

Financial Statements of

**ST. JOHN'S TRANSPORTATION
COMMISSION**

December 31, 2020

ST. JOHN'S TRANSPORTATION COMMISSION

December 31, 2020

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Statement of Responsibility

The accompanying financial statements are the responsibility of the management of the St. John's Transportation Commission (the "Commission") and have been prepared in compliance with legislation, and in accordance with public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Finance Committee of the Commission met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

BDO Canada LLP, as the Commission's appointed independent external auditors, has audited the financial statements. The auditor's report is addressed to the Commissioners and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position, operations, changes in net debt and cash flows of the Commission in accordance with Canadian public sector accounting standards.

Chair

Commissioner



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Independent Auditor's Report

To the Commissioners of St. John's Transportation Commission

Opinion

We have audited the financial statements of the St. John's Transportation Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2020, the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2020, and its results of operations, its change in net debt and 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 the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission'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 the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission 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.

Chartered Professional Accountants

St. John's, Newfoundland and Labrador
April 29, 2021

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Operations and Accumulated Surplus
Year ended December 31, 2020

	(Note 14)		
	Budget	Actual	Actual
	2020	2020	2019
	\$	\$	\$
Operating revenues			
Municipal funding (Note 12)	18,344,270	17,599,000	17,968,300
Passenger fares	6,100,790	3,505,521	6,130,522
City of Mount Pearl	1,022,990	1,077,053	1,054,715
Low Income Bus Pass Program	-	798,000	-
Accessible services (Note 15)	470,630	316,407	456,915
Town of Paradise	277,500	275,974	284,505
Transit advertising	227,000	95,478	151,178
Sundry	108,000	106,066	90,226
Community Bus (Schedule 5)	100,000	98,790	120,098
The LINK	39,550	-	41,974
Bus charters	43,400	1,902	43,337
Interest	12,000	21,050	35,308
Government grant - other	-	-	-
	26,746,130	23,895,241	26,377,078
Operating expenses			
Operations (Schedule 1)	10,290,990	9,184,545	9,871,518
Maintenance (Schedule 2)	4,494,570	4,442,839	4,331,725
Finance and administration (Schedule 3)	3,434,292	3,323,706	3,638,803
Accessible services (Note 15)	4,786,650	2,778,272	4,942,455
Pension benefits (Note 6)	1,855,980	1,544,602	2,035,834
Amortization	3,142,922	2,995,857	3,291,703
Interest on debt	185,020	99,795	208,854
	28,190,424	24,369,616	28,320,892
Annual deficit before undernoted items	(1,444,294)	(474,375)	(1,943,814)
Government transfer (Note 13)	-	131,484	328,454
Retiring allowance benefits (Note 7)	26,832	(120,374)	(46,396)
Employee future benefits (Note 8)	(1,567,291)	(1,567,291)	(1,190,425)
Annual deficit	(2,984,753)	(2,030,556)	(2,852,181)
Surplus, beginning of the year	19,545,038	19,545,038	22,397,219
Surplus, end of the year	16,560,285	17,514,482	19,545,038

See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Financial Position
December 31, 2020

	2020	2019
	\$	\$
Financial assets		
Cash	1,474,054	1,017,165
Accounts receivable	602,622	975,323
	2,076,676	1,992,488
Financial liabilities		
Credit facility (Note 4)	4,190,000	5,699,000
Accounts payable and accrued liabilities	2,042,298	2,307,526
Retiring allowance (Note 7)	193,241	419,721
Accrued pension liability (Note 6)	1,399,528	1,394,828
Employee benefits payable (Note 5)	1,695,827	1,654,609
Employee future benefits (Note 8)	15,770,324	14,335,113
	25,291,218	25,810,797
Net debt	(23,214,542)	(23,818,309)
Non-financial assets		
Tangible capital assets (Note 3)	39,941,287	42,651,980
Parts, supplies and accessories inventory	356,620	342,345
Prepaid expenses	431,117	369,022
	40,729,024	43,363,347
Accumulated surplus	17,514,482	19,545,038

Chair

Commissioner

See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Changes in Net Debt
Year Ended December 31, 2020

