

Saint John Transit Commission

Annual Report 2023



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The Saint John Transit Commission would like to credit and thank FJ Productions and the Government of New Brunswick for the photos used on the cover and pages 2, 5, 8, and 13.



Letter from the Chair

The next phase of **Transforming Transit started** strong in 2023 with the introduction of our first on-demand transit service. Called **Saint John FLEX**, riders can order a bus when needed within one of three FLEX zones on the west side, Millidgeville and east side of Saint John. This new offering has improved service availability and coverage in less densely populated areas that can be challenging to provide convenient service with a traditional fixed route. Feedback has been very positive, and ridership has grown steadily through the year.

Launching the Saint John FLEX service was a massive feat with many moving partings including new dispatch technology, operating and maintaining our first electric powered buses, strategic marketing and much more. On behalf of the Saint John Transit Commission, we could not be prouder of the team of mechanics, operators, dispatchers, and managers that not only made it work, but a service that is envied across the country. Saint John FLEX has attracted the attention of industry leaders, but most importantly, has made a significant impact with over **24,368** completed boardings across the three services in 2023. Making this even more impressive, these efforts did not take away from fixed route services, which also continue to see strong growth, ending the year with **1,937,659 passenger trips** across **1,649,665 kilometres** and **86,509 service hours**.

Inflationary pressures have affected many industries and public transit is not immune. The Saint John Transit Commission approved a \$0.25 cash fare increase, the first increase in over a decade. To better guide future fare price reviews and ensure any change is moderate, the Saint John Transit Commission has **approved a new fare policy**, which includes on-going monitoring guidelines and a discounted rate to incentivise more cost-effective forms of fare collection such as e-tickets.

At the beginning of 2023, **Ian MacKinnon** joined the Saint John Transit Commission as the Director of Transit and General Manager. On behalf of the Saint John Transit Commission, I would like to welcome Mr. MacKinnon and thank him for his leadership as the Commission prepares for another strong year in 2024. As always, I would like to thank **Saint John Common Council** for supporting a growing public transit service for Saint John residents. Investment in public transit is an investment in environmental sustainability, community inclusion and economic development.

Nick Cameron

Chair

Saint John Transit Commission

2023 SAINT JOHN TRANSIT COMMISSION MEMBERS

Nick Cameron, Chair

Kurt Peacock

Tina Collins

Neville Crabbe

Councillor Gerry Lowe

Councillor Brent Harris

Councillor Greg Stewart

Business Profile

The Saint John Transit Commission was established in 1979 by the City of Saint John to **own and operate scheduled public transit service** in the city.

In 2022, Saint John Transit began to operationalize the **Transforming Transit** project, designed to ensure that the service operates sustainably*, better serves current riders, attracts new riders and adopts industry standards.

Since January 2023, the Saint John Transit team has **worked together to add six** electric vehicles, increase service on **13 fixed routes**, create **three FLEX on-demand zones** and introduce the SJTRides e-fare payment app.

In 2023, our team of operators provided over **1,937,659 passenger trips** across **1,649,665 kilometres** and over **86,509 service hours**.

Our **skilled mechanics, maintenance staff and cleaners** manage and maintain a fleet of 40 conventional buses, six electric buses and six specialized service vehicles.

Our team provides **training, operations, supervisory, dispatch, financial services and administrative support to maintenance staff and operators**.

**financially and environmentally*

Performance Reporting

2023 KPI Target	2023 KPI Actual
Operating revenue/cost ratio , comparable rate is \$0.35	\$0.42 , above target
Cost per vehicle hour , comparable is \$106.78	\$126.75 below target, improving
Expense per rider , comparable is \$5.34	\$5.66 below target, improving
Ratio of annual ridership per population . 28.5	25.50 below target, improving
Transit coverage: 85% of population within 800 M of a bus stop	Goal of 85% with route re-design and on-demand service, on target
Riders per revenue hour , comparable average is 22	22.40 , above target
Annual performance	The SJTC is reviewing our current fleet management system, CSJ's fleet management system and our proposed Computer Automated Dispatch / Automated Vehicle Locator (CAD/AVL) to develop future benchmarks. SJTC will work in conjunction with the CSJ's Performance Management Team to develop appropriate Key Performance Indicators
Year to date performance	Complete transit turnaround will take multiple years to complete. Project is tracking well, on target and on budget.

