

Financial Statements of

**ST. JOHN'S TRANSPORTATION
COMMISSION**

December 31, 2022

ST. JOHN'S TRANSPORTATION COMMISSION

December 31, 2022

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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, 2022, 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, 2022, 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
May 10, 2023

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Operations and Accumulated Surplus
Year ended December 31, 2022

	(Note 14)		
	Budget	Actual	Actual
	2022	2022	2021
	\$	\$	\$
Operating revenues			
Municipal funding (Note 11)	19,193,150	19,193,150	17,596,450
Passenger fares	3,833,080	4,564,521	3,005,255
City of Mount Pearl	1,013,630	1,063,172	1,041,172
Low Income Bus Pass Program	2,100,000	2,100,000	2,100,000
Accessible services (Note 15 and Schedule 6)	431,510	294,985	302,204
Town of Paradise	274,990	291,512	280,366
Transit advertising	227,000	168,160	162,845
Sundry	108,000	130,841	104,438
Community Bus (Schedule 5)	-	19,422	64,864
Bus charters	43,400	36,906	7,623
Interest	12,000	47,556	11,478
Government grant - other	-	-	1,490
	27,236,760	27,910,225	24,678,185
Operating expenses			
Operations (Schedule 1)	10,162,300	11,506,764	9,478,759
Maintenance (Schedule 2)	4,625,920	4,979,577	4,696,314
Finance and administration (Schedule 3)	4,050,390	3,947,301	3,768,376
Accessible services (Note 15 and Schedule 6)	5,240,110	4,208,192	3,340,533
Pension benefits (Note 6)	2,652,499	565,552	1,829,438
Amortization of tangible capital assets	2,916,565	2,864,840	2,913,928
Interest on debt	55,900	83,813	54,280
	29,703,684	28,156,039	26,081,628
Annual deficit before undernoted items	(2,466,924)	(245,814)	(1,403,443)
Government transfer (Note 12)	-	787,491	283,530
Retiring allowance benefits (Note 7)	(1,240)	(33,661)	(40,465)
Employee future benefits (Note 8)	(687,169)	(1,075,712)	(1,705,621)
Annual deficit	(3,155,333)	(567,696)	(2,865,999)
Surplus, beginning of the year	14,648,483	14,648,483	17,514,482
Surplus, end of the year	11,493,150	14,080,787	14,648,483

See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Financial Position
December 31, 2022

	2022	2021
	\$	\$
Financial assets		
Cash	1,892,964	1,049,919
Accounts receivable	1,572,596	766,107
	3,465,560	1,816,026
Financial liabilities		
Credit facility (Note 4)	2,356,000	3,083,000
Accounts payable and accrued liabilities	3,169,353	2,086,759
Retiring allowance (Note 7)	128,172	139,760
Accrued pension liability (Note 6)	1,054,886	1,757,221
Employee benefits payable (Note 5)	1,425,838	1,468,863
Employee future benefits (Note 8)	18,221,376	17,333,396
	26,355,625	25,868,999
Net debt	(22,890,065)	(24,052,973)
Non-financial assets		
Tangible capital assets (Note 3)	36,133,777	37,893,352
Parts, supplies and accessories inventory	477,576	417,689
Prepaid expenses	359,499	390,415
	36,970,852	38,701,456
Accumulated surplus	14,080,787	14,648,483

Chair

Commissioner

See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Changes in Net Debt
Year Ended December 31, 2022

	(Note 14) Budget 2022	Actual 2022	Actual 2021
	\$	\$	\$
Annual deficit	(3,155,333)	(567,696)	(2,865,999)
Changes in tangible capital assets			
Acquisition of tangible capital assets	(646,000)	(1,105,265)	(865,993)
Disposal of tangible capital assets			-
Amortization of tangible capital assets	2,916,565	2,864,840	2,913,928
Decrease in net book value of tangible capital assets	2,270,565	1,759,575	2,047,935
Changes in other non-financial assets			
Change in prepaid expenses	-	30,916	40,702
Change in parts, supplies and accessories, net of usage	-	(59,887)	(61,069)
Increase in non-financial assets	-	(28,971)	(20,367)
Decrease (increase) in net debt	(884,768)	1,162,908	(838,431)
Net debt, beginning of year	(24,052,973)	(24,052,973)	(23,214,542)
Net debt, end of year	(24,937,741)	(22,890,065)	(24,052,973)

