Financial Statements of

ST. JOHN'S TRANSPORTATION COMMISSION

December 31, 2016

ST. JOHN'S TRANSPORTATION COMMISSION
December 31, 2016

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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 generally accepted accounting principles 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 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.

Grant Thornton LLP, as the Commission's appointed 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 and results of the Commission in accordance with Canadian public sector accounting standards.

____________________________ ____________________________

Chair Commissioner

Grant Thornton LLP
Suite 300
15 International Place
St. John's, NL
A1A 0L4

T +1 709 778 8800
F +1 709 722 7892
www.GrantThornton.ca

Independent auditors' report

To the Commissioners of St. John's Transportation Commission

We have audited the accompanying financial statements of St. John's Transportation Commission, which comprise the financial position as at December 31, 2016, and the results of operations and accumulated surplus, changes in net debt, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Grant Thornton LLP

St. John's, Canada

May 24, 2017

Chartered Professional Accountants

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Operations and Accumulated Surplus
Year ended December 31, 2016

	(Note 15) Budget 2016	Actual 2016	Actual 2015
	$	$	$
Operating revenues			
Municipal funding	**13,033,130**	**13,033,770**	14,332,766
Passenger fares	**5,488,570**	**5,217,213**	5,374,615
City of Mount Pearl	**936,300**	**991,591**	1,013,657
Transit advertising	**277,000**	**262,079**	252,941
Sundry	**78,000**	**153,766**	104,212
Town of Paradise	**-**	**119,012**	-
Government grant - Community Bus (Schedule 5)	**100,000**	**105,352**	100,000
Charters	**97,800**	**61,814**	58,962
Park and ride	**94,500**	**42,965**	60,622
Trolley Line	**41,250**	**37,126**	43,103
Community Bus fares (Schedule 5)	**-**	**18,674**	12,227
Interest	**6,000**	**17,274**	14,262
Government grant - other	**-**	**5,517**	6,178
	20,152,550	**20,066,153**	21,373,545
Operating expenses			
Operations (Schedule 1)	**9,281,620**	**8,766,047**	8,678,793
Maintenance (Schedule 2)	**4,216,190**	**4,129,263**	3,879,514
Finance and administration (Schedule 3)	**4,950,440**	**5,798,259**	5,419,548
Amortization	**2,883,624**	**3,066,061**	2,869,357
Interest on debt	**229,300**	**197,477**	188,595
	21,561,174	**21,957,107**	21,035,807
Excess of (expenditures over revenues) revenues over expenditures before undernoted items	**(1,408,624)**	**(1,890,954)**	337,738
Government transfer (Note 12)	**-**	**(17,649)**	368,888
Pension solvency payment recovery (Note 13)	**-**	**-**	1,467,116
Increase in accrued retiring allowance	**20,882**	**(1,532)**	(359,674)
Increase in employee future benefits	**(962,028)**	**(962,028)**	(836,664)
(Increase) in accrued pension liability	**(147,478)**	**(1,095,428)**	(140,827)
Excess of (expenditures over revenues) revenues over expenditures	**(2,497,248)**	**(3,967,591)**	836,577
Surplus, beginning of the year	**30,045,461**	**30,045,461**	29,208,884
Surplus, end of the year	**27,548,213**	**26,077,870**	30,045,461

See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Financial Position
December 31, 2016

	2016	2015
	$	$
Financial assets		
Cash	**1,443,312**	1,838,342
Accounts receivable	**549,820**	594,020
	1,993,132	2,432,362
Financial liabilities		
Credit facility (Note 4)	**9,365,000**	9,094,000
Accounts payable and accrued liabilities	**1,381,930**	3,857,961
Retiring allowance (Note 7)	**361,206**	359,674
Accrued pension liability (Note 6)	**813,627**	-
Employee benefits payable (Note 5)	**1,410,661**	1,297,555
Employee future benefits (Note 8)	**11,334,917**	10,372,889
	24,667,341	24,982,079
Net debt	**(22,674,209)**	(22,549,717)
Non-financial assets		
Tangible capital assets (Note 3)	**47,603,492**	50,274,308
Accrued pension asset (Note 6)	**-**	281,801
Parts, supplies and accessories	**263,896**	320,290
Prepaid pension expenses (Note 13)	**524,514**	1,368,938
Prepaid expenses	**360,177**	349,841
	48,752,079	52,595,178
Accumulated surplus	**26,077,870**	30,045,461

