2015 Year-End Financial and Performance Report

TRANSLINK

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Basis of Presentation

The consolidated financial statements of the Authority have been prepared in accordance with Canadian Generally Accepted Accounting Principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

One of TransLink's wholly owned subsidiaries, Transportation Property and Casualty Company Inc. (TPCC) is a captive insurance company which is required to follow International Financial Reporting Standards (IFRS). For consolidation purposes, TPCC is reported under the accounting standards of the parent entity.

Funding adjustments are the changes required to the Statement of operations to calculate the funded surplus under the *South Coast British Columbia Transportation Authority (SCBCTA) Act.* The cumulative funded surplus is defined as the amount of resources available to fund future operations.

Caution Regarding Forward-Looking Statements

From time to time, TransLink makes written and/or oral forward-looking statements, which may appear in this document and in other communications. In addition, representatives of TransLink may make forward-looking statements orally to analysts, investors, the media and others.

Forward-looking statements, by their nature, require TransLink to make assumptions and are subject to inherent risk and uncertainties. In light of the uncertainty related to the financial, economic, and regulatory environments, such risks and uncertainties, many of which are beyond TransLink's control, and the effects of which can be difficult to predict, may cause actual results to differ materially from the expectations expressed in the forward-looking statements.

1. Financial and Performance Summary

TransLink is unlike any other transportation authority in North America in having responsibility for the planning, financing and managing of all public transit, in addition to major regional roads and bridges. It plans and manages the region's transportation system as a strategic whole – creating and sustaining a transportation system that meets the needs of residents, businesses and goods movers in a manner that protects the environment and supports the economic and social objectives of the region.

We serve the people of this region, and our services are funded by their taxes and fares. It is our responsibility to deliver safe and reliable services, and to ensure that we spend those dollars wisely to minimize costs and maximize revenues.

The 2015 year, ended with a $200,000 funded surplus. This was $18.2 million favourable to budget. Key factors resulting in better than budget financial results include:

- Higher revenue mainly from Fuel Tax, Parking Rights Tax, Golden Ears Bridge Tolls and revenue from Adjacent and Integrated Development Properties;
- Lower costs for fuel and power due to lower market prices and consumption;
- Lower credit card Fees related to the roll out of Compass;
- Delayed timing of planned expenses for the roll out of Compass.

Partially affecting these were increased expenditures for Pattullo Bridge seismic design, Rapid Transit Studies, maintenance activity, and increased staffing in response to recommendations from the Independent SkyTrain review.

TransLink's three key priorities for 2015 include implementing Compass, enhancing SkyTrain operations and supporting the Metro Vancouver Transportation and Transit Plebiscite.

Highlights of 2015 priorities include:

1. **Compass** - *Continue to launch the program with a phased approach throughout 2015.*

   TransLink made significant progress in the roll out of Compass, beginning with the transition of the U-Pass for post-secondary students to Compass in January 2015; roll out to the first customers with West Coast Express in June; transition of the general public to Compass Tickets and Cards through the fall; and the beginning of faregate closures at stations in late 2015. These changes have been supported by months of customer education and outreach to help customers as they make the switch to Compass. By the end of December, the Compass system had over 350,000 Compass Cards issued and approximately 130,000 unique cards were tapped on the system each business day and 45 per cent of faregates were closed. Many of our customers have been excited about switching to Compass, and customer response has been generally positive, particularly about the convenience, security, and ease of use of the new system.

2. **SkyTrain Operations** – *Continue to enhance the resiliency and reliability of the transportation network.*

Independent review:

Transit operations are at the core of our mandate. Throughout 2015, TransLink continued to improve system resiliency to provide reliable service and sustain ridership.

TransLink and the British Columbia Rapid Transit Company (BCRTC) initiated action on all of the recommendations from the SkyTrain Independent Review. This work is planned over the next five years at an estimated cost of $89 million. Of the 20 recommendations, eight are complete, eleven are in progress, and one is in the development stage. As part of the service improvements, part-time SkyTrain attendants were hired and additional phone lines were added to the Customer Call Centre.

Investment in Infrastructure:

Several infrastructure improvement projects are currently underway, ultimately enhancing the resiliency and reliability of the transportation network and improving customers' experience. These include station upgrades at Joyce-Collingwood, Commercial-Broadway, New Westminster, and Metrotown SkyTrain stations, as well as improvements at associated bus exchanges.

The Main Street-Science World Station Upgrade was completed in August 2015. Improvements at this station have improved the transfer experience for passengers arriving by bus, made the station safer and increased the capacity for Expo Line ridership growth. The upgrades included: new entrances, new escalators, stairs and elevator to increase capacity and improve accessibility, better lighting and visibility for a safer and improved customer experience, and a new secure bike parkade.

With thousands of customers boarding our trains every day, we understand the impact maintenance work can have on our customers. Every effort was made to limit customer impacts while maintaining service, by informing our customers of potential impacts ahead of time and promptly responding to customer complaints and inquiries.

Evergreen Integration:

The Evergreen Extension is the next major expansion of the rail network and is expected to increase ridership and accessibility to the transit system and improve customers' experience. In 2015 we continued to develop a system and service integration plan to address customer impacts, including the integration with the existing bus service once the Evergreen Extension is in operation.

3. **Metro Vancouver Transportation and Transit Plebiscite** - *Support the Mayors' Council efforts to achieve a positive outcome ('Yes' vote) in the plebiscite.*

   Although the outcome of the Metro Vancouver Transportation and Transit Plebiscite was a "no" vote, TransLink continued to build relationships with stakeholders. We took steps toward securing senior government funding for the major investments that are part of the Mayors' Council Vision. We moved forward with work on developing three major transportation projects: in South of the Fraser Rapid Transit, the Millennium Line Broadway Extension and the Pattullo Bridge replacement.

TransLink continues to implement cost savings measures where feasible. From 2012 to 2015, TransLink saved $320 million which included $79 million in 2015 by cutting costs and implementing revenue-increasing efficiencies. The items listed below are just a few examples of these measures:

- Saved $120 million through cuts to administration and operating costs.
- Achieved $61 million in revenue through bus service productivity and service optimization.
- Achieved more than $25 million in transportation infrastructure improvements at no cost to tax payers.
- Saved more than $33 million by cutting cost for buying goods and services.
- Saved $29 million through bus scheduling and labour efficiencies.

In addition, TransLink's efforts to increase non-transit revenues have resulted in additional revenues including; Adjacent and Integrated Development projects, parking and rides, and leasing.

Strong fiscal management of public funds continues to support TransLink's success. In 2015, Moody's Investors Service and Dominion Bond Rating Service (DBRS) reaffirmed TransLink's Aa2 and AA stable credit ratings.

In 2015 TransLink raised $150 million in bond issuances to help finance the purchase of capital assets.

2. 5 Year Summary

Year ended December 31 (all numbers in millions or per unit, except as otherwise stated)	2011	2012	2013	2014	2015	COMPARISON TO 2014 Fav/ (Unfav)	%	Compound Annual Growth Rate (CAGR)
FINANCIAL PERFORMANCE								
Funded Revenue	1,191.6	1,285.4	1,307.1	1,318.4	1,367.0	48.6	3.7%	3.5%
Funded Expenses	1,225.8	1,278.3	1,259.2	1,295.9	1,366.8	(70.9)	(5.5%)	2.8%
Funded surplus (deficit) for the year	(34.2)	7.1	47.9	22.5	0.2	(22.3)	(99.1%)	
FINANCIAL INDICATORS								
Cumulative funded surplus [1]	287.7	294.8	342.7	365.2	365.4	0.2	0.1%	6.2%
Tangible capital assets	4,426	4,386	4,451	4,512	4,607	95	2.1%	1.0%
Net direct debt [2]	1,859	1,914	1,913	1,933	1,990	(57)	(2.9%)	1.7%
Indirect P3 debt [3]	1,686	1,675	1,664	1,647	1,623	24	1.4%	(0.9%)
Total net direct debt and indirect P3 debt	3,544	3,589	3,577	3,580	3,613	(33)	(0.9%)	0.5%
Gross interest cost as a % of operating revenue	14.5%	14.3%	13.3%	13.1%	12.4%	0.7%	5.3%	(3.9%)
OPERATING INDICATORS								
Population of service region	2.4	2.4	2.4	2.5	2.5	0.0	1.3%	1.4%
Scheduled Transit Service								
Overall performance rating (out of 10)	7.6	7.7	7.6	7.6	7.5	(0.1)	(1.3%)	(0.3%)
Service hours	6.3	6.3	6.2	6.3	6.3	(0.0)	(0.0%)	(0.2%)
Cost recovery ratio	51.8%	51.7%	55.6%	53.4%	51.8%	(1.6%)	(3.0%)	(0.0%)
Operating cost per capacity kilometre *[4]	$ 0.075	$ 0.078	$ 0.079	$ 0.082	$ 0.084	$ (0.002)	(2.8%)	3.0%
Complaints per million boarded passengers *[5]	93.4	88.9	103.6	96.0	94.2	1.9	2.0%	0.2%
Access Transit Service								
Number of trips (000's)	1,211	1,209	1,181	1,169	1,205	36	3.1%	0.0%
Operating cost per trip*	$ 37.62	$ 38.56	$ 39.91	$ 40.30	$ 40.64	$ (0.34)	(0.8%)	1.9%
Number of trips denied (000's)	18.2	37.7	42.4	16.9	1.6	15.3	90.4%	(45.4%)
Complaints per million boarded passengers*	913.4	1,037.8	1,045.2	1,079.7	997.4	82.3	7.6%	2.2%
Golden Ears Bridge								
Crossings [6]	9.8	10.8	11.0	11.7	12.7	1.0	8.6%	6.7%
Average toll per crossing *[7]	$ 3.36	$ 3.45	$ 3.29	$ 3.60	$ 3.65	$ 0.05	1.4%	2.1%
Ridership								
Boarded passengers (system)	356.2	363.2	355.2	356.9	364.3	7.3	2.1%	0.6%
Revenue passengers (system)	233.3	238.8	233.9	234.6	238.8	4.2	1.8%	0.6%
Average fare per revenue passenger (scheduled)*	$ 1.86	$ 1.88	$ 2.06	$ 2.05	$ 2.06	$ 0.01	0.5%	2.6%

* Per unit calculation

[1] Cumulative funded surplus as calculated under the SCBCTA Act is the amount of resources available to fund future operations

[2] Includes debt as per the balance sheet, net of TransLink sinking funds and debt reserve deposits

[3] Includes Deferred concessionaire credit for Canada Line and Contractor liability for Golden Ears Bridge

[4] Includes operating costs of Bus, SeaBus, Expo & Millennium line, Canada Line, West Coast Express and Police, and excludes depreciation and interest expense

[5] Complaints have been restated to include refund requests related to ticket vending machine transactions

[6] 2012-2014 has been restated to properly reflect billable crossings (excludes duplicate and out-of-province crossings)

[7] Average toll per crossing has been restated to exclude interest on outstanding accounts and allowance for doubtful accounts

Financial Performance

TransLink's funded revenues have grown at a Compound Annual Growth Rate (CAGR) of 3.5 per cent since 2011, while funded expenses have grown at 2.8 per cent over the same five year period.