Key Accomplishments and Milestones

- **On-demand software supplier procured** (Q3-2022), implementation in (Q1-2023)
- **Charging hardware procured** (Q2-2022) and commissioning completed in (Q3-2023)
- Six new **20-foot electric buses** leased (Q2-2022) commissioned (Q1-2023)
- **Saint John FLEX “on-demand” West** area defined (Q2-2022), launched (Q1-2023)
- **West side routes redesigned** and service hours added (Q1-2023)
- Two maintenance staff certified as **“Qualified Electrician for HV Systems”** in motor vehicles by TÜV SÜD, a leading globally recognized testing and certification organization (Q3-2023)
- **Saint John FLEX “on-demand” Millidgeville** area defined (Q4-2022), launched (Q3-2023)
- **North and South end routes redesigned** and service hours added (Q3-2023)
- **Saint John FLEX “on-demand” East** area defined (Q4-2022), launched (Q4-2023)
- **East routes redefined** and service hours added. This included the introduction of the Route 35 NBCC Shuttle (Q4-2023)
- New **electronic fare provider** procured (Q3-2022), implementation planned in Q1-2024
- Developed and released **RFP for CAD/AVL** (Q4-2022) and awarded (Q4-2023)
- **Hiring** on-going to enable sustainability and on-demand service (Q3-2022 to ongoing)
- **Bus stop signage** redesign project (Q3-2023 to ongoing)



ROUTE | CIRCUIT

CHANGES
July 3, 2023
Monday to Friday

- 15-minute service weekdays from 6:30 am to 10:00 am, and 2:30 pm to 6:30 pm
- 30-minute service weekdays from 10 am to 2:30 pm, and 6:30 pm until end of service
- Saturday and Sunday service as is.

1

MODIFICATIONS
3 juillet 2023
Du lundi au vendredi

- Service de 15 minutes en semaine de 6 h 30 à 10 h 00 et de 14 h 30 à 18 h 30
- Service de 30 minutes en semaine, de 10 heures à 14 h 30 et de 18 h 30 jusqu'à la fin du service
- Le service du samedi et du dimanche n'est pas change.

East West | Est Ouest

ROUTE | CIRCUIT

CHANGES
July 3, 2023
Monday to Friday

- First run Route 3E from UNB Saint John at 6:00 am
- Last run Route 3E from UNB Saint John at 11 pm arriving at McAllister Place at 11:40 pm.
- Last run Route 3N from McAllister Place at 10:20 pm arriving at UNB Saint John at 11:40 pm.

3

MODIFICATIONS
3 juillet 2023
Du lundi au vendredi

- Le premier service sur la Route 3E part de l'UNB Saint John à 6 h 00
- Le dernier service sur la Route 3E part de l'UNB Saint John à 23 h 00 et arrive à la Place McAllister à 23 h 40.
- Le dernier service sur la Route 3N part de la Place McAllister à 22 h 20 et arrive à l'UNB Saint John à 23 h 00.

East North | Est Nord

ROUTE | CIRCUIT

CHANGES
July 3, 2023

- Service begins at 6:25 am
- 30-minute service until 6 pm
- 60-minute service until 9:20 pm
- Saturday service as is.

21/23

MODIFICATIONS
3 juillet 2023

- Le service commence à 6 h 25
- Service toutes les 30 minutes jusqu'à 18 h 00
- Service toutes les 60 minutes jusqu'à 21 h 20
- Le samedi, le service n'est pas change.

South End/Crescent Valley

NEW ROUTE | CIRCUIT NOUVEAU

24

July 3, 2023

- Old North End/Spar Cove/Millidge Ave/McCall Street
- Weekday Service begins at 6:30 am
- 60-minute service until 6:45 pm weekdays
- Route 20 Wright Street will depart from Kings Square at 6:15 am and provide hourly service until 6:25 pm.

3 juillet 2023

- Old North End/Spar Cove/Av. Millidge/Rue McCall
- Le service en semaine commence à 6 h 30
- Service toutes les 60 minutes jusqu'à 18 h 45 en semaine
- L'itinéraire 20 Wright Street partira de Kings Square à 6 h 15 et assurera un service horaire jusqu'à 6 h 25.

North End

Millidgeville NEW FLEX | NOUVEAU FLEX Millidgeville

July 3, 2023

FIXED ROUTE SERVICE ENDS ON ROUTE 25

Areas in Millidgeville currently served by Route 25 will be served by FLEX Millidgeville. The new zone does not include University Avenue. Transit service and stops beyond Brothers Cove on Kennebecasis Drive and along Sandy Point Road will be discontinued.

Transit within the zone or transfer to Route 3E, 3N, 9E and 9N.

Use the Saint John Transit FLEX app or call 506-652-3339 (FLEX) for stop-to-stop service.

