2020 Year-End Financial and Performance Report

translink.ca

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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

Building Transportation Excellence

As the integrated, multi-modal transportation authority for Metro Vancouver, TransLink plans, finances, and through the operating subsidiaries, operates the transportation network to help meet the unique needs of this region. Our vision is to create a better place to live, built on transportation excellence. Guided by our regional transportation strategy, we work to connect the region and enhance its livability by providing a sustainable transportation network, embraced by the communities we serve.

TransLink began the year 2020 with a momentum that was the envy of transit agencies across the globe. From 2016 to 2019, our enterprise experienced ridership growth of 16 per cent while also achieving record highs in on-time performance. For four consecutive years, we rolled out service increases across our region, announced historic investments and partnerships with Senior Government, and enhanced the customer journey experience. And then, at the end of the first quarter of 2020, our world was turned upside down by the COVID-19 pandemic.

On March 18, 2020, the Government of British Columbia declared a provincial state of emergency and enacted physical distancing measures aimed at slowing the spread of the COVID-19 virus. Seemingly overnight, businesses, schools and offices across our region closed their doors, employees began working from home and residents limited their travel to only the most essential trips.

The impact of the pandemic on the transit industry was profound, and TransLink was no exception. By mid-April, our ridership had plummeted to just 17 per cent of pre-COVID levels. Due to the pandemic, we were facing declining ridership revenue, fuel tax revenue, and parking tax revenue.

Yet despite these dire challenges, TransLink did not stop moving. Our enterprise rose to the occasion and the collective 8,000+ employees at TransLink and our operating subsidiaries continued delivering vital transportation options for the region, to ensure our customers stayed connected to the people and places that matter most.

The Enterprise focused on the safety of our customers and employees while delivering on our priorities. We developed and implemented our COVID-19 Safe Operating Action Plan to keep customers moving safely, with measures including reduced capacity on all modes of travel to promote physical distancing, increased cleaning and sanitization, and implementing mandatory face masks on-board all vehicles.

As a result of the significant decline in ridership and consequently the substantial shortfall in revenue, TransLink made reductions to non-essential expenditures and 2020 service expansion was deferred shortly after the start of the pandemic.

Across the enterprise, TransLink achieved cost savings and efficiencies to help alleviate the financial losses resulting from the pandemic, while maintaining essential services to customers and keeping the transit system infrastructure in a state of good repair. A hiring freeze was implemented, as well as a critical review of expenditures to only proceed with what was absolutely necessary for delivery of our service. Compared to budget, excluding amortization and interest, TransLink achieved total savings of $209.6 million for 2020.

Senior Government Relief Funding of $644.0 million announced later in 2020 allowed TransLink to continue providing adequate service levels despite declined revenues. This support from the senior levels of government underscored the essential nature of the services we provide to the people of Metro

Vancouver. The funding is also designed to help keep transit services as affordable as possible during this time, as reflected by TransLink's cancellation of its planned 2020 fare increase and lower fare increases than planned in 2021-2024.

While operating within the challenging and ever-changing landscape caused by the pandemic, TransLink continued to invest in critically required maintenance on the system to ensure safety and reliability, as well as delivering on our priorities. Some of our notable investments in 2020 include:

- Commissioned 14 new MK III trains for fleet expansion and 95 expansion and replacement conventional buses, Community Shuttles and double-decker buses;
- Completed 14 escalator replacements along the Expo-Millennium Line;
- Launched five new RapidBus routes as part of Phase One of the Mayors' 10-Year Vision;
- Opened a Crime Reduction Unit at the Surrey Central SkyTrain Station for handling complex investigations;
- Completed wireless service installation inside the Dunsmuir SkyTrain tunnel; and
- Launched a new, modernized TransLink.ca website.

In addition to delivering on this planned system investment while maintaining most pre-pandemic levels of service, TransLink's response to the immediate operational challenges of COVID-19 included the retrofitting of all buses with operator protection barriers, the transitioning of employees to remote work wherever possible and the distribution of 35 thousand free reusable TransLink-branded masks to our customers at dozens of transit hubs.

The $429.6 million surplus for the year ended December 31, 2020, reported on Public Sector Accounting Board (PSAB) Standards basis, is due to the recognition of the entire amount of Senior Government relief funding of $644.0 million in 2020, as required by the accounting standards, despite that the funding covers net operating losses in 2020-2021 and lower fare increases from 2021 to 2024.

Looking ahead, in 2021 TransLink will continue to see the effects of the pandemic, with ridership expected to remain below pre-COVID levels, and travel behaviour in the region changed. The uncertainty of ridership recovery and the significance of revenue losses have created a deficit that will persist over the long term. This significant deficit will need to be addressed in the development of our next 10-year Investment Plan in 2022, and through our continued work with our Senior Government partners. TransLink will continue to look for cost savings and efficiencies to help alleviate the financial losses resulting from the pandemic, while maintaining adequate service levels and keeping the transit system infrastructure in a state of good repair.

The safety of our customers and employees will continue to be our top priority in 2021, as we continue to deliver essential service for our region. In the weeks, months, and years ahead, TransLink will play a critical role in driving our region's economic recovery from COVID-19 and providing safe, affordable, reliable transportation options for the people of Metro Vancouver every day.

TransLink was the victim of a cyberattack on December 1, 2020. Immediate action and protective measures were taken by TransLink, including the shut down of multiple systems. As a result, due to the unavailability of certain applications, certain datasets conveyed within the body of this Report are incomplete and/ or compiled on best-estimate basis. In those instances, that has been disclosed within the relevant section. The cyberattack resulted in no material ongoing impact to TransLink's financial performance, however restoration activities required the provision of annual reporting and audited financial statements to be delayed until May 2021.

Key Priorities

With guiding principles of improving the quality of existing systems and services, and expanding the transit system, the 2020 Business Plan, Operating and Capital Budget was underpinned by three priorities aimed at mobilizing the Mayors' 10-Year Vision, ensuring a state of good repair and improving customer experience and public support.

While TransLink continues to implement Phase Two of the Mayors' Council's 10-Year Vision, the events of 2020 led to slowing or suspending of some elements of the planned expansion of bus and rail that was intended to alleviate overcrowding on transit and congestion on major roads.

The following tables outline the key accomplishments in 2020.

Priority One: Implement the Mayors' 10-Year Vision *We will successfully deliver the capital projects, service expansion and policy initiatives necessary to implement the Mayors' 10-Year Vision.*
• Rolled out four new Canada Line trains in January 2020, increasing capacity by 15 per cent during peak hours.
• Successfully commissioned 14 trains as part of the Mark III fleet expansion. This brings a total of 84 MK III train cars in service, providing our passengers with an enhanced customer experience, including improved safety, maintenance, environmental and ride quality features.
• Added two new major bus routes to serve residents in Vancouver's East Fraser Lands (the River District), the North Shore and Burnaby. The new services connect North Shore and River District residents directly to the SkyTrain at Metrotown Station.
• Commenced the planning and design of the next two RapidBus routes at Scott Road and Richmond-Expo Line.
• Continued the technical and policy development work for Transport 2050, our strategy for transportation in Metro Vancouver for the next 30 years.

Priority Two: Maintain a State of Good Repair *TransLink will proactively manage and maintain all assets in a state of good repair to ensure safety and reliability, optimize lifecycle costs and enhance the customer experience.*
• Completed development of an Environmental Management system for British Columbia Rapid Transit Company (BCRTC) with framework and structure applied to all program areas.
• Completed the detailed design workshops for the BCRTC Asset Management Project and Finance & Supply Chain in preparation for the implementation phase.
• Completed onboard technology deployment to Revenue Fleet on 10 buses and 12 trolleys, and completed detailed design for the Daily Operations Management System.
• Completed contract negotiations for Health and Safety Software system, and completed detailed design of the six core modules including Integrated Risk, Control Management, Central Action Manager, Performance Indicators, Stakeholder Individuals and System Integration.

