Financial Statements of

ST. JOHN'S TRANSPORTATION COMMISSION

December 31, 2023

ST. JOHN'S TRANSPORTATION COMMISSION
December 31, 2023

Table of Contents

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.

DocuSigned by:	DocuSigned by:
Lynn Zurel	[illegible]
00EB0E018DFF443...	C5AB0947FD6C4A0...
Chair	Commissioner

Tel: (709) 579-2161
Fax: (709) 579-2120
www.bdo.ca

BDO Canada LLP
300 Kenmount Road, Suite 100
St. John's, NL
A1B 3R2

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, 2023, 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, 2023, 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
June 13, 2024

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Operations and Accumulated Surplus
Year ended December 31, 2023

	(Note 14) Budget 2023	Actual 2023	Actual 2022
	$	$	$
Operating revenues			
Municipal funding (Note 11)	**21,117,520**	**21,117,520**	19,193,150
Passenger fares	**4,339,930**	**6,051,616**	4,564,521
City of Mount Pearl	**1,141,500**	**1,065,691**	1,063,172
Low Income Bus Pass Program	**2,100,000**	**2,100,000**	2,100,000
Accessible services (Note 15 and Schedule 5)	**321,310**	**410,401**	294,985
Town of Paradise	**318,940**	**305,758**	291,512
Transit advertising	**227,000**	**161,577**	168,160
Sundry	**108,000**	**323,320**	130,841
Community Bus	**19,200**	**23,024**	19,422
Bus charters	**43,400**	**40,414**	36,906
Interest	**12,000**	**209,831**	47,556
Other	**-**	**20,000**	-
	29,748,800	**31,829,152**	27,910,225
Operating expenses			
Operations (Schedule 1)	**13,053,240**	**11,593,187**	11,506,764
Maintenance (Schedule 2)	**4,732,940**	**5,134,829**	4,979,577
Finance and administration (Schedule 3)	**4,192,700**	**4,260,619**	3,947,301
Accessible services (Note 15 and Schedule 5)	**5,038,040**	**4,024,669**	4,207,691
Pension benefits (Note 6)	**1,777,812**	**980,404**	565,552
Amortization of tangible capital assets	**3,593,905**	**3,132,567**	2,864,840
Interest on debt	**178,000**	**145,662**	84,314
	32,566,637	**29,271,937**	28,156,039
Annual surplus (deficit) before undernoted items	**(2,817,837)**	**2,557,215**	(245,814)
Government transfer (Note 12)	**-**	**1,648,979**	787,491
Retiring allowance benefits (Note 7)	**(18,440)**	**(27,858)**	(33,661)
Employee future benefits (Note 8)	**(224,143)**	**(643,679)**	(1,075,712)
Annual surplus (deficit)	**(3,060,420)**	**3,534,657**	(567,696)
Surplus, beginning of the year	**14,080,787**	**14,080,787**	14,648,483
Surplus, end of the year	**11,020,367**	**17,615,444**	14,080,787

See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Financial Position
December 31, 2023

	2023	2022
	$	$
Financial assets		
Cash	**3,264,721**	1,892,964
Accounts receivable	**1,274,013**	1,572,596
	4,538,734	3,465,560
Financial liabilities		
Credit facility (Note 4)	**-**	2,356,000
Accounts payable and accrued liabilities	**2,176,303**	3,169,353
Retiring allowance (Note 7)	**138,373**	128,172
Accrued pension liability (Note 6)	**727,977**	1,054,886
Employee benefits payable (Note 5)	**1,495,713**	1,425,838
Employee future benefits (Note 8)	**18,678,565**	18,221,376
	23,216,931	26,355,625
Net debt	**(18,678,197)**	(22,890,065)
Non-financial assets		
Tangible capital assets (Note 3)	**35,308,123**	36,133,777
Parts, supplies and accessories inventory	**557,665**	477,576
Prepaid expenses	**427,853**	359,499
	36,293,641	36,970,852
Accumulated surplus	**17,615,444**	14,080,787