Capital assets increased from $4.4 billion in 2011 to $4.6 billion in 2015, a CAGR increase of 1.0 per cent. Compared to 2014, capital assets increased $94.6 million due to additions in SkyTrain systems and infrastructure, information systems and lease buy out of 28 West Coast Express rail cars.

Net Direct debt increased by a CAGR of 1.7 per cent to fund Capital Projects. Indirect Public-Private Partnership (P3) debt which includes the liability owed to the Golden Ears Bridge contractor and the Canada Line deferred concessionaire credit, declined $63 million over five years, or a CAGR of 0.9 per cent per year. Net direct debt increased $56.9 million (2.9 per cent) over 2014 due to additional borrowing to finance capital spending. Indirect P3 debt, declined by $23.7 million (1.4 per cent) in 2015 due to the amortization of the Canada Line deferred concessionaire credit.

Gross interest costs as a percentage of operating revenues decreased by a CAGR of 3.9 per cent over the five year period due to lower interest rates and higher operating revenues. Compared to prior year, TransLink's gross interest costs as a percentage of operating revenues decreased by 0.7 per cent. This is well within TransLink's 20 per cent policy limit.

Operating Performance

Scheduled Transit Service

Overall performance which measures customer's satisfaction with the entire system, decreased by a CAGR of 0.3 per cent over the five year period due to factors such as; impact of fare increase in 2013, SkyTrain service disruptions in 2014, and West Coast Express customer concerns with service reliability related to an increase in CP Rail related delays in 2015. The overall performance rating peaked at 7.7 out of 10 in 2012 before showing slight decline. Service hours were relatively constant over the 5 year period.

The cost recovery ratio which measures the percentage of transit operating costs covered by transit revenues, returned to 2011 levels in 2015, at 51.8 per cent. The cost recovery ratio was 1.6 per cent lower than 2014 due to slower growth in fare revenues than expenses.

Complaints per million boarded customers decreased two per cent in 2015 over 2014 and increased by a CAGR of 0.2 per cent over the last five years. Complaints were higher in 2013 which was largely related to the fare increase implemented in that year.

Operating costs per capacity kilometre increased by a 3.0 per cent CAGR due to inflationary increases, while the total capacity kilometers remained constant over the five year period. Operating costs per capacity kilometre was 2.8 per cent higher than 2014 for the same reasons.

Access Transit Service

The number of Access Transit trips has remained relatively constant over the last five years. An additional 35,927 trips were delivered in 2015 as compared to 2014. A large portion of this is due to increased use of taxis and efforts to improve the productivity of the HandyDART service.

Operating costs per trip increased by a 1.9 per cent CAGR over the five year period due to inflation and added technologies such as Interactive Voice Recognition (IVR) calls and Mobile Data Terminals (MDT's) on HandyDART vehicles. Operating cost per trip increased 0.8 per cent compared to 2014 due to contractual operating agreement increases.

Trip denials declined as a result of an increase in the number of taxi trips delivered.

Complaints per million boarded passengers saw a significant decrease over 2014 of 7.6 per cent, but have seen an overall increased CAGR of 2.2 per cent over the last five years mainly due to an increase in the number of taxi trips. Taxi related complaints were higher than HandyDART vehicle related complaints. Thorough follow-up on all complaints continues to be the goal.

Golden Ears Bridge

Crossings have grown at a CAGR of 6.7 per cent since 2011 which could be attributed to development in the surrounding area and a general increase in Vehicle Kilometres Travelled in the region. The average toll per crossing has increased a CAGR of 2.1 per cent per year since 2011, the majority of which can be attributed to annual inflationary increases and fewer drivers taking advantage of discounted rates.

Ridership

Both revenue and boarded passengers have grown at a CAGR of 0.6 per cent since 2011. With no infrastructure or service investments since 2010, TransLink has endeavoured to optimize service and implement operational efficiencies to meet demand. These initiatives have resulted in a consistent year over year increase in the number of boarded passengers per service hour over the five year period. However, to keep up with the average annual population growth of 1.4 per cent per year, additional investment in scheduled service hours is required.

Ridership increased in 2015, up 2.1 and 1.8 per cent for boarded and revenue passengers respectively over 2014. The South of Fraser continued a trend of strong growth in annual boardings with a five per cent increase. We are also able to serve more customers in growing areas, as benefits from our investments in services across the region are realized. For example, ridership continues to grow significantly on the 555, 96 B-Line and 188 routes since their introductions in 2012 and 2013; and on the 41 where reallocation of service hours in 2014 has resulted in reduced overcrowding despite rising demand. We are continuing our program of service optimization. Other factors likely affecting ridership growth include population growth, rising tourism, single zone fares on buses and the free transit day offered due to the SkyTrain shutdown in summer 2015.

The average fare per scheduled revenue passenger increased an average CAGR of 2.6 per cent over the five year period mainly due to the fare increase in 2013. The average fare per revenue passenger increased 0.5 per cent over 2014 due to the mix of products sold. Customers are shifting to purchasing FareSavers, Stored Value and Day Passes that yield a lower discount than Monthly Passes, but provide greater flexibility.

3. Consolidated Statement of Operational Analysis

Consolidated Revenues – Comparison to 2014

Year ended December 31	ACTUAL		COMPARISON TO 2014	
($ thousands)	2015	2014	Fav/ (Unfav)	%
Taxation	772,722	744,157	28,565	3.8%
Transit	511,445	495,609	15,836	3.2%
Government transfers	228,943	90,291	138,652	153.6%
Golden Ears Bridge tolling	48,444	41,623	6,821	16.4%
Interest income	34,381	34,739	(358)	(1.0%)
Amortization of deferred concessionaire credit	23,273	23,273	-	0.0%
Miscellaneous	6,102	5,576	526	9.4%
Sub Total Continuing Operations	1,625,310	1,435,268	190,042	13.2%
AirCare	-	12,047	(12,047)	(100.0%)
Gain on disposal of tangible capital assets	2,340	6,437	(4,097)	(63.6%)
Total Revenue	**1,627,650**	**1,453,752**	**173,898**	**12.0%**
Funding Adjustments				
Remove effect of AirCare	-	(12,047)	12,047	(100.0%)
Government transfers	(207,354)	(70,259)	(137,095)	195.1%
Interest income	(30,031)	(29,743)	(288)	1.0%
Amortization of deferred concessionaire credit	(23,273)	(23,273)	-	0.0%
Total Funding Adjustments	(260,658)	(135,322)	(125,336)	92.6%
Total Funded Revenue	**1,366,992**	**1,318,430**	**48,562**	**3.7%**

The *SCBCTA Act* provides TransLink with access to revenue sources that are used to fund the provision and support of transportation services. Total funded revenues were $1.37 billion in 2015 compared to $1.32 billion in 2014, representing a 3.7 per cent increase.

Taxation

Year ended December 31	ACTUAL		COMPARISON TO 2014	
($ thousands)	2015	2014	Fav/ (Unfav)	%
Fuel tax	356,834	340,104	16,730	4.9%
Property tax	314,659	306,578	8,081	2.6%
Parking Rights tax	63,334	59,971	3,363	5.6%
Hydro levy	20,065	19,572	493	2.5%
Replacement tax	17,830	17,932	(102)	(0.6%)
Total Taxation	**772,722**	**744,157**	**28,565**	**3.8%**

Under the *SCBCTA Act*, TransLink is permitted to raise revenues by means of taxes, including fuel tax, property tax, parking rights tax, hydro levy, and replacement tax. Taxation revenues for 2015 were $28.6 million (3.8 per cent) higher than in 2014.

Fuel tax revenue increased $16.7 million (4.9 per cent) to $356.8 million in 2015 from $340.1 million in 2014. Taxation revenues from gasoline sales account for the majority of total fuel tax revenue. Gasoline sales volumes as reported by the Province of BC's Consumer Taxation Branch (CTB) for the Metro Vancouver region convey a year over year increase of 6.0 per cent. The increase in gasoline sales volumes is offset by a decline in diesel sales. The increase in gasoline consumption is consistent with province-wide trends and independent market reports. Low crude oil prices and a weaker Canadian dollar, are two possible reasons for increased Vehicle Kilometres Travelled (VKT) within the region.

Property tax revenue increased by $8.1 million (2.6 per cent) over 2014, which is consistent with the legislated maximum of three per cent annually, net of an allowance for adjustments when tax rolls are finalized.

Parking Rights tax revenue increased by $3.4 million (5.6 per cent) over 2014. Increased Vehicle Kilometres Travelled (VKT) in the region and specific events such as the 2015 FIFA Women's World Cup may have contributed to the increase in parking tax revenue in 2015.

Replacement tax decreased $102 thousand compared to 2014. The legislated amount for replacement tax is $18 million per year.

Transit

Year ended December 31	ACTUAL		COMPARISON TO 2014	
($ thousands)	2015	2014	Fav/ (Unfav)	%
Fares	387,888	378,229	9,659	2.6%
Program	104,490	100,813	3,677	3.6%
Total Fares	492,378	479,042	13,336	2.8%
Other transit	19,067	16,567	2,500	15.1%
Total Transit	**511,445**	**495,609**	**15,836**	**3.2%**

Transit revenues, consisting of transit fares, program revenues and other related revenues such as transit advertising and fare infractions, increased to $511.4 million in 2015 from $495.6 million in 2014, an increase of $15.8 million (3.2 per cent).

Transit fares increased $9.7 million (2.6 per cent) compared to 2014 due to increased ridership and changing patterns in fare product purchases. In 2015, customers purchased more FareSavers over Monthly Passes. FareSavers provide greater flexibility but a lower discount.

Program revenue increased $3.7 million (3.6 per cent) over 2014. Program revenue includes the U-Pass BC program and the BC Bus Pass program. U-Pass BC revenues increased $1.8 million due to a contractual rate increase in May. The balance of the increase is due to an adjustment included in 2014 for the BC Bus Pass program.

Other Transit Revenue was $2.5 million (15.1 per cent) higher than 2014 due to continued focus on obtaining commercial value from real estate assets through rentals, advertising, wireless telecommunication royalties, Park & Ride programs, and increased fare infraction revenue resulting from fare enforcement efforts to reduce fare evasion.

Government Transfers

Transfers from Government include funds received from Federal Gas Tax, Canada Line Funding, Build Canada Fund, Public Transit Fund, and other miscellaneous programs. The total revenue from these funds were $138.7 million (153.6 per cent) higher than 2014. The variance is due to a required change in accounting treatment related to a new agreement with the Union of British Columbia Municipalities (UBCM), for Federal Gas Tax Funds signed in August 2015. Generally Accepted Accounting Principles for public sector requires that the funds received must now be recorded as revenue at the time the funds are spent. Previously, the contract required the assets to be held for at least ten years and the funds received were then recorded as revenue over that ten year period. This change also resulted in an adjustment for the April to December 2014 period totaling $44 million which is reflected in the 2015 revenue according to the PSAB Accounting Standards.

Of the total variance, $127 million is due to the change in revenue recognition criteria. The remaining variance is primarily due to increased capital project expenditures from the Federal Gas Tax Fund.