- Established Zero Harm initiatives at BCRTC to support injury reduction within each department, continuing to deliver on our commitment to Zero Harm safety culture.
- Replaced a total of 14 escalators in 2020 as part of the Expo-Millennium Line Escalator replacement project. Escalators replaced include three at Waterfront, two at Broadway, one at Columbia, one at Gateway and one at Nanaimo.
- Completed extensive upgrades to Granville Station, including six new escalators with enhanced safety, durability and reliability, new wayfinding signage and monitors displaying the next arriving trains, and revamped entrances from Granville Street and Seymour Street.
- Confirmed the procurement of 205 new SkyTrain cars to overhaul aging fleet – the largest-ever SkyTrain order in TransLink's history. This order will allow TransLink to retire older vehicles, improve fleet quality, and keep service reliable for customers. The contract will also support service expansion as the region's transit network grows with the Broadway Subway Project and Surrey Langley SkyTrain.

Priority Three: Enhance Customer Experience

With a customer-first approach, we will build public trust and confidence in TransLink by focusing on growing ridership, engaging stakeholders and implementing the Mayors' 10-Year Vision.

- Implemented an enterprise-wide Safe Operating Action Plan in order to provide a safe environment for our customers and employees during the COVID-19 pandemic.
- Completed the installation of operator protection barriers on all buses as part of our Safe Operating Action Plan.
- Installed "See Something, Say Something" and "text 87-77-77" decal as part of the standard interior bus design, as well as advertised the seasonal Transit Police Anti-Sex Offence campaign across the bus and SkyTrain systems.
- Approved the permanent removal of select bus stops on Route 002 (Macdonald/Downtown) following a successful pilot for bus stop optimization to address the growing congestion and to improve bus speed and reliability initiatives.
- Completed the commissioning of all new bus orders, bringing a total of 95 expansion and replacement conventional buses, Community Shuttle vehicles and double-decker buses in service.
- Launched the next phase of our new TransLink.ca website to provide customers with a seamless, helpful, and mobile-first digital experience. Along with our new touch-screen kiosks and real-time information displays at SkyTrain platforms and RapidBus stops, our new website delivers on our goal to help customers make informed decisions throughout their journey, including a new alert identity management service and newly designed Buzzer Blog.
- Confirmed the implementation of Compass on HandyDART with planning underway for 2021, as part of the broader HandyDART Modernization Program.
- Released Phase One Public Engagement results for the Burnaby Mountain Gondola project, and completed Phase 2 Public Engagement with over seven thousand public and stakeholder interactions.
- Formed a partnership with United Way of the Lower Mainland and other organizations across British Columbia to distribute one million masks to vulnerable populations in early 2021.

- Promoted voluntary mask-wearing through our "Wearing is Caring" campaign in the early days of the pandemic, then adopted a mandatory mask policy in August 2020 following a mandate from Provincial Health Officer.
- Became the first transit system in North America to test the use of bacteria and virus-killing copper on high-touch transit surfaces as part of an industry-leading pilot project. To keep our customers and employees as safe as possible, we also expanded the installation of hand sanitizer dispensers across the transit system and installed decals and signage to help promote physical distancing and manage space on our vehicles and at transit hubs.
- Launched our 2020 Open Call for Innovation in June, which invited local businesses, entrepreneurs, inventors and innovators to submit their ideas for ways to improve the health and safety of customers and employees on transit.
- Completed our Bike Parkade Expansion Project. With 11 total indoor bike parkades along the TransLink network, Metro Vancouver now has the largest transit-integrated bike parkade network in Canada.
- Partnered with BC and Alberta Guide Dogs in July 2020 to open doors at Vancouver Transit Centre and host dozens of Guide and Service Dogs-in-Training. The new recruits were familiarized with several buses repeatedly, in order to accelerate their training. This is important given their training schedule had fallen behind due to COVID-19.
- Launched a series of online tools designed to help people of all abilities, including those on the autism spectrum, confidently and independently utilize Metro Vancouver's transit system. The tools include an interactive 360-degree virtual tour of a TransLink bus and eight educational videos about how to use transit throughout Metro Vancouver.
- Installed smart lockers at Joyce-Collingwood, Stadium-Chinatown, and Commercial-Broadway stations. These lockers enable customers to have their online orders delivered to SkyTrain station, so they can conveniently pick up their parcel during their regular commute.
- Completed renovations at Nanaimo Exchange that improve the customer experience by adding more space, lighting, shelter, and public art. The refurbished bus exchange now includes a new plaza to improve pedestrian and cyclist safety, enhanced lighting and sightlines, new bus shelters, benches and landscaping, as well as a public art piece illustrating historical sites and events on our transit network.
- Completed a new bus loop at Richmond–Brighouse Station to ease traffic on Number 3 Road, provide customers more space and allow for future bus service expansion in Richmond.
- Completed new upgrades at Lonsdale Quay Exchange to improve the customer experience of North Shore transit users. The overhaul significantly enhanced lighting, customer space, neighbourhood integration, and capacity for future bus service expansion, as well as accessibility for wheelchairs and strollers.

2. 5 Year Summary

The COVID-19 pandemic in 2020 forced the TransLink Enterprise to re-evaluate its key priorities and mitigate for fundamental changes in travel patterns which profoundly impacted our revenues and operations. Despite these challenges, TransLink was able to continue delivering the region's vital transportation services while stewarding options for the future, as a result of its historically strong financial management practices and through support from Senior Government.

Phase 2 of the 10-Year Mayors' Vision envisaged further service expansion and enhancement, in anticipation of ridership demand in the region continuing to grow. In readiness for this, TransLink had been steadily strengthening unrestricted cash and investments to support this expansion. Accordingly, the Enterprise opened 2020 with robust unrestricted cash and investments, with a balance of $563.3 million as at December 31, 2019.

From 2016 to 2019, ridership in Metro Vancouver had grown by 16.3 percent. The collapse in ridership from mid-March 2020 onwards represented an extraordinary reversal of the historic ridership trend. The number of boarded riders fell 51.7 per cent from 2019 to 218.8 million in 2020, and the total number of journeys made in 2020, at 128.0 million, represents a 53.0 per cent decrease from 2019.

Although expansion service planned for 2020 was deferred in response to the pandemic, TransLink – consistent with public health requirements for safe travelling during COVID-19 – upheld sufficient capacity on the system to allow passengers to maintain physical distancing while travelling. As a result, 6.9 million service hours were delivered in 2020, only a 1.0 per cent decrease over 2019. The drop in ridership is illustrated by the change in the Total Cost Recovery ratio: in 2020 this ratio collapsed to 33.6 per cent from 59.7 per cent in 2019, having previously progressed to that high point on the back of continued efficiency gains and effective service optimization initiatives.

Despite the challenges and setbacks of 2020, the financial capacity previously established by TransLink enabled us to maintain capital investments in support of over-arching enterprise priorities, with a focus on maintaining state of good repair and continuing to further the strategic priority projects. With the recalibrated capital program, capital assets grew to $5.6 billion as at December 31, 2020. Despite the volatility and uncertainty of the capital markets resulting from the pandemic and political factors, TransLink was successful in securing required capital funding, at favourable rates.

Key financial and operating indicators are shown in the following table that provides a five-year historical summary.

