

Financial Statements of

**ST. JOHN'S TRANSPORTATION
COMMISSION**

December 31, 2021

ST. JOHN'S TRANSPORTATION COMMISSION
December 31, 2021

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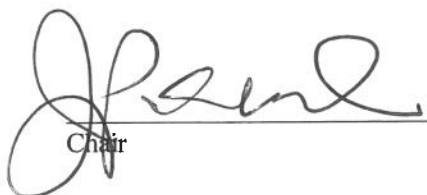
Statement of Responsibility

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.

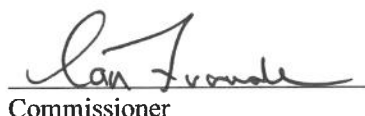
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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



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, 2021, 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, 2021, 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.

BDO Canada LLP

Chartered Professional Accountants

St. John's, Newfoundland and Labrador
April 28, 2022

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Operations and Accumulated Surplus
Year ended December 31, 2021

| | (Note 14) | | |
|--|--------------------|--------------------|--------------------|
| | Budget | Actual | Actual |
| | 2021 | 2021 | 2020 |
| | \$ | \$ | \$ |
| Operating revenues | | | |
| Municipal funding (Note 11) | 17,596,450 | 17,596,450 | 17,599,000 |
| Passenger fares | 2,820,000 | 3,005,255 | 3,505,521 |
| City of Mount Pearl | 1,060,090 | 1,041,172 | 1,077,053 |
| Low Income Bus Pass Program | 2,100,000 | 2,100,000 | 798,000 |
| Accessible services (Note 15 and Schedule 6) | 369,250 | 302,204 | 316,407 |
| Town of Paradise | 275,110 | 280,366 | 275,974 |
| Transit advertising | 227,000 | 162,845 | 95,478 |
| Sundry | 108,000 | 104,438 | 106,066 |
| Community Bus (Schedule 5) | - | 64,864 | 98,790 |
| Bus charters | 43,400 | 7,623 | 1,902 |
| Interest | 12,000 | 11,478 | 21,050 |
| Government grant - other | - | 1,490 | - |
| | 24,611,300 | 24,678,185 | 23,895,241 |
| Operating expenses | | | |
| Operations (Schedule 1) | 9,373,190 | 9,478,759 | 9,184,545 |
| Maintenance (Schedule 2) | 4,485,260 | 4,696,314 | 4,442,839 |
| Finance and administration (Schedule 3) | 3,864,540 | 3,768,376 | 3,323,706 |
| Accessible services (Note 15 and Schedule 6) | 3,609,080 | 3,340,533 | 2,778,272 |
| Pension benefits (Note 6) | 1,427,509 | 1,829,438 | 1,544,602 |
| Amortization of tangible capital assets | 3,352,717 | 2,913,928 | 2,995,857 |
| Interest on debt | 75,010 | 54,280 | 99,795 |
| | 26,187,306 | 26,081,628 | 24,369,616 |
| Annual deficit before undernoted items | (1,576,006) | (1,403,443) | (474,375) |
| Government transfer (Note 12) | - | 283,530 | 131,484 |
| Retiring allowance benefits (Note 7) | (12,975) | (40,465) | (120,374) |
| Employee future benefits (Note 8) | (1,267,971) | (1,705,621) | (1,567,291) |
| Annual deficit | (2,856,952) | (2,865,999) | (2,030,556) |
| Surplus, beginning of the year | 17,514,482 | 17,514,482 | 19,545,038 |
| Surplus, end of the year | 14,657,530 | 14,648,483 | 17,514,482 |