Golden Ears Bridge Tolling

Golden Ears Bridge (GEB) tolls increased by $6.8 million (16.4 per cent) over 2014 to $48.4 million. The increase is due to an 8.6 per cent increase in vehicle crossings which is consistent with overall trends in Vehicle Kilometres Travelled (VKT) in Metro Vancouver, a 1.4 per cent increase in the average toll rate due to the bylaw inflationary rate increase, a change in vehicle mix and increased interest accrued on delinquent Quickpass accounts.

Interest Income

Interest income was $358,000 (1.0 per cent) lower than 2014 due to lower unrestricted cash balances and lower interest rates offset by higher sinking fund balances.

Miscellaneous Income

Miscellaneous income increased $526,000 (9.4 per cent) over 2014 as a result of Adjacent and Integrated Development (AID) projects. TransLink has recently implemented new non-taxation revenue sources such as AID projects. With AID projects, TransLink receives financial compensation from developers who build infrastructure adjacent to SkyTrain stations.

AirCare

In accordance with the provincial government's May 2012 announcement, the AirCare program for testing light cars and trucks was eliminated on December 31, 2014.

Gain on disposal of assets

Disposal of assets were $4.1 million lower compared to 2014, due to fewer dispositions.

Funding Adjustments

Funding adjustments are the changes required to the income statement to calculate the cumulative funded surplus under the *South Coast British Columbia Transportation Authority Act.* The cumulative funded surplus is defined as the amount of resources available to fund future operations. The funding adjustments for revenue reflect all senior government contributions for capital assets and the amortization associated with those assets, interest income from sinking fund balances, and amortization of deferred concessionaire credit.

The variance year over year is largely due to the change in accounting treatment for Federal Gas Tax Funds.

Consolidated Revenues – Comparison to Budget

Year ended December 31	2015		COMPARISON TO BUDGET	
($ thousands)	ACTUAL	BUDGET	Fav/ (Unfav)	%
Taxation	772,722	756,456	16,266	2.2%
Transit	511,445	519,214	(7,769)	(1.5%)
Government transfers	228,943	98,992	129,951	131.3%
Golden Ears Bridge tolling	48,444	43,580	4,864	11.2%
Interest income	34,381	33,353	1,028	3.1%
Amortization of deferred concessionaire credit	23,273	23,337	(64)	(0.3%)
Miscellaneous	6,102	3,489	2,613	74.9%
Sub Total Continuing Operations	1,625,310	1,478,421	146,889	9.9%
Gain on disposal of tangible capital assets	2,340	9,388	(7,048)	(75.1%)
Total Revenue	**1,627,650**	**1,487,809**	**139,841**	**9.4%**
Funding Adjustments				
Government transfers	(207,354)	(79,766)	(127,588)	160.0%
Interest income	(30,031)	(29,116)	(915)	3.1%
Amortization of deferred concessionaire credit	(23,273)	(23,337)	64	(0.3%)
Total Funding Adjustments	(260,658)	(132,219)	(128,439)	97.1%
Total Funded Revenue	**1,366,992**	**1,355,590**	**11,402**	**0.8%**

Total Funded revenues was $11.4 million (0.8 per cent) higher than budget due to increase in taxation and toll revenue and miscellaneous income related to other revenue generating programs such as Adjacent and Integrated Development programs (AID), slightly offset by lower fare revenue and timing of planned disposal of assets.

Taxation

Year ended December 31	2015		COMPARISON TO BUDGET	
($ thousands)	ACTUAL	BUDGET	Fav/ (Unfav)	%
Fuel tax	356,834	344,111	12,723	3.7%
Property tax	314,659	314,095	564	0.2%
Parking Rights tax	63,334	60,235	3,099	5.1%
Hydro levy	20,065	20,015	50	0.2%
Replacement tax	17,830	18,000	(170)	(0.9%)
Total Taxation	**772,722**	**756,456**	**16,266**	**2.2%**

Fuel tax revenue was $12.7 million (3.7 per cent) higher than budget. Low crude oil prices and a weaker Canadian dollar, are two possible reasons for increased VKT within the region. The degree to which both of these external factors continued to decline throughout the year was not fully anticipated in the 2015 budget.

Parking Rights tax revenue was $3.1 million (5.1 per cent) higher than budget. Increased VKT in the transit region and specific events such as the 2015 FIFA Women's World Cup are most likely to have contributed to better than expected revenue.

Transit

Year ended December 31	2015		COMPARISON TO BUDGET	
($ thousands)	ACTUAL	BUDGET	Fav/ (Unfav)	%
Fares	387,888	395,083	(7,195)	(1.8%)
Program	104,490	107,315	(2,825)	(2.6%)
Total Fares	492,378	502,398	(10,020)	(2.0%)
Other transit	19,067	16,816	2,251	13.4%
Total Transit	**511,445**	**519,214**	**(7,769)**	**(1.5%)**

Transit revenues, including fares and other transit related revenues were $7.8 million (1.5 per cent) below budget.

Transit fare revenues were $7.2 million (1.8 per cent) below budget due to lower than budgeted ridership, as well as increased utilization of discounted products.

Program revenues were $2.8 million (2.6 per cent) below budget due to lower Government Bus Pass Program participants and lower post-secondary enrollments which affect U-Pass BC Program participation.

Other transit revenues were 2.3 million (13.4 per cent) higher than budget as a result of increased commercialization of real estate assets through rentals and park & ride programs. Fare Infraction revenues increased as a result of increased fare enforcement initiatives.

Transfers from Government

Government transfers were $130 million (131.3 per cent) higher than budget as a result of two factors - a change in revenue recognition criteria for the transfer of Federal Gas Tax funds (as described in the *Comparison to 2014* section above), and the timing of capital project expenditures resulting in greater Gas Tax revenues. $127 million is due to the change in revenue recognition criteria. The remaining $3 million variance is a result of increased capital project expenditures.

Golden Ears Bridge Tolls

Tolling revenues were $4.9 million (11.2 per cent) higher than budget resulting from 7.8 per cent higher vehicle crossings than expected, and additional interest revenue from delinquent Quickpass accounts.

Interest Income

Interest income was $1.0 million (3.1 per cent) higher compared to budget, due to higher rates and balances for sinking funds.

Miscellaneous Income

Miscellaneous income was $2.6 million (74.9 per cent) higher than budget mainly resulting from AID projects and Bus Division third party recoveries. With AID projects, TransLink receives financial compensation from developers who build infrastructure adjacent to SkyTrain stations.

Gain on disposal of assets

Disposal of assets were $7.0 million lower than budget due to timing of planned disposals.

Funding Adjustments

The variance is largely due to the change in accounting treatment for Federal Gas Tax Funds which came into effect after the budget was prepared.

Consolidated Expenses – Comparison to 2014

(BY SEGMENT)

Year ended December 31	ACTUAL		COMPARISON TO 2014	
($ thousands)	2015	2014	Fav/ (Unfav)	%
Bus division	643,484	633,170	(10,314)	(1.6%)
Corporate operations	80,866	67,110	(13,756)	(20.5%)
Rail division	268,311	255,623	(12,688)	(5.0%)
Roads & Bridges	71,246	83,627	12,381	14.8%
Transit Police	33,136	34,334	1,198	3.5%
Amortization of tangible capital assets [1]	168,290	161,472	(6,818)	(4.2%)
Interest [1]	167,902	171,094	3,192	1.9%
Sub Total Continuing Operations	1,433,235	1,406,430	(26,805)	(1.9%)
AirCare	-	15,806	15,806	100.0%
Corporate and Roads & Bridges One-time	32,053	4,642	(27,411)	(590.5%)
Total Expenses by Segment	**1,465,288**	**1,426,878**	**(38,410)**	**(2.7%)**
Funding Adjustments				
Remove effect of AirCare	-	(15,806)	(15,806)	100.0%
Capital funding to municipalities	(30,653)	(43,953)	(13,300)	30.3%
Amortization of tangible capital assets	(159,925)	(153,650)	6,275	(4.1%)
Debt service costs	94,750	83,380	(11,370)	(13.6%)
Corporate other	(2,699)	(929)	1,770	(190.5%)
Total Funding Adjustments	(98,527)	(130,958)	(32,431)	24.8%
Total Funded Expenses	**$ 1,366,761**	**$ 1,295,920**	**$ (70,841)**	**(5.5%)**

[1] Amortization and Interest shown separately to facilitate analysis

Bus Division operating expenditures were $10.3 million (1.6 per cent) higher year over year due to labour and other contractual and economic increases, weaker Canadian dollar exchange rate and inflation on maintenance materials and services, more revenue vehicle major repairs and increased fare media costs related to Compass. Partially offsetting these increases are lower fuel costs due to market prices and consumption from more efficient Compressed Natural Gas (CNG) vehicles.

Corporate Operations were $13.8 million (20.5 per cent) higher than the same period in 2014. This increase is mainly due to contractual labour increases and contracted services related to the roll out of the Compass system, liability for change in accounting treatment of contaminated sites, higher claims related to TransLink's Transportation Property Casualty Company (TPCC), increased Adjacent and Integrated Development (AID) costs which are recoverable from developers, and credit card fees previously netted against revenue.

Rail Division costs were $12.7 million (5.0 per cent) higher than prior year mainly from additional state of good repair costs specifically to rail and elevating devices, inflation increase for Canada Line performance payments in 2015, an increase in West Coast Express rail car lease payments, increased staffing levels, employee future benefits costs and contractual labour increase, as well as fare media costs related to Compass. The increased staffing includes positions in response to recommendations from the Independent SkyTrain review.

Roads and Bridges spending was $12.4 million (14.8 per cent) lower in 2015 due to timing of capital contributions to municipalities for capital infrastructure projects. Funding allocated to municipalities for rehabilitation of the Major Road Network (MRN) remains unchanged; however, the timing of the expenditures is dependent on the municipalities.

Transit Police expenses were $1.2.million (3.5 per cent) lower than 2014 primarily due to retroactive wages recorded in 2014 related to ratification of a new collective agreement going back to 2011.

Amortization expense increased $6.8 million (4.2 per cent) over 2014 largely due to additions in SkyTrain systems and infrastructure, information systems and lease buy out of 28 West Coast Express rail cars.

Interest expense was $3.2 million (1.9 per cent) lower than prior year due mostly to a renewal of a large portion of TransLink's debt at lower interest rates.

AirCare

In accordance with the provincial government's May 2012 announcement, the AirCare program for testing light cars and trucks was eliminated on December 31, 2014.

Corporate and Roads & Bridges One-time costs were $27.4 million higher than 2014. One-time spending for 2015 includes; the Compass project, Transportation and Transit Plebiscite, Rapid transit studies, corporate restructuring, and write off of non-capitalizable seismic upgrade design costs related to the Pattullo Bridge.