Commitments (Note 10)
Contingencies (Note 11)

Chair

Commissioner

See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Changes in Net Debt
Year Ended December 31, 2016

	Budget 2016	Actual 2016	Actual 2015
	$	$	$
Excess of (expenditures over revenues) revenues over expenditures	**(2,497,248)**	**(3,967,591)**	836,577
Changes in tangible capital assets			
Acquisition of tangible capital assets	**(3,752,000)**	**(395,245)**	(5,526,493)
Amortization of tangible capital assets	**2,883,624**	**3,066,061**	2,869,357
Decrease (increase) in net book value of tangible capital assets	**(868,376)**	**2,670,816**	(2,657,136)
Changes in other non-financial assets			
Change in prepaid expenses	**-**	**(10,336)**	8,495
Change in prepaid pension expenses	**-**	**844,424**	(1,368,938)
Change in accrued pension asset	**-**	**281,801**	140,827
Change in parts, supplies and accessories, net of usage	**-**	**56,394**	(21,598)
Decrease (increase) in non-financial assets	**-**	**1,172,283**	(1,241,214)
Increase in net debt	**(3,365,624)**	**(124,492)**	(3,061,773)
Net debt, beginning of year	**(22,549,717)**	**(22,549,717)**	(19,487,944)
Net debt, end of year	**(25,915,341)**	**(22,674,209)**	(22,549,717)

See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
	$	$
Operating transactions		
Excess of (expenditures over revenues) revenues over expenditures	**(3,967,591)**	836,577
Adjustments for:		
Amortization	**3,066,061**	2,869,357
Gain on disposal of capital assets	**(4,028)**	(2,791)
	(905,558)	3,703,143
Change in other (Note 9)	**630,745**	2,468,155
	(274,813)	6,171,298
Capital transactions		
Acquisition of tangible capital assets	**(395,245)**	(5,526,493)
Proceeds on disposal of tangible capital assets	**4,028**	2,791
	(391,217)	(5,523,702)
Financing transaction		
Drawings on credit facility	**271,000**	520,440
Net (decrease) increase in cash	**(395,030)**	1,168,036
Cash, beginning of year	**1,838,342**	670,306
Cash, end of year	**1,443,312**	1,838,342

Supplemental cash flow information (Note 9)

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 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

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 have been met including performance and return requirements, and reasonable estimates of the amount can be determined.

b) 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.

c) Other revenue

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

d) Transit advertising

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	7-12 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

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

retirement. The cost and obligation of this benefit is actuarially determined using management's best estimate of assumptions and future compensation rates.

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 asset, retiring allowance, and employee future benefits. Actual results could differ from these estimates.

3. TANGIBLE CAPITAL ASSETS

	2016			2015	
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Net Book Value
	$	**$**	**$**	$	$
Buses	**22,255,049**	**11,189,904**	**11,065,145**	23,858,144	12,633,538
Bus operating equipment	**2,431,598**	**1,566,840**	**864,758**	2,084,005	751,643
Buildings	**22,450,180**	**1,972,105**	**20,478,075**	22,450,088	20,983,126
Office furniture and equipment	**1,548,075**	**1,009,420**	**538,655**	1,548,075	655,675
Garage equipment	**2,342,332**	**1,016,280**	**1,326,052**	2,332,529	1,442,882
Vehicles	**136,268**	**63,699**	**72,569**	128,231	58,973
Land	**5,838,356**	**-**	**5,838,356**	5,838,356	5,838,356
Land improvements	**1,518,816**	**181,308**	**1,337,508**	1,518,816	1,393,238
Building systems	**7,059,327**	**1,069,495**	**5,989,832**	7,054,637	6,338,107
Fareboxes	**603,601**	**511,059**	**92,542**	603,601	178,770
	66,183,602	**18,580,110**	**47,603,492**	67,416,482	50,274,308

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, 2016 the outstanding banker's acceptances bear interest at 1.94% and mature on January 30, 2017. The credit facility, which was renewed on April 28, 2017, bears interest at 1.90% and matures on May 29, 2017.