5 YEAR PERFORMANCE TRENDS Year ended December 31 (all numbers in millions unless otherwise stated)	2016	2017	2018	2019	2020	COMPARISON TO 2019 [9] Fav / (Unfav)	 %	Compound Annual Growth Rate (CAGR) [9]
FINANCIAL INDICATORS								
Unrestricted cash and investments [1]	333.4	485.0	578.2	563.3	493.6	(69.7)	(12.4%)	10.3%
Tangible capital assets	4,868.0	4,907.2	5,079.2	5,381.3	5,574.0	192.7	3.6%	3.4%
Net direct debt [2]	2,149.8	2,220.7	2,371.4	2,375.4	2,645.7	(270.3)	(11.4%)	5.3%
Indirect P3 debt [3]	1,598.1	1,571.3	1,542.9	1,512.6	1,480.2	32.4	2.1%	(1.9%)
Total net direct debt and indirect P3 debt	**3,747.9**	**3,792.0**	**3,914.3**	**3,888.0**	**4,125.9**	**(237.9)**	**(6.1%)**	**2.4%**
Gross interest cost as a % of operating revenue	12.0%	12.2%	11.9%	11.9%	14.1%	(2.2%)	(18.5%)	4.1%
OPERATING INDICATORS								
Scheduled Transit Service								
Overall performance rating (out of 10)	7.6	7.7	7.8	7.8	8.2	0.4	5.1%	1.9%
Service hours [4a]	6.3	6.7	6.9	7.0	6.9	(0.1)	(1.0%)	2.1%
Total cost recovery ratio [5,6]	54.7%	55.9%	58.1%	59.7%	33.6%	(0.0)	(43.6%)	(11.4%)
Operating cost per capacity kilometre *,[4b,7]	$ 0.085	$ 0.084	$ 0.086	$ 0.097	$ 0.097	$ 0.000	0.0%	3.2%
Complaints per million boarded passengers *,[4c,8]	98.7	93.4	95.4	90.6	103.3	(12.7)	(14.0%)	1.1%
Access Transit Service								
Number of trips (thousands)	1,227	1,250	1,315	1,382	620	(762)	(55.1%)	(15.7%)
Operating cost per trip *	$ 40.95	$ 42.73	$ 41.34	$ 39.26	$ 75.14	$ (35.88)	(91.4%)	16.4%
Number of trips denied (thousands)	3.6	1.4	0.7	1.4	0.4	1.0	71.7%	(41.9%)
Complaints per 100,000 boarded passengers *	107.7	120.2	187.3	201.8	178.6	23.2	11.5%	13.5%
Ridership [8]								
Boarded passengers (system)	386.2	408.2	437.4	452.9	218.8	(234.1)	(51.7%)	(13.2%)
Journeys (system)	234.2	247.8	262.6	272.4	128.0	(144.4)	(53.0%)	(14.0%)
Average fare per journey (scheduled)*	$ 2.24	$ 2.31	$ 2.35	$ 2.42	$ 2.82	$ 0.40	16.5%	5.9%
REGIONAL INDICATORS								
Population of Service Region	2.58	2.59	2.63	2.67	2.71	0.04	1.6%	1.3%
Employment of Service Region	1.36	1.40	1.43	1.47	1.38	(0.10)	(6.7%)	0.3%

* Per unit calculation

[1] This represents the accumulated funded resources as calculated under the SCBCTA Act and is the amount of resources available to fund future operations

[2] Includes bonds, debentures, capital leases, short-term debt net of sinking funds and debt reserve deposits

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

[4] In December 2020, TransLink was the victim of a cyberattack. Immediate action and protective measures were taken by TransLink including the shut down of multiple network systems. As a result, due to the unavailability of certain applications, some datasets are incomplete and/or required estimates. The following Operating Indicators have been impacted, and to support comparability, alternative estimates have been made as described below:

[4a] Service hours estimated for November to December 2020 are based on best available data at time of reporting

[4b] Capacity kilometres estimated for November to December 2020 are based on best available data at time of reporting

[4c] TransLink was not able to capture full complaints data from November 28 to December 31, 2020. Total complaints therefore cover the period January 1 to November 27, 2020, with boarded passengers totals aligned with the same period to normalize this metric.

[5] Includes operating costs of Bus, Rail, Transit Police and Corporate On-going

[6] Restated 2017 to reflect year end adjustments

[7] Includes operating costs of Bus, Rail and Transit Police (excludes Corporate and Access Transit costs)

[8] Ridership estimates for 2020 differ from the methodology used in previous years as a result of the temporary suspension of fare collection on buses in the first months of the COVID-19 pandemic, the replacement of fareboxes on buses and the December 2020 cyberattack.

[9] Calculations based on whole numbers

Financial Indicators

Strict financial discipline and prudent fiscal management has helped TransLink to maintain financial strength to support the organization through the acute stage of the COVID-19 pandemic. Early in the pandemic, the organization immediately put measures in place to reduce costs and worked with Senior Government to secure relief funding that enabled the continued provision of essential transit services in the region. Financial indicators are measured and monitored throughout the year.

TransLink's unrestricted cash and investments is a metric representing the accumulated funding resources as defined by the South Coast British Columbia Transportation Authority (SCBCTA) Act. This represents the amount of resources available to fund future operations. Unrestricted cash and investments have decreased by $69.7 million from 2019, mainly due to the impact of COVID-19, which resulted in lower fuel tax, parking rights tax and transit revenue, partially offset by the delay of some planned capital investments. The $644.0 million Senior Government relief funding was received after year-end and is thus not reflected in this balance.

Capital assets increased from $5.4 billion in 2019 to $5.6 billion in 2020. Compared to 2019, capital assets increased $192.7 million (3.6 per cent), mainly due to the acquisition of land for a new SkyTrain operations and maintenance centre, new buses and SkyTrain vehicles for replacement and expansion, a new SeaBus vessel, and other various infrastructure and system upgrades.

Net direct debt has increased by $495.9 million since 2016, a 5.3 per cent Compounded Annual Growth Rate (CAGR) increase. Compared to 2019, net direct debt increased by $270.3 million (11.4 per cent). The increase in debt supports the Capital investments for both expansion projects and maintaining our assets in a state of good repair.

Indirect P3 debt, which includes the liability owed to the Golden Ears Bridge contractor and the Canada Line deferred concessionaire credit, has declined by $117.9 million or 1.9 per cent CAGR since 2016. Compared to 2019, Indirect P3 debt decreased by $32.4 million (2.1 per cent), mainly due to amortization of the Canada Line deferred concessionaire credit.

Gross interest costs as a percentage of operating revenues, which had remained steadily around 12.0 per cent from 2016 to 2019, increased to 14.1 per cent in 2020 because of the impact of COVID-19 on 2020 operating revenues. Nevertheless, TransLink continues to operate well within its policy limit of 20.0 per cent.

Operating Indicators

Operational trends include key performance metrics of transit service and ridership. TransLink continues to monitor and measure its performance in order to strengthen its operations and provide customers with a positive experience.

Scheduled Transit Service

Scheduled transit service includes the following modes: Conventional Bus, Community Shuttle, SeaBus, SkyTrain and West Coast Express (WCE).

The overall performance rating, which measures the average customer satisfaction across the entire system, has incrementally improved over the five-year period, from a 7.6 out of 10 rating in 2016 to an 8.2 rating in 2020. As a result of the ongoing COVID-19 pandemic, significant shifts in top ratings across

Bus, SkyTrain and SeaBus were likely influenced by riders' changing perceptions and expectations of the transit system. The respondents to the Customer Service Performance study was considerably lower for most of 2020 than it was for 2019 and the results may be impacted by the increased proportion of captive riders (those without access to a car) interviewed, which is significantly higher than pre-pandemic levels.