	(Note 14) Budget 2020	Actual 2020	Actual 2019
	\$	\$	\$
Annual deficit	(2,984,753)	(2,030,556)	(2,852,181)
Changes in tangible capital assets			
Acquisition of tangible capital assets	(350,000)	(285,164)	(404,168)
Disposal of tangible capital assets	-		-
Amortization of tangible capital assets	3,142,923	2,995,857	3,291,703
Decrease in net book value of tangible capital assets	2,792,923	2,710,693	2,887,535
Changes in other non-financial assets			
Change in prepaid expenses	-	(62,095)	(1,346)
Change in parts, supplies and accessories, net of usage	-	(14,275)	(45,314)
Increase in non-financial assets	-	(76,370)	(46,660)
Decrease (increase) in net debt	(191,830)	603,767	(11,306)
Net debt, beginning of year	(23,818,309)	(23,818,309)	(23,807,003)
Net debt, end of year	(24,010,139)	(23,214,542)	(23,818,309)

See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
	\$	\$
Operating transactions		
Annual deficit	(2,030,556)	(2,852,181)
Adjustments for:		
Amortization of tangible capital assets	2,995,857	3,291,703
Loss on disposal of tangible capital assets	-	-
	965,301	439,522
Change in other (Note 9)	1,285,752	1,580,840
	2,251,053	2,020,362
Capital transactions		
Acquisition of tangible capital assets	(285,164)	(404,168)
Proceeds on disposal of tangible capital assets	-	-
	(285,164)	(404,168)
Financing transaction		
Repayments on credit facility	(1,509,000)	(1,825,000)
Net (decrease) increase in cash	456,889	(208,806)
Cash, beginning of year	1,017,165	1,225,971
Cash, end of year	1,474,054	1,017,165

Supplemental cash flow information (Note 9)

See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2020

1. NATURE OF OPERATIONS

The St. John's Transportation Commission (the "Commission") was established by the City of St. John's (the "City") under the provisions of the City of St. John's Act and has the sole responsibility of operating a public transit service (including para-transit service) in St. John's and environs.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada"), and reflect the following significant accounting policies:

Revenue recognition

a) Municipal funding and Government grants

Municipal funding is authorized by the City after the Commission's operating budget has been approved.

Government grants and transfers are recognized as revenue in the financial period in which events give rise to the transfer occurring, providing the transfers are authorized, any eligibility criteria and related stipulations have been met including performance and return requirements, and reasonable estimates of the amount can be determined.

b) City of Mount Pearl and Town of Paradise

Revenues are recognized when services performed and when collection is reasonably assured.

c) Passenger fares

Cash fares are recorded as revenue when collected. Monthly bus and semester pass sales are recorded as revenue in the period in which they are valid. 30-day bus pass sales and 10-ride passes are recorded as revenue in the period sold.

d) Other revenue

Other revenues are recognized as earned and when collection is reasonably assured.

e) Transit advertising

Revenues are recognized over the period where services have been performed and collection is reasonably assured.

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash and cash equivalents include cash on hand, balances with banks (net of overdrafts) and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Parts, supplies and accessories

Parts, supplies and accessories are valued at the lower of average cost and replacement cost.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is based on their estimated useful lives using the following methods and rates or term:

Buses	5-12 years	straight line
Bus operating equipment	7 years	straight line
Buildings	45 years	straight line
Office furniture and equipment	5-15 years	straight line
Garage equipment	15 years	straight line
Vehicles	7 years	straight line
Land improvements	4%	declining balance
Building systems	20 years	straight line
Fareboxes	7 years	straight line

Accrued pension benefits

The Commission maintains two defined benefit plans which provide pension benefits to its union and non-union employees. The plans provide benefits based on length of service and average earnings. The Commission has adopted the following policies for its pension plans:

- (i) The cost of pensions earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation, and retirement ages of employees.
- (ii) For the purpose of calculating the expected return on plan assets, those assets are valued at market related value.
- (iii) Past service costs from plan amendments are amortized on a straight line basis over the average remaining service period of active employees at the date of amendment.
- (iv) The Supplementary Non-Union Employee Retirement Plan uses the same actuarial assumptions as are used for the Non-Union Plan except for the discount rate and average remaining service period for active employees.