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:

	2016	2015
	$	$
Sick pay benefits	**980,155**	883,026
Vacation pay benefits	**430,506**	414,529
	1,410,661	1,297,555

6. ACCRUED PENSION BENEFITS

Based on an actuarial valuation of the plans, completed as at December 31, 2015, the following results have been extrapolated to December 31, 2016:

A. Defined Benefit Pension Plan

	2016			2015		
	Union	**Non-union**	**Total**	Union	Non-union	Total
	$	**$**	**$**	$	$	$
Accrued benefit obligation						
Balance, beginning of year	**31,619,946**	**16,906,444**	**48,526,390**	30,162,300	15,577,100	45,739,400
Current service cost	**1,292,336**	**624,108**	**1,916,444**	1,331,658	614,931	1,946,589
Interest cost	**1,651,317**	**851,125**	**2,502,442**	1,664,885	825,654	2,490,539
Benefits paid	**(1,624,928)**	**(392,003)**	**(2,016,931)**	(1,143,703)	(319,819)	(1,463,522)
Participant contributions	**-**	**-**	**-**	28,730	4,176	32,906
(Gain) loss on accrued benefit obligation	**(1,287,794)**	**(26,372)**	**(1,314,166)**	(423,924)	204,402	(219,522)
Balance, end of year	**31,650,877**	**17,963,302**	**49,614,179**	31,619,946	16,906,444	48,526,390

6. ACCRUED PENSION BENEFITS (Continued)

	2016			2015		
	Union	**Non-union**	**Total**	Union	Non-union	Total
	$	**$**	**$**	$	$	$
Accrued benefit asset						
Fair value, beginning of year	**29,597,644**	**13,537,344**	**43,134,988**	27,243,775	12,203,152	39,446,927
Return on plan assets	**1,221,480**	**1,876,064**	**3,097,544**	1,689,610	686,944	2,376,554
Benefits paid	**(1,624,928)**	**(392,003)**	**(2,016,931)**	(1,143,703)	(319,818)	(1,463,521)
Employer contributions to plan	**653,618**	**352,414**	**1,006,032**	1,265,889	772,214	2,038,103
Employee contributions to plan	**568,043**	**221,023**	**789,066**	542,073	194,852	736,925
Fair value, end of year	**30,415,857**	**15,594,842**	**46,010,699**	29,597,644	13,537,344	43,134,988
Funded status - deficit	**(1,235,020)**	**(2,368,460)**	**(3,603,480)**	(2,022,302)	(3,369,100)	(5,391,402)
Unamortized amounts	**1,215,881**	**1,671,659**	**2,887,540**	2,429,255	3,243,948	5,673,203
Accrued pension (liability) asset	**(19,139)**	**(696,801)**	**(715,940)**	406,953	(125,152)	281,801
Net benefit expense for the year						
Current service cost	**1,292,336**	**624,108**	**1,916,444**	1,331,658	614,931	1,946,589
Interest cost	**1,651,317**	**851,125**	**2,502,442**	1,664,885	825,654	2,490,539
Amortization of gains/losses	**247,391**	**351,256**	**598,647**	285,373	334,780	620,153
Employee contributions	**(568,043)**	**(221,023)**	**(789,066)**	(542,073)	(194,852)	(736,925)
Liability increase due to flexible contributions	**-**	**-**	**-**	28,730	4,176	32,906
Expected return on plan assets	**(1,543,290)**	**(681,403)**	**(2,224,693)**	(1,516,675)	(657,656)	(2,174,331)
	1,079,711	**924,063**	**2,003,774**	1,251,898	927,033	2,178,931