Monday-Friday from 6:30 am to 6:30 pm
Saturday 10 am to 6 pm
Bookings by telephone is available from 6:30 am until 5 pm Monday to Fridays, Saturdays from 10 am to 5 pm.

3 juillet 2023

LE SERVICE DE ROUTE FIXE SE TERMINE SUR LA ROUTE 25

Les zones de Millidgeville actuellement desservies par la Route 25 seront desservies par FLEX Millidgeville. La nouvelle zone ne comprend pas l'avenue de l'Université. Le service de transport en commun et les arrêts au-delà de Brothers Cove sur la promenade Kennebecasis et le long de la route Sandy Point seront supprimés.

Transit à l'intérieur de la zone ou transfert vers Routes 3E, 3N, 9E et 9N.

Utilisez l'application Saint John Transit FLEX ou appelez le 506-652-3339 (FLEX) pour le service d'arrêt à arrêt.

Le service fonctionnera du lundi au vendredi de 6 h 30 à 18 h 30 le samedi de 10 h 00 à 18 h 00

La réservation par téléphone est disponible de 6h 30 à 17h, de lundi au vendredi, le samedi de 10h à 17h.

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2023 Service at a glance

Total service hours	86,509
Employees full and part time	78
40-foot diesel buses in service	40
20-foot electric buses in service	6
Bus stops	723
Fixed Routes	15
FLEX on-demand zones	3
Riders	1,937,659

Management Discussion and Analysis

It has been a year since I rejoined the Saint John Transit team, and I am pleased to provide my perspective for the **2023 Annual Report of the Saint John Transit Commission**.

I ended last year's 2022 Annual Report message by saying, "If you thought 2022 was awesome, stay tuned in 2023". I can confidently confirm these words.

With the support of the Saint John Transit Commission, Saint John Common Council and our employees, we've made great strides advancing the **Transforming Transit** plan. As the result of the diligent work by the entire Transit team, supported by City of Saint John staff, riders across the City began to see results of the plan in 2023.

The plan, **built from the Stantec Operational Audit**, was laid out in late 2021 and execution began in 2022. The plan identified timelines and steps to secure the technology and operational capacity we see in other successful transit systems. Systems for trip planning and electronic fare payment, computer aided dispatch (CAD), automatic vehicle location (AVL) and the necessary resources and equipment designed to provide a **sustainable and modernized transit service, support a higher level of service and increase ridership**.

The project supports **ActSJ, the City's Community Energy Action Plan**. ActSJ maps a detailed pathway to net-zero emissions for Saint John with interim and 2050 targets. The project is also on-track to meet Transit's objectives as set out in the City of Saint John's **10-Year Strategic Plan**.

As you can appreciate, 2023 was a stellar but challenging year for Saint John Transit. Challenging, refers to the sheer volume of initiatives, enhancements and technology implemented and delivered by the dedicated professional Transit team over the course of twelve months.

Riders began to see the big changes beginning **January 1, 2023**. Routes on the **City's West** side saw increased frequency, service hours and, to respond to project objectives, Route 1 was extended to service the Irving Oil Field House, a key community hub on the City's East side. **FLEX West on-demand** service (replacing Routes 13 and 14) was introduced on January 9, ushering in a **completely new way of providing transit service to riders**, with expanded hours, service area, on-demand service via app or telephone, and the introduction of the **FLEX buses**, six-electric 20-foot Karsan buses. Saint John Transit was the first agency in North America to use the buses.

To further enable system enhancements, the project team developed a recruitment campaign in March to attract new operators and maintenance staff. Positive results allowed the introduction of **FLEX Millidgeville** service in July and a host of enhancements to routes that service the **North and South** ends.

FLEX East service was introduced in October. Most other **East routes were redesigned** to meet community needs, including the introduction of Route 35 NBCC Express to support the growing student population there.

Service hours

2023
86,509

2022
72,928

Riders

2023
1,937,659

2022
1,495,488

Management Discussion and Analysis

Behind the scenes work for these enhancements was a **massive undertaking**. Staff kept existing routes and operations running smoothly all while developing new schedules for routes and drivers, working with new service providers to implement technology, training drivers and dispatch on new applications and buses, ensuring mechanics and maintenance staff could service new vehicles and acquire credentials, ensuring routes, stops, zones and Google GTFS technology (thank you to City of Saint John GIS staff) were updated and procurement went smoothly. Transit finance and administration provided support to all initiatives.

We are seeing results. Post pandemic ridership across the country is returning to 2019 levels and I am convinced that our significant work related to the Transforming Transit project is paying off.

However, from an expense perspective, insurance and fuel costs were the main drivers that contributed to a **deficit of \$703,663**.