See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Financial Position
December 31, 2021

| | 2021 | 2020 |
|---|---------------------|---------------------|
| | \$ | \$ |
| Financial assets | | |
| Cash | 1,049,919 | 1,474,054 |
| Accounts receivable | 766,107 | 602,622 |
| | 1,816,026 | 2,076,676 |
| Financial liabilities | | |
| Credit facility (Note 4) | 3,083,000 | 4,190,000 |
| Accounts payable and accrued liabilities | 2,086,759 | 2,042,298 |
| Retiring allowance (Note 7) | 139,760 | 193,241 |
| Accrued pension liability (Note 6) | 1,757,221 | 1,399,528 |
| Employee benefits payable (Note 5) | 1,468,863 | 1,695,827 |
| Employee future benefits (Note 8) | 17,333,396 | 15,770,324 |
| | 25,868,999 | 25,291,218 |
| Net debt | (24,052,973) | (23,214,542) |
| Non-financial assets | | |
| Tangible capital assets (Note 3) | 37,893,352 | 39,941,287 |
| Parts, supplies and accessories inventory | 417,689 | 356,620 |
| Prepaid expenses | 390,415 | 431,117 |
| | 38,701,456 | 40,729,024 |
| Accumulated surplus | 14,648,483 | 17,514,482 |



Chair



Commissioner

See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Changes in Net Debt
Year Ended December 31, 2021

| | (Note 14) Budget 2021 | Actual 2021 | Actual 2020 |
|--|-----------------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| Annual deficit | (2,856,952) | (2,865,999) | (2,030,556) |
| Changes in tangible capital assets | | | |
| Acquisition of tangible capital assets | (3,045,000) | (865,993) | (285,164) |
| Disposal of tangible capital assets | - | - | - |
| Amortization of tangible capital assets | 3,352,717 | 2,913,928 | 2,995,857 |
| Decrease in net book value of tangible capital assets | 307,717 | 2,047,935 | 2,710,693 |
| Changes in other non-financial assets | | | |
| Change in prepaid expenses | - | 40,702 | (62,095) |
| Change in parts, supplies and accessories, net of usage | - | (61,069) | (14,275) |
| Increase in non-financial assets | - | (20,367) | (76,370) |
| Decrease (increase) in net debt | (2,549,235) | (838,431) | 603,767 |
| Net debt, beginning of year | (23,214,542) | (23,214,542) | (23,818,309) |
| Net debt, end of year | (25,763,777) | (24,052,973) | (23,214,542) |

See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Cash Flows
Year Ended December 31, 2021

| | 2021 | 2020 |
|---|------------------|------------------|
| | \$ | \$ |
| Operating transactions | | |
| Annual deficit | (2,865,999) | (2,030,556) |
| Adjustments for: | | |
| Amortization of tangible capital assets | 2,913,928 | 2,995,857 |
| Gain on disposal of tangible capital assets | (17,500) | - |
| | 30,429 | 965,301 |
| Change in other (Note 9) | 1,500,929 | 1,285,752 |
| | 1,531,358 | 2,251,053 |
| Capital transactions | | |
| Acquisition of tangible capital assets | (865,993) | (285,164) |
| Proceeds on disposal of tangible capital assets | 17,500 | - |
| | (848,493) | (285,164) |
| Financing transaction | | |
| Repayments on credit facility | (1,107,000) | (1,509,000) |
| Net (decrease) increase in cash | (424,135) | 456,889 |
| Cash, beginning of year | 1,474,054 | 1,017,165 |
| Cash, end of year | 1,049,919 | 1,474,054 |

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, 2021

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, 2021

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.