Service hours decreased by 1.0 per cent in 2020 over 2019, mainly as a result of slightly reduced service in response to lower ridership demand caused by the COVID-19 pandemic. Consequently, over the past five years, service hours have increased by a CAGR of 2.1 per cent. For the Expo and Millennium Lines, the service hours decrease was mostly driven by the COVID-19 service reductions that were implemented from March 23 to May 25, 2020. Planned service increases in September 2020 were postponed due to continued low ridership. Although the Canada Line service was expanded on January 21, 2020, some service reductions were made in response to declined ridership as a result of COVID-19, and the service expansion that was planned in March 2020 was deferred. At the end of 2020, Canada Line had not yet returned to full scheduled service. The service hours for West Coast Express were also reduced in 2020, mostly due to the cancellation of trains and running shorter trains due to reduced passenger demand caused by the pandemic. West Coast Express continued to operate only three trains during morning and afternoon service at the end of 2020, as opposed to five trains before the pandemic.

The service hours for Bus service were reduced in response to the declining ridership associated with the COVID-19 pandemic, resulting in temporary suspension of routes with low ridership. As of Q2 in 2020, service levels were gradually increased close to pre-pandemic levels. Some previously suspended routes were restored while under-utilized routes remained suspended. The service hours for SeaBus were also reduced in 2020 mostly due to the cancellation of sailings as a result of reduced passenger demand caused by the pandemic. At the end of 2020, SeaBus continued to operate 15-minute sailing during rush hour as opposed to 10-minutes sailing before the pandemic.

The total cost recovery ratio, measuring the percentage of direct operating costs covered by transit revenues, decreased by 43.6 per cent in comparison to 2019 due to the significant transit revenue loss from the decline in ridership resulting from the COVID-19 pandemic. As an essential service provider, TransLink prioritized continuity of service levels during the most acute phases of the pandemic even as ridership collapsed.

Operating costs per capacity kilometre has increased by a CAGR of 3.2 per cent over the five-year period. Compared to 2019, this metric was flat.

Complaints per million boarded passengers had steadily improved by 8.2 per cent from 2016 to 2019, which had been attributed to improvements in Transit Operator customer service and continued efforts to provide timely and consistent transit information to our customers. In 2020 however, complaints per million boarded passengers increased by 14.0 per cent; compared to 2019, boarded passenger volumes fell more steeply than the number of complaints. In January 2020, when ridership was still at pre-pandemic levels, a very high volume of complaints was received in relation to service disruption resulting from severe winter weather. Since the onset of the pandemic in mid-March 2020, complaints have mainly related to concerns over pandemic measures, such as physical distancing and mask compliance. While TransLink continues to consider complaints as an essential measure of service quality, 2020 was an extraordinary year to place in context. During this period of great uncertainty, we continue to focus efforts on providing timely and consistent transit information to our customers as well as ongoing improvements to address safety and reliability.

Access Transit Service

Access Transit provides door-to-door shared-ride service for customers with physical or cognitive disabilities who are unable to use conventional public transit without assistance.

HandyDART customers are important to us. In the early part of the pandemic, we made over 3,000 wellness check-in calls starting with our oldest customers, as we recognised that this customer group might be isolated and without information. On these calls, we provided customers with service updates, answered questions and promoted links to other resource groups such as food distribution centers. We also connected with the HandyDART User Advisory Committee, published an ad hoc newsletter and kept in regular contact with other stakeholder groups including Renal BC and Day Programs.

Total Access Transit trips provided in 2020 were 620.0 thousand (55.1 per cent) lower than in 2019. Ten days of severe winter in January 2020, followed by the COVID-19 pandemic, significantly impacted demand and service delivery.

Operating cost per trip increased by $35.88 (91.4 per cent) from $39.26 in 2019 to $75.14 in 2020. This change was due to reduced trip demand and implementing physical distancing protocol with single-person travel. As part of our recovery planning, new vehicle capacities were developed resulting in a capacity of two to three clients per bus. This resulted in over 95.0 per cent of scheduled trips having two or fewer people per vehicle. By contrast, pre-COVID, 100.0 per cent of HandyDART trips were shared rides, with as many as 12 customers per bus during peak periods.

In 2020, complaints per one hundred thousand boarded passengers decreased by 11.5 per cent over 2019. In an effort to improve the customer experience and to continue the reduction in customer complaints, HandyDART is increasing customer-focused refresher training sessions from annual to twice per year. First Transit is also developing a quick reference guide for operators to use in high-stress situations.

The decrease in complaints was most notable in taxi-related service due to the reduction of 78.0 per cent in taxi trips. As the ridership returns in 2021 and the number of taxi trips increases, HandyDART will also roll out refresher training to taxi drivers.

Ridership

A boarding represents each time a passenger enters a fare paid zone using Compass fare media or other proof of payment, including transfers. In 2020, total system boardings were 218.8 million, 51.7 per cent lower compared to 2019.

Journeys represent a complete transit trip using Compass fare media or other proof of payment, regardless of the number of transfers. Compared to 2019, total system journeys in 2020 declined by 53.0 per cent to a total of 128.0 million.

Starting in the middle of March 2020, the COVID-19 pandemic had a transformative impact on transit ridership, with April 2020 boardings and journeys dropping to just 17.6 per cent and 17.1 per cent, respectively, of pre-pandemic ridership levels. Between mid-May and August 2020, ridership recovered gradually to around 40.0 per cent of pre-pandemic levels and remained so until the end of October 2020. Following new restrictions enacted by the Provincial Health Officer in November 2020, ridership declined slightly, to around 37.0 per cent of pre-pandemic levels, and stayed at that level for the remainder of 2020. 2020 boardings and journeys were therefore unfavourable to budget by 53.4 per cent and 54.8 per cent, respectively, significantly below the expectations set prior to the pandemic.

The average fare per journey was $2.82 for 2020, an increase of $0.40 relative to 2019. Although the fare increase was deferred for 2020, the use of higher-value products, such as single-use fares as opposed to monthly passes, caused the average fare per journey to increase. The reason is attributed to the changed travel behaviour as a result of the pandemic guidelines issued by the Province.

3. Consolidated Statement of Operational Analysis

CONSOLIDATED REVENUES AND EXPENSES		YEAR OVER YEAR			ACTUAL TO BUDGET		
Year ended December 31	2020	2019	CHANGE		2020	CHANGE	
($ thousands)	ACTUAL	ACTUAL	Fav/(Unfav)	%	BUDGET [3]	Fav/(Unfav)	%
Revenue							
Taxation	849,986	906,969	(56,983)	(6.3%)	918,843	(68,857)	(7.5%)
Transit	385,934	685,362	(299,428)	(43.7%)	723,160	(337,226)	(46.6%)
Government transfers	793,771	398,523	395,248	99.2%	261,913	531,858	203.1%
Amortization of deferred concessionaire credit	23,337	23,273	64	0.3%	23,337	-	-
Investment income	53,763	58,024	(4,261)	(7.3%)	54,300	(537)	(1.0%)
Development Cost Charges	19,734	-	19,734	-	24,600	(4,866)	(19.8%)
Miscellaneous revenue [1]	18,394	16,725	1,669	10.0%	17,059	1,335	7.8%
Sub Total Continuing Operations	**2,144,919**	**2,088,876**	**56,043**	**2.7%**	**2,023,212**	**121,707**	**6.0%**
Gain (Loss) on disposal of tangible capital assets	(10)	506	(516)	(102.0%)	-	(10)	100.0%
Total Revenue	**2,144,909**	**2,089,382**	**55,527**	**2.7%**	**2,023,212**	**121,697**	**6.0%**
Expenses							
Bus Operations [1]	760,611	766,563	5,952	0.8%	831,084	70,473	8.5%
Rail Operations	316,507	324,248	7,741	2.4%	355,527	39,020	11.0%
Transit Police	40,668	40,888	220	0.5%	42,528	1,860	4.4%
Corporate Operations	100,798	103,260	2,462	2.4%	118,081	17,283	14.6%
Roads and Bridges	62,863	95,083	32,220	33.9%	127,542	64,679	50.7%
Amortization of tangible capital assets [2]	229,450	212,942	(16,508)	(7.8%)	244,307	14,857	6.1%
Interest [2]	189,339	194,983	5,644	2.9%	185,252	(4,087)	(2.2%)
Sub Total Continuing Operations	**1,700,236**	**1,737,967**	**37,731**	**2.2%**	**1,904,321**	**204,085**	**10.7%**
Corporate One-time	15,116	18,210	3,094	17.0%	31,371	16,255	51.8%
Total Expenses	**1,715,352**	**1,756,177**	**40,825**	**2.3%**	**1,935,692**	**220,340**	**11.4%**
Surplus for the Year	**429,557**	**333,205**	**96,352**	**28.9%**	**87,520**	**342,037**	**390.8%**

[1] Certain comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year

[2] Amortization and Interest shown separately to facilitate analysis

[3] Budget reallocated due to approved contingency

TransLink ended the 2020 year with a $429.6 million surplus on a PSAB basis, due to $644.0 million of Senior Government relief funding fully recognized in 2020 in accordance with accounting standards. Transit and taxation revenues (specifically, fuel and parking rights tax) declined significantly relative to both the prior year and to budget as people in the service region were encouraged to work from home, limit social gatherings and avoid non-essential travel because of the COVID-19 pandemic.