DocuSigned by:
Lynn Zurel
09EB0E018DFF443...
Chair

DocuSigned by:
C5AB0947FD6C4A6...
Commissioner

See accompanying notes to the financial statements

ST. JOHN'S TRANSPORTATION COMMISSION
Statement of Changes in Net Debt
Year Ended December 31, 2023

	(Note 14) Budget 2023	**Actual 2023**	Actual 2022
	$	**$**	$
Annual surplus (deficit)	**(3,060,420)**	**3,534,657**	(567,696)
Changes in tangible capital assets			
Acquisition of tangible capital assets	**(2,765,000)**	**(2,306,913)**	(1,105,265)
Disposal of tangible capital assets	**-**	**-**	-
Amortization of tangible capital assets	**3,593,905**	**3,132,567**	2,864,840
Decrease in net book value of tangible capital assets	**828,905**	**825,654**	1,759,575
Changes in other non-financial assets			
Change in prepaid expenses	**-**	**(68,354)**	30,916
Change in parts, supplies and accessories, net of usage	**-**	**(80,089)**	(59,887)
Increase in non-financial assets	**-**	**(148,443)**	(28,971)
Decrease (increase) in net debt	**(2,231,515)**	**4,211,868**	1,162,908
Net debt, beginning of year	**(22,890,065)**	**(22,890,065)**	(24,052,973)
Net debt, end of year	**(25,121,580)**	**(18,678,197)**	(22,890,065)

See accompanying notes to the financial statements

ST. JOHN’S TRANSPORTATION COMMISSION
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
	$	$
Operating transactions		
Annual surplus (deficit)	**3,534,657**	(567,696)
Adjustments for:		
Amortization of tangible capital assets	**3,132,567**	2,864,840
Gain on disposal of tangible capital assets	**(13,695)**	-
	6,653,529	2,297,144
Change in other (Note 9)	**(632,554)**	378,166
	6,020,975	2,675,310
Capital transactions		
Acquisition of tangible capital assets	**(2,306,913)**	(1,105,265)
Proceeds on disposal of tangible capital assets	**13,695**	-
	(2,293,218)	(1,105,265)
Financing transaction		
Repayments on credit facility	**(2,356,000)**	(727,000)
Net increase in cash	**1,371,757**	843,045
Cash, beginning of year	**1,892,964**	1,049,919
Cash, end of year	**3,264,721**	1,892,964

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 (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.

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.

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.

Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

3. TANGIBLE CAPITAL ASSETS

	2023			2022	
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Net Book Value
	$	**$**	**$**	$	$
Buses	**25,950,348**	**20,953,394**	**4,996,954**	25,199,640	5,095,271
Bus operating equipment	**4,041,473**	**3,132,998**	**908,475**	3,682,586	784,328
Buildings	**23,676,734**	**5,952,792**	**17,723,942**	23,618,630	18,239,066
Office furniture and equipment	**2,174,014**	**1,858,905**	**315,109**	2,154,014	375,987
Garage equipment	**2,458,552**	**1,861,512**	**597,040**	2,458,552	702,736
Vehicles	**289,255**	**152,788**	**136,467**	178,553	52,710
Land	**5,838,356**	**-**	**5,838,356**	5,838,356	5,838,356
Land improvements	**1,524,533**	**514,610**	**1,009,923**	1,524,533	1,052,004
Building systems	**7,216,540**	**3,584,047**	**3,632,493**	7,216,540	3,993,319
Fareboxes	**777,859**	**628,495**	**149,364**	603,601	-
	73,947,664	**38,639,541**	**35,308,123**	72,475,005	36,133,777

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, 2023 there is no outstanding balance on the credit facility.

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.