See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
	\$	\$
Operating transactions		
Annual deficit	(567,696)	(2,865,999)
Adjustments for:		
Amortization of tangible capital assets	2,864,840	2,913,928
Gain on disposal of tangible capital assets	-	(17,500)
	2,297,144	30,429
Change in other (Note 9)	378,166	1,500,929
	2,675,310	1,531,358
Capital transactions		
Acquisition of tangible capital assets	(1,105,265)	(865,993)
Proceeds on disposal of tangible capital assets	-	17,500
	(1,105,265)	(848,493)
Financing transaction		
Repayments on credit facility	(727,000)	(1,107,000)
Net increase (decrease) in cash	843,045	(424,135)
Cash, beginning of year	1,049,919	1,474,054
Cash, end of year	1,892,964	1,049,919

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, 2022

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, 2022

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 (smartcard system)	15%	declining balance
Bus operating equipment (other)	7 years	straight line
Buildings (bus shelters)	10%	declining balance
Buildings (other)	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, 2022

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, 2022

3. TANGIBLE CAPITAL ASSETS

	2022			2021	
	Cost	Accumulated Amortization	Net Book Value	Cost	Net Book Value
	\$	\$	\$	\$	\$
Buses	25,199,640	20,104,369	5,095,271	24,400,974	5,758,544
Bus operating equipment	3,682,586	2,898,258	784,328	3,576,084	875,389
Buildings	23,618,630	5,379,564	18,239,066	23,422,657	18,622,617
Office furniture and equipment	2,154,014	1,778,027	375,987	2,149,890	471,246
Garage equipment	2,458,552	1,755,816	702,736	2,458,552	808,650
Vehicles	178,553	125,843	52,710	178,553	68,568
Land	5,838,356	-	5,838,356	5,838,356	5,838,356
Land improvements	1,524,533	472,529	1,052,004	1,524,533	1,095,837
Building systems	7,216,540	3,223,221	3,993,319	7,216,540	4,354,145
Fareboxes	603,601	603,601	-	603,601	-
	72,475,005	36,341,228	36,133,777	71,369,740	37,893,352

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, 2022 the outstanding banker's acceptances bore interest at 5.67% and matured on January 27, 2023. The balance on the credit facility on December 31, 2022, is \$,2356,000 (2021 - \$3,083,000). The credit facility, which was renewed on March 29, 2023, bears interest at 5.94% and matures on April 28, 2023.

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:

	2022	2021
	\$	\$
Sick pay benefits	967,054	1,031,335
Vacation pay benefits	458,784	437,528
	1,425,838	1,468,863

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2022

6. ACCRUED PENSION BENEFITS

Based on an actuarial valuation of the plans, completed as at December 31, 2020, the following results have been extrapolated to December 31, 2022:

A. Defined Benefit Pension Plan

	2022			2021		
	Union	Non-union	Total	Union	Non-union	Total
	\$	\$	\$	\$	\$	\$
<i>Accrued benefit obligation</i>						
Balance, beginning of year	36,239,187	24,908,279	61,147,466	37,344,297	24,788,598	62,132,895
Current service cost	923,561	603,344	1,526,905	1,194,340	714,057	1,908,397
Interest cost	1,832,291	1,224,748	3,057,039	1,851,749	1,175,194	3,026,943
Benefits paid	(2,929,200)	(935,142)	(3,864,342)	(1,812,966)	(809,422)	(2,622,388)
(Gain) loss on accrued benefit obligation	(3,575,361)	(2,518,829)	(6,094,190)	(2,338,233)	(960,148)	(3,298,381)
Balance, end of year	32,490,478	23,282,400	55,772,878	36,239,187	24,908,279	61,147,466
<i>Accrued benefit asset</i>						
Fair value, beginning of year	41,153,953	24,838,333	65,992,286	37,878,988	22,300,304	60,179,292
Return on plan assets	(4,451,114)	(2,928,131)	(7,379,245)	3,896,846	2,345,455	6,242,301
Benefits paid	(2,929,200)	(935,142)	(3,864,342)	(1,812,966)	(809,422)	(2,622,388)
Employer contributions to plan	573,041	694,846	1,267,887	703,899	767,846	1,471,745
Employee contributions to plan	398,425	210,183	608,608	487,186	234,150	721,336
Fair value, end of year	34,745,105	21,880,089	56,625,194	41,153,953	24,838,333	65,992,286
Funded status - deficit (surplus)	(2,254,627)	1,402,311	(852,316)	(4,914,766)	69,946	(4,844,820)
Unamortized amounts	2,085,641	(354,556)	1,731,085	5,209,521	1,212,610	6,422,131
Accrued pension liability (asset)	(168,986)	1,047,755	878,769	294,755	1,282,556	1,577,311
<i>Net benefit expense for the year</i>						
Current service cost	923,561	603,344	1,526,905	1,194,340	714,057	1,908,397
Interest cost (recovery)	(256,814)	(4,004)	(260,818)	(26,653)	111,356	84,703
Amortization of (gains)/losses	(159,022)	70,888	(88,134)	231,340	309,124	540,464
Employee contributions	(398,425)	(210,183)	(608,608)	(487,186)	(234,150)	(721,336)
	109,300	460,045	569,345	911,841	900,387	1,812,228

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2022

6. ACCRUED PENSION BENEFITS (Continued)

	2022			2021		
	Union	Non-union	Total	Union	Non-union	Total
	\$	\$	\$	\$	\$	\$
<i>Significant assumptions used</i>						
Discount rate	6.00%	5.75%		5.20%	4.95%	
Expected long-term rate of return on plan assets	5.20%	4.95%		5.00%	4.75%	
Rate of compensation increase						
2020 and after				2.00%	2.00%	
2020-2022	0.00%	0.00%				
2023-2024	2.00%	2.00%				
2025	3.00%	3.00%				
2026 and after	2.00%	2.00%				
Average remaining service period for active employees	13.5 years	9.5 years		13.5 years	9.5 years	

The plans asset mix at December 31, 2022 was:

Equities	73.0%
Bonds	24.5%
Cash and short-term investments	2.5%
	100%

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 2022 the Commission expensed \$149,951 (2021 - \$115,513) related to the defined contribution plan.

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2022

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.

	2022	2021
	\$	\$
<i>Accrued benefit obligation</i>		
Balance, beginning of year	112,428	196,286
Current service cost	3,953	7,137
Interest cost	3,501	5,276
Gain on accrued benefit obligation	(54,587)	(96,271)
Balance, end of year	65,295	112,428
Funded status - deficit	65,295	112,428
Unamortized amounts	110,822	67,482
Accrued benefit obligation, end of year	176,117	179,910
<i>Net benefit expense for the year</i>		
Current service cost	3,953	7,137
Interest cost	3,501	5,276
Amortization of (gains)/losses	(11,247)	4,797
	(3,793)	17,210

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 5.07% (2021 – 3.06%) and the average remaining service period for active employees used of 5.0 years (2021 – 6.0 years).

C. Accrued Pension Liability

	2022	2021
	\$	\$
Defined Benefit Plan	878,769	1,577,311
SERP	176,117	179,910
	1,054,886	1,757,221

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2022

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, 2022:

	2022	2021
	\$	\$
<i>Accrued benefit liability</i>		
Balance, beginning of year	151,687	231,805
Current service cost	27,679	31,209
Interest cost	4,690	6,204
Benefits paid	(45,249)	(93,946)
Actuarial loss on benefit obligation	(26,970)	(23,585)
Balance, end of year	111,837	151,687
Plan - deficit	111,837	151,687
Unamortized amounts	16,335	(11,927)
Accrued benefit liability, end of year	128,172	139,760
<i>Net benefit expense for the year</i>		
Current service cost	27,679	31,209
Interest cost	4,690	6,204
Amortization of gains/losses	1,292	3,052
	33,661	40,465