Early in the pandemic, the organization immediately put measures in place to reduce costs. A hiring freeze was implemented, as well as a critical review of expenditures was performed to only proceed with what was absolutely necessary for delivery of our service. Compared to budget, TransLink achieved total savings of $209.6 million for 2020 before amortization and interest. Total expenses in 2020 decreased by 2.3 per cent from 2019 and 11.4 per cent from budget.

Details of the variances are provided in the following analysis.

Consolidated Revenues – Comparison to 2019

CONSOLIDATED REVENUES	YEAR OVER YEAR			
Year ended December 31	ACTUAL		CHANGE	
($ thousands)	2020	2019	Fav/ (Unfav)	%
Taxation	849,986	906,969	(56,983)	(6.3%)
Transit	385,934	685,362	(299,428)	(43.7%)
Government transfers				
Senior Government Relief Funding	644,000	-	644,000	100.0%
Senior Government Funding	87,405	338,451	(251,046)	(74.2%)
Golden Ears Bridge Tolling Replacement Revenue	62,366	60,072	2,294	3.8%
Amortization of deferred concessionaire credit	23,337	23,273	64	0.3%
Investment income	53,763	58,024	(4,261)	(7.3%)
Development Cost Charges	19,734	-	19,734	100.0%
Miscellaneous revenue [1]	18,394	16,725	1,669	10.0%
Sub Total Continuing Operations	2,144,919	2,088,876	56,043	2.7%
Gain (Loss) on disposal of tangible capital assets	(10)	506	(516)	(102.0%)
Total Revenue	**2,144,909**	**2,089,382**	**55,527**	**2.7%**

[1] Certain comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year

The SCBCTA Act provides TransLink with access to revenue sources that are used to fund the provision and support of transportation services. Continuing revenue streams are mainly comprised of taxation, transit fares and government transfers.

The impact of the COVID-19 pandemic on revenue streams in 2020 was profound, with travel patterns fundamentally changed by the state of emergency and physical distancing measures that were enacted from mid-March 2020 onwards.

Taxation revenues were down 6.3 per cent or $57.0 million compared to prior year as the fuel tax and parking rights tax revenue were impacted with the change in travel behavior due to COVID-19.

Transit revenues declined by 43.7 per cent or $299.4 million compared to prior year due to drop in ridership by over 50.0 per cent with the change in travel behavior due to COVID-19.

2020 total revenue was $2.1 billion which is 2.7 per cent higher than 2019, due to recognition of the entire amount of Senior Government relief funding of $644.0 million in 2020, following the requirement of PSAB Standards. This funding is designed to offset net operating losses and allow TransLink to maintain essential services during 2020 and 2021, and to offset lower fare increases in 2021-2024. Excluding this relief funding and the other Senior Government funding for capital, revenue from continuing operations was down $336.9 million compared to prior year.

Taxation

TAXATION REVENUES			YEAR OVER YEAR	
Year ended December 31	ACTUAL		CHANGE	
($ thousands)	2020	2019	Fav/ (Unfav)	%
Fuel tax	364,524	403,081	(38,557)	(9.6%)
Property tax	398,377	382,748	15,629	4.1%
Parking Rights tax	47,310	81,871	(34,561)	(42.2%)
Hydro levy	21,857	21,461	396	1.8%
Replacement tax	17,918	17,808	110	0.6%
Total Taxation	**849,986**	**906,969**	**(56,983)**	**(6.3%)**

Total taxation revenues were $57.0 million (6.3 per cent) lower than 2019, primarily due to the impact of provincial guidelines regarding social distancing on driving in the region, and many employers transitioning their employees to work from home, resulting in depressed driving levels and associated declines in fuel consumption and the use of parking.

Fuel tax revenue decreased by $38.6 million (9.6 per cent) compared to 2019, while parking rights tax revenue decreased by $34.6 million (42.2 per cent). Whereas the decline in fuel sales was partially offset by the United States (US) border closure, which reduced leakage to US fuel retailers, lower overall driving levels resulted in a proportionately greater reduction to fuel tax. Parking rights tax revenue has also declined, as demand for monthly parking subscriptions and underground parking significantly reduced, due to many employers transitioning their staff to working from home, and the increased availability of free parking alternatives due to fewer cars on the road overall.

Property tax revenue increased by $15.6 million (4.1 per cent) compared to 2019 due to legislative increases in taxation from existing properties, as well as from new development and construction growth.

Transit

TRANSIT REVENUES			YEAR OVER YEAR	
Year ended December 31	ACTUAL		CHANGE	
($ thousands)	2020	2019	Fav/ (Unfav)	%
Fares	265,171	533,330	(268,159)	(50.3%)
Program	95,570	123,652	(28,082)	(22.7%)
Total Fares	360,741	656,982	(296,241)	(45.1%)
Other transit	25,193	28,380	(3,187)	(11.2%)
Total Transit	**385,934**	**685,362**	**(299,428)**	**(43.7%)**

Total transit revenue includes fares, program and other transit-related revenue, such as transit advertising, Park and Ride, and fare infraction revenue. Total transit revenue in 2020 was $385.9 million, a significant decline of $299.4 million (43.7 per cent) over 2019.

In 2020, total revenue from fares was $265.2 million, which is $268.2 million (50.3 per cent) lower than 2019. The provincial guidelines for physical distancing issued by the Provincial Health Officer in response to COVID-19 changed travel behaviour drastically, with most people switching to remote work and almost all non-essential travel curtailed from mid-March onwards.

Total ridership dropped to 218.8 million boardings (51.7 per cent below 2019) and 128.0 million journeys (53.0 per cent below 2019) across the entire system. In 2020, TransLink cancelled the planned fare increase, in order to support the affordability of the transit as essential service in the region.

Program revenue includes revenues from U-Pass BC and the BC Government Bus Pass programs. In 2020, program revenue totalled $95.6 million, which is $28.1 million (22.7 per cent) lower than 2019, mainly due to the suspension of the U-Pass program intermittently and decreased participation from the schools, as most classes were being delivered virtually. The decrease was partly offset by higher participation in the BC Government Bus Pass program, where revenue is driven by the number of passholders rather than utilization.

Other transit revenue totalled $25.2 million in 2020, a $3.2 million (11.2 per cent) decrease over 2019. This was mainly due to a decline in advertising income and parking revenue, which were also impacted by the weakened demand for transit. The decline in other transit revenue was partially offset by an increase in carbon tax credits sales.