Significant assumptions used

Discount rate	**5.50%**	**5.25%**	5.25%	5.00%
Expected long-term rate of return on plan assets	**5.25%**	**5.00%**	5.50%	5.25%
Rate of compensation increase				
2014-2015	**3.50%**	**3.75%**	3.50%	3.75%
2016-2017	**4.00%**	**4.00%**	4.00%	4.00%
2018	**5.00%**	**5.00%**	5.00%	5.00%
2019 and after	**2.00%**	**2.00%**	2.00%	2.00%
Average remaining service period for active employees	**15.8 years**	**10.8 years**	15.7 years	10.6 years

The plan's asset mix at December 31, 2016 was:

Equities	61%
Bonds	37%
Cash and short-term investments	2%
	100%

6. ACCRUED PENSION BENEFITS (Continued)

During 2016 the Commission agreed on a new pension plan structure for both union and non-union groups. This agreement effectively closes the defined benefit plan to new entrants as of May 1, 2016 and increases 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 2016 the Commission contributed $774 to the defined contribution plan.

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.

	2016
	$
Accrued benefit obligation	
Balance, beginning of year	
Current service cost	**1,333**
Interest cost	**1,375**
Benefits paid	**-**
(Gain) loss on accrued benefit obligation	**(56)**
Cost of plan amendment	**95,035**
Balance, end of year	**97,687**
Plan assets	**-**
Funded status - deficit	**(97,687)**
Unamortized amounts	**-**
Accrued benefit obligation, end of year	**(97,687)**

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 4.25% and the average remaining service period for active employees of 11.0 years used.

6. ACCRUED PENSION BENEFITS (Continued)

C. Net Pension (Liability) Asset

	2016	2015
	$	$
Defined Benefit Plan	**(715,940)**	281,801
SERP	**(97,687)**	0
	(813,627)	281,801

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.

The Commission's liabilities are based on an actuarial valuation as of December 31, 2015, which has been extrapolated to December 31, 2016:

	2016	2015
	$	$
Accrued benefit obligation		
Balance, beginning of year	**359,674**	-
Current service cost	**22,241**	-
Interest cost	**13,016**	-
Benefits paid	**(20,102)**	-
Actuarial (gain) on benefit obligation	**(13,623)**	
Cost of plan amendment	-	359,674
Balance, end of year	**361,206**	359,674
Plan assets	-	-
Funded status - deficit	**(361,206)**	(359,674)
Unamortized amounts	-	-
Accrued benefit obligation, end of year	**(361,206)**	(359,674)
Net benefit expense for the year		
Current service cost	22,241	-
Interest cost	13,016	-
Cost of plan amendment	-	359,674
	35,257	359,674

7. RETIRING ALLOWANCE (Continued)

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

	2016	2015
Discount Rate	**4.25%**	3.8%
Rate of compensation increase	**2.0%**	2.0%
Average remaining service period for active employees	**13.9 years**	13.9 years

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.

Results are based on an actuarial valuation of the plan, completed as at December 31, 2015, which has been extrapolated to December 31, 2016:

	2016	2015
	$	$
Accrued benefit obligation		
Balance, beginning of year	**13,796,994**	12,172,585
Current service cost	**488,628**	439,793
Interest cost	**526,452**	441,039
Benefits paid	**(365,526)**	(282,803)
Actuarial (gain) loss on benefit obligation	**(974,494)**	1,026,380
Balance, end of year	**13,472,054**	13,796,994
Funded status - deficit	**13,472,054**	13,796,994
Unamortized amounts	**(2,137,137)**	(3,424,105)
Accrued benefit obligation	**11,334,917**	10,372,889
Net benefit expense for the year		
Current service cost	**488,628**	439,793
Interest cost	**526,452**	441,039
Amortization of gains/losses	**312,474**	238,635
	1,327,554	1,119,467

Significant assumptions used

Discount rate	**4.25%**	3.80%
Average remaining service period for active employees	**13.9 years**	13.9 years