5. EMPLOYEE BENEFITS PAYABLE (SICK PAY AND VACATION) (Continued)

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:

	2023	2022
	$	$
Sick pay benefits	**1,024,531**	967,054
Vacation pay benefits	**471,182**	458,784
	1,495,713	1,425,838

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, 2023:

A. Defined Benefit Pension Plan

	2023			2022		
	Union	**Non-union**	**Total**	Union	Non-union	Total
	$	**$**	**$**	$	$	$
Accrued benefit obligation						
Balance, beginning of year	**32,490,478**	**23,282,400**	**55,772,878**	36,239,187	24,908,279	61,147,466
Current service cost	**845,834**	**591,333**	**1,437,167**	923,561	603,344	1,526,905
Interest cost	**1,893,438**	**1,322,149**	**3,215,587**	1,832,291	1,224,748	3,057,039
Benefits paid	**(2,712,201)**	**(1,168,330)**	**(3,880,531)**	(2,929,200)	(935,142)	(3,864,342)
Loss (gain) on accrued benefit obligation	**883,524**	**620,908**	**1,504,432**	(3,575,361)	(2,518,829)	(6,094,190)
Balance, end of year	**33,401,073**	**24,648,460**	**58,049,533**	32,490,478	23,282,400	55,772,878
Accrued benefit asset						
Fair value, beginning of year	**34,745,105**	**21,880,089**	**56,625,194**	41,153,953	24,838,333	65,992,286
Return on plan assets	**3,767,072**	**2,434,287**	**6,201,359**	(4,451,114)	(2,928,131)	(7,379,245)
Benefits paid	**(2,712,201)**	**(1,168,330)**	**(3,880,531)**	(2,929,200)	(935,142)	(3,864,342)
Employer contributions to plan	**546,284**	**761,029**	**1,307,313**	573,041	694,846	1,267,887
Employee contributions to plan	**432,482**	**238,319**	**670,801**	398,425	210,183	608,608
Fair value, end of year	**36,778,742**	**24,145,394**	**60,924,136**	34,745,105	21,880,089	56,625,194
Funded status - deficit (surplus)	**(3,377,669)**	**503,066**	**(2,874,603)**	(2,254,627)	1,402,311	(852,316)
Unamortized amounts	**2,996,509**	**446,509**	**3,443,018**	2,085,641	(354,556)	1,731,085
Accrued pension liability (asset)	**(381,160)**	**949,575**	**568,415**	(168,986)	1,047,755	878,769
Net benefit expense for the year						
Current service cost	**845,834**	**591,333**	**1,437,167**	923,561	603,344	1,526,905
Interest cost (recovery)	**(139,265)**	**68,902**	**(70,363)**	(256,814)	(4,004)	(260,818)
Amortization of losses/(gains)	**60,023**	**240,933**	**300,956**	(159,022)	70,888	(88,134)
Employee contributions	**(432,482)**	**(238,319)**	**(670,801)**	(398,425)	(210,183)	(608,608)
	334,110	**662,849**	**996,959**	109,300	460,045	569,345

6. ACCRUED PENSION BENEFITS (Continued)

	2023			2022		
	Union	**Non-union**	**Total**	Union	Non-union	Total
	$	**$**	**$**	$	$	$
Significant assumptions used						
Discount rate	**5.80%**	**5.55%**		6.00%	5.75%	
Expected long-term rate of return on plan assets	**6.00%**	**5.75%**		5.20%	4.95%	
Rate of compensation increase						
2023-2024	**2.00%**	**2.00%**		2.00%	2.00%	
2025	**3.00%**	**3.00%**		3.00%	3.00%	
2026 and after	**2.00%**	**2.00%**		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, 2023 was:

Equities	67.9%
Bonds	29.5%
Cash and short-term investments	2.6%
	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 2023 the Commission expensed $232,026 (2022 - $149,951) related to the defined contribution plan.

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.