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, 2021

3. TANGIBLE CAPITAL ASSETS

| | 2021 | | | 2020 | |
|--------------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Net Book Value |
| | \$ | \$ | \$ | \$ | \$ |
| Buses | 24,400,974 | 18,642,430 | 5,758,544 | 23,965,580 | 6,832,658 |
| Bus operating equipment | 3,576,084 | 2,700,695 | 875,389 | 3,256,719 | 754,061 |
| Buildings | 23,422,657 | 4,800,040 | 18,622,617 | 23,413,960 | 19,183,748 |
| Office furniture and equipment | 2,149,890 | 1,678,644 | 471,246 | 2,118,390 | 547,757 |
| Garage equipment | 2,458,552 | 1,649,902 | 808,650 | 2,458,552 | 914,852 |
| Vehicles | 178,553 | 109,985 | 68,568 | 143,162 | 13,387 |
| Land | 5,838,356 | - | 5,838,356 | 5,838,356 | 5,838,356 |
| Land improvements | 1,524,533 | 428,696 | 1,095,837 | 1,524,533 | 1,141,497 |
| Building systems | 7,216,540 | 2,862,395 | 4,354,145 | 7,216,540 | 4,714,971 |
| Fareboxes | 603,601 | 603,601 | - | 603,601 | - |
| | 71,369,740 | 33,476,388 | 37,893,352 | 70,539,393 | 39,941,287 |

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, 2021 the outstanding banker's acceptances bore interest at 1.46% and matured on January 28, 2022. The credit facility, which was renewed on March 30, 2022, bears interest at 1.93% and matures on April 29, 2022.

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:

| | 2021 | 2020 |
|-----------------------|------------------|------------------|
| | \$ | \$ |
| Sick pay benefits | 1,031,335 | 1,213,080 |
| Vacation pay benefits | 437,528 | 482,747 |
| | 1,468,863 | 1,695,827 |

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2021

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, 2021:

A. Defined Benefit Pension Plan

| | 2021 | | | 2020 | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Union | Non-union | Total | Union | Non-union | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| <i>Accrued benefit obligation</i> | | | | | | |
| Balance, beginning of year | 37,344,297 | 24,788,598 | 62,132,895 | 34,423,102 | 22,553,001 | 56,976,103 |
| Current service cost | 1,194,340 | 714,057 | 1,908,397 | 1,228,783 | 760,236 | 1,989,019 |
| Interest cost | 1,851,749 | 1,175,194 | 3,026,943 | 1,830,384 | 1,154,844 | 2,985,228 |
| Benefits paid | (1,812,966) | (809,422) | (2,622,388) | (1,649,407) | (578,223) | (2,227,630) |
| (Gain) loss on accrued benefit obligation | (2,338,233) | (960,148) | (3,298,381) | 1,511,435 | 898,740 | 2,410,175 |
| Balance, end of year | 36,239,187 | 24,908,279 | 61,147,466 | 37,344,297 | 24,788,598 | 62,132,895 |
| <i>Accrued benefit asset</i> | | | | | | |
| Fair value, beginning of year | 37,878,988 | 22,300,304 | 60,179,292 | 35,505,859 | 20,495,190 | 56,001,049 |
| Return on plan assets | 3,896,846 | 2,345,455 | 6,242,301 | 2,728,522 | 1,287,967 | 4,016,489 |
| Benefits paid | (1,812,966) | (809,422) | (2,622,388) | (1,649,407) | (578,223) | (2,227,630) |
| Employer contributions to plan | 703,899 | 767,846 | 1,471,745 | 716,995 | 822,907 | 1,539,902 |
| Employee contributions to plan | 487,186 | 234,150 | 721,336 | 577,019 | 272,463 | 849,482 |
| Fair value, end of year | 41,153,953 | 24,838,333 | 65,992,286 | 37,878,988 | 22,300,304 | 60,179,292 |
| Funded status - deficit | (4,914,766) | 69,946 | (4,844,820) | (534,691) | 2,488,294 | 1,953,603 |
| Unamortized amounts | 5,209,521 | 1,212,610 | 6,422,131 | 621,504 | (1,338,279) | (716,775) |
| Accrued pension liability | 294,755 | 1,282,556 | 1,577,311 | 86,813 | 1,150,015 | 1,236,828 |
| <i>Net benefit expense for the year</i> | | | | | | |
| Current service cost | 1,194,340 | 714,057 | 1,908,397 | 1,228,783 | 760,236 | 1,989,019 |
| Interest cost | (26,653) | 111,356 | 84,703 | (59,673) | 96,402 | 36,729 |
| Amortization of gains/losses | 231,340 | 309,124 | 540,464 | 113,203 | 236,528 | 349,731 |
| Employee contributions | (487,186) | (234,150) | (721,336) | (577,019) | (272,463) | (849,482) |
| | 911,841 | 900,387 | 1,812,228 | 705,294 | 820,703 | 1,525,997 |
| <i>Significant assumptions used</i> | | | | | | |
| Discount rate | 5.20% | 4.95% | | 5.00% | 4.75% | |
| Expected long-term rate of return on plan assets | 5.00% | 4.75% | | 5.35% | 5.10% | |
| Rate of compensation increase 2020 and after | 2.00% | 2.00% | | 2.00% | 2.00% | |
| Average remaining service period for active employees | 13.5 years | 9.5 years | | 14.2 years | 9.3 years | |