Consolidated Expenses – Comparison to Budget

(BY SEGMENT)

Year ended December 31	2015		COMPARISON TO BUDGET	
($ thousands)	ACTUAL	BUDGET	Fav/ (Unfav)	%
Bus division	643,484	653,591	10,107	1.5%
Corporate operations	80,866	76,930	(3,936)	(5.1%)
Rail division	268,311	266,563	(1,748)	(0.7%)
Roads & Bridges	71,246	87,940	16,694	19.0%
Transit Police	33,136	33,263	127	0.4%
Amortization of tangible capital assets [1]	168,290	171,321	3,031	1.8%
Interest [1]	167,902	166,546	(1,356)	(0.8%)
Sub Total Continuing Operations	1,433,235	1,456,154	22,919	1.6%
Corporate and Roads & Bridges One-time	32,053	29,672	(2,381)	(8.0%)
Total Expenses by Segment	**1,465,288**	**1,485,826**	**20,538**	**1.4%**
Funding Adjustments				
Capital funding to municipalities	(30,653)	(44,978)	(14,325)	31.8%
Amortization of tangible capital assets	(159,925)	(162,279)	(2,354)	1.5%
Debt service costs	94,750	95,016	266	0.3%
Corporate other	(2,699)	-	2,699	100.0%
Total Funding Adjustments	(98,527)	(112,241)	(13,714)	12.2%
Total Funded Expenses	**1,366,761**	**1,373,585**	**6,824**	**0.5%**

[1] Amortization and Interest shown separately to facilitate analysis

Bus Division operating expenditures were $10.1 million (1.5 per cent) favourable to budget due to lower fuel prices, reduced employee benefit costs, staff vacancies, less snow removal expenses, reduced technology spend, lower property taxes and the timing of implementation for planned activities. The savings were partially offset by higher revenue vehicle materials costs, including the impact of the weakening Canadian dollar exchange rate and more major engine repairs.

Corporate Operations expenses were $3.9 million (5.1 per cent) unfavourable to budget mainly due to liability for site remediation, claims paid out by TransLink's Transportation Property Causality Company (TPCC), and increased costs related to Adjacent and Integrated Development (AID) projects which are recoverable from developers; offset by lower Compass contractor payments and lower credit card fees related to the timing of Compass roll out.

Rail Division operating costs were $1.7 million (0.7 per cent) higher than budget as a result of increased staffing in response to recommendations from the Independent SkyTrain review, costs related to maintaining ticket vending machines and ticket validators which have now been replaced, additional rail and equipment maintenance costs, and write down of impaired capital spares, partially offset by cost savings from station painting.

Roads & Bridges spending was $16.7 million (19.0 per cent) lower than the 2015 budget mainly due to timing of capital contributions to municipalities. Spending on feasibility studies was also lower than budgeted due to timing of activities.

Transit Police costs were on budget for 2015.

Amortization expense was $3.0 million (1.8 per cent) favourable to budget due to timing of project completions.

Interest expense was $1.4 million (0.8 per cent) unfavourable to budget due to timing of capital project financing, partially offset by favourable short term commercial paper borrowing and rates.

Corporate and Roads & Bridges One-time costs were $2.4 million (8.0 per cent) higher than budget mainly due to the write off of non-capitalizable seismic upgrade design costs related to the Pattullo Bridge, Rapid transit studies and corporate restructuring costs; partially offset by the timing of spending related to the phase in of Compass and unused contingency.

Consolidated Expenses by Category – Comparison to 2014

Year ended December 31	2015 Actual			2014 Actual			Ongoing Expenses	
($ thousands)	Ongoing	One-time [1]	Total	Ongoing [2]	One-time [1]	Total	Fav/ (Unfav)	%
Administration	$ 32,805	$ 11,833	$ 44,638	$ 27,857	$ 3,073	$ 30,930	$ (4,948)	(17.8%)
Amortization of capital assets	168,290	-	168,290	161,472	-	161,472	(6,818)	(4.2%)
Capital infrastructure contributions	30,653	-	30,653	43,953	-	43,953	13,300	30.3%
Contracted services	203,563	-	203,563	212,119	-	212,119	8,556	4.0%
Fuel and power	62,933	-	62,933	70,216	-	70,216	7,283	10.4%
Insurance	20,581	-	20,581	18,727	-	18,727	(1,854)	(9.9%)
Interest	167,902	-	167,902	171,094	-	171,094	3,192	1.9%
Maintenance, materials and utilities	121,623	233	121,856	113,167	72	113,239	(8,456)	(7.5%)
Professional and legal	16,162	17,790	33,952	12,049	1,272	13,321	(4,113)	(34.1%)
Rentals, leases and property tax	40,862	-	40,862	40,130	71	40,201	(732)	(1.8%)
Salaries, wages and benefits	567,250	2,196	569,446	551,452	154	551,606	(15,798)	(2.9%)
Write-down of tangible capital assets	612	-	612	-	-	-	(612)	100.0%
Total Expenses by Category	1,433,236	32,052	1,465,288	1,422,236	4,642	1,426,878	(11,000)	(0.8%)
Funding Adjustments	(98,527)	-	(98,527)	(130,958)	-	(130,958)	(32,431)	24.8%
Total Funded Expenses	$ 1,334,709	$ 32,052	$ 1,366,761	$ 1,291,278	$ 4,642	$ 1,295,920	$ (43,431)	(3.4%)

[1] One-time expenses shown separately to facilitate analysis

[2] 2014 Ongoing includes the AirCare program, which ended on December 31, 2014

On-Going Expenses

Administration costs increased $4.9 million (17.8 per cent) over 2014, mainly due to additional fare media and marketing costs with the roll out of Compass, and increased credit card fees which were previously netted against fare revenues.

Amortization expenses increased $6.8 million (4.2 per cent) over 2014 due to due to additions in SkyTrain systems and infrastructure, information systems and lease buy out of 28 West Coast Express rail cars.

Capital infrastructure contributions decreased $13.3 million (30.3 per cent) over 2014 due to timing of when municipalities schedule and complete the work along the Major Road Network (MRN).

Contracted services decreased $8.6 million (4.0 per cent) over 2014 mainly due to the end of the emissions testing program through AirCare on December 31, 2014. Partially offsetting this was inflationary increase of the Canada Line contractor payment, roll out of Compass, contractor costs related to Access Transit and Taxi Supplement usage, and tolling costs related to increased crossings on the Golden Ears Bridge.

Fuel and Power costs were $7.3 million (10.4 per cent) lower due to lower prices.

Insurance costs increased $1.9 million (9.9 per cent) over 2014 due to increased claims to TransLink's Transportation Property Casualty Company (TPCC).

Interest expense was $3.2 million (1.9 per cent) lower than 2014 as a result of renewal of a large portion of TransLink's debt at lower interest rates.

Maintenance, materials and utilities increased $8.5 million (7.5 per cent) over 2014 due to additional rolling stock and railborne equipment maintenance, and additional state of good repairs for the Rail division. Increased materials costs due to inflation and an unfavourable Canadian dollar exchange rate, more major repairs within the Bus division and recognition of a liability for remediation costs for inactive contaminated sites.

Professional and Legal increased $4.1 million (34.1 per cent) over 2014 mainly as a result of an increase in Adjacent and Integrated Development (AID) project costs which are recoverable from developers, consulting services for rail maintenance programs within the Rail division, and fees relating to Business Intelligence tools for Compass reporting.

Rentals, leases and property tax expenses increased $732 thousand (1.8 per cent) over 2014 mainly as a result of the contractual annual increase on the West Coast Express rail cars lease**.**

Salaries and Wages increased $15.8 million (2.9 per cent) over 2014, as a result of contractual labour increases, increased staffing levels within the Rail division in response to recommendations from the Independent SkyTrain Review, and additional staffing related to Compass.

Consolidated Expenses by Category – Comparison to Budget

Year ended December 31	2015 Actual			2015 Budget			Ongoing Expenses	
($ thousands)	Ongoing	One-Time [1]	Total	Ongoing [2]	One-Time [1]	Total	Fav/ (Unfav)	%
Administration	32,805	11,833	44,638	35,250	4,575	39,825	2,445	6.9%
Amortization of capital assets	168,290	-	168,290	171,321	-	171,321	3,031	1.8%
Capital infrastructure contributions	30,653	-	30,653	44,978	-	44,978	14,325	31.8%
Contracted services	203,563	-	203,563	205,467	-	205,467	1,904	0.9%
Fuel and power	62,933	-	62,933	71,513	-	71,513	8,580	12.0%
Insurance	20,581	-	20,581	19,765	-	19,765	(816)	(4.1%)
Interest	167,902	-	167,902	166,546	-	166,546	(1,356)	(0.8%)
Maintenance, materials and utilities	121,623	233	121,856	116,669	-	116,669	(4,954)	(4.2%)
Professional and legal	16,162	17,790	33,952	16,381	15,832	32,213	219	1.3%
Rentals, leases and property tax	40,862	-	40,862	40,285	-	40,285	(577)	(1.4%)
Salaries, wages and benefits	567,250	2,196	569,446	567,978	9,266	577,244	728	0.1%
Write-down of tangible capital assets	612	-	612	-	-	-	(612)	100.0%
Total Expenses by Category	1,433,236	32,052	1,465,288	1,456,153	29,673	1,485,826	22,917	1.6%
Funding Adjustments	(98,527)	-	(98,527)	(112,241)	-	(112,241)	(13,714)	12.2%
Total Funded Expenses	1,334,709	32,052	1,366,761	1,343,912	29,673	1,373,585	9,203	0.7%

[1] One-Time expenses shown separately to facilitate analysis

Administration costs were favourable to budget $2.4 million (6.9 per cent) mainly due to lower credit card fees, and lower computer systems and data service related costs slightly offset by higher Compass roll-out costs related to fare media and marketing**.**

Amortization expense was $3.0 million (1.8 per cent) favourable to budget due to timing of project completions.

Capital infrastructure contributions were $14.3 million (31.8 per cent) favourable to budget due to timing of municipal project completions.

Contracted services were favourable to budget $1.9 million (0.9 per cent) mainly due to the timing of Compass roll out, lower variable contractor costs related to fuel for HandyDART vehicles, offset by increased Golden Ears Bridge contactor payments due to the higher than expected crossings.

Fuel and Power costs were $8.6 million (12.0 per cent) favourable to budget due to lower prices.

Insurance was unfavourable to budget $816 thousand (4.1 per cent) due to increased claims to TransLink's Transportation Property Casualty Company (TPCC), slightly offset by favourable property insurance rates.

Interest expense was unfavourable to budget $1.4 million (0.8 per cent), due to timing of capital project financing, partially offset by favourable short term commercial paper rates.

Maintenance, materials and utilities expense were $5.0 million (4.2 per cent) unfavourable to budget due to more engine and major repairs and increased prices due to the weakening Canadian dollar exchange rate within the Bus division; and the recognition of a liability for remediation costs for inactive contaminated sites.

Professional and Legal fees were $219 thousand (1.3 per cent) favourable compared to budget primarily due to lower professional fees related to a shift in priority from Pattullo Bridge rehabilitation to replacement, offset by additional rail maintenance costs and increased costs related to Adjacent and Integrated Development (AID) projects which are recoverable from developers.

Rentals, Leases and Property Tax were $577 thousand (1.4 per cent) unfavourable to budget related to the Gateway lease and sublease.

Salaries and Wages were $728 thousand (0.1 per cent) favourable due to vacancy savings in the Bus and Corporate divisions.