	2023	2022
	$	$
Accrued benefit obligation		
Balance, beginning of year	**65,295**	112,428
Current service cost	**2,242**	3,953
Interest cost	**3,367**	3,501
Gain on accrued benefit obligation	**2,799**	(54,587)
Balance, end of year	**73,703**	65,295
Funded status - deficit	**73,703**	65,295
Unamortized amounts	**85,859**	110,822
Accrued benefit obligation, end of year	**159,562**	176,117
Net benefit expense for the year		
Current service cost	**2,242**	3,953
Interest cost	**3,367**	3,501
Amortization of (gains)/losses	**(22,164)**	(11,247)
	(16,555)	(3,793)

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 4.74% (2022 – 5.07%) and the average remaining service period for active employees used of 4.0 years (2022 – 5.0 years).

C. Accrued Pension Liaibility

	2023	2022
	$	$
Defined Benefit Plan	**568,415**	878,769
SERP	**159,562**	176,117
	727,977	1,054,886

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, 2023:

	2023	2022
	$	$
Accrued benefit liability		
Balance, beginning of year	**111,837**	151,687
Current service cost	**22,607**	27,679
Interest cost	**5,972**	4,690
Benefits paid	**(17,658)**	(45,249)
Actuarial loss (gain) on benefit obligation	**4,088**	(26,970)
Balance, end of year	**126,846**	111,837
Plan - deficit	**126,846**	111,837
Unamortized amounts	**11,527**	16,335
Accrued benefit liability, end of year	**138,373**	128,172
Net benefit expense for the year		
Current service cost	**22,607**	27,679
Interest cost	**5,972**	4,690
Amortization of (gains)/losses	**(721)**	1,292
	27,858	33,661

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

	2023	2022
Discount rate	**4.74%**	5.07%
Rate of compensation increase	**2.0%**	2.0%
Average remaining service period for active employees	**13.4 years**	13.4 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.

Based on an actuarial valuation of the plan, completed as at September 30, 2021, the following results have been extrapolated to December 31, 2023:

	2023	2022
	$	$
Accrued benefit obligation		
Balance, beginning of year	**12,022,989**	15,643,877
Current service cost	**403,902**	623,940
Interest cost	**608,916**	482,160
Benefits paid	**(186,490)**	(187,732)
Actuarial loss (gain) on benefit obligation	**484,335**	(4,539,256)
Balance, end of year	**13,333,652**	12,022,989
Plan status - deficit	**13,333,652**	12,022,989
Unamortized amounts	**5,344,913**	6,198,387
Accrued benefit liability	**18,678,565**	18,221,376
Net benefit expense for the year		
Current service cost	**403,902**	623,940
Interest cost	**608,916**	482,160
Amortization of (gains)/losses	**(369,139)**	(30,388)
	643,679	1,075,712
Significant assumptions used		
Discount rate (obligation)	**4.74%**	5.07%
Discount rate (expense)	**5.07%**	3.06%
Average remaining service period for active employees	**13.4 years**	13.4 years

9. CHANGE IN OTHER

	2023	2022
	$	$
Accounts receivable	**298,583**	(806,489)
Parts, supplies and accessories	**(80,089)**	(59,887)
Prepaid expenses	**(68,354)**	30,916
Accounts payable and accrued liabilites	**(993,050)**	1,082,594
Accrued pension liability	**(326,909)**	(702,335)
Retiring allowance	**10,201**	(11,588)
Employee benefits payable	**69,875**	(43,025)
Employee future benefits	**457,189**	887,980
	(632,554)	378,166

10. CONTINGENCIES

The Commission is contingently liable for claims below $100,000. Management believes that the December 31, 2023 provision of $834,535 (2022 - $570,157) 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 2023 operations as follows:

	2023	2022
	$	$
Metrobus	**16,418,710**	14,271,150
Accessible services ("GoBus")	**4,698,810**	4,922,000
	21,117,520	19,193,150

12. CAPITAL FUNDING

During the year, the City made a government transfer of $1,743,612 (2022 - $787,491) 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.

