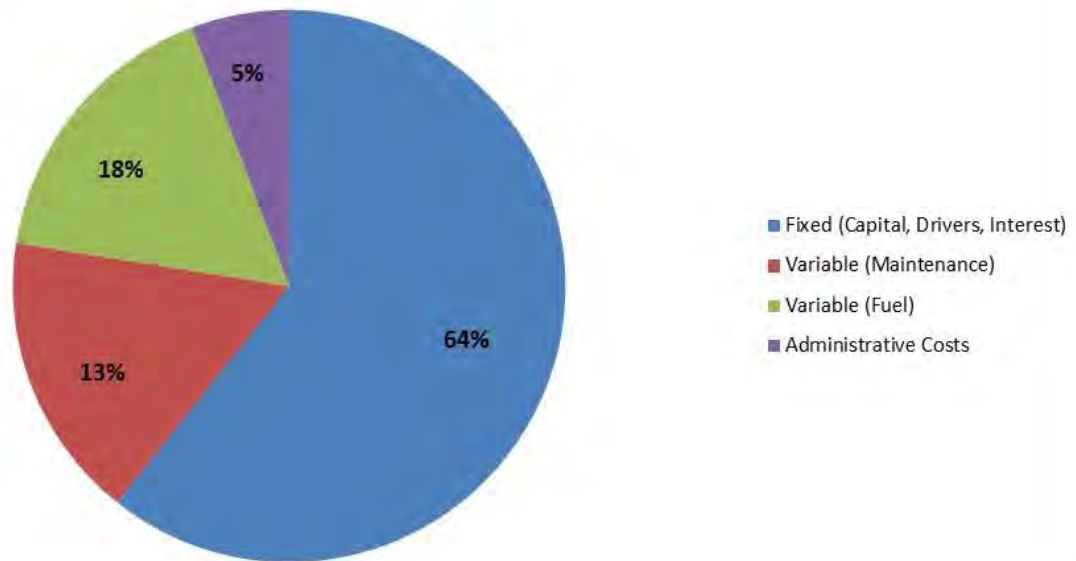
On average fuel costs were \$1.17 per litre in 2013-2014, an increase of \$0.08 per litre over the average cost of fuel in 2012-2013. As fuel accounts for greater than 18% of STEO's budget, it is a significant factor when reviewing operations and isolation of uncontrollable costs.

STEO continues to strengthen working relationships with member school boards to ensure transparency, open communications and that transportation issues are resolved while focusing on cost efficiency. The cost reduction focus for 2014-2015 will be on routing efficiencies as we continue to consolidate existing routes. Changes in bell time are a key factor in the ability to reduce the number of vehicles and manage costs. Staff must balance cost implications against improved service levels without losing focus on the organization's financial position.