It is important to note that **revenues and ridership were well up from 2022**. In fact, 2023 actual revenues of \$4,630,742 **exceeded budget projections** (\$4,301,961). Ridership has increased by almost 500,000 rides from 2022, still not at pre-pandemic levels, but very positive.

In August, The Saint John Transit Commission implemented a fare policy and made the decision to raise fares across the board which will take effect on January 1, 2024. This will represent the first cash fare increase in over 11 years.

Based on industry standards from across Canada, Transit reports on a set of **key performance indicators** (KPIs) that are measured and monitored closely. 2023 ridership reached 1,937,659 riders **up 22.8%** from 2022. This gave us a ratio of riders per population of 25.50 **up 20%** from 2022. We are trending positively in the direction to reach a target of 28.5 in the coming years.

It is a pleasure to work with the staff at Saint John Transit. They are a small team but their continued professionalism and ability to adopt and integrate new technology and processes is remarkable. Thank you to City staff for continued support in improvement of transit service.

What a year! I look forward to furthering our success and to implementing more service enhancements associated with the Transforming Transit project in 2024.

Ian MacKinnon

General Manager
Saint John Transit

The Saint John Transit Commission would like to thank:

Saint John Transit employees ◆ The City of Saint John ◆ NB Power ◆ Saint John Energy
The Province of New Brunswick ◆ The Federation of Canadian Municipalities (FCM)
Damera Bus Corp ◆ The Saint John Ability Advisory Committee
IBI Group ◆ WSP ◆ SpareLabs

Saint John Transit Commission

Financial Statements

December 31, 2023

Saint John Transit Commission

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Report to the Board of Directors on the 2023 Audit (DELOITTE)



Independent Auditor's Report

To the Board of Directors of
Saint John Transit Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Saint John Transit Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, change in net debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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 the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 PSAS, 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 GAAS 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 GAAS, 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.

Deloitte LLP

Chartered Professional Accountants
July 8, 2024

Audited Financial Statements 2023 (DELOITTE)



Saint John Transit Commission

Statement of Financial Position

December 31, 2023

	Note	2023 \$	2022 \$
Financial Assets			
Cash			
Unrestricted		1,155	317,635
Accounts receivable			
Trade/Other	3	641,652	672,192
Due from the City of Saint John	8	807,680	216,993
		1,450,487	1,206,820
Financial Liabilities			
Accounts payable and accrued liabilities	4	1,091,683	765,565
Employee future benefits	5	829,700	794,100
Due to the City of Saint John	8	1,422,180	832,020
Asset Retirement Obligation	12	65,400	-
Long-term debt	6	7,319,000	8,814,000
		10,727,963	11,205,685
Net Debt		(9,277,476)	(9,998,865)
Non-financial assets			
Tangible capital assets	9	20,706,968	21,910,164
Inventory		730,632	628,075
Prepaid expenses		36,695	-
		21,474,295	22,538,239
Accumulated Surplus		12,196,819	12,539,374

Approved by:

_____ Chairperson

_____ General Manager

Saint John Transit Commission

Statement of Operations and Accumulated Surplus

December 31, 2023

	2023 Budget (Unaudited) \$	2023 \$	2022 \$
Revenues			
City of Saint John operating	5,630,640	6,334,303	5,490,683
City of Saint John debt reduction	1,746,105	1,745,331	1,820,484
Provincial grant	-	-	114,000
Operating revenues			
Monthly passes	1,350,000	1,582,340	1,115,552
Transcard	1,350,000	1,008,961	835,188
Cash fares	800,000	810,674	694,895
Other	250,000	586,133	364,552
Bus charters	89,961	239,268	189,544
Suburban subsidy	150,000	134,121	181,621
Transfer from Reserves	-	-	127,519
Bus advertising	75,000	81,892	76,191
Bus charters - schools	75,000	66,726	73,194
Taxi inspections	42,000	40,459	33,325
Comex - Transcards	50,000	34,392	23,767
Bus tokens	20,000	24,220	22,120
Comex - Monthly passes	50,000	21,556	13,478
	11,678,706	12,710,376	11,176,113
Expenses (Note 10)			
Transportation	6,718,377	7,130,585	6,939,900
Vehicle maintenance	1,661,993	1,949,744	1,702,132
Amortization of tangible capital assets	-	1,819,753	1,927,876
Administration	1,198,928	1,417,348	756,469
Building	353,303	474,521	534,009
Interest (Note 6)	-	250,331	291,484
Accretion expense of asset retirement obligation (Note 12)	-	5,743	-
Amortization of asset retirement obligation (Note 9)	-	4,905	-
	9,932,601	13,052,931	12,151,870
Annual deficit	1,746,105	(342,555)	(975,757)
Accumulated surplus, beginning of year	-	12,539,374	13,515,131
Accumulated surplus, end of year	-	12,196,819	12,539,374