14. BUDGET AMOUNTS

Budget data presented in these financial statements are based upon the 2023 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 2023
	$
Revenue	
Operating - Metrobus	**8,173,470**
Municipal funding - Metrobus	**16,418,710**
Operating - GoBus	**457,810**
Municipal funding - GoBus	**4,698,810**
Total revenues	**29,748,800**
Expenses	
Operating - Metrobus	**23,533,760**
Capital - Metrobus	**1,058,420**
Operating - GoBus	**5,038,040**
Capital - GoBus	**118,580**
Total expenses	**29,748,800**
Total approved budget	**-**
Less:	
Amortization	**(3,593,905)**
Change in employee benefits liability	**(224,143)**
Change in accrued retiring allowance	**(18,440)**
Change in accrued pension	**(222,932)**
Add:	
Debt principal payments	**999,000**
Total adjustments	**(3,060,420)**
Total budgeted deficit	**(3,060,420)**

15. ACCESSIBLE SERVICES

The Commission is responsible for providing accessible services known as GoBus. The Commission oversees the delivery of services contracted to TOK Transit Limited for the period of 5 years ending December 31, 2027.

As part of this arrangement, the Commission leases accessible transit buses to TOK Transit Limited 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 5 for further details on the revenue and expenses associated with the delivery of accessible services.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

17. CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2023, the Commission adopted PS Section 3280, Asset Retirement Obligations (PS 3280) and PS Section 3450, Financial Instruments (PS 3450).

PS 3280 requires the recognition of a liability for an asset retirement obligation when there is a legal obligation to incur retirement costs in relation to a tangible capital asset or leased asset; the past transactions or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The Commission completed a detailed assessment of its assets and leased assets and concluded that there were no legal obligations to incur retirement costs in relation to these assets. Therefore, the Corporation has not recognized an asset retirement obligation.

PS 3450 requires that all financial instruments within the scope of the standard be measured at either fair value, cost, or amortized cost. Derivatives and portfolio investments in equity instruments that are quoted in an active market must be measured as fair value. At year-end, the Commission has no instruments which must be measured at fair value.

18. FINANCIAL INSTRUMENT RISK MANAGEMENT

The Commission is exposed to credit risk and liquidity risk from its financial instruments. This note describes the Commission's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission is exposed to credit risk through its cash and accounts receivable. At year end, 85% (2022 – 93%) of accounts receivable are due from municipal, provincial, or federal governments and are therefore deemed collectible.

18. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

The Commission manages its credit risk by only holding cash at provincially and federally regulated chartered banks.

b) Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting obligations associated with financial liabilities. The Commission is exposed to liquidity risk through its accounts payable. The Commission manages this risk through continuous monitoring of cash flows.

ST. JOHN'S TRANSPORTATION COMMISSION
Schedules of Expenses
Year Ended December 31, 2023

	Actual 2023	Actual 2022
	$	$
Operations		**SCHEDULE 1**
Operators' salaries	**6,276,724**	6,109,596
Diesel fuel	**3,158,668**	3,386,318
Operations' salaries	**1,412,961**	1,314,252
Community Bus	**130,358**	135,607
Advertising	**129,939**	97,610
Promotions	**90,404**	77,498
Transit advertising	**89,381**	98,796
Licenses	**73,081**	64,690
Uniforms and clothing	**70,119**	68,340
Bus charter	**38,962**	36,930
Communication equipment	**33,050**	25,162
Registration and memberships	**27,909**	26,907
Company vehicles	**26,612**	33,244
Miscellaneous	**17,964**	15,186
Schedules and transfers	**17,054**	16,628
	11,593,187	11,506,764
Maintenance		**SCHEDULE 2**
Garage salaries	**2,347,845**	2,435,135
Stock parts	**1,246,448**	965,278
Utilities	**349,103**	331,083
Wash salaries	**322,167**	368,364
Building and yards	**215,128**	314,873
Bus lubricants	**175,476**	153,490
Tires	**154,496**	153,032
Garage expense	**152,255**	70,627
Maintenance vehicles	**63,191**	57,697
Janitorial and sanitation	**42,270**	44,191
Bus stops and shelters	**28,070**	47,333
Shop tools and equipment	**23,129**	24,370
Farebox repairs	**7,553**	11,129
Bus wash	**4,888**	2,384
Body shop supplies	**2,812**	591
	5,134,829	4,979,577