Government Transfers

GOVERNMENT TRANSFERS			YEAR OVER YEAR	
Year ended December 31	ACTUAL		CHANGE	
($ thousands)	2020	2019	Fav/ (Unfav)	%
Senior Government Relief Funding	644,000	-	644,000	100.0%
Senior Government Funding	87,405	338,451	(251,046)	(74.2%)
Golden Ears Bridge Tolling Replacement Revenue	62,366	60,072	2,294	3.8%
Total Government Transfers	**793,771**	**398,523**	**395,248**	**99.2%**

Total government transfers were $793.8 million, of which $644.0 million was Senior Government relief funding aimed to offset net operating losses caused by COVID-19 and support lower than planned fare increase in 2021-2024. Public Sector accounting standards require TransLink to recognize the full amount of Senior Government relief funding in 2020.

Senior Government Funding was $87.4 million, which were funds received from the Greater Vancouver Regional Fund (GVRF), Canada Line funding, Build Canada Fund and other miscellaneous programs. Senior Government funding decreased by $251.0 million mainly due to timing of project spending. The lower project spending was mostly related to production delays in Conventional Bus deliveries in 2020, resulting in fewer Federal Gas Tax transfers to fund those projects. Expansion bus projects for 2020 were also deferred to future years due to the impact of COVID-19 on service demand.

In addition, TransLink received funding of $62.4 million provided by the Province of BC in lieu of tolling revenue on the Golden Ears Bridge, as bridge tolling was eliminated on September 1, 2017.

Investment Income

Investment income decreased by $4.3 million (7.3 per cent) from 2019 mainly due to significantly lower interest rates and an overall net reduction in investment balances over 2019, partially offset by growing sinking fund balances.

Development Cost Charges

The Development Cost Charges (DCC) program is a new revenue source effective January 15, 2020, which was established to help fund the construction and expansion of the regional transit system. DCCs are levied on new urban development in the region to support capital investment in transportation infrastructure required for the Metro Vancouver region. DCC revenue of $19.7 million was recognized for the year. As part of the funding strategy for investments included in the Mayors' 10-Year Vision, DCC revenue will be allocated to fund capital projects such as bus exchange and depot upgrades, SeaBus expansion, new major projects, as well as SkyTrain and West Coast Express expansion.

Miscellaneous Revenue

Miscellaneous revenue increased by $1.7 million from 2019, mainly due to one-off compensation related to adjacent development and higher labour recoveries from external parties.

Gain (Loss) on Disposal of Assets

In the current year, vehicle disposals resulted in a loss of $10 thousand, whereas 2019 saw a $0.5 million one-time gain on disposal of land.

Consolidated Revenues – Comparison to Budget

CONSOLIDATED REVENUES			ACTUAL TO BUDGET	
Year ended December 31	ACTUAL	BUDGET	CHANGE	
($ thousands)	2020	2020	Fav/ (Unfav)	%
Taxation	849,986	918,843	(68,857)	(7.5%)
Transit	385,934	723,160	(337,226)	(46.6%)
Government transfers				
Senior Government Relief Funding	644,000	-	644,000	100.0%
Senior Government Funding	87,405	199,547	(112,142)	(56.2%)
Golden Ears Bridge Tolling Replacement Revenue	62,366	62,366	-	-
Amortization of deferred concessionaire credit	23,337	23,337	-	-
Investment income	53,763	54,300	(537)	(1.0%)
Development Cost Charges	19,734	24,600	(4,866)	(19.8%)
Miscellaneous revenue [1]	18,394	17,059	1,335	7.8%
Sub Total Continuing Operations	2,144,919	2,023,212	121,707	6.0%
Gain (Loss) on disposal of tangible capital assets	(10)	-	(10)	(100.0%)
Total Revenue	**2,144,909**	**2,023,212**	**121,697**	**6.0%**

[1] Certain comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year

Compared to budget, the transit revenues and taxation revenues, which include parking rights tax and fuel tax, were unfavourable as people in the service region limited travel for non-discretionary purposes and workplaces transitioned large numbers of employees to working remotely, following health and safety guidelines for physical distancing in response to the COVID-19 pandemic. The Senior Government funding was also unfavourable due to project delays because of COVID-19. Total revenue was $2.1 billion, which is $121.7 million (6.0 per cent) favourable to budget, due to Senior Government relief funding. Excluding this relief funding and other Senior Government Funding, revenue was $410.2 million unfavorable to budget.

Taxation

TAXATION REVENUES			ACTUAL TO BUDGET	
Year ended December 31	ACTUAL	BUDGET	CHANGE	
($ thousands)	2020	2020	Fav/ (Unfav)	%
Fuel tax	364,524	390,389	(25,865)	(6.6%)
Property tax	398,377	399,386	(1,009)	(0.3%)
Parking Rights tax	47,310	89,207	(41,897)	(47.0%)
Hydro levy	21,857	21,861	(4)	(0.0%)
Replacement tax	17,918	18,000	(82)	(0.5%)
Total Taxation	**849,986**	**918,843**	**(68,857)**	**(7.5%)**

Total taxation revenues were $68.9 million (7.5 per cent) unfavourable to the budget.

Fuel tax revenue was unfavourable by $25.9 million (6.6 per cent) compared to the budget due to the impact of provincial travel restrictions related to COVID-19, with depressed driving levels resulting in associated declines in fuel consumption. Parking rights tax revenue was unfavourable by $41.9 million (47.0 per cent) to the budget. Whereas the decline in fuel sales was partially offset by the United States border closure, which reduced leakage to US fuel retailers, lower overall driving levels resulted in a proportionately greater reduction to parking rights tax revenue, as demand significantly reduced for monthly parking subscriptions due a significant number of employers transitioning their staff to working from home and due to the increased availability of free parking alternatives.

Property tax revenue was unfavourable by $1.0 million (0.3 per cent) compared to the budget due to a lower development growth rate.

Transit

TRANSIT REVENUES	ACTUAL TO BUDGET			
Year ended December 31	ACTUAL	BUDGET	CHANGE	
($ thousands)	2020	2020	Fav/ (Unfav)	%
Fares	265,171	567,628	(302,457)	(53.3%)
Program	95,570	128,565	(32,995)	(25.7%)
Total Fares	360,741	696,193	(335,452)	(48.2%)
Other transit	25,193	26,967	(1,774)	(6.6%)
Total Transit	**385,934**	**723,160**	**(337,226)**	**(46.6%)**

In 2020, total revenue from fares was $265.2 million, which is $302.5 million (53.3 per cent) unfavourable to budget. The provincial guidelines for physical distancing issued by the Provincial Health Officer in response to COVID-19 changed travel behaviour drastically, with most people switching to remote work and almost all non-essential travel curtailed from mid-March onwards.

Program revenue totalled $95.6 million, which is $33.0 million (25.7 per cent) unfavourable to budget, mainly due to the suspension of the U-Pass Program intermittently throughout 2020 and lower participation from the schools, as most classes were delivered virtually. The BC Government Bus Pass program revenue, for which the number of active passholders drives the revenue, was unfavourable to the budget by $2.1 million as new additions were lower than budget due to COVID-19.

Other transit revenue totalled $25.2 million in 2020, $1.8 million (6.6 per cent) unfavourable to the budget. This was mainly due to a decline in advertising income and parking revenue, which were impacted by the weakened demand for transit.

Government Transfers

GOVERNMENT TRANSFERS	ACTUAL TO BUDGET			
Year ended December 31	ACTUAL	BUDGET	CHANGE	
($ thousands)	2020	2020	Fav/ (Unfav)	%
Senior Government Relief Funding	644,000	-	644,000	100.0%
Senior Government Funding	87,405	199,547	(112,142)	(56.2%)
Golden Ears Bridge Tolling Replacement Revenue	62,366	62,366	-	-
Total Government Transfers	**793,771**	**261,913**	**531,858**	**203.1%**

Total government transfers were $793.8 million, which includes Senior Government relief funding, the Greater Vancouver Regional Fund (GVRF), Federal Gas Tax allocation, Canada Line funding, Build Canada Fund and other miscellaneous programs. In addition, there is funding provided by the Province of BC in lieu of tolling revenue on the Golden Ears Bridge, as bridge tolling was eliminated on September 1, 2017.