4. Capital Program

As of December 31, 2015, TransLink's total capital project budget was $2.6 billion, including $1.2 billion in active projects, $41.0 million in Approved-In-Principle (AIP) projects and $205 million for infrastructure contributions to municipalities. There is $915.8 million in committed senior government funding, mainly from the Federal Gas Tax Fund and Building Canada Fund, available to TransLink for a number of projects. Total spending on capital projects in 2015 amounted to $279.6 million of which five projects (Evergreen Extension, Hamilton Transit Centre, Compass, West Coast Express rail car lease buyout and the 2014 Conventional bus replacements) accounted for $184.1 million of the expenditures.

The table below highlights the breakdown of TransLink's capital budget.

Investments in Capital Assets

Summary of Capital Program ($ thousands)	Number of Projects	Current Budget	2015 YTD Spending [1]	Cumulative Spending to Date	Final Forecast Cost	Variance to Current Budget		Senior Government Funding (Committed)
Capital Projects								
Active Capital Projects								
Equipment	11	24,725	750	2,551	24,521	204	0.8%	4,500
Facilities	10	149,550	47,281	94,792	148,746	804	0.5%	84,978
Infrastructure	30	378,479	60,310	138,242	332,172	46,307	12.2%	148,413
Major Construction	2	410,718	65,836	228,018	410,938	(220)	-0.1%	-
Technology Applications	13	19,987	2,528	7,446	19,772	215	1.1%	-
Vehicle - Non Revenue	6	3,320	2,048	2,048	2,854	466	14.0%	-
Vehicle - Revenue	7	175,920	7,011	13,468	174,339	1,581	0.9%	162,254
Subtotal Active Capital Projects	79	1,162,699	185,764	486,565	1,113,342	49,357	4.2%	400,145
Approved in Principle Projects (AIP) [2]								
Equipment	-	-	-	-	-	-	-	-
Facilities	1	250	-	-	250	-	-	-
Infrastructure	3	13,892	-	-	13,892	-	-	-
Major Construction	0	-	-	-	-	-	-	-
Technology Applications	4	5,490	-	-	5,490	-	-	-
Vehicle - Non Revenue	2	919	-	-	919	-	-	-
Vehicle - Revenue	2	20,400	-	-	20,400	-	-	-
Subtotal Approved in Principle	12	40,951	-	-	40,951	-	-	-
Subtotal Active and AIP Projects	91	1,203,650	185,764	486,565	1,154,293	49,357	4.2%	400,145
Substantially Complete Projects	53	1,002,148	90,346	974,312	995,430	6,718	0.7%	452,217
Closed Projects	32	128,506	3,498	123,290	123,290	5,216	4.1%	63,396
Cancelled AIP Projects	27	30,819		9,339	30,819		0.0%	-
Total Capital Projects	**203**	**2,365,123**	**279,609**	**1,593,507**	**2,303,832**	**61,291**	**2.6%**	**915,758**
Capital Infrastructure Contributions	22	205,745	34,792	150,184	199,113	6,632	3.2%	-
Capital Program Grand Total	**225**	**2,570,868**	**314,401**	**1,743,691**	**2,502,945**	**67,923**	**2.6%**	**915,758**

[1] YTD figures represent actual spend and do not include accrued amounts

[2] Includes submissions from current and prior year AIP programs

Active Capital Projects

The active capital projects program supports a safe and reliable transit system by maintaining assets in a state of good repair and replacing them when needed. TransLink is also undertaking several projects to improve service and increase system capability and capacity.

At the end of 2015 there were 79 active projects with $185.8 million in spending for the year and $486.6 million in total project spending. A comparison of project budgets against forecasted project spending over the 79 active projects shows a favourable Forecasted Final Cost (FFC) variance of $49.4 million (4.2 per cent). The majority of the variance, $49.3 million, is related to significant reductions in scope for the Pattullo Bridge Rehabilitation project. Once finalized, the excess funds will be disencumbered from the project.

Significant capital spending by category for 2015 centered on major construction, infrastructure improvements and facilities, the highlights by category are as follows:

Major Construction spending totaled $65.8 million in 2015 and was directly related to the Evergreen Extension. This is the next major expansion of the rail network and is expected to increase ridership and accessibility to the transit system and improve customers' experience when it is completed in 2017. The project is a partnership with the Province, via the BC Transportation Financing Authority, with both parties contributing to the construction of the extension. Once completed, TransLink will receive specific assets for its contributions to the project and be responsible for maintaining and operating the extension.

Infrastructure spending totaled $60.3 million in 2015. Several infrastructure projects are currently underway, focusing on improvements in the resiliency and reliability of the transportation network and customers' transit experience post completion.

The significant costs incurred for the year were under the following Expo Line Upgrade projects:

- Commercial-Broadway SkyTrain Station Upgrade Project, $20.2 million to improve passenger flow and increase capacity
- Expo Line Propulsion Power Upgrade Project, $13.1 million to improve resiliency across the SkyTrain system
- Metrotown SkyTrain Station and Bus Exchange Upgrade Project, $10.3 million to improve passenger flow and increase capacity

Facilities spending totaled $47.3 million in 2015 and related mainly to the construction of the new Hamilton Transit Centre in Richmond. The Hamilton Transit Centre will provide operation and maintenance capacity for TransLink's buses and is scheduled to open in fall, 2016.

Approved in Principle (AIP) Capital Projects

As of December 31, 2015, there were 12 AIP projects that had not been initiated with a total AIP aggregate budget of $41.0 million. AIP projects include enterprise wide investment in continued fleet replacements, infrastructure upgrades, information technology and systems, and facilities improvements.

The significant 2015 projects awaiting approval that have been shifted to 2016 primarily due to resource constraints are:

- 2016 Conventional Bus Replacement Program ($16.2 million).
- SkyTrain Signage and Station Fixture Replacements ($6.8 million),

- Seismic Upgrades to the South SeaBus Terminal and Skywalk ($6.0 million)

Substantially Complete Capital Projects

A total of 53 projects with an aggregate current budget of $1.0 billion and a total Final Forecasted Cost (FFC) of $995.4 million are currently deemed substantially complete and in the final stages of project activity. The total expected favourable variance for these projects is $6.7 million (0.7 per cent), with $21.1 million in forecasted costs remaining.

A large number of substantially complete projects remain open due to an extended warranty period on acquired components, as is the case with bus or SkyTrain car replacements. In addition to several fleet replacement and expansion projects, the Compass Card and Faregate project, Main Street SkyTrain Station Upgrade and SkyTrain Automatic Train Control (ATC) System Upgrade also currently fall under this category.

The Compass Card and Faregate project reached substantial completion in December 2015 with total 2015 project spending of $28.3 million. Compass provides more options for customers to pay for transit and improves the ability to optimize the transit system based on passenger travel patterns.

Closed Capital Projects

As of December 31, 2015, 32 projects with an aggregate cost of $123.3 million and a current budget of $128.5 million were completed and closed in the year. The projects closed include:

- Bus communications equipment upgrades and facilities upgrades
- Conventional bus fleet expansions and Community Shuttle replacements
- SkyTrain Fibre Optic System upgrade
- Trolley Overhead replacements and improvements
- TransLink Owned Bicycle Infrastructure Upgrades
- Golden Ears Bridge Transponder Replacements for synchronization with Port Mann Bridge
- Police vehicle replacements
- Wayfinding case-holder replacement
- IT improvements for organizational effectiveness,
- Power Smart initiatives

Cancelled Capital Projects

For all of 2015, 27 AIP projects with an aggregate budget of $30.8 million were cancelled. These projects were reviewed, prioritized, and cancelled to proactively manage costs, align strategic priorities, and optimally utilize limited resources using a risk based approach – with little to no customer or service changes.

Capital Infrastructure Contributions

These expenditures consist mainly of contributions to municipalities for the rehabilitation and upgrade of the Major Road Network (MRN) and for bike pathways. As TransLink does not own the underlying assets the costs are expensed in the year. At the end of 2015 there were 22 active projects with $34.8 million in expenditures for the year.

5. Changes in Financial Position

Financial Assets

As at December 31 ($ thousands)	2015	2014	Change	%
Cash and cash equivalents	249,527	228,735	20,792	8.3%
Accounts receivable	102,421	102,644	(223)	(0.2%)
Restricted cash and investments	439,770	361,509	78,261	17.8%
Investments	83,573	84,586	(1,013)	(1.2%)
Assets held for sale	-	4,868	(4,868)	-
Debt reserve deposits	36,407	36,104	303	0.8%
Financial Assets	911,698	818,446	93,252	10.2%

See "Liquidity and Capital Resources" section for cash and cash equivalents.

Restricted cash and investments represent unspent government transfers and self-administered sinking funds. The $78.3 million (17.8 per cent) increase is due to the $36.7 million net influx of Federal Gas Tax funds (receipts from the federal government of $122.5 million less releases to fund eligible projects) and a $41.5 million increase in TransLink's self-administered sinking fund via contributions and interest earned in this restricted fund.

Investments decreased $1.0 million primarily due to TransLink's Transportation Property Casualty Company (TPCC) reducing its investment portfolio to pay out some claims.

Liabilities

As at December 31 ($ thousands)	2015	2014	Change	%
Accounts payable and accrued liabilities	241,766	232,478	9,288	3.8%
Debt	2,144,102	2,045,356	98,746	4.6%
Deferred government transfer	1,124,066	1,201,165	(77,099)	(6.9%)
Golden Ears Bridge contractor liability	1,050,913	1,051,375	(462)	(0.0%)
Deferred concessionaire credits	572,396	595,669	(23,273)	(4.1%)
Employee future benefits	110,023	99,875	10,148	9.2%
Deferred revenue and deposits	14,742	1,968	12,774	86.7%
Deferred lease inducements	12,799	13,021	(222)	(1.7%)
Liabilities	5,270,807	5,240,907	29,900	0.6%

For the discussion on Debt please see the "Liquidity and Capital Resources" section.

Deferred Government Transfer represents the receipt of funding, offset by revenue recognized as the various government funding agreement stipulations are met. During the year-ended December 31, 2015, the decrease of $77.1 million was due to $151.8 million of funding received offset by $228.9 million of revenue being recognized.

Deferred concessionnaire credits represent the funding provided by the Canada Line Concessionaire. This balance is amortized to income on a straight-line basis over the operating term of the concessionaire agreement, which will expire in July 2040.

The increase in employee future benefits, which represent post retirement and post employment benefits, is due to the annual estimated current service cost and related interest. The post retirement portion of this liability will draw down upon retirement of the employees.

The increase in deferred revenue and deposits of $12.8 million is mainly due to the roll out of Compass Cards and passengers' purchase of fare products in advance of transit services provided.