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

	2022	2021
Discount rate	5.07%	3.06%
Rate of compensation increase	2.0%	2.0%
Average remaining service period for active employees	13.4 years	13.4 years

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2022

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, 2022:

	2022	2021
	\$	\$
<i>Accrued benefit obligation</i>		
Balance, beginning of year	15,643,877	19,367,962
Current service cost	623,940	803,941
Interest cost	482,160	516,011
Benefits paid	(187,732)	(142,549)
Actuarial loss (gain) on benefit obligation	(4,539,256)	(4,901,488)
Balance, end of year	12,022,989	15,643,877
Plan status - deficit	12,022,989	15,643,877
Unamortized amounts	6,198,387	1,689,519
Accrued benefit liability	18,221,376	17,333,396
<i>Net benefit expense for the year</i>		
Current service cost	623,940	803,941
Interest cost	482,160	516,011
Amortization of (gains)/losses	(30,388)	385,669
	1,075,712	1,705,621
<i>Significant assumptions used</i>		
Discount rate (obligation)	5.07%	3.06%
Discount rate (expense)	3.06%	2.64%
Average remaining service period for active employees	13.4 years	13.4 years

ST. JOHN'S TRANSPORTATION COMMISSION
Notes to the Financial Statements
December 31, 2022

9. CHANGE IN OTHER

	2022	2021
	\$	\$
Accounts receivable	(806,489)	(163,485)
Parts, supplies and accessories	(59,887)	(61,069)
Prepaid expenses	30,916	40,702
Accounts payable and accrued liabilities	1,082,594	44,461
Accrued pension liability	(702,335)	357,693
Retiring allowance	(11,588)	(53,481)
Employee benefits payable	(43,025)	(226,964)
Employee future benefits	887,980	1,563,072
	378,166	1,500,929

10. CONTINGENCIES

The Commission is contingently liable for claims below \$100,000. Management believes that the December 31, 2022 provision of \$570,157 (2021 - \$602,144) 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 2022 operations as follows:

	2022	2021
	\$	\$
Metrobus	14,271,150	14,159,380
Accessible services ("GoBus")	4,922,000	3,437,070
	19,193,150	17,596,450

12. CAPITAL FUNDING

During the year, the City made a government transfer of \$787,491 (2021 - \$283,530) 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, 2022

14. BUDGET AMOUNTS

Budget data presented in these financial statements are based upon the 2022 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 2022
	\$
Revenue	
Operating - Metrobus	7,612,100
Municipal funding - Metrobus	14,271,150
Operating - GoBus	431,510
Municipal funding - GoBus	4,922,000
Total revenues	27,236,760
Expenses	
Operating - Metrobus	20,747,750
Capital - Metrobus	1,135,500
Operating - GoBus	5,240,110
Capital - GoBus	113,400
Total expenses	27,236,760
Total approved budget	-
Less:	
Amortization	(2,916,565)
Change in employee benefits liability	(687,169)
Change in accrued retiring allowance	(1,240)
Change in accrued pension	(743,359)
Add:	
Debt principal payments	1,193,000
Total adjustments	(3,155,333)
Total budgeted deficit	(3,155,333)

15. ACCESSIBLE SERVICES

The Commission is responsible for providing accessible services known as GoBus. The Commission oversees the delivery of services contracted to MVT Canadian Bus, Inc which was for the period of 5 years ended December 31, 2021. In the prior year, this agreement was extended to 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.

ST. JOHN'S TRANSPORTATION COMMISSION
Schedules of Expenses
Year Ended December 31, 2022