Saint John Transit Commission

Statement of Changes in Net Debt

December 31, 2023

	2023	2022
	\$	\$
Annual deficit	(342,555)	(975,757)
Acquisition of tangible capital assets	(621,462)	(632,516)
Amortization of tangible capital assets	1,824,658	1,927,876
Loss on disposal of tangible capital assets	-	592,334
	1,203,196	1,887,694
Increase in inventory	(102,557)	(36,400)
Increase in prepaid expenses	(36,695)	-
	(139,252)	(36,400)
Decrease in net debt	721,389	875,537
Net debt, beginning of year	(9,998,865)	(10,874,402)
Net debt, end of year	(9,277,476)	(9,998,865)

Saint John Transit Commission

Statement of Cash Flows
December 31, 2023

	2023	2022
	\$	\$
Operating transactions		
Annual deficit	(342,555)	(975,757)
Items not involving cash		
Amortization of tangible capital assets	1,824,658	1,927,876
Loss on disposal of tangible capital assets	-	592,334
Increase in asset retirement obligation liabilities	65,400	
Change in non-cash working capital items		
Accounts receivable trade	30,541	(373,138)
Due from the City of Saint John	(590,687)	(103,246)
Accounts payable and accrued liabilities	326,118	174,629
Employee future benefits	35,600	(34,530)
Due to the City of Saint John	590,159	504,997
Inventory	(102,557)	(36,400)
Prepaid expenses	(36,695)	-
	1,799,982	1,676,765
Capital transactions		
Acquisitions of tangible capital assets	(621,462)	(632,516)
Financing transactions		
Repayment of long-term debt	(1,495,000)	(1,529,000)
	(1,495,000)	(1,529,000)
Net decrease in cash	(316,480)	(484,751)
Cash, beginning of year	317,635	802,386
Cash, end of year	1,155	317,635

Saint John Transit Commission
Notes to the Financial Statements
For the year ended December 31, 2023

1. General

Saint John Transit Commission (the "Commission"), was incorporated on June 14, 1979 under the Saint John Transit Commission Act of the New Brunswick Legislature. Its principal activity is to develop, maintain and operate a public transit system within the City of Saint John (the "City".)

The Saint John Transit Commission qualifies as a municipal corporation under Subsection 149(1)(d) of the Canadian Income Tax Act and, as such, is exempt from income taxes

2. Summary of Significant Accounting Policies

Basis of Accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board.

Cash

Cash consists of cash on hand and on deposit at financial institutions.

Financial Instruments

The Commission's financial instruments consist of cash, receivables, payables, accrued liabilities, due to the City and long-term debt.

Financial assets and liabilities are initially recognized at fair value when the Commission becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

With respect to financial assets measured at cost or amortized cost, the Commission recognizes in annual surplus an impairment loss when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to annual surplus in the period the reversal occurs.

Inventory for Use

Inventory for use consists of supply parts to maintain the bus fleet and are carried at the lower of cost or replacement cost. Cost is defined as average laid cost.

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, design, construction, development or betterment of the asset. Cost includes overhead as well as interest costs that are directly attributable to the acquisition or construction of the asset. Overhead costs, such as property taxes paid while assets are under construction will be added to the cost of the asset. The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over their estimated useful lives as follows:

Saint John Transit Commission
Notes to the Financial Statements
For the year ended December 31, 2023

2. Summary of Significant Accounting Policies (Continued)

Tangible Capital Assets

Land: all land owned by the Commission, including land under buildings.	N/A
Buildings: all Commission owned buildings and infrastructure, broken into a single asset or broken into the following components: structural interior, exterior, services, equipment and site works.	5 to 40 Years
Vehicles: all Commission owned vehicles, including buses, handibuses and vehicles.	5 to 20 Years
Machinery and equipment: includes all information technology assets, signage, fare boxes, maintenance equipment, furniture, wash bays and similar assets.	3-20 Years

The Commission has a capitalization threshold of \$5,000. In the year of acquisition and the year of disposal, one half of the annual amortization is charged. Any item purchased under this threshold is recorded as an expense in the year during which the item is acquired.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Commission's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Assets under construction are not amortized until the asset is available for productive use.

Government transfers to the Commission for funding the purchase of a capital asset are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Prior to that time, any amounts received are recorded as deferred revenue.