Public Sector accounting standards require TransLink to recognize the entire amount of $644.0 million Senior Government relief funding in 2020, even though a large portion of that is to cover anticipated net operating losses in 2021.

Senior Government funding was unfavourable by $112.1 million mainly due to delays in deliveries of vehicle replacement and expansion projects funded by Federal Gas Tax.

Investment Income

Investment income was $0.5 million (1.0 per cent) unfavourable to budget mainly due to significantly lower interest rates resulting from the Bank of Canada monetary policy. The Central Bank lowered its official rate by 150 basis points in the month of March 2020 to mitigate the negative economic impact of the COVID-19 pandemic. Despite the lower interest rate environment, the unfavourable impact was almost fully offset by higher than budgeted cash and investment balances.

Development Cost Charges

The Development Cost Charges (DCC) program revenue was $19.7 million for 2020, $4.9 million (19.8 per cent) unfavourable to budget as new development activity anticipated in the region slowed down because of COVID-19.

Miscellaneous Revenue

Miscellaneous revenue was $1.3 million (7.8 per cent) favourable to budget, mainly due to one-off compensation related to adjacent development and higher labour recoveries from external parties.

Gain (Loss) on Disposal of Assets

Loss on disposal of assets was due to the disposal of vehicles which were not budgeted for in the year.

Consolidated Expenses – Comparison to 2019

CONSOLIDATED EXPENSES (BY SEGMENT)	YEAR OVER YEAR			
Year ended December 31	ACTUAL		CHANGE	
($ thousands)	2020	2019	Fav/ (Unfav)	%
Bus Operations [1]	760,611	766,563	5,952	0.8%
Rail Operations	316,507	324,248	7,741	2.4%
Transit Police	40,668	40,888	220	0.5%
Corporate Operations	100,798	103,260	2,462	2.4%
Roads and Bridges	62,863	95,083	32,220	33.9%
Amortization of tangible capital assets [2]	229,450	212,942	(16,508)	(7.8%)
Interest [2]	189,339	194,983	5,644	2.9%
Sub Total Continuing Operations	1,700,236	1,737,967	37,731	2.2%
Corporate One-time	15,116	18,210	3,094	17.0%
Total Expenses by Segment	**1,715,352**	**1,756,177**	**40,825**	**2.3%**

[1] Certain comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year

[2] Amortization and Interest shown separately to facilitate analysis

Bus Operations operating expenses were $6.0 million (0.8 per cent) lower than 2019 mainly due to lower fuel costs and lower HandyDART costs as a result of reduced services in response to lower ridership due to COVID-19 pandemic, partly offset by higher labour costs as a result of contractual increases.

Rail Operations operating expenses were $7.7 million (2.4 per cent) lower than 2019 mainly due to a one-time adjustment related to employee future benefits liability, temporary reductions in service levels and lower overtime. These savings were partly offset by contractual and economic increases, increased staffing to support major business projects, more maintenance activities to ensure a state of good repair, higher insurance expenses and increased cleaning and supplies related to COVID-19 safety protocols.

Transit Police expenses were $0.2 million (0.5 per cent) lower than 2019 due to reduced overtime costs and decreased purchases of police equipment.

Corporate Operations expenses decreased by $2.5 million (2.4 per cent) from 2019 mainly due to lower fare media costs and credit card fees as a result of reduced ridership due to COVID-19 pandemic, lower costs relating to Compass system upgrades and refurbishment, and reduced expenditures in professional fees, partly offset by higher labour costs as a result of contractual increases.

Roads and Bridges expenses were $32.2 million (33.9 per cent) lower than 2019 mainly due to the cancellation of Operation, Maintenance, and Pavement Rehabilitation (OMR) funds for the Major Roads Network to help manage the cost pressures imposed by the COVID-19 pandemic.

Amortization expense increased by $16.5 million (7.8 per cent) over 2019 as a result of a $422.2 million increase in depreciable tangible capital assets. Main asset additions affecting amortization in 2020 were new replacement and expansion buses, new SkyTrain vehicles, a new SeaBus vessel, and other various infrastructure and system upgrades.

Interest expense decreased by $5.6 million (2.9 per cent) compared to 2019 mainly due to a settlement cost of a bond forward contract in 2019, partly offset by increased net debt in 2020.

Corporate One-time expenses were $3.1 million (17.0 per cent) lower than 2019**.**

Consolidated Expenses – Comparison to Budget

CONSOLIDATED EXPENSES (BY SEGMENT)	ACTUAL TO BUDGET			
Year ended December 31	ACTUAL	BUDGET [3]	CHANGE	
($ thousands)	2020	2020	Fav/ (Unfav)	%
Bus Operations [1]	760,611	831,084	70,473	8.5%
Rail Operations	316,507	355,527	39,020	11.0%
Transit Police	40,668	42,528	1,860	4.4%
Corporate Operations	100,798	118,081	17,283	14.6%
Roads and Bridges	62,863	127,542	64,679	50.7%
Amortization of tangible capital assets [2]	229,450	244,307	14,857	6.1%
Interest [2]	189,339	185,252	(4,087)	(2.2%)
Sub Total Continuing Operations	1,700,236	1,904,321	204,085	10.7%
Corporate One-time	15,116	31,371	16,255	51.8%
Total Expenses by Segment	**1,715,352**	**1,935,692**	**220,340**	**11.4%**

[1] Certain comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year

[2] Amortization and Interest shown separately to facilitate analysis

[3] Budget reallocated due to approved contingency

Across the enterprise, TransLink achieved cost savings and efficiencies to help alleviate the financial losses resulting from the pandemic, while maintaining essential services to customers and keeping the transit system infrastructure in a state of good repair. Excluding amortization and interest, savings include $92.2 million of non-service-related costs, $64.7 million of Major Road Network program cancellations and deferrals, $31.6 million of service reductions in response to reduced demand, and $21.1 million of service expansion deferrals. The savings were partly offset by higher than budgeted interest expense due to lower interest capitalization on construction projects, and higher train maintenance activities costs.

Bus Operations operating expenses were $70.5 million (8.5 per cent) lower than budget mainly due to lower fuel prices for diesel and the deferral of planned 2020 expansion, which primarily resulted in lower staffing costs, partially offset by higher banked vacation costs. In addition, Access Transit contract costs were lower, as a result of lower demand due to the COVID-19 pandemic.

Rail Operations operating expenses were $39.0 million (11.0 per cent) lower than budget mainly due to a one-time employee future benefits liability adjustment, temporary reductions in service levels and deferral of the Canada Line planned service expansion. There were also savings from lower labour costs driven by a temporary hiring freeze, reduced overtime, and lower contracted services costs, partly offset by increased train maintenance activities.

Transit Police operating expenses were $1.9 million (4.4 per cent) lower than budget largely due to vacancy savings and overtime savings as special events were cancelled due to COVID-19 pandemic. Further savings were realized for premises rent and training costs, partly offset by increased maintenance and material costs for pandemic-related expenses.

Corporate Operations operating expenditures were $17.3 million (14.6 per cent) lower than budget, mainly due to vacancy savings as recruitment was put on hold in 2020, lower fare media costs and credit card fees as a result of reduced ridership, reduced expenditures in professional fees as a result of project deferrals, lower property taxes assessed, savings from contract abatements and rent costs savings due to changes to planned office expansion.

Roads and Bridges spending was $64.7 million (50.7 per cent) lower than budget, mainly due to the cancellation of the Operation, Maintenance, and Pavement Rehabilitation (OMR) program for the Major Roads Network to help manage the cost pressures imposed by the COVID-19 pandemic.