Non-Financial Assets

As at December 31

($ thousands)	2015	2014	Change	%
Tangible capital assets	4,606,623	4,511,992	94,631	2.1%
Supplies inventory	56,442	51,266	5,176	9.2%
Prepaid expenses	11,719	12,516	(797)	(6.8%)
Non-Financial Assets	4,674,784	4,575,774	99,010	2.1%

Capital Asset Additions

For the year ended December 31, 2015 tangible capital assets increased by a net amount of $94.6 million which represents $267.6 million additions to capital assets less the following:

- $168.3 million of amortization
- $4.1 million in disposals
- $0.6 million in asset write downs

The addition of $267.6 million to each capital asset category during the year was primarily made up of the following items:
Additions to other supporting systems of $71.0 million primarily related to:

- $42.0 million for Expo Line propulsion system upgrades
- $18.6 million related to the Compass and Faregate System
- $8.0 million in SkyTrain system upgrades to Main Street Station

Additions to vehicles of $50.9 million related to:

- $21.5 million for the lease buyout of 28 West Coast Express rail cars
- $17.1 million for replacement of the conventional bus fleet including 31- 40' Compressed Natural Gas (CNG) conventional buses and various holdbacks
- $8.8 million for replacement of the custom transit fleet including 76 vehicles and various holdbacks
- $3.5 million for replacement of community shuttle fleet including 18 vehicles and various holdbacks

Additions to equipment of $112.1 million primarily related to:

- $69.1 million for bus equipment and rail equipment related to Compass

- $13.6 million for bus equipment upgrades including $6.3 million for Knight Street Rectifier Replacement and $1.9 million for seismic upgrades to West Vancouver Transit Centre
- $11.9 million for rail system equipment upgrades including switch control replacements and safety and lighting improvements
- $7.0 million for technology applications and computer equipment
- $5.0 million in upgrades to bicycle infrastructure equipment
- $3.5 million for furniture, phone equipment and electrical and mechanical leasehold improvements

Net additions to work in progress of $31.9 million primarily related to:
Additions of:

- $65.6 million for Evergreen Extension
- $36.9 million for Hamilton Transit Centre
- $17.5 million for Commercial-Broadway Station Construction

These additions were offset by transfers of the following completed projects into their respective asset classes:

- $53.8 million for Compass project
- $27.9 million for Expo Line Propulsion Power Upgrade
- $6.3 million for the Knight Street Rectifier Replacement

At December 31, 2015 the Authority had tangible capital assets with a total net book value of $4.6 billion. In addition, TransLink also operates, maintains and upgrades capital assets owned by the Province of BC including land, stations and guideways related to the SkyTrain Expo and Millennium Lines and West Coast Express rail cars and land assets with a total net book value of approximately $1.5 billion.

6. Liquidity and Capital Resources

The cash and cash equivalents increased due to timing of capital spending and borrowing activity. The following table shows TransLink's unrestricted cash and near cash equivalents.

Unrestricted Cash and Cash Equivalents

As at December 31

($ thousands)	2015	2014	Change	%
Cash and cash equivalents[1]	249,527	228,735	20,792	8.3%

[1] Reclassified to include Money Market Mutual Funds

The increase in unrestricted cash and cash equivalents is primarily due to the strong positive cash flow from operating transactions of $136.4 million offset by a net outflow from capital, investing and financing transactions of $115.6 million. TransLink's strong liquidity position is further supported by a $500 million commercial paper program, of which only $120 million is outstanding at year end (2014 - $90 million).

Financing

TransLink finances its assets using three main sources: net direct debt, indirect P3 debt and senior government contributions. The latter is represented on the balance sheet as deferred government transfers.

As at December 31

($ thousands)	2015		2014		Change	%
Debt	2,144,102		2,045,356		98,746	4.6%
Less: Self-administered sinking funds	(117,761)		(76,230)		(41,531)	(35.3%)
Less: Debt reserve deposits	(36,407)		(36,104)		(303)	(0.8%)
Net Direct Debt	1,989,934	42.0%	1,933,022	40.4%	56,912	2.9%
Golden Ears Bridge contractor liability	1,050,913		1,051,375		(462)	(0.0%)
Deferred concessionaire credits	572,396		595,669		(23,273)	(4.1%)
Indirect P3 Debt	1,623,309	34.3%	1,647,044	34.4%	(23,735)	(1.5%)
Subtotal Net Direct Debt and Indirect P3 Debt	3,613,243		3,580,066		33,177	0.9%
Deferred government transfers	1,124,066	23.7%	1,201,165	25.1%	(77,099)	(6.9%)
Total	**4,737,309**	**100.0%**	**4,781,231**	**100.0%**	**(43,922)**	(0.9%)

In 2015, TransLink re-opened two bonds with a total par value of $150 million. These two bond issues were to help finance the purchase of capital assets. The coupon on the first tranche of $85 million for a 9.5 year term is 3.05 per cent and was issued at an effective interest rate of 2.92 per cent. The coupon on the second tranche of $65 million for a 28.5 year term is 4.45 per cent and was issued at an effective interest rate of 3.76 per cent.

Total net direct debt and indirect P3 debt totalled $3.61 billion (2014 - $3.58 billion). This represents 267.3 per cent (2014 – 275.3 per cent) of operating revenues. Gross interest cost as a percentage of operating revenue was 12.4 per cent (2014 – 13.1 per cent). Both of these ratios were within the limits of TransLink's debt management policy, 350 per cent and 20 per cent respectively.

Maintaining high-quality credit ratings is essential to ensure TransLink continues to be able to access capital markets in a cost-effective manner, when it needs to borrow to finance its capital programs. The following table summarizes TransLink's current credit ratings and outlooks:

Credit Rating

As at December 31, 2015

Agency	Commercial Paper	Senior Debt	General Obligation	Outlook
DBRS Limited	R-1 mid	AA	AA	Stable
Moody's Investors Service	Not Rated	Aa2	Aa2	Stable

Under the *South Coast British Columbia Transportation Authority Act*, TransLink's outstanding debt obligations cannot exceed TransLink's borrowing limit of $3.5 billion. The debt obligations are defined under the SCBCTA Act as the sum of current borrowings of TransLink secured by debentures, bonds, other forms of indentures, capital leases, short-term notes, lines of credit and bank overdrafts, excluding any prepaid financing costs. Any future increases in TransLink's borrowing limit need to be approved by the Mayors' Council (after consultation with and ratification by Metro Vancouver) through an investment plan. As at December 31, 2015, TransLink's outstanding debt obligation, as defined above, was $2.83 billion[1] (2014 - $2.67 billion).

[1] Debt of $2.14 billion plus MFA administered sinking funds of $0.68 billion plus capital lease reductions since inception and unamortized issue costs of $0.01 billion.

7. Risk Factors

Financial risk

The main financial risks TransLink is exposed to are credit, liquidity and market risks.

Credit risk

Credit risk is the risk of loss resulting from bad debts on accounts receivables and non-performing investments.

(a) Accounts Receivable

The large majority of TransLink's accounts receivables are from the Province of BC (fuel tax), municipal governments (property tax) and BC Hydro (hydro levy). For these balances, collectability risk is not significant. The bulk of the remaining accounts are associated with Golden Ears Bridge's tolls and individuals owing fare infraction fines:

- For Golden Ears Bridge tolls, V-Flow (tolling management company) works with ICBC to issue a Refuse-to-Issue (RTI) against overdue account holders. An RTI prevents vehicle owners from reinsuring vehicles and renewing their driver's license until they pay off the balance of their overdue account.
- For fare infraction fines, TransLink works either with ICBC to impose an RTI against individuals with a valid B.C. driver's license with overdue fines or the overdue fines are sent to a contracted collections agent that follows up directly with the individual for payment. Fare infraction fines are not a significant source of revenue for TransLink.

(b) Investments

Credit risk within the treasury function arises from the investments of the cash resources held by TransLink to meet internal liquidity requirements and for general business purposes. TransLink's investment policy identifies authorized investment types, limits asset concentrations, stipulates credit evaluation standards and delegates approval authorities. As these investments are limited to approved, reputable counterparties that are monitored on an ongoing basis, the investment risk is considered low.

Liquidity risk

Liquidity risk is the risk that TransLink may be unable to meet its financial obligations in a timely manner and at reasonable prices. Liquidity risk is low, as TransLink maintains an optimal mix of cash, short-term investments and short-term debt through a credit facility of $500 million committed out to March 2019. In addition, TransLink's commercial paper program and long-term debt is directly accessed through the Canadian public capital markets. Another important liquidity risk mitigation measure has been the establishment of a self-administered sinking fund program to provide dedicated and restricted funding. This sinking fund investment portfolio is being built over time to help offset the repayment of TransLink issued bonds.

Market price risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. For TransLink, the following are the main types of market risk: interest rate risk, foreign exchange risk, commodity risk and inflation risk.

(a) Interest Rate Risk
Interest rate risk related to TransLink's fixed interest rate long-term debt will be subject to the market interest rates at the date of refinancing. TransLink mitigates this source of interest rate risk by spreading maturities of borrowings over periods currently up to and including 2052 so that only a portion of outstanding debt will mature in any given fiscal year.

(b) Foreign Exchange Risk
TransLink receives all of its revenues in Canadian dollars and also incurs operating expenses and capital expenditures mostly in Canadian dollars. Accordingly, TransLink does not have a significant exposure to losses arising from fluctuations in exchange rates.

(c) Commodity Risk
TransLink's commodity risk pertains to usage of natural gas, electricity, gasoline and diesel to run its fleet of transit vehicles. Commodity risk is considered moderate as the majority of its bus fleet is powered by diesel fuel and to mitigate this risk, TransLink's policy is to purchase fixed price contracts for up to 75 per cent of the estimated diesel fuel use up to 12 months.

(d) Inflation Risk
TransLink is subject to a certain amount of inflation risk, i.e. the risk that inflation will rise faster than expected. However, TransLink's governing legislation allows a maximum annual increase on property taxes of three per cent and short-term transit fares of two per cent and thus inflation risk is moderate.

Business Risk
As the region's multi modal transportation system, TransLink is exposed to various operational risks. TransLink identifies and manages these risks strategically through its Enterprise Risk Management (ERM) program using a systematic approach to identify, assess and respond to risks that affect the achievement of its strategic, operational, project and financial objectives. TransLink maintains a comprehensive insurance program utilizing its captive insurance company, the Transportation Property and Casualty Company (TPCC), to reduce the impact of any potential losses.

Environmental risk
TransLink is subject to Federal, Provincial and local environmental laws and regulations dealing with waste management, air quality and chemical spill response. If TransLink or its operating companies were to be involved in an environmental accident or found in violation of applicable law and regulations, the organization could be responsible for clean-up costs, repair of property damage, and fines or other penalties.

TransLink and its operating companies use the principles of an Environmental Management System (EMS) to guide informed decision-making and effective management of environmental risk. Coast Mountain Bus Company uses ISO 14001:2015 as a guideline to manage environmental risk. The EMS is designed to ensure hazards and risks are identified and assessed, and controls are implemented to mitigate significant risks. The EMS includes processes for identification and mitigation of environmental risks and regular review of environmental impacts, while continually improving environmental performance.

TransLink's Emissions Policy also commits to the reduction of impacts from vehicle emissions through its ability to influence the use of vehicles in the region, as well as the reduction of emission impacts from the operation of the transit fleet.

Labour relations risk

The substantial majority of employees across the TransLink enterprise are represented by various bargaining unit locals of Unifor, the Canadian Union of Public Employees (CUPE), the Canadian Office and Professional Employees Union (MoveUp/COPE) and Transit Police Professional Association (TPPA).

TransLink and its operating companies face financial risks related to negotiating collective agreements within the funding scope. In addition, in the event of a labour dispute, there is operational and reputational risk related to continuing to supply satisfactory services to customers. However, in a labour dispute, TransLink has the certainty of being able to continue to collect fuel tax, property taxes, toll fares and parking taxes.