Employee Future Benefits

The Commission recognizes its obligation under its employee future benefit plan and the related costs, as disclosed in Note 5. The Commission has undertaken actuarial valuations.

Revenue

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. Cash fares are recognized as revenue when received. Transcard receipts are recognized when the requirements of performing the service are satisfied, providing that at the time of performance, ultimate collection is reasonably assured.

Government transfers are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

2. Summary of Significant Accounting Policies (Continued)

Subsidies from the City

The City is obligated under the Commission's Act of Incorporation to finance all net operating and capital expenditures. Net operating expenditures are defined as all revenues earned with the exception of City and Capital grants less expenditures. For funding purposes, amortization represents the long-term debt principal repayment rather than amortization expense listed in the financial statements which is based on useful life.

Expenses

Expenses are recorded on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Derivative Financial Instruments and Hedge Accounting

The Commission enters into derivative financial instruments to manage its exposure to commodity price risk, include fuel purchase swaps.

The company designates certain derivatives as hedging instruments in respect to fuel price risk in cash flow hedges. Effective hedges of fuel price risk on firm commitments are accounted for as cash flow hedges. Amounts are recognized on the Statement of Operations in the periods when the hedged item affects the annual surplus, on the same line as the recognized hedge item. Hedges are deemed effective when there is an economic relationship between the hedges item and the hedging instrument.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Key components of the financial statements requiring management to make estimates include: the useful life of capital assets, rates for amortization, allowance for doubtful accounts in respect of receivables, the allowance for inventory obsolescence and the accrual for employee future benefits.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

Asset Retirement Obligation

On January 2023, the Commission adopted Public Accounting Standard PS3280 - Asset Retirement Obligations. The accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. The standard was adopted on a prospective basis at the date of adoption. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. The prior years comparative have not been restated.

The Commission recognized an asset retirement obligation related to storage tanks used for oil/water separation. The liability was measured based on the removal cost incurred on the removal the tank.

The liability is discounted using a present value calculation and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital asset is being amortized over their remaining useful lives as outlined in note 2.

3. Accounts Receivable

	2023	2022
	\$	\$
Trade/general receivables (Note 7)	389,577	259,776
Accrued receivables	151,232	332,277
Federal Government receivable	100,843	80,139
	641,652	672,192

Saint John Transit Commission
Notes to the Financial Statements
For the year ended December 31, 2023

4. Accounts Payable and Accrued Liabilities

	2023	2022
	\$	\$
Accounts payable	551,031	413,746
Payroll	359,776	301,271
Accrued liabilities	161,740	31,724
Accrued audit and actuarial valuation fees	19,136	18,824
	1,091,683	765,565

5. Employee Future Benefits

Under the collective agreement between the Commission and Amalgamated Transit Union, Local 1182, employees are entitled to a pay out of 50% of accumulated sick time to a maximum of 250 sick days upon retirement, providing they have accumulated at least 100 days.

A liability has been recorded representing 50% of employees' accumulated sick days for each employee having accumulated 20 or more days.

Based on actuarial valuation of the liability, the results at December 31 are as follows:

	2023	2022
	\$	\$
Accrued benefit liability, beginning of year	756,600	866,000
Current service cost	44,800	55,400
Interest cost	34,900	21,600
Benefits paid and forfeitures	(50,300)	(123,500)
Actuarial gain	1,900	(62,900)
Accrued benefit liability, end of year	787,900	756,600
Unamortized actuarial gain	41,800	37,500
Liability for accumulated sick leave	829,700	794,100
Commission portion of benefits expenses		
Current period benefit cost	44,800	55,400
Interest cost	34,900	21,600
Amortization of actuarial loss	6,200	11,700
	85,900	88,700

Significant economic and demographic assumptions used in the actuarial valuation are:

Discount rate:	4.63% January 1, 2023 - 4.27% December 31, 2023
Inflation rate:	2.00%
Expected remaining service life:	12 Years

Saint John Transit Commission
Notes to the Financial Statements
For the year ended December 31, 2023

6. Long-Term Debt

Interest on Long-Term Debt

The net amount of interest expense reported on the statement of operations is \$250,331 (2022 - \$291,484).