Tracey Hayden

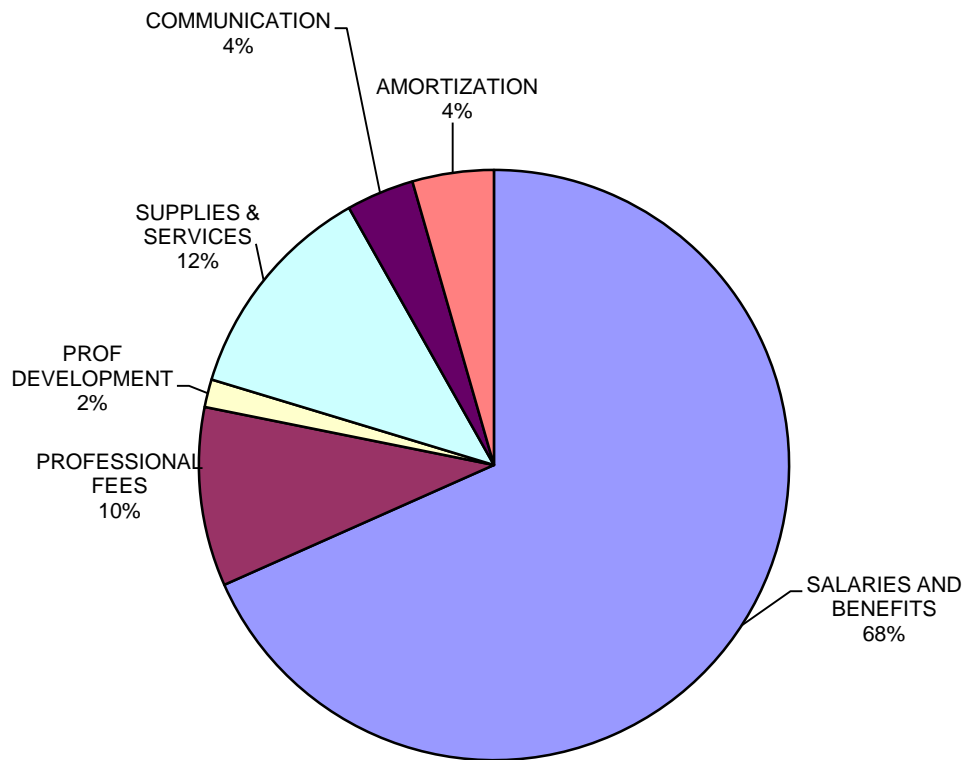
Financial Coordinator

Breakdown of Transportation Costs 2013/2014



Breakdown of Home to School Costs			
	2011/2012	2012/2013	2013/2014
Fuel	\$ 5,888,424	\$ 6,582,318	\$ 6,190,613
Other variable	\$ 6,551,056	\$ 6,466,633	\$ 6,190,613
Fixed	\$ 22,054,140	\$ 21,204,512	\$ 22,403,048
Total	\$ 34,493,620	\$ 34,253,463	\$ 34,784,274
	2011/2012	2012/2013	2013/2014
Fuel	17%	19%	18%
Other variable	19%	19%	18%
Fixed	64%	62%	64%
Total	100%	100%	100%

Transportation Breakdown of Administrative Costs



Key Performance Indicators			
Indicator	2011/2012	2012/2013	2013/2014
Number of Vehicles:			
72	252	236	238
54	242	244	223
20	118	116	118
Car/Van	172	159	165
Total	784	755	744
Kms/Day travelled	122,488	120,672	119,439
Average fuel rate	\$ 1.0994	\$ 1.0926	\$ 1.1741
Average Cost per vehicle	\$ 45,544	\$ 44,566	\$ 46,226
# of Students Transported	33,025	32,572	31,700
Cost per rider	\$ 1,044	\$ 1,033	\$ 1,061

Thank you for reviewing this report. If you have any questions please contact Student Transportation of Eastern Ontario.

Financial Statements of

**STUDENT TRANSPORTATION
OF EASTERN ONTARIO**

Year ended August 31, 2014



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Management Committee of Student Transportation of Eastern Ontario

We have audited the accompanying financial statements of Student Transportation of Eastern Ontario, which comprise the statement of financial position as at August, 31, 2014, the statements of operations and accumulated surplus, change 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.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Student Transportation of Eastern Ontario as at August 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

October 1, 2014

Ottawa, Canada

STUDENT TRANSPORTATION OF EASTERN ONTARIO

Statement of Financial Position

August 31, 2014, with comparative information for 2013

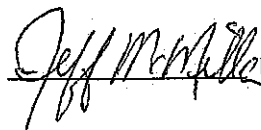
	2014	2013
Financial assets:		
Cash	\$ 2,654,029	\$ 2,335,990
Amounts receivable	154,211	151,166
	<u>-2,808,240</u>	<u>-2,487,156</u>
Liabilities:		
Accounts payable and accrued liabilities	624,417	336,998
Due to related parties (note 3)	2,219,470	2,184,082
Deferred capital contributions (note 4)	289,208	383,488
Employee future benefits (note 5)	15,167	15,167
	<u>3,148,262</u>	<u>2,919,735</u>
Net debt	<u>(340,022)</u>	<u>(432,579)</u>
Non-financial assets:		
Tangible capital assets (note 4)	289,208	383,488
Prepaid expenses	50,814	49,708
	<u>340,022</u>	<u>433,196</u>
Accumulated surplus	<u>\$ -</u>	<u>\$ 617</u>