9. CHANGE IN OTHER

	2016	2015
	$	$
Accounts receivable	**44,200**	96,064
Parts, supplies and accessories	**56,394**	(21,598)
Prepaid expenses	**(10,336)**	8,495
Prepaid pension expenses	**844,424**	(1,368,938)
Accounts payable and accrued liabilites	**(2,476,031)**	2,316,596
Accrued pension liability	**1,095,428**	140,827
Retiring allowance	**1,532**	359,674
Employee benefits payable	**113,106**	100,371
Employee future benefits	**962,028**	836,664
	630,745	2,468,155

10. COMMITMENTS

Under the terms of long-term leases on equipment, the Commission is required to make approximate annual lease payments as follows:

	$
2017	25,980
2018	14,100
2019	4,905

11. 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 adequate provisions have been recorded in the accounts where required.

12. CAPITAL FUNDING

During the year, the City made a government transfer of $48,614 (2015 - $368,888) to the Commission. This transfer relates to the project funded by the Canada-Newfoundland and Labrador Agreement on the Transfer of Funds for Public Transit and the Public Transit Capital Trust Fund and the City. Also during the year $66,263 (2015 – nil) from of a prior year transfer was reversed as the amounts were not paid by the City. This resulted in a net government transfer of ($17,649) in 2016.

13. PENSION SOLVENCY PAYMENT RECOVERY

On September 8, 2015 the Government of Newfoundland and Labrador approved solvency relief for the Commission’s Union and Non-union pension plans for the period of December 31, 2013 to December 31, 2016. The Commission had made solvency payments from January 1, 2014 to July 31, 2015 resulting in an over contribution of $2,322,934. At the end of 2015, the balance of over contributions remaining was $1,368,938. During 2016, $715,824 of the remaining balance was applied to required going concern payments and a further $128,600 was applied to the loss on transfer of Union to Non-Union plans during previous years. At the end of 2016, the balance of over contributions remaining is $524,514.

14. ECONOMIC DEPENDENCE

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

15. SUBSEQUENT EVENTS

As of January 1, 2017 the Commission has been transferred the responsibility of managing the contract for providing accessible services. This was previously the responsibility of the City of St. John’s. The Commission will oversee the delivery of services currently contracted to MVT Canadian Bus, Inc for a period of 5 years ending December 31, 2021. The Commission will receive a separate operating subsidy from the City of St. John’s to cover the cost of providing the service on an annual basis. The operating subsidy for 2017 is $3,232,800.

16. BUDGET AMOUNTS

Budget data presented in these financial statements are based upon the 2016 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 2016
	$
Revenue	
Operating	7,119,420
Municipal funding	13,033,130
Total revenues	20,152,550
Expenses	
Operating	18,448,250
Capital	1,704,300
Total expenses	20,152,550
Total approved budget	-
Less:	
Amortization	(2,883,624)
Accrued pension obligation	(147,478)
Employee benefits payable	(962,028)
Add:	
Accrued retiring allowance	20,882
Debt principal payments	1,475,000
Total adjustments	(2,497,248)
Annual budgeted deficit	2,497,248

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Expenses
Year Ended December 31, 2016

	Actual 2016	Actual 2015
	$	$
Operations		**SCHEDULE 1**
Operators' salaries	**5,212,846**	5,010,198
Diesel fuel	**1,484,511**	1,707,172
Operations' salaries	**1,265,893**	1,190,794
Advertising	**139,843**	118,511
Bus charter	**105,542**	111,469
Community Bus	**105,274**	89,950
Promotions	**103,376**	83,046
Transit advertising	**99,177**	96,314
Uniforms and clothing	**56,895**	70,377
Licenses	**48,058**	48,547
Company vehicles	**37,419**	35,508
Communication equipment	**31,824**	36,764
Trolley Line	**24,589**	29,011
Registration and memberships	**23,458**	23,450
Schedules and transfers	**15,813**	18,830
Miscellaneous	**11,529**	8,852
	8,766,047	8,678,793
Maintenance		**SCHEDULE 2**
Garage salaries	**2,060,924**	1,931,806
Stock parts	**785,370**	623,682
Utilities	**330,270**	439,495
Wash salaries	**295,964**	273,971
Building and yards	**153,593**	135,705
Tires	**119,939**	87,918
Bus lubricants	**96,608**	98,774
Garage expense	**80,223**	78,412
Bus stops and shelters	**48,213**	88,494
Maintenance vehicles	**48,094**	34,222
Janitorial and sanitation	**40,085**	39,224
Shop tools and equipment	**21,299**	18,899
Body shop supplies	**18,247**	3,192
Farebox repairs	**17,696**	6,438
Bus wash	**12,738**	19,282
	4,129,263	3,879,514