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2021

6. ACCRUED PENSION BENEFITS (Continued)

The plans asset mix at December 31, 2021 was:

| | |
|---------------------------------|-------------|
| Equities | 70.8% |
| Bonds | 26.9% |
| Cash and short-term investments | 2.3% |
| | <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 2021 the Commission expensed \$115,513 (2020 - \$86,013) related to the defined contribution plan.

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2021

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.

| | 2021 | 2020 |
|---|----------|----------|
| | \$ | \$ |
| <i>Accrued benefit obligation</i> | | |
| Balance, beginning of year | 196,286 | 187,679 |
| Current service cost | 7,137 | 7,095 |
| Interest cost | 5,276 | 6,062 |
| Gain on accrued benefit obligation | (96,271) | (4,550) |
| Balance, end of year | 112,428 | 196,286 |
| Funded status - deficit | 112,428 | 196,286 |
| Unamortized amounts | 67,482 | (33,586) |
| Accrued benefit obligation, end of year | 179,910 | 162,700 |
| <i>Net benefit expense for the year</i> | | |
| Current service cost | 7,137 | 7,095 |
| Interest cost | 5,276 | 6,062 |
| Amortization of gains/losses | 4,797 | 5,448 |
| | 17,210 | 18,605 |

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 3.06% (2020 – 2.64%) and the average remaining service period for active employees used of 6.0 years (2020 – 7.0 years).

C. Accrued Pension Liability

| | 2021 | 2020 |
|----------------------|-----------|-----------|
| | \$ | \$ |
| Defined Benefit Plan | 1,577,311 | 1,236,828 |
| SERP | 179,910 | 162,700 |
| | 1,757,221 | 1,399,528 |

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2021

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 September 30, 2021, the following results have been extrapolated to December 31, 2021:

| | 2021 | 2020 |
|---|----------------|----------------|
| | \$ | \$ |
| <i>Accrued benefit liability</i> | | |
| Balance, beginning of year | 231,805 | 483,255 |
| Current service cost | 31,209 | 29,755 |
| Interest cost | 6,204 | 15,492 |
| Benefits paid | (93,946) | (57,391) |
| Loss on settlements | - | 26,593 |
| Actuarial (gain) loss on benefit obligation | (23,585) | 23,564 |
| Settlement payments by employer | - | (289,463) |
| Balance, end of year | 151,687 | 231,805 |
| | | |
| Plan - deficit | 151,687 | 231,805 |
| Unamortized amounts | (11,927) | (38,564) |
| Accrued benefit liability, end of year | 139,760 | 193,241 |
| <i>Net benefit expense for the year</i> | | |
| Current service cost | 31,209 | 29,755 |
| Interest cost | 6,204 | 15,492 |
| Amortization of gains/losses | 3,052 | 4,804 |
| Loss on settlements | - | 26,593 |
| Unamortized losses recognized in settlements | - | 43,730 |
| | 40,465 | 120,374 |