Project risk

TransLink’s capital projects can vary significantly in terms of scope and complexity depending on whether TransLink is maintaining its existing asset base, keeping assets in a state of good repair or undertaking significant capital infrastructure expansion plans for rapid transit lines or regional bridges. Risk areas of capital projects include cost estimates, design assumptions and considerations, scope definition, schedule, market rates for consultants/constructors, indemnities/insurance, project management, property, municipal approvals and the environment. To manage these risks for large projects, TransLink can use an appropriate mix of public private partnerships (P3s) to design, build, finance, insure, operate and maintain the capital infrastructure to minimize and/or transfer risks to the private sector. TransLink supplements internal resources and expertise with specialized engineering, design, planning, and construction/implementation skills as needed to provide the due diligence and oversight required by each project.

TransLink’s capital approval process uses a two-stage approach that is aligned with the budget process. The first stage is the identification and definition of the project along with a budgetary estimate that is put forward for approval in principle. The second stage is more rigorous as this stage of approval involves the creation of a detailed project work plan that includes scope definition, identification of key stakeholders, risk assessment, mapping against corporate objectives and financial details. The project applications are reviewed by senior management in the context of the available funding, business priorities and the capital program approved by TransLink’s board in the 10-year plan. Specific project approval recommendations are provided by the Capital Review Committee which consists of Vice-Presidents from the Corporate Leadership team, including the operating companies, to the Corporate Executive Committee (CEC) consisting of the Chief Financial Officer, the General Manager and President of BCRTC and the General Manager and President of CMBC. The CEC provides approval for projects with low risk and cost and projects with high risk and costs are referred to the TransLink Board of Directors for approval.

Project delivery is monitored and reported on a quarterly basis (larger projects may report monthly) to TransLink executives with a focus on any changes in budget, scope and risk. Each project has a project initiator, an owner’s representative and appropriate stakeholder representation on the project team. During project delivery, procurement risk is reduced through appropriate market review and due diligence, tendering of projects, use of warranties and delay penalties.

Appendix I – Audited Consolidated Financial Statements

The 2015 Audited Financial Statements will be attached once it has been reviewed by the Audit Committee and the Board of Directors.

5 YEAR CONSOLIDATED REVENUES

Year ended December 31 ($ millions)	2011	2012	2013	2014	2015	Compound Annual Growth Rate (CAGR) 2011-2015
Taxation	682.4	714.4	741.3	744.2	772.7	3.2%
Transit	444.7	460.6	495.6	495.6	511.4	3.6%
Government transfers *	82.3	85.2	84.6	90.3	228.9	29.1%
Golden Ears Bridge tolling	33.7	38.9	39.4	41.6	48.4	9.5%
Interest income	26.1	31.7	34.2	34.7	34.4	7.2%
Amortization of deferred concessionaire credit	23.3	23.3	23.3	23.3	23.3	0.0%
Miscellaneous	5.0	5.6	5.8	5.6	6.1	5.3%
Sub Total Continuing Operations	1,297.5	1,359.6	1,424.2	1,435.3	1,625.4	5.8%
AirCare	18.4	20.3	19.6	12.0	-	(100.0%)
Gain on disposal of tangible capital assets	0.2	41.6	(0.2)	6.4	2.3	84.2%
Total Revenue	1,316.1	1,421.5	1,443.6	1,453.8	1,627.7	**5.5%**
Funding Adjustments:						
Government transfers	(60.6)	(65.1)	(64.9)	(70.3)	(207.4)	36.0%
Interest income	(22.2)	(27.4)	(28.6)	(29.7)	(30.0)	7.8%
Amortization of deferred concessionaire credit	(23.3)	(23.3)	(23.3)	(23.3)	(23.3)	0.0%
AirCare	(18.4)	(20.3)	(19.6)	(12.0)	-	(100.0%)
Total Funded Revenue	1,191.6	1,285.4	1,307.1	1,318.4	1,367.0	**3.5%**

***** Restricted transfers from governments are deferred and recognized as revenue as the related stipulations in the agreement are met. Unrestricted transfers are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Total funded revenues have grown a Compound Annual Growth Rate (CAGR) of 3.5 per cent since 2011, revenues before funding adjustments have a CAGR of 5.5 per cent.

Taxation and Transit revenues have grown in-line with population growth and inflationary increases, while tolling revenues have exceeded population growth in the region.

Transfers from Governments a CAGR of 29.1 per cent since 2011, is due to the change in revenue recognition relating to a new Federal Gas Tax agreement that does not include a stipulated holding period.

5 YEAR CONSOLIDATED EXPENSES (BY SEGMENT)

Year ended December 31 ($ millions)	2011	2012	2013	2014	2015	Compound Annual Growth Rate (CAGR) 2011-2015
Bus division	607.1	624.1	618.8	633.2	643.5	1.5%
Corporate operations	53.4	57.4	61.9	67.2	80.9	10.9%
Rail division	225.7	239.5	240.6	255.6	268.3	4.4%
Roads & Bridges	97.9	118.5	93.5	83.6	71.2	(7.7%)
Transit Police	27.4	28.4	30.6	34.3	33.1	4.8%
Amortization of tangible capital assets *	161.2	164.0	166.8	161.5	168.3	1.1%
Interest *	171.6	177.7	172.9	171.1	167.9	(0.5%)
Sub Total Continuing Operations	1,344.3	1,409.5	1,385.1	1,406.5	1,433.2	1.6%
AirCare	18.7	17.4	16.2	15.8	-	(100.0%)
Corporate - one-time	5.5	3.8	5.5	4.6	32.1	55.6%
Total Expenses by Segment	1,368.5	1,430.8	1,406.8	1,426.9	1,465.3	1.7%
Funding Adjustments:						
AirCare	(18.7)	(17.4)	(16.2)	(15.8)	-	(100.0%)
Corporate	-	-	(0.3)	(0.9)	(2.7)	-
Roads & Bridges	(48.8)	(66.3)	(52.4)	(44.0)	(30.7)	(10.9%)
Amortization of tangible capital assets	(152.5)	(155.0)	(159.7)	(153.6)	(159.9)	1.2%
Interest	(66.1)	(66.0)	(67.1)	(67.6)	(67.2)	0.4%
Debt repayment reserves	14.8	18.2	19.4	22.6	32.2	21.5%
Principle repayments	80.5	78.6	72.8	66.3	62.2	(6.2%)
GEB capital payments	47.5	54.3	54.8	62.0	67.6	9.2%
In-house insurance (TPCC)	0.6	1.0	1.1	-	-	(100.0%)
Total Funded Expenses	1,225.8	1,278.3	1,259.2	1,295.9	1,366.8	2.8%

*Shown as a separate line to help facilitate analysis of debt service costs as GAAP statements allocate these amounts to the various segments

Total funded expenses have grown by a Compound Annual Growth Rate (CAGR) of 2.8 per cent since 2011, excluding the Corporate one-time costs the CAGR is 2.3 per cent. Corporate operations have increased mainly due to Compass operating costs, and increases in Adjacent and Integrated Development (AID) projects which are recoverable from developers. Corporate one-time costs have increased by a CAGR of 55.6 per cent, mainly due to Compass delivery, the Transportation and Transit Plebiscite, Rapid Transit studies, and non-capitalizable costs related to major capital projects in 2015. During the period 2011-2014 spending on Corporate one-time costs focused mainly on Compass non-capitalizable costs, development of the 2045 Plan, and Rapid Transit studies.

5 YEAR CONSOLIDATED EXPENSES (BY CATEGORY)

Year ended December 31 ($ millions)	2011	2012	2013	2014	2015	Compound Annual Growth Rate (CAGR) 2011-2015
Administration	22.3	23.3	24.3	27.6	32.8	10.1%
Amortization of capital assets	161.2	163.8	166.8	161.5	168.3	1.1%
Capital infrastructure contributions	48.8	66.3	52.4	44.0	30.7	(10.9%)
Contracted services	188.8	188.2	189.2	197.8	203.5	1.9%
Fuel and power	60.5	66.9	68.8	70.2	62.9	1.0%
Insurance	17.1	17.9	17.5	18.7	20.6	4.8%
Interest	171.6	177.7	172.9	171.1	167.9	(0.5%)
Maintenance, materials and utilities	102.7	113.9	102.2	113.1	121.6	4.3%
Professional and legal	14.4	18.7	13.8	12.1	16.2	3.0%
Rentals, leases and property tax	34.6	38.3	45.7	40.0	40.9	4.3%
Salaries, wages and benefits	519.1	534.6	529.7	550.4	567.2	2.2%
Provision for asset valuation	3.2	0.0	1.9	0.0	0.6	(34.2%)
Sub Total Continuing Operations	1,344.3	1,409.5	1,385.1	1,406.5	1,433.2	1.6%
AirCare	18.7	17.4	16.2	15.8	0.0	(100.0%)
Corporate - one-time	5.5	3.8	5.5	4.6	32.1	55.6%
Total Expenses by Category	1,368.5	1,430.8	1,406.9	1,426.9	1,465.3	1.7%
Funding Adjustments:						
AirCare	(18.7)	(17.4)	(16.2)	(15.8)	0.0	(100.0%)
Corporate	0.0	0.0	(0.3)	(0.9)	(2.7)	-
Roads & Bridges	(48.8)	(66.3)	(52.4)	(44.0)	(30.7)	0.0%
Amortization of tangible capital assets	(152.5)	(154.9)	(159.7)	(153.6)	(159.9)	1.2%
Interest	(66.1)	(66.0)	(67.1)	(67.6)	(67.2)	0.4%
Debt repayment reserves	14.8	18.2	19.4	22.6	32.2	21.5%
Principle repayments	80.5	78.6	72.8	66.3	62.2	(6.2%)
GEB capital payments	47.5	54.3	54.8	62.0	67.6	9.2%
In-house insurance (TPCC)	0.6	1.0	1.1	0.0	0.00	(100.0%)
Total Funded Expenses	1,225.8	1,278.3	1,259.2	1,295.9	1,366.8	2.8%

* 2013 figures have been restated to reflect impact of corporate re-organizations and to correct presentation