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retiring allowance

As of June 1, 2015, the Commission provides a retiring allowance to all employees who have completed at least ten (10) years of service equal to one (1) day for each year of service upon retirement. The cost and obligation of this benefit is actuarially determined using management's best estimate of assumptions and future compensation rates.

Employees hired after November 26, 2020 are not eligible to accrue a retiring allowance.

Employee future benefits

The Commission provides post-retirement benefits in the form of prescription drug coverage to both union and non-union employees and dental coverage to non-union employees. The cost and obligations of these benefits earned by employees are actuarially determined using the accrued benefit method pro-rated on service and management's best estimate of assumptions and future claim rates and costs.

Use of estimates

The preparation of financial statements in conformity with Canadian PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates have been used in calculating the allowance for doubtful accounts, the useful lives of tangible capital assets, outstanding insurance claim reserves, accrued pension liability, retiring allowance, and employee future benefits. Actual results could differ from these estimates.

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2020

3. TANGIBLE CAPITAL ASSETS

	2020			2019	
	Cost	Accumulated Amortization	Net Book Value	Cost	Net Book Value
	\$	\$	\$	\$	\$
Buses	23,965,580	17,132,922	6,832,658	23,965,580	8,426,873
Bus operating equipment	3,256,719	2,502,658	754,061	3,034,202	697,206
Buildings	23,413,960	4,230,212	19,183,748	23,410,258	19,759,320
Office furniture and equipment	2,118,390	1,570,633	547,757	2,110,308	651,134
Garage equipment	2,458,552	1,543,700	914,852	2,458,552	1,046,003
Vehicles	143,162	129,775	13,387	143,162	19,095
Land	5,838,356	-	5,838,356	5,838,356	5,838,356
Land improvements	1,524,533	383,036	1,141,497	1,518,816	1,183,342
Building systems	7,216,540	2,501,569	4,714,971	7,171,394	5,030,651
Fareboxes	603,601	603,601	-	603,601	-
	70,539,393	30,598,106	39,941,287	70,254,229	42,651,980

Additional information on costs related to additions, disposals and amortization is presented in Schedule 4.

4. CREDIT FACILITY

The Commission has access to a \$15,000,000 credit facility, guaranteed by the City, for capital expenditures. Under the terms of its lending arrangements, the Commission issues banker's acceptances. At December 31, 2020 the outstanding banker's acceptances bore interest at 1.46% and matured on January 28, 2021. The credit facility, which was renewed on March 29, 2021, bears interest at 1.42% and matures on April 28, 2021.

5. EMPLOYEE BENEFITS PAYABLE (SICK PAY AND VACATION)

Sick pay benefits accrue to employees at the rate of 12 days per year. Employees can accumulate up to 30 days of sick pay benefits to be paid to them upon retirement, termination or illness. Any excess is paid out to the employees annually.

Vacation pay accrues to employees at a rate between 4% to 12% of gross wages depending on the number of years of service.

The Commission charges operations with the amount of benefits accruing to employees in each year. The liability at December 31 is comprised of the following:

	2020	2019
	\$	\$
Sick pay benefits	1,213,080	1,177,415
Vacation pay benefits	482,747	477,194
	1,695,827	1,654,609

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2020

6. ACCRUED PENSION BENEFITS

Based on an actuarial valuation of the plans, completed as at December 31, 2019, the following results have been extrapolated to December 31, 2020:

A. Defined Benefit Pension Plan

	2020			2019		
	Union	Non-union	Total	Union	Non-union	Total
	\$	\$	\$	\$	\$	\$
<i>Accrued benefit obligation</i>						
Balance, beginning of year	34,423,102	22,553,001	56,976,103	34,006,417	20,832,329	54,838,746
Current service cost	1,228,783	760,236	1,989,019	1,262,362	711,064	1,973,426
Interest cost	1,830,384	1,154,844	2,985,228	1,858,737	1,098,481	2,957,218
Benefits paid	(1,649,407)	(578,223)	(2,227,630)	(1,684,766)	(528,834)	(2,213,600)
(Gain) loss on accrued benefit obligation	1,511,435	898,740	2,410,175	(1,019,648)	439,961	(579,687)
Balance, end of year	37,344,297	24,788,598	62,132,895	34,423,102	22,553,001	56,976,103
<i>Accrued benefit asset</i>						
Fair value, beginning of year	35,505,859	20,495,190	56,001,049	31,384,461	17,546,964	48,931,425
Return on plan assets	2,728,522	1,287,967	4,016,489	4,152,649	2,471,150	6,623,799
Benefits paid	(1,649,407)	(578,223)	(2,227,630)	(1,684,766)	(528,834)	(2,213,600)
Employer contributions to plan	716,995	822,907	1,539,902	1,052,759	741,657	1,794,416
Employee contributions to plan	577,019	272,463	849,482	600,756	264,253	865,009
Fair value, end of year	37,878,988	22,300,304	60,179,292	35,505,859	20,495,190	56,001,049
Funded status - deficit	(534,691)	2,488,294	1,953,603	(1,082,757)	2,057,811	975,054
Unamortized amounts	621,504	(1,338,279)	(716,775)	1,181,271	(905,592)	275,679
Accrued pension liability	86,813	1,150,015	1,236,828	98,514	1,152,219	1,250,733
<i>Net benefit expense for the year</i>						
Current service cost	1,228,783	760,236	1,989,019	1,262,362	711,064	1,973,426
Interest cost	(59,673)	96,402	36,729	133,451	164,742	298,193
Amortization of gains/losses	113,203	236,528	349,731	269,584	336,498	606,082
Employee contributions	(577,019)	(272,463)	(849,482)	(600,756)	(264,253)	(865,009)
	705,294	820,703	1,525,997	1,064,641	948,051	2,012,692
<i>Significant assumptions used</i>						
Discount rate	5.00%	4.75%		5.35%	5.10%	
Expected long-term rate of return on plan assets	5.35%	5.10%		5.50%	5.25%	
Rate of compensation increase 2019 and after	2.00%	2.00%		2.00%	2.00%	
Average remaining service period for active employees	14.2 years	9.3 years		14.6 years	10.3 years	

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2020

6. ACCRUED PENSION BENEFITS (Continued)

The plans asset mix at December 31, 2020 was:

Equities	70.8%
Bonds	26.8%
Cash and short-term investments	2.4%
	<u>100%</u>

During 2016 the Commission agreed on a new pension plan structure for both union and non-union groups. This agreement effectively closed the defined benefit plan to new entrants as of May 1, 2016 and increased the existing employee contributions from 8.16% to 9.00% of earnings. Employees in the defined benefit plan as of that date will continue to accrue benefits under the defined benefit plan.

Employees hired on or after May 1, 2016 will be enrolled under a defined contribution component of the pension plan consisting of employee contributions with a matching employer contribution of up to 7.00% of earnings. During 2020 the Commission expensed \$86,013 (2019 - \$51,671) related to the defined contribution plan.

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2020

6. ACCRUED PENSION BENEFITS (Continued)

B. Supplementary Executive Retirement Plan

A Supplementary Executive Retirement Plan (SERP) was established on September 1, 2016 to provide retirement benefits to members of the non-union plan in respect to earnings in excess of those on which benefits can be provided under the defined benefits provisions of the non-union plan.

	2020	2019
	\$	\$
<i>Accrued benefit obligation</i>		
Balance, beginning of year	187,679	193,831
Current service cost	7,095	7,633
Interest cost	6,062	7,412
(Gain) loss on accrued benefit obligation	(4,550)	(21,197)
Balance, end of year	196,286	187,679
Funded status - deficit	196,286	187,679
Unamortized amounts	(33,586)	(43,584)
Accrued benefit obligation, end of year	162,700	144,095
<i>Net benefit expense for the year</i>		
Current service cost	7,095	7,633
Interest cost	6,062	7,412
Amortization of gains/losses	5,448	8,097
	18,605	23,142

The significant actuarial assumptions used in measuring the SERP are the same as those used for the non-union plan with the exception of the discount rate of 2.64% (2019 – 3.17%) and the average remaining service period for active employees used of 7.0 years (2019 – 8.0 years).