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

| | 2021 | 2020 |
|---|------------|------------|
| Discount rate | 3.06% | 2.64% |
| Rate of compensation increase | 2.0% | 2.0% |
| Average remaining service period for active employees | 13.4 years | 13.8 years |

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2021

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 September 30, 2021, the following results have been extrapolated to December 31, 2021:

| | 2021 | 2020 |
|---|-------------------|-------------------|
| | \$ | \$ |
| <i>Accrued benefit obligation</i> | | |
| Balance, beginning of year | 19,367,962 | 16,885,117 |
| Current service cost | 803,941 | 699,445 |
| Interest cost | 516,011 | 539,746 |
| Benefits paid | (142,549) | (132,080) |
| Actuarial loss (gain) on benefit obligation | (4,901,488) | 1,375,734 |
| Balance, end of year | 15,643,877 | 19,367,962 |
| Plan status - deficit | 15,643,877 | 19,367,962 |
| Unamortized amounts | 1,689,519 | (3,597,638) |
| Accrued benefit liability | 17,333,396 | 15,770,324 |
| <i>Net benefit expense for the year</i> | | |
| Current service cost | 803,941 | 699,445 |
| Interest cost | 516,011 | 539,746 |
| Amortization of gains/losses | 385,669 | 328,100 |
| | 1,705,621 | 1,567,291 |
| <i>Significant assumptions used</i> | | |
| Discount rate (obligation) | 3.06% | 2.64% |
| Discount rate (expense) | 2.64% | 3.17% |
| Average remaining service period for active employees | 13.4 years | 13.8 years |

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2021

9. CHANGE IN OTHER

| | 2021 | 2020 |
|--|------------------|-----------|
| | \$ | \$ |
| Accounts receivable | (163,485) | 372,701 |
| Parts, supplies and accessories | (61,069) | (14,275) |
| Prepaid expenses | 40,702 | (62,095) |
| Accounts payable and accrued liabilities | 44,461 | (265,228) |
| Accrued pension liability | 357,693 | 4,700 |
| Retiring allowance | (53,481) | (226,480) |
| Employee benefits payable | (226,964) | 41,218 |
| Employee future benefits | 1,563,072 | 1,435,211 |
| | 1,500,929 | 1,285,752 |

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, 2021 provision of \$602,144 (2020 - \$352,268) is adequate and has been recorded in accounts payable and accrued liabilities where required.

11. MUNICIPAL FUNDING

Funding was provided by the City of St. John's for the 2021 operations as follows:

| | 2021 | 2020 |
|-------------------------------|-------------------|------------|
| | \$ | \$ |
| Metrobus | 14,159,380 | 14,065,310 |
| Accessible services ("GoBus") | 3,437,070 | 3,533,690 |
| | 17,596,450 | 17,599,000 |

12. CAPITAL FUNDING

During the year, the City made a government transfer of \$283,530 (2020 - \$131,484) to the Commission. This transfer relates to projects funded by the Canada-Newfoundland and Labrador Integrated Bilateral Agreement for the Investing in Canada Infrastructure Program (ICIP) 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, 2021

14. BUDGET AMOUNTS

Budget data presented in these financial statements are based upon the 2021 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 2021 |
|---------------------------------------|------------------------|
| | \$ |
| Revenue | |
| Operating - Metrobus | 6,645,600 |
| Municipal funding - Metrobus | 14,159,380 |
| Operating - GoBus | 369,250 |
| Municipal funding - GoBus | 3,437,070 |
| Total revenues | 24,611,300 |
| Expenses | |
| Operating - Metrobus | 19,552,910 |
| Capital - Metrobus | 1,252,070 |
| Operating - GoBus | 3,609,080 |
| Capital - GoBus | 197,240 |
| Total expenses | 24,611,300 |
| Total approved budget | - |
| Less: | |
| Amortization | (3,352,717) |
| Change in employee benefits liability | (1,267,971) |
| Change in accrued retiring allowance | (12,975) |
| Add: | |
| Change in accrued pension | 402,411 |
| Debt principal payments | 1,374,300 |
| Total adjustments | (2,856,952) |
| Total budgeted deficit | (2,856,952) |

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. In late 2021 this agreement was extended and now ends December 31, 2022.