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Expenses
Year Ended December 31, 2016

	Actual 2016	Actual 2015
	$	$
		SCHEDULE 3
Finance and administration		
Pension	**2,337,372**	2,245,213
Administrative and commissioners' salaries	**831,325**	790,812
Fleet insurance	**684,773**	465,409
Group insurance	**548,204**	499,532
Sick leave	**313,390**	328,935
Computer	**208,430**	198,339
Employer's payroll taxes	**199,666**	193,711
Employment insurance	**194,107**	186,216
Professional fees	**118,567**	80,533
Workers' compensation	**113,318**	148,022
Office	**64,917**	84,990
Miscellaneous	**51,573**	50,749
General insurance	**42,590**	40,401
Telephone	**37,988**	37,096
Training	**30,072**	58,340
Accessible services	**18,740**	-
Travel	**7,255**	14,041
Gain on disposal of capital assets	**(4,028)**	(2,791)
	5,798,259	5,419,548

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Tangible Capital Assets
Year Ended December 31, 2016

SCHEDULE 4

	2016											2015
	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	23,858,144	2,084,005	22,450,088	1,548,075	2,332,529	128,231	5,838,356	1,518,816	7,054,637	603,601	**67,416,482**	63,489,394
Additions	4	347,593	92	-	9,803	33,063	-	-	4,690	-	**395,245**	5,526,493
Disposals and write downs	(1,603,099)	-	-	-	-	(25,026)	-	-	-	-	**(1,628,125)**	(1,599,405)
Cost, end of year	**22,255,049**	**2,431,598**	**22,450,180**	**1,548,075**	**2,342,332**	**136,268**	**5,838,356**	**1,518,816**	**7,059,327**	**603,601**	**66,183,602**	67,416,482
Accumulated Amortization												
Accumulated amortization, beginning of year	11,224,606	1,332,362	1,466,962	892,400	889,647	69,258	-	125,578	716,530	424,831	**17,142,174**	15,872,222
Amortization	1,568,397	234,478	505,143	117,020	126,633	19,467	-	55,730	352,965	86,228	**3,066,061**	2,869,357
Disposals and write downs	(1,603,099)	-	-	-	-	(25,026)	-	-	-	-	**(1,628,125)**	(1,599,405)
Accumulated amortization, end of year	**11,189,904**	**1,566,840**	**1,972,105**	**1,009,420**	**1,016,280**	**63,699**	**-**	**181,308**	**1,069,495**	**511,059**	**18,580,110**	17,142,174
Net book value	**11,065,145**	**864,758**	**20,478,075**	**538,655**	**1,326,052**	**72,569**	**5,838,356**	**1,337,508**	**5,989,832**	**92,542**	**47,603,492**	50,274,308

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Age-Friendly Newfoundland and Labrador Transportation Project
Year Ended December 31, 2016

SCHEDULE 5

	Actual 2016	Actual 2015
	$	$
Revenues		
Government grant	**105,352**	100,000
Passenger fares	**18,674**	12,227
	124,026	112,227
Expenses		
Operators` salaries	**59,358**	48,773
Benefits	**15,912**	16,058
Maintenance expense	**11,358**	7,358
Miscellaneous	**9,468**	9,321
Diesel expense	**9,178**	8,440
Amortization	**21,850**	21,850
Interest expense	**2,072**	2,556
	129,196	114,356
Excess of expenditures over revenues	**(5,170)**	(2,129)