C. Accrued Pension Liability

	2020	2019
	\$	\$
Defined Benefit Plan	1,236,828	1,250,733
SERP	162,700	144,095
	1,399,528	1,394,828

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2020

7. RETIRING ALLOWANCE

As of June 1, 2015, all employees who have completed at least ten (10) years of service shall be paid a retiring allowance equal to one (1) day for each year of service upon retirement.

In 2020, employees were provided with an opportunity to be paid their Retiring Allowance accrued as of November 26, 2020 based on the rate of pay at that time. All employees who elected to receive this payment will continue to accrue a Retiring Allowance based on future service. Employees hired after November 26, 2020 are no longer eligible to accrue a Retiring Allowance. As such, the Retiring Allowance is now considered closed.

Based on an actuarial valuation of the plan, completed as at December 31, 2018, the following results have been extrapolated to December 31, 2020:

	2020	2019
	\$	\$
<i>Accrued benefit liability</i>		
Balance, beginning of year	483,255	442,182
Current service cost	29,755	27,143
Interest cost	15,492	16,224
Benefits paid	(57,391)	(26,785)
Loss on settlements	26,593	-
Actuarial loss on benefit obligation	23,564	24,491
Settlement payments by employer	(289,463)	-
Balance, end of year	231,805	483,255
Plan - deficit	231,805	483,255
Unamortized amounts	(38,564)	(63,534)
Accrued benefit liability, end of year	193,241	419,721
<i>Net benefit expense for the year</i>		
Current service cost	29,755	27,143
Interest cost	15,492	16,224
Amortization of gains/losses	4,804	3,029
Loss on settlements	26,593	-
Unamortized losses recognized in settlements	43,730	-
	120,374	46,396

The significant actuarial assumptions used in measuring the Commission's accrued retirement allowance liabilities are as follows:

	2020	2019
Discount rate	2.64%	3.17%
Rate of compensation increase	2.0%	2.0%
Average remaining service period for active employees	13.8 years	13.8 years

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2020

8. EMPLOYEE FUTURE BENEFITS

The Commission provides post-retirement benefits in the form of prescription drug coverage to both union and non-union employees and dental coverage to non-union employees.

Based on an actuarial valuation of the plan, completed as at December 31, 2018, the following results have been extrapolated to December 31, 2020:

	2020	2019
	\$	\$
<i>Accrued benefit obligation</i>		
Balance, beginning of year	16,885,117	13,813,148
Current service cost	699,445	501,080
Interest cost	539,746	520,199
Benefits paid	(132,080)	(142,918)
Actuarial loss (gain) on benefit obligation	1,375,734	2,193,608
Balance, end of year	19,367,962	16,885,117
Plan status - deficit	19,367,962	16,885,117
Unamortized amounts	(3,597,638)	(2,550,004)
Accrued benefit liability	15,770,324	14,335,113
<i>Net benefit expense for the year</i>		
Current service cost	699,445	501,080
Interest cost	539,746	520,199
Amortization of gains/losses	328,100	169,146
	1,567,291	1,190,425
<i>Significant assumptions used</i>		
Discount rate (obligation)	2.64%	3.17%
Discount rate (expense)	3.17%	3.75%
Average remaining service period for active employees	13.8 years	13.8 years

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2020

9. CHANGE IN OTHER

	2020	2019
	\$	\$
Accounts receivable	372,701	58,973
Parts, supplies and accessories	(14,275)	(45,314)
Prepaid expenses	(62,095)	(1,346)
Accounts payable and accrued liabilities	(265,228)	177,503
Accrued pension liability	4,700	241,418
Retiring allowance	(226,480)	19,611
Employee benefits payable	41,218	82,488
Employee future benefits	1,435,211	1,047,507
	1,285,752	1,580,840

10. CONTINGENCIES

The Commission is contingently liable for claims below \$50,000 for all incidents prior to December 1, 2010 which are not covered under its current fleet and general insurance policies. Effective December 1, 2010 the Commission is contingently liable for claims below \$100,000. Management believes that the December 31, 2020 provision of \$352,268 (2019 - \$574,819) is adequate and has been recorded in the accounts where required.