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 in 2020 which went into 2021 for large portions of the year, 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 surplus in its operating budget.

The pandemic and corresponding restrictions have continued into 2022 and, consequently, it is expected that the conditions impacting the Commission's operations for 2022 will also impact the 2022 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, 2021

| | Actual 2021 | Actual 2020 |
|------------------------------|------------------|-------------------|
| | \$ | \$ |
| Operations | | SCHEDULE 1 |
| Operators' salaries | 5,728,966 | 5,774,187 |
| Diesel fuel | 1,913,385 | 1,382,417 |
| Operations' salaries | 1,261,959 | 1,366,645 |
| Community Bus | 121,555 | 122,347 |
| Transit advertising | 99,827 | 101,574 |
| Advertising | 65,952 | 158,072 |
| Uniforms and clothing | 64,332 | 61,576 |
| Licenses | 62,585 | 60,258 |
| Promotions | 34,007 | 40,031 |
| Company vehicles | 30,297 | 37,637 |
| Communication equipment | 30,072 | 27,549 |
| Registration and memberships | 20,156 | 20,091 |
| Miscellaneous | 16,739 | 16,668 |
| Bus charter | 15,203 | 2,321 |
| Schedules and transfers | 13,724 | 13,172 |
| | 9,478,759 | 9,184,545 |
| Maintenance | | SCHEDULE 2 |
| Garage salaries | 2,340,383 | 2,357,469 |
| Stock parts | 807,932 | 657,472 |
| Wash salaries | 398,755 | 455,363 |
| Building and yards | 343,405 | 141,367 |
| Utilities | 318,806 | 331,948 |
| Bus lubricants | 124,153 | 93,233 |
| Tires | 108,525 | 120,053 |
| Garage expense | 73,454 | 86,489 |
| Bus stops and shelters | 43,757 | 41,707 |
| Janitorial and sanitation | 41,664 | 43,911 |
| Maintenance vehicles | 41,519 | 47,477 |
| Shop tools and equipment | 20,278 | 32,300 |
| Farebox repairs | 17,639 | 6,013 |
| Bus wash | 14,354 | 26,255 |
| Body shop supplies | 1,690 | 1,782 |
| | 4,696,314 | 4,442,839 |

ST. JOHN'S TRANSPORTATION COMMISSION
Schedules of Expenses
Year Ended December 31, 2021

| | Actual 2021 | Actual 2020 |
|--|------------------|------------------|
| | \$ | \$ |
| SCHEDULE 3 | | |
| Finance and administration | | |
| Administrative and commissioners' salaries | 917,889 | 932,799 |
| Other benefits | 1,306,143 | 1,184,776 |
| Fleet insurance | 601,876 | 151,716 |
| Computer | 230,534 | 246,698 |
| Employer's payroll taxes | 223,801 | 234,068 |
| Sick leave | 217,819 | 330,059 |
| General insurance | 63,821 | 41,410 |
| Office | 60,473 | 73,922 |
| Miscellaneous | 53,786 | 43,798 |
| Professional fees | 48,781 | 43,052 |
| Telephone | 30,638 | 30,153 |
| Training | 29,702 | 8,294 |
| Bad debt expense | 613 | 2,961 |
| Gain on disposal of capital assets | (17,500) | - |
| | 3,768,376 | 3,323,706 |

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Tangible Capital Assets
Year Ended December 31, 2021