	2023	2022
	\$	\$
Interest on Debentures - Province of New Brunswick		
2.55% to 3.55% due 2033	2,335,000	2,568,000
2.06% due 2031	1,600,000	1,800,000
1.35% to 3.55% due 2027	1,200,000	1,500,000
1.95% to 2.1% due 2024	334,000	668,000
1.65% to 3.2% due 2032	598,000	665,000
1.2% to 3.55% due 2031	531,000	598,000
1.05% to 3.65% due 2030	464,000	531,000
2.05% to 2.3% due 2024	100,000	200,000
1.15% to 3.9% due 2029	157,000	184,000
2.1% to 5.55% due 2023	-	100,000
	7,319,000	8,814,000

Principle repayments required over the next five years are as follows:	\$
2024	1,395,000
2025	961,000
2026	961,000
2027	961,000
2028	661,000
	4,939,000

7. Financial Instruments and Risk Management

The Commission, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk and liquidity risk. The following analysis provides a measurement of risk as at December 31, 2023.

Liquidity Risk

The City is obligated under the Commission's Act of Incorporation to finance all net operating and capital expenditures; therefore there is inherently less liquidity risk.

Fair Value

The fair value of the Commission's financial instruments included in current assets and liabilities approximates their carrying values due to their short-term maturity.

Saint John Transit Commission
Notes to the Financial Statements
For the year ended December 31, 2023

7. Financial Instruments and Risk Management (Continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission is not exposed to significant interest rate risk.

Credit Risk

The Commission's credit risk is primarily attributable to its trade receivables. No allowance of doubtful accounts was recorded in 2023 based on previous experiences and the management's assessment of the current economic environment. The Commission manages its exposure to credit risk through credit approval procedures and monthly monitoring and analysis of aged receivables.

The carrying amount of financial assets on the statement of financial position represents the Commission's maximum credit exposure at the balance sheet date. There is not a significant concentration of risk given the accounts are owed by a large number of customers on normal terms.

At December 31, 2023, the following trade receivables were due, but none considered impaired:

	2023	2022
	\$	\$
Trade Receivables		
Current	348,571	239,281
Aged between 31-60 days	29,114	20,069
Aged greater than 91 days	11,892	426
Total Trade Receivables	389,577	259,776

Price Risk

The price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Commission has entered into a hedging agreement for its fuel purchases from February 1, 2015 to February 29, 2024 to minimize the risk. It is the policy of the Commission to enter into fuel swaps to manage the commodity price risk associated with anticipated purchase transactions out to 12 months. The Commission's policy is to hedge up to 100% of the exposure.

As at December 31, 2023, the Commission had the following fuel swap contracts outstanding:

Remaining Term	Average Strike Price	Quantity
2 months (Expires Feb 29, 2024)	\$1.12/litre	540,000 litres

8. Related Party Transactions

The Commission is related to the City as a result of the City's mandate to appoint the Board of Commissioners and its obligation under the Commission's Act of Incorporation to finance all net operating and capital expenditures. During the year, the Saint John Transit Commission was charged administration fees for accounting services of \$53,000 (2022- \$53,000) and equipment maintenance of \$19,419 (2022 - \$29,106) for computer services. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The account receivable due from the City of \$807,680 (2022 - \$216,993) relates to the operating deficit (\$703,663) that the City is required to fund based on the Saint John Transit Commission Act and (\$104,017) which is Transit's share in the City's pooled cash. The liability due to the City of \$1,422,180 (2022 - \$832,020) represents cash advances for capital expenditures and in prior year it includes the surplus that Transit was required to pay the City based on the Saint John Transit Commission Act. The amounts are non-interest bearing and have no set terms of repayment.

Saint John Transit Commission
Notes to the Financial Statements
For the year ended December 31, 2023

9. Tangible Capital Assets

	Land	Vehicles	Buildings	Machinery & Equipment	Work in Progress	Asset Retirement Obligation	2023 Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, beginning of year	1,098,843	19,057,366	23,365,914	2,068,008	504,997	-	46,095,128
Additions	-	-	-	578,538	(16,732)	59,656	621,462
Disposals	-	(113,019)	-	-	-	-	(113,019)
Balance, end of year	1,098,843	18,944,347	23,365,914	2,646,546	488,265	59,656	46,603,571
Accumulated amortization							
Balance, beginning of year	-	10,397,562	11,882,862	1,904,540	-	-	24,184,964
Amortization during the year	-	966,355	783,313	70,085	-	4,905	1,824,658
Amortization on disposals	-	(113,019)	-	-	-	-	(113,019)
Balance, end of year	-	11,250,898	12,666,175	1,974,625	-	4,905	25,896,603
Net book value, December 31, 2023	1,098,843	7,693,449	10,699,739	671,921	488,265	54,751	20,706,968