11. MUNICIPAL FUNDING

Funding was provided by the City of St. John's for the 2020 operations as follows:

	2020	2019
	\$	\$
Metrobus	14,065,310	13,899,760
Accessible services ("GoBus")	3,533,690	4,068,540
	17,599,000	17,968,300

12. CAPITAL FUNDING

During the year, the City made a government transfer of \$131,484 (2019 - \$328,454) to the Commission. This transfer relates to projects funded by the Canada-Newfoundland and Labrador Bilateral Public Transit Infrastructure Fund (PTIF) Agreement and the City.

13. ECONOMIC DEPENDENCE

The Commission is dependent on funding from the City to fund ongoing operations.

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2020

14. BUDGET AMOUNTS

Budget data presented in these financial statements are based upon the 2020 budget approved by the Commission and the City. The table below reconciles the approved budget to the budget figures reported in these financial statements.

	Budget 2020
	\$
Revenue	
Operating - Metrobus	7,931,230
Municipal funding - Metrobus	13,821,500
Operating - GoBus	470,630
Municipal funding - GoBus	4,522,770
Total revenues	26,746,130
Expenses	
Operating - Metrobus	20,279,460
Capital - Metrobus	1,473,270
Operating - GoBus	4,786,650
Capital - GoBus	206,750
Total expenses	26,746,130
Total approved budget	-
Less:	
Amortization	(3,142,922)
Change in pension obligation	(201,780)
Change in employee benefits liability	(1,161,883)
Add:	
Change in accrued retiring allowance	26,832
Debt principal payments	1,495,000
Total adjustments	(2,984,753)
Total budgeted deficit	(2,984,753)

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2020

15. ACCESSIBLE SERVICES

The Commission is responsible for providing accessible services known as GoBus. The Commission oversees the delivery of services currently contracted to MVT Canadian Bus, Inc for the period of 5 years ending December 31, 2021. As part of this arrangement, the Commission leases accessible transit buses to MVT Canadian Bus, Inc at a nominal amount for the duration of the operating contract noted above. These buses remain the legal assets of the Commission and have been included on Schedule 4. The Commission receives a separate operating subsidy from the City of St. John's to cover the cost of providing the service on an annual basis. See Schedule 6 for further details on the revenue and expenses associated with the delivery of accessible services.

16. COVID-19

In response to COVID-19 related Public Health restrictions, allowable passenger capacity onboard transit buses was decreased significantly and as a result the corresponding passenger fare revenue was significantly less than the pre-pandemic approved budget. As a result, Metrobus experienced a higher than expected deficit in its operating budget. GoBus operations experienced a similar decline in ridership, which decreased amounts paid to the operating contractor resulting in a large surplus in its operating budget. Overall, the required municipal funding was less than budgeted.

The pandemic and corresponding restrictions have continued into 2021 and, consequently, it is expected that the conditions impacting the Commission's operations for 2020 will also impact the 2021 fiscal year. However, given the dynamic nature of the situation, the total future impacts on the Commission cannot be known for certain.

ST. JOHN'S TRANSPORTATION COMMISSION
Schedules of Expenses
Year Ended December 31, 2020

	Actual 2020 \$	Actual 2019 \$
Operations		SCHEDULE 1
Operators' salaries	5,774,187	5,709,433
Diesel fuel	1,382,417	1,927,022
Operations' salaries	1,366,645	1,406,128
Advertising	158,072	201,972
Community Bus	122,347	124,935
Transit advertising	101,574	91,078
Uniforms and clothing	61,576	65,610
Licenses	60,258	60,378
Promotions	40,031	77,052
Company vehicles	37,637	32,848
Communication equipment	27,549	27,980
Registration and memberships	20,091	30,043
Miscellaneous	16,668	13,908
Schedules and transfers	13,172	14,374
Bus charter	2,321	44,138
The LINK	-	44,619
	9,184,545	9,871,518
Maintenance		SCHEDULE 2
Garage salaries	2,357,469	2,263,640
Wash salaries	455,363	333,696
Stock parts	657,472	721,237
Utilities	331,948	383,115
Building and yards	141,367	150,904
Tires	120,053	148,196
Bus lubricants	93,233	91,400
Garage expense	86,489	78,868
Maintenance vehicles	47,477	45,016
Janitorial and sanitation	43,911	42,597
Bus stops and shelters	41,707	30,260
Shop tools and equipment	32,300	21,523
Bus wash	26,255	3,892
Farebox repairs	6,013	12,081
Body shop supplies	1,782	5,300
	4,442,839	4,331,725