SCHEDULE 4
2020

| | 2021 | | | | | | | | | | 2020 | | |
|--|-------------------|-------------------------|-------------------|--------------------------------|------------------|----------------|------------------|--------------------|------------------|----------------|-------------------|-------------------|-------|
| | Buses | Bus operating equipment | Buildings | Office furniture and equipment | Garage equipment | Vehicles | Land | Land improve-ments | Building systems | Fareboxes | Total | Total | Total |
| Cost | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost, beginning 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 | |
| Additions | 435,394 | 319,365 | 8,697 | 31,500 | - | 71,037 | - | - | - | - | 865,993 | 285,164 | |
| Disposals and write downs | - | - | - | - | - | (35,646) | - | - | - | - | (35,646) | - | |
| Cost, end of year | 24,400,974 | 3,576,084 | 23,422,657 | 2,149,890 | 2,458,552 | 178,553 | 5,838,356 | 1,524,533 | 7,216,540 | 603,601 | 71,369,740 | 70,539,393 | |
| Accumulated Amortization | | | | | | | | | | | | | |
| Accumulated amortization, beginning 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 | |
| Amortization | 1,509,508 | 198,037 | 569,828 | 108,011 | 106,202 | 15,856 | - | 45,660 | 360,826 | - | 2,913,928 | 2,995,857 | |
| Disposals and write downs | - | - | - | - | - | (35,646) | - | - | - | - | (35,646) | - | |
| Accumulated amortization, end of year | 18,642,430 | 2,700,695 | 4,800,040 | 1,678,644 | 1,649,902 | 109,985 | - | 428,696 | 2,862,395 | 603,601 | 33,476,388 | 30,598,106 | |
| Net book value | 5,758,544 | 875,389 | 18,622,617 | 471,246 | 808,650 | 68,568 | 5,838,356 | 1,095,837 | 4,354,145 | - | 37,893,352 | 39,941,287 | |

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Age-Friendly Newfoundland and Labrador Transportation Project
Year Ended December 31, 2021

| | Actual 2021 | Actual 2020 |
|---|-----------------|-------------------|
| | \$ | \$ |
| COMMUNITY BUS | | |
| | | SCHEDULE 5 |
| Revenues | | |
| Government grant | 50,000 | 85,000 |
| Passenger fares | 14,864 | 13,790 |
| | 64,864 | 98,790 |
| Expenses | | |
| Operators' salaries | 67,948 | 68,468 |
| Diesel expense | 18,761 | 12,751 |
| Benefits | 18,580 | 17,585 |
| Maintenance expense | 13,087 | 11,581 |
| Amortization | 10,925 | 21,850 |
| Miscellaneous | 3,179 | 11,962 |
| Interest expense | - | - |
| | 132,480 | 144,197 |
| Excess of expenditures over revenues | (67,616) | (45,407) |

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Accessible Services
Year Ended December 31, 2021

(Note 15)

| Actual | Actual |
|--------|--------|
| 2021 | 2020 |
| \$ | \$ |

SCHEDULE 6

Revenues

| | | |
|-----------------------------|------------------|------------------|
| Municipal funding (Note 11) | 3,437,070 | 3,533,690 |
| Passenger fares | 129,583 | 153,017 |
| Government grant | 94,500 | 94,500 |
| City of Mount Pearl | 78,121 | 68,890 |
| | 3,739,274 | 3,850,097 |

Expenses

| | | |
|---|------------------|------------------|
| MVT Subsidy | 2,959,485 | 2,447,769 |
| Amortization | 271,075 | 348,196 |
| Salaries | 153,737 | 132,855 |
| Computer expense | 106,618 | 93,076 |
| Miscellaneous expense | 54,166 | 35,767 |
| Professional fees | 27,694 | 36,304 |
| Benefits | 27,634 | 24,048 |
| Telephone expense | 4,099 | 3,247 |
| Interest expense | 2,923 | 8,106 |
| Office supplies | 2,772 | 3,585 |
| Promotions expense | 1,405 | 1,621 |
| | 3,611,608 | 3,134,574 |
| Excess of revenues over expenditures | 127,666 | 715,523 |