	Actual 2022	Actual 2021
	\$	\$
Operations		SCHEDULE 1
Operators' salaries	6,109,596	5,728,966
Diesel fuel	3,386,318	1,913,385
Operations' salaries	1,314,252	1,261,959
Community Bus	135,607	121,555
Transit advertising	98,796	99,827
Advertising	97,610	65,952
Promotions	77,498	34,007
Uniforms and clothing	68,340	64,332
Licenses	64,690	62,585
Bus charter	36,930	15,203
Company vehicles	33,244	30,297
Registration and memberships	26,907	20,156
Communication equipment	25,162	30,072
Schedules and transfers	16,628	13,724
Miscellaneous	15,186	16,739
	11,506,764	9,478,759
Maintenance		SCHEDULE 2
Garage salaries	2,435,135	2,340,383
Stock parts	965,278	807,932
Wash salaries	368,364	398,755
Utilities	331,083	318,806
Building and yards	314,873	343,405
Bus lubricants	153,490	124,153
Tires	153,032	108,525
Garage expense	70,627	73,454
Maintenance vehicles	57,697	41,519
Bus stops and shelters	47,333	43,757
Janitorial and sanitation	44,191	41,664
Shop tools and equipment	24,370	20,278
Farebox repairs	11,129	17,639
Bus wash	2,384	14,354
Body shop supplies	591	1,690
	4,979,577	4,696,314

ST. JOHN'S TRANSPORTATION COMMISSION
Schedules of Expenses
Year Ended December 31, 2022

	Actual 2022	Actual 2021
	\$	\$
SCHEDULE 3		
Finance and administration		
Administrative and commissioners' salaries	918,374	917,889
Other benefits	1,521,572	1,306,143
Fleet insurance	416,746	601,876
Computer	288,870	230,534
Employer's payroll taxes	223,566	223,801
Sick leave	197,116	217,819
Professional fees	112,102	48,781
Miscellaneous	76,803	53,786
Office	71,329	60,473
General insurance	64,623	63,821
Telephone	26,955	30,638
Training	18,521	29,702
Travel	10,724	-
Bad debt expense	-	613
Gain on disposal of capital assets	-	(17,500)
	3,947,301	3,768,376

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Tangible Capital Assets
Year Ended December 31, 2022

SCHEDULE 4

	2022										2021	
	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	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
Additions	798,666	106,502	195,973	4,124	-	-	-	-	-	-	1,105,265	865,993
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-	(35,646)
Cost, end of year	25,199,640	3,682,586	23,618,630	2,154,014	2,458,552	178,553	5,838,356	1,524,533	7,216,540	603,601	72,475,005	71,369,740
Accumulated Amortization												
Accumulated amortization, beginning 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
Amortization	1,461,939	197,563	579,524	99,383	105,914	15,858	-	43,833	360,826	-	2,864,840	2,913,928
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-	(35,646)
Accumulated amortization, end of year	20,104,369	2,898,258	5,379,564	1,778,027	1,755,816	125,843	-	472,529	3,223,221	603,601	36,341,228	33,476,388
Net book value	5,095,271	784,328	18,239,066	375,987	702,736	52,710	5,838,356	1,052,004	3,993,319	-	36,133,777	37,893,352

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Age-Friendly Newfoundland and Labrador Transportation Project
Year Ended December 31, 2022

	Actual 2022	Actual 2021
	\$	\$
COMMUNITY BUS		
		SCHEDULE 5
Revenues		
Government grant	-	50,000
Passenger fares	19,422	14,864
	19,422	64,864
Expenses		
Operators' salaries	68,354	67,948
Diesel expense	23,726	18,761
Benefits	18,733	18,580
Maintenance expense	12,904	13,087
Amortization	-	10,925
Miscellaneous	11,890	3,179
	135,607	132,480
Excess of expenditures over revenues	(116,185)	(67,616)

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Accessible Services
Year Ended December 31, 2022

(Note 15)

Actual **Actual**
2022 **2021**

\$ \$

SCHEDULE 6

Revenues

Municipal funding (Note 12)	4,922,000	3,437,070
Passenger fares	121,729	129,583
Government grant	94,500	94,500
City of Mount Pearl	78,756	78,121
	5,216,985	3,739,274

Expenses

Contractor Subsidy	3,714,857	2,959,485
Amortization	263,596	271,075
Salaries	141,322	153,737
Computer expense	188,836	106,618
Miscellaneous expense	68,331	54,166
Professional fees	60,221	27,694
Benefits	26,246	27,634
Telephone expense	889	4,099
Interest expense	501	2,923
Office supplies	5,051	2,772
Promotions expense	1,938	1,405
	4,471,788	3,611,608
Excess of revenues over expenditures	745,197	127,666