	Land	Vehicles	Buildings	Machinery & Equipment	Work in Progress	Asset Retirement Obligation	2022 Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, beginning of year	1,098,843	21,998,905	23,238,395	2,068,008	-	-	48,404,151
Additions	-	-	127,519	-	504,997	-	632,516
Disposals	-	(2,941,539)	-	-	-	-	(2,941,539)
Balance, end of year	1,098,843	19,057,366	23,365,914	2,068,008	504,997	-	46,095,128
Accumulated amortization							
Balance, beginning of year	-	11,641,477	11,102,737	1,862,079	-	-	24,606,293
Amortization during the year	-	1,105,290	780,125	42,461	-	-	1,927,876
Amortization on disposals	-	(2,349,205)	-	-	-	-	(2,349,205)
Balance, end of year	-	10,397,562	11,882,862	1,904,540	-	-	24,184,964
Net book value, December 31, 2022	1,098,843	8,659,804	11,483,052	163,468	504,997	-	21,910,164

Saint John Transit Commission
Notes to the Financial Statements
For the year ended December 31, 2023

10. Schedule of Expenditures

	2023	2023	2022
	Budget	Actual	Actual
	(Unaudited)		
	\$	\$	\$
Transportation			
Salaries and wages	3,694,480	3,782,725	3,294,806
Gas and oil	1,200,000	1,558,348	1,485,870
Fringe benefits	1,006,746	982,364	814,450
Parallel transit	344,000	392,251	376,754
Fleet insurance	360,000	230,374	216,518
Advertising	24,000	69,721	23,763
Passes and schedules	32,800	33,654	20,228
Uniforms	25,000	31,980	24,941
Vehicle	28,951	27,740	31,810
Miscellaneous	2,400	21,428	58,426
Loss on disposal of capital assets	-	-	592,334
	6,718,377	7,130,585	6,939,900
Vehicle Maintenance			
Salaries and wages	733,240	838,898	766,322
Supplies and parts	606,216	698,172	601,979
Fringe benefits	217,537	238,524	223,698
Tools and equipment	100,000	168,592	106,912
Oil and grease	5,000	5,558	3,221
	1,661,993	1,949,744	1,702,132
Building			
Heat, light and power	150,000	163,785	147,879
Building and maintenance	108,534	128,965	196,463
Insurance	19,511	98,719	111,490
Salaries and wages	65,058	62,819	64,336
Real estate taxes	10,200	20,233	13,841
	353,303	474,521	534,009
Administration			
Postage and stationary	455,000	603,586	5,035
Salaries and wages	416,027	445,871	478,781
Fringe benefits	92,204	95,288	39,089
Miscellaneous	29,797	77,697	31,507
Administration fees (Note 8)	53,000	53,000	53,000
Transcard commissions	24,000	43,334	34,715
Equipment and maintenance (Note 8)	55,000	31,694	39,891
Professional fees	38,000	21,561	41,989
Communications	15,000	15,922	14,872
Training and courses	10,900	15,530	7,201
Memberships	10,000	13,865	10,389
	1,198,928	1,417,348	756,469

**Saint John Transit Commission
Notes to the Financial Statements
For the year ended December 31, 2023**

11. Accumulated Surplus Reconciliation to Province of New Brunswick (PNB) Requirements (Unaudited)

	2023
	\$
2023 Annual deficit	(342,555)
Adjustments to 2023 annual deficit for PNB requirements	
Amortization expense and long-term debt repayment	324,753
Reclass equipment purchase	28,354
Reserve adjustment - vehicle	(7,763)
Reserve adjustment - building	(13,438)
	331,906
2023 annual deficit per PNB requirements	(10,649)
Accumulated surplus per PNB requirements, end of year	-

12. Asset Retirement Obligation

The estimated liability is the present value of future cash flow associated with the asset retirement costs discounted using an employee future benefit discounting rate of 4.63% for the year 2023. The Commission's Asset retirement obligation consists of obligation as follows:

a) Storage tank

The Commission has three storage tanks - two over ground and one under ground. The cost of removal of these tanks has been recognized under PS 3280 - Asset Retirement Obligation. The remaining estimated useful life of two above ground tanks are 12 years and one under ground tank is 17 years. Cost is estimated based on what local contractor is pricing to remove and dispose off the fuel tanks.

The transition and recognition of asset retirement obligation involved an accompanying increase to the Capital Assets.

Asset Retirement Obligation

	2023	2022
	\$	\$
Gross Undiscounted expenditure	115,786	-
Opening balance, 01 January 2023	-	-
Adjustment to recognize asset retirement obligation on adoption (note 2 & 12)	59,656	-
Accretion expenses	5,743	-
Less: expense incurred	-	-
Closing balance, 31 December 2023	65,400	-