Economic dependence (note 2)

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

STUDENT TRANSPORTATION OF EASTERN ONTARIO

Statement of Operations and Accumulated Surplus

Year ended August 31, 2014, with comparative information for 2013

	Budget 2014	Actual 2014	Actual 2013
Revenue:			
Recoveries	\$ 35,905,878	\$ 36,787,490	\$ 36,170,644
Amortization of deferred capital contributions	102,857	94,280	91,706
Other	12,000	17,287	15,434
Total revenues	36,020,735	36,899,057	36,277,784
Expenses:			
Transportation services	33,571,867	34,557,747	33,938,257
Safety and training	220,000	180,329	192,884
Public transit	48,000	46,199	37,014
Salaries and benefits	1,389,412	1,445,773	1,439,257
Professional fees	186,975	211,970	274,961
Professional development	60,000	32,291	16,212
Communication	140,000	78,544	88,525
Insurance	8,000	6,134	5,812
Supplies and services	293,624	246,407	193,156
Amortization of tangible capital assets	102,857	94,280	91,706
Total expenses	36,020,735	36,899,674	36,277,784
Annual deficiency	—	(617)	—
Accumulated surplus, beginning of year	617	617	617
Accumulated surplus, end of year	\$ 617	\$ —	\$ 617

See accompanying notes to financial statements.

STUDENT TRANSPORTATION OF EASTERN ONTARIO

Statement of Change in Net Debt

Year ended August 31, 2014, with comparative information for 2013

	2014	2013
Annual deficiency	\$ (617)	\$ —
Acquisition of tangible capital assets	—	(25,733)
Amortization of tangible capital assets	94,280	91,706
	93,663	65,973
Other non-financial asset activity:		
Acquisition of prepaid expenses	(1,106)	(23,880)
Change in net debt	92,557	42,093
Net debt, beginning of year	(432,579)	(474,672)
Net debt, end of year	\$ (340,022)	\$ (432,579)

See accompanying notes to financial statements.

STUDENT TRANSPORTATION OF EASTERN ONTARIO

Statement of Cash Flows

Year ended August 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Annual deficiency	\$ (617)	\$ —
Items not involving cash:		
Amortization of tangible capital assets	94,280	91,706
Amortization of deferred capital contributions	(94,280)	(91,706)
Change in non-cash operating working capital:		
Accounts receivable	(3,045)	(141,922)
Due from related party	—	277,323
Accounts payable and accrued liabilities	287,419	82,963
Due to related party	35,388	2,162,178
Prepaid expenses	(1,106)	(23,880)
Employee benefits	—	(14,410)
	318,039	2,342,252
Investing:		
Additions to tangible capital assets	—	(25,733)
Financing:		
Increase in deferred capital contributions	—	25,733
Increase in cash	318,039	2,342,252
Cash (bank indebtedness), beginning of year	2,335,990	(6,262)
Cash, end of year	\$ 2,654,029	\$ 2,335,990
Cash consists of:		
Cash on deposit:	\$ 2,664,663	\$ 2,397,767
Outstanding cheques	(10,634)	(61,777)
	\$ 2,654,029	\$ 2,335,990

See accompanying notes to financial statements.

STUDENT TRANSPORTATION OF EASTERN ONTARIO

Notes to Financial Statements

Year ended August 31, 2014

Student Transportation of Eastern Ontario ("STEO") was created to provide transportation services for students of the Upper Canada District School Board ("UCDSB") and the Catholic District School Board of Eastern Ontario ("CDSBEO").

Student Transportation of Eastern Ontario was incorporated on October 25, 2011 and commenced operations on February 1, 2012 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, as well as interest related to financing during construction.