ST. JOHN'S TRANSPORTATION COMMISSION
Schedules of Expenses
Year Ended December 31, 2023

	Actual 2023	Actual 2022
	$	$
		SCHEDULE 3
Finance and administration		
Administrative and commissioners' salaries	**934,883**	918,374
Other benefits	**1,515,797**	1,521,572
Fleet insurance	**622,348**	416,746
Computer	**305,071**	288,870
Sick leave	**296,967**	197,116
Employer's payroll taxes	**233,191**	223,566
Miscellaneous	**90,669**	76,803
Office	**76,344**	71,329
General insurance	**68,874**	64,623
Professional fees	**58,077**	112,102
Training	**34,072**	18,521
Telephone	**28,155**	26,955
Travel	**9,866**	10,724
Bad debt expense	**-**	-
Gain on disposal of capital assets	**(13,695)**	-
	4,260,619	3,947,301

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Tangible Capital Assets
Year Ended December 31, 2023

SCHEDULE 4

	2023											2022
	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	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
Additions	1,584,962	358,887	58,104	20,000	-	110,702	-	-	-	174,258	**2,306,913**	1,105,265
Disposals and write downs	(834,254)	-	-	-	-	-	-	-	-	-	**(834,254)**	-
Cost, end of year	**25,950,348**	**4,041,473**	**23,676,734**	**2,174,014**	**2,458,552**	**289,255**	**5,838,356**	**1,524,533**	**7,216,540**	**777,859**	**73,947,664**	72,475,005
Accumulated Amortization												
Accumulated amortization, beginning 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
Amortization	1,683,279	234,740	573,228	80,878	105,696	26,945	-	42,081	360,826	24,894	**3,132,567**	2,864,840
Disposals and write downs	(834,254)	-	-	-	-	-	-	-	-	-	**(834,254)**	-
Accumulated amortization, end of year	**20,953,394**	**3,132,998**	**5,952,792**	**1,858,905**	**1,861,512**	**152,788**	**-**	**514,610**	**3,584,047**	**628,495**	**38,639,541**	36,341,228
Net book value	**4,996,954**	**908,475**	**17,723,942**	**315,109**	**597,040**	**136,467**	**5,838,356**	**1,009,923**	**3,632,493**	**149,364**	**35,308,123**	36,133,777

ST. JOHN'S TRANSPORTATION COMMISSION
Schedule of Accessible Services
Year Ended December 31, 2023

SCHEDULE 5

	(Note 15) Actual 2023	Actual 2022
	$	$
Revenues		
Municipal funding (Note 12)	**4,698,810**	4,922,000
City of Mount Pearl & Eastern Heath	**175,331**	78,756
Passenger fares	**140,570**	121,729
Government grant	**94,500**	94,500
	5,109,211	5,216,985
Expenses		
Contractor Subsidy	**3,181,174**	3,714,857
Amortization	**480,584**	263,596
Gasoline expense	**370,116**	-
Computer expense	**173,314**	188,836
Salaries	**143,444**	141,322
Miscellaneous expense	**84,181**	68,331
Professional fees	**37,141**	60,221
Benefits	**26,718**	26,246
Interest expense	**25,036**	501
Office supplies	**5,665**	5,051
Promotions expense	**2,415**	1,938
Telephone expense	**501**	889
	4,530,289	4,471,788
Excess of revenues over expenditures	**578,922**	745,197