Appendix 3 – Golden Ears Bridge Funding

Golden Ears Bridge Funding Net Impact

Golden Ears Bridge

Year ended December 31 ($ thousands)	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	COMPARISON TO 2014 Fav/ (Unfav)	 %	2015 Budget	COMPARISON TO BUDGET Fav/ (Unfav)	 %	Compound Annual Growth Rate 2011-2015
Revenues											
Toll revenue	33,748	38,859	39,421	41,623	48,444	6,820	16.4%	43,580	4,864	11.2%	9.5%
Interest	75	81	115	71	65	(6)	(8.5%)	74	(9)	(12.2%)	(3.5%)
Total Revenues	33,823	38,940	39,536	41,694	48,509	6,814	16.3%	43,654	4,855	11.1%	9.4%
Expenses											
Tolling concessionaire	6,012	6,105	6,605	6,948	7,695	747	10.8%	6,557	1,138	17.4%	6.4%
O&M payments to DBFO contractor	4,229	4,489	4,556	4,584	4,698	114	2.5%	4,800	(102)	(2.1%)	2.7%
O&M insurance	1,155	1,142	1,119	1,102	1,096	(6)	(0.5%)	1,200	(104)	(8.7%)	(1.3%)
Safety payments to DBFO contractor	162	(3)	-	-	-	-	-	180	(180)	(100.0%)	-
Others	446	278	261	301	106	(195)	(64.9%)	181	(75)	(41.6%)	(30.2%)
	12,002	12,011	12,541	12,935	13,595	660	5.1%	12,918	677	5.2%	3.2%
Interest on borrowings	7,152	7,485	7,491	7,494	7,498	4	0.1%	7,498	-	0.0%	1.2%
Sinking fund payment	4,992	5,103	5,103	5,103	5,103	-	0.0%	5,103	-	0.0%	0.6%
Sub-total Debt Service Costs	12,144	12,588	12,594	12,597	12,601	4	0.0%	12,601	-	0.0%	0.9%
Capital payments to DBFO contractor	47,543	54,342	54,847	62,041	67,570	5,529	8.9%	68,532	(962)	(1.4%)	9.2%
Total Expenditures	71,689	78,941	79,982	87,573	93,766	6,193	7.1%	94,052	(286)	(0.3%)	6.9%
Funded (Deficit)/Surplus	(37,866)	(40,001)	(40,446)	(45,878)	(45,257)	621	(1.4%)	(50,398)	5,140	(10.2%)	4.6%
Cumulative (Deficit)/Surplus	(72,669)	(112,671)	(153,117)	(198,995)	(244,253)	(45,257)	22.7%	(249,393)	5,140	(2.1%)	35.4%
Net Notional Albion Ferry Savings	5,796	5,996	6,500	6,700	6,850						

Spanning the Fraser River, the Golden Ears Bridge connects the communities of Pitt Meadows and Maple Ridge to Langley, Surrey and beyond. The six-lane bridge and 14 kilometre road network provides a quick and convenient link for residents and businesses that reduces travel times and regional traffic congestion. The bridge opened on June 16, 2009 and features an electronic tolling system.

Under the *South Coast British Columbia Transportation Authority Act,* TransLink is permitted to recover all or part of the costs associated with the construction and operating of the Golden Ears Bridge by charging and collecting of tolls on persons who use or operate a motor vehicle that has driven on the bridge.

Financing of the bridge was obtained through a Public Private Partnership (P3) concessionaire agreement with Golden Crossing General Partnership. The concessionaire would design, build, finance, operate, maintain, and rehabilitate the Golden Ears Bridge and its associated road network over 35.5 years. The contact is expected to expire in 2040 at which time the financing of the Bridge will be fully repaid.

Appendix 4 – Operating Indicators

Operating Indicators

Year ended December 31	2011	2012	2013	2014	2015	Compound Annual Growth Rate (CAGR) 2011-2015
Service Performance Item						
Safety: Customer Injuries (per 1 million boarded passengers)						
- CMBC	3.5	3.4	3.4	3.5	4.3	5.5%
- Expo & Millennium Lines	1.4	1.1	1.2	1.3	1.3	(1.9%)
- West Coast Express	0.0	0.7	1.5	0.4	0.8	4.7%
- HandyDART	21.0	28.5	21.2	13.0	13.4	(10.6%)
Safety: Employee Lost Time Frequency						
- CMBC (per 200,000 hours worked)	6.6	6.1	7.7	8.9	7.1	1.9%
- Expo & Millennium Lines (per 200,000 hours worked)	3.7	4.6	3.6	3.4	3.6	(0.9%)
- West Coast Express (per 200,000 hours worked)	0.0	0.0	0.0	0.0	0.0	-
- HandyDART (per 200,000 hours worked)[4]	-	-	-	18.2	14.0	(23.1%)
Safety: CMBC Operator Assaults (per 1 million service hours)	29.5	23.2	37.0	24.3	22.3	(6.7%)
Ridership: Boarded Passengers (thousands)						
- CMBC	232,303	238,340	233,733	235,113	241,707	1.0%
- Expo & Millennium Lines	79,914	79,607	77,019	77,482	77,593	(0.7%)
- Canada Line	39,669	40,833	40,198	40,245	40,972	0.8%
- West Coast Express	2,808	2,872	2,750	2,625	2,649	(1.4%)
- HandyDART	1,526	1,511	1,460	1,464	1,340	(3.2%)
Ridership: Revenue Passengers (thousands)						
- Overall System	233,269	238,837	233,888	234,625	238,795	0.6%
Vehicle Service Delivery: Percentage of Service Hours Delivered						
- CMBC	100.0%	99.8%	99.6%	99.6%	99.7%	(0.1%)
- Expo & Millennium Lines	99.5%	99.6%	99.4%	99.5%	99.5%	0.0%
- Canada Line	100.0%	100.0%	100.0%	100.0%	99.5%	(0.1%)
- West Coast Express	99.8%	100.0%	100.3%	99.8%	99.7%	(0.0%)
- HandyDART (% of requested trips delivered)	98.5%	97.2%	96.5%	98.0%	99.6%	0.3%
Vehicle Punctuality: On-Time Performance						
- CMBC (< 2 Minutes Late)[4]	-	-	-	85.0%	85.6%	0.7%
- Expo & Millennium Lines (headway + 3 minutes)	95.1%	95.5%	94.7%	93.4%	95.9%	0.2%
- West Coast Express (headway + 5 minutes)	99.7%	97.2%	98.4%	97.7%	95.6%	(1.1%)
- HandyDART (within 15 minutes of Scheduled Pick-Up Time)[4]	-	-	-	89.2%	89.5%	0.3%
Vehicle Reliability: Mean Distance Between Failure						
- CMBC	27,355	27,540	25,964	22,366	24,562	(2.7%)
- Expo & Millennium Lines	439,092	701,373	636,753	602,824	464,912	1.4%
- West Coast Express	230,518	197,503	274,902	228,810	195,635	(4.0%)
HandyDart Vehicle Productivity						
- Trips per service hour (excludes taxis)	2.0	2.0	2.0	2.0	2.0	(0.1%)
- Trip Denials	18,189	35,053	42,418	16,869	1,613	(45.4%)

Operating Indicators continued

Year ended December 31	2011	2012	2013	2014	2015	Compound Annual Growth Rate (CAGR) 2011-2015
Environmental						
- CMBC (Spills per 1 Million Km)	14.8	12.3	12.0	9.3	8.5	(12.9%)
- CMBC (Revenue Vehicle Energy Consumption in Gigajoules)[2]	1,859,627	1,689,067	1,737,362	1,828,144	1,838,967	(0.3%)
Customer Service: Customer Satisfaction (overall score of 10)						
- Overall System[1]	7.6	7.7	7.6	7.6	7.5	(0.4%)
- CMBC	7.7	7.7	7.7	7.8	7.7	0.1%
- Expo & Millennium Lines	8.2	8.2	8.1	7.9	8.0	(0.5%)
- Canada Line	8.6	8.7	8.6	8.7	8.6	(0.0%)
- West Coast Express	8.6	8.6	8.5	8.5	8.1	(1.4%)
- HandyDART	8.0	8.0	8.1	8.2	8.5	1.5%
Customer Service: Customer Complaints						
- Overall System[1] (per 1 million boarded passengers)	93.4	88.9	103.6	96.0	94.2	0.2%
- CMBC (per 1 million boarded passengers)	119.7	108.9	124.5	116.2	111.0	(1.9%)
- Expo & Millennium Lines (per 1 million boarded passengers)	29.2	32.9	36.1	41.5	34.7	4.4%
- Canada Line (per 1 million boarded passengers)	11.8	6.0	10.1	8.1	8.3	(8.4%)
- West Coast Express (per 1 million boarded passengers)	188.4	196.0	217.8	197.7	335.2	15.5%
- HandyDART (per 1 million boarded passengers)	913.4	1,037.8	1,045.2	1,079.7	997.4	2.2%
Financial: Operating Costs						
- Overall System[3] (operating cost per capacity km)	0.074	0.078	0.079	0.082	0.084	3.3%
- CMBC (operating cost per capacity km)	0.113	0.119	0.117	0.119	0.119	1.3%
- Expo & Millennium Lines (operating cost per capacity km)	0.022	0.023	0.024	0.026	0.029	7.7%
- Canada Line (operating cost per capacity km)	0.093	0.094	0.100	0.103	0.105	3.2%
- West Coast Express (operating cost per capacity km)	0.085	0.085	0.087	0.097	0.099	3.8%
- HandyDART (operating cost per trip)	38.42	39.45	41.03	40.30	40.64	1.4%
Financial: Operating Cost Recovery						
- TransLink (conventional system)[5]	51.8%	51.7%	55.6%	53.4%	51.8%	(0.0%)

[1] *Excludes HandyDART.*

[2] *Gasoline litres not reported for 2011 - 2013*

[3] *Includes Bus, SeaBus, Expo & Millennium Line, Canada Line, West Coast Express and Police operating costs.*

[4] *Started reporting this measure in 2014*

[5] *Cost Recovery Ratio excludes depreciation and interest expense*

Appendix 5 – Allocated Costs between Divisions

Year ended December 31 ($ thousands)	2011	2012	2013	2014	2015
Shared Services [1]					
Bus division	13,846	16,553	21,229	23,779	23,440
Access Transit	-	-	-	-	972
SkyTrain - Expo & Millennium Line	-	349	731	837	1,108
West Coast Express	18	26	69	47	70
Transit Police	8	69	1,453	1,525	1,679
Total Shared Services allocated	13,872	16,996	23,482	26,188	27,269
Costs Administered by TransLink and allocated to subsidiaries [2]					
Bus division	17,685	16,460	14,490	15,135	16,411
SkyTrain - Expo & Millennium Line	4,042	3,838	3,418	3,581	4,770
SkyTrain - Canada Line	160	1,786	395	2,009	2,215
West Coast Express	10,963	11,853	13,537	14,616	15,725
Transit Police	-	-	1,097	1,639	1,793
Costs Administered by TransLink allocated	32,850	33,938	32,938	36,981	40,914
Bus Division	31,531	33,013	35,719	38,913	39,851
Access Transit	-	-	-	-	972
SkyTrain - Expo & Millennium Line	4,042	4,187	4,149	4,418	5,878
SkyTrain - Canada Line	160	1,786	395	2,009	2,215
West Coast Express	10,981	11,879	13,606	14,662	15,794
Transit Police	8	69	2,550	3,164	3,472
Total costs allocated to Subsidiaries from TransLink	46,722	50,935	56,419	63,166	68,182

[1] Includes Business Technology & Human Resources costs

[2] Includes property tax, building leases, insurance, and fare media costs

TransLink's methodology for allocating costs to benefitting business units is equitable and consistent with leading practices. TransLink allocates costs to business units (Bus division, Access Transit, SkyTrain, West Coast Express and Transit Police) which directly benefit or consume the service or costs.

Business units can be allocated 100 per cent of a cost if it is the only one benefitting/consuming that cost or costs can be shared across multiple business units that benefit/consume the cost based on an allocation factor (e.g. head count, square foot). The charges that are allocated to the business units include; human resources, administration, rentals and leases, and information technology.