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
Furniture and equipment	10
Leasehold improvements	Over the term of the lease

STUDENT TRANSPORTATION OF EASTERN ONTARIO

Notes to Financial Statements, page 2

Year ended August 31, 2014

1. Significant accounting policies (continued):

(c) 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 a 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.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to record its financial instruments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

STUDENT TRANSPORTATION OF EASTERN ONTARIO

Notes to Financial Statements, page 3

Year ended August 31, 2014

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

A statement of remeasurement gains and losses was not included as there were no items to disclose.

(e) Budget figures:

Budget figures have been provided for comparison purposes and have been approved by the Board of the Student Transportation of Eastern Ontario. Budget figures were approved on April 19, 2013. The figures have been reported for the purposes of these statements to comply with public sector accounting standards. Budget figures are excluded from the Statement of Net Debt as these amounts are not included in management's budgeted figures.

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 expenditures during the year. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

STUDENT TRANSPORTATION OF EASTERN ONTARIO

Notes to Financial Statements, page 4

Year ended August 31, 2014

2. Economic dependence:

The Student Transportation of Eastern Ontario operations consist exclusively of supplying services to the Catholic District School Board of Eastern Ontario and the Upper Canada District School Board. Student Transportation of Eastern Ontario is economically dependent on these boards for its revenues.

3. Related party transactions:

(a) Recoveries:

The UCDSB and CDSBEO provide the revenues required to fund STEO's expenses on the basis of approximately 67% from UCDSB and approximately 33% from CDSBEO.

(b) Due from/to related parties:

Amounts due from related parties consist of \$Nil (2013 - \$Nil) due from CDSBEO.

Amounts due to related parties consist of \$2,185,692 (2013 - \$2,100,380) due to UCDSB and \$33,778 (2013 - \$83,702) due to CDSBEO.

Amounts due from/to related parties are non-interest bearing and are expected to be repaid within the next fiscal year.

4. Tangible capital assets and deferred capital contributions:

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer software	\$ 41,487	\$ 22,827	\$ 18,660	\$ 27,111
Computer hardware	142,021	74,144	67,877	99,040
Furniture	72,112	16,607	55,505	62,711
Equipment	40,059	10,015	30,044	34,050
Leasehold improvements	217,824	100,702	117,122	160,576
	\$ 513,503	\$ 224,295	\$ 289,208	\$ 383,488

Cost and accumulated amortization as at August 31, 2013 amounted to \$513,503 and \$130,015 respectively.

STUDENT TRANSPORTATION OF EASTERN ONTARIO

Notes to Financial Statements, page 5

Year ended August 31, 2014

4. Tangible capital assets and deferred capital contributions (continued):

STEO received contributions from the member school boards for the capital assets above in the amount of \$Nil (2013 - \$25,733) which are recorded as deferred capital contributions on the statement of financial position. The deferred capital contributions are being recognized as revenue on the statement of operations on the same basis as the corresponding assets presented above.

5. Employee future benefits:

STEO provides retirement gratuities to certain groups of eligible employees. The amount of gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. The benefit costs and liabilities related to this plan are included in STEO's financial statements.

6. Lease commitments:

The Student Transportation of Eastern Ontario leases office premises with terms to November 30, 2016. The minimum annual rent payment under this agreement is as follows:

Fiscal year ending August 31:

2015	\$	26,910
2016		26,910
2017		6,728
		<hr/>
		\$ 60,548

STUDENT TRANSPORTATION OF EASTERN ONTARIO

Notes to Financial Statements, page 6

Year ended August 31, 2014

7. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. STEO is exposed to this risk relating to its cash and accounts receivable. STEO holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

STEO's receivables are with school board authorities and governments. STEO believes that these receivables do not have significant credit risk in excess of allowances for doubtful accounts that have been established. STEO's has not created an allowance for any amounts included in accounts receivable as at August 31.

(b) Interest rate, market and liquidity risk:

STEO believes it is not subject to significant interest rate, market or liquidity risk arising from its financial instruments.





Student Transportation of Eastern Ontario

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