ST. JOHN'S TRANSPORTATION COMMISSION
Schedules of Expenses
Year Ended December 31, 2020

	Actual 2020	Actual 2019
	\$	\$
SCHEDULE 3		
Finance and administration		
Administrative and commissioners' salaries	932,799	922,160
Other benefits	1,184,776	999,014
Sick leave	330,059	355,561
Computer	246,698	226,648
Employer's payroll taxes	234,068	222,736
Fleet insurance	151,716	612,514
Office	73,922	75,447
Miscellaneous	43,798	59,027
Professional fees	43,052	72,075
General insurance	41,410	36,493
Telephone	30,153	35,052
Training	8,294	11,106
Bad debt expense	2,961	2,550
Travel	-	8,420
	3,323,706	3,638,803

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Tangible Capital Assets
Year Ended December 31, 2020

SCHEDULE 4

	2020										2019	
	Buses	Bus operating equipment	Buildings	Office furniture and equipment	Garage equipment	Vehicles	Land	Land improve- ments	Building systems	Fareboxes	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost												
Cost, beginning of year	23,965,580	3,034,202	23,410,258	2,110,308	2,458,552	143,162	5,838,356	1,518,816	7,171,394	603,601	70,254,229	69,850,061
Additions	-	222,517	3,702	8,082	-	-	-	5,717	45,146	-	285,164	404,168
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-	-
Cost, end of year	23,965,580	3,256,719	23,413,960	2,118,390	2,458,552	143,162	5,838,356	1,524,533	7,216,540	603,601	70,539,393	70,254,229
Accumulated Amortization												
Accumulated amortization, beginning of year	15,538,707	2,336,996	3,650,938	1,459,174	1,412,549	124,067	-	335,474	2,140,743	603,601	27,602,249	24,310,546
Amortization	1,594,215	165,662	579,274	111,459	131,151	5,708	-	47,562	360,826	-	2,995,857	3,291,703
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	17,132,922	2,502,658	4,230,212	1,570,633	1,543,700	129,775	-	383,036	2,501,569	603,601	30,598,106	27,602,249
Net book value	6,832,658	754,061	19,183,748	547,757	914,852	13,387	5,838,356	1,141,497	4,714,971	-	39,941,287	42,651,980

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Age-Friendly Newfoundland and Labrador Transportation Project
Year Ended December 31, 2020

	Actual 2020	Actual 2019
	\$	\$
COMMUNITY BUS		
		SCHEDULE 5
Revenues		
Government grant	85,000	100,000
Passenger fares	13,790	20,098
	98,790	120,098
Expenses		
Operators' salaries	68,468	68,208
Amortization	21,850	21,850
Miscellaneous	11,962	16,309
Benefits	17,585	15,506
Maintenance expense	11,581	11,252
Diesel expense	12,751	13,660
Interest expense	-	-
	144,197	146,785
Excess of expenditures over revenues	(45,407)	(26,687)

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Accessible Services
Year Ended December 31, 2020

(Note 15)

Actual **Actual**
2020 **2019**

\$ \$

SCHEDULE 6

Revenues

Municipal funding (Note 12)	3,533,690	4,068,540
Passenger fares	153,017	292,740
Government grant	94,500	94,500
City of Mount Pearl	68,890	69,675
	3,850,097	4,525,455

Expenses

MVT Subsidy	2,447,769	4,609,530
Amortization	348,196	283,764
Salaries	132,855	137,785
Computer expense	93,076	98,419
Miscellaneous expense	35,767	62,916
Professional fees	36,304	1,684
Interest expense	8,106	18,315
Benefits	24,048	22,343
Promotions expense	1,621	3,599
Telephone expense	3,247	3,439
Office supplies	3,585	2,740
	3,134,574	5,244,534
Excess of expenditures over revenues	715,523	(719,079)