Amortization expense was $14.9 million (6.1 per cent) lower than budget mainly due to delays in project completion as a result of the pandemic, including a lower number of vehicle deliveries than expected. Timing of project capitalization, including station upgrades at Commercial-Broadway and Surrey Central, also contributed to the favourable variance.

Interest expense for 2020 was $4.1 million (2.2 per cent) unfavourable to budget mainly due to lower than budgeted interest capitalization during construction as a result of reduced capital spending, partially offset by lower interest rates and running lower than budgeted commercial paper balances.

Corporate One-time costs were $16.3 million (51.8 per cent) lower than budget mainly due to lower RapidBus construction costs, fewer feasibility studies being conducted than planned, unused operating contingency, and delays in the South of Fraser Rapid Transit projects. The savings are partly offset by the cyberattack expenses and COVID-19 related expenses, such as signages for physical distancing and an employee hotline to respond to COVID-19 related inquiries.

Consolidated Expenses by Category – Comparison to 2019

CONSOLIDATED EXPENSES (BY CATEGORY)								
Year ended December 31	2020 Actual			2019 Actual			Ongoing Expenses	
($ thousands)	Ongoing	One-time [2]	Total	Ongoing	One-time [2]	Total	Fav/ (Unfav)	%
Administration	46,708	1,528	48,236	48,570	2,776	51,346	1,862	3.8%
Amortization of tangible capital assets	229,450	-	229,450	212,942	-	212,942	(16,508)	(7.8%)
Capital infrastructure contributions	36,611	-	36,611	37,310	-	37,310	699	1.9%
Contracted services	215,412	6	215,418	222,489	-	222,489	7,077	3.2%
Fuel and power	55,906	-	55,906	67,755	-	67,755	11,849	17.5%
Insurance	29,327	-	29,327	28,435	-	28,435	(892)	(3.1%)
Interest	189,339	-	189,339	194,983	-	194,983	5,644	2.9%
Maintenance, materials and utilities [1]	148,201	269	148,470	180,106	216	180,322	31,905	17.7%
Professional and legal	14,714	10,729	25,443	18,333	13,404	31,737	3,619	19.7%
Rentals, leases and property tax	29,160	70	29,230	29,414	199	29,613	254	0.9%
Salaries, wages and benefits [1]	705,408	2,514	707,922	697,630	1,615	699,245	(7,778)	(1.1%)
Total Expenses by Category	**1,700,236**	**15,116**	**1,715,352**	**1,737,967**	**18,210**	**1,756,177**	**37,731**	**2.2%**

[1] Certain comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year

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

[3] Budget reallocated due to approved contingency

Ongoing Expenses

Administration costs decreased $1.9 million (3.8 per cent) over 2019 mainly due to lower fare media costs and credit card fees as a result of reduced ridership, partly offset by increased telecommunications, network and software requirements.

Amortization expense increased by $16.5 million (7.8 per cent) over 2019 as a result of a $422.2 million increase in depreciable tangible capital assets. The main asset additions affecting amortization in 2020 were new replacement and expansion buses, new SkyTrain vehicles, a new SeaBus vessel and other various infrastructure and system upgrades.

Capital infrastructure contributions decreased by $0.7 million (1.9 per cent) due to the cancellation of Pavement Rehabilitation program payments for the MRN as a result of the funding constraints imposed by the COVID-19 pandemic.

Contracted services decreased by $7.1 million (3.2 per cent) over 2019 mainly due to lower Access Transit contract costs as a result of lower demand for HandyDART, and lower costs incurred for Compass system upgrades and refurbishment, partly offset by higher contractual costs for Compass and Canada Line.

Fuel and power costs decreased by $11.8 million (17.5 per cent) over the prior year mainly due to lower diesel fuel prices and reduced service levels resulting from reduced passenger demand caused by the COVID-19 pandemic.

Insurance costs increased by $0.9 million (3.1 per cent) over 2019, mainly due to higher vehicle insurance rates.

Interest expense is lower by $5.6 million (2.9 per cent) over 2019 mainly due to the settlement cost of a bond forward contract in the prior year, partly offset by the increase in long-term debt driving an increase in interest expense.

Maintenance, materials and utilities decreased by 31.9 million (17.7 per cent) over 2019, mainly due to the cancellation of the MRN Operation & Maintenance in response to the COVID-19 pandemic, partly offset by higher train and rail infrastructure maintenance costs, as well as increased cost of cleaning supplies to reduce the spread of the virus.

Professional and legal fees decreased by 3.6 million (19.7 per cent) over 2019, mainly due to project deferrals, which resulted in fewer associated assessments, studies and lower consulting fees.

Rentals, leases and property tax expenses decreased by $0.3 million (0.9 per cent) over the prior year mainly due to a reduction in property taxes as a result of lower assessment value across municipalities partially offset by an increase in occupancy costs.

Salaries and wages increased $7.8 million (1.1 per cent) over the prior year mainly due to contractual and economic labour increases, increased BCRTC staffing to support major business projects as well as increased maintenance initiatives, partially offset by one-time liability adjustment related to employee future benefits.

Consolidated Expenses by Category – Comparison to Budget

CONSOLIDATED EXPENSES (BY CATEGORY)								
Year ended December 31	2020 Actual			2020 Budget [3]			Ongoing Expenses	
($ thousands)	Ongoing	One-time [2]	Total	Ongoing	One-time [2]	Total	Fav/ (Unfav)	%
Administration	46,708	1,528	48,236	58,124	1,313	59,437	11,416	19.6%
Amortization of tangible capital assets	229,450	-	229,450	244,307	-	244,307	14,857	6.1%
Capital infrastructure contributions	36,611	-	36,611	80,387	-	80,387	43,776	54.5%
Contracted services	215,412	6	215,418	242,187	-	242,187	26,775	11.1%
Fuel and power	55,906	-	55,906	79,387	-	79,387	23,481	29.6%
Insurance	29,327	-	29,327	30,403	-	30,403	1,076	3.5%
Interest	189,339	-	189,339	185,252	-	185,252	(4,087)	(2.2%)
Maintenance, materials and utilities [1]	148,201	269	148,470	171,281	-	171,281	23,080	13.5%
Professional and legal	14,714	10,729	25,443	22,585	25,906	48,491	7,871	34.9%
Rentals, leases and property tax	29,160	70	29,230	35,905	-	35,905	6,745	18.8%
Salaries, wages and benefits [1]	705,408	2,514	707,922	754,502	4,153	758,655	49,094	6.5%
Total Expenses by Category	**1,700,236**	**15,116**	**1,715,352**	**1,904,320**	**31,372**	**1,935,692**	**204,082**	**10.7%**

[1] Certain comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year

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

[3] Budget reallocated due to approved contingency

Ongoing Expenses

Administration costs were $11.4 million (19.6 per cent) lower than budget mainly due to lower fare media costs and credit card fees as a result of reduced ridership, reduced in-person employee training in order to comply with the physical distancing guidelines, and savings in IT costs across the enterprise.

Amortization expense was $14.9 million (6.1 per cent) lower than budget, mainly due to delays in project completion as a result of the pandemic, including lower number of vehicle deliveries than expected. Timing of project capitalization, including station upgrades at Commercial-Broadway and Surrey Central, also contributed to this variance.

Capital infrastructure contributions were $43.8 million (54.5 per cent) lower than budget, mainly due to delays in tendering and construction, and cancellation of the 2020 Pavement Rehabilitation program in response to funding pressures resulting from COVID-19 pandemic.

Contracted services were $26.8 million (11.1 per cent) lower than budget, mainly due to decreased Access Transit operating costs as a result of lower demand for HandyDART, temporary service reductions on the Canada Line as a result of low ridership and deferred service expansion, as well as a contractual performance discount received from West Coast Express's service provider.

Fuel and power costs were $23.5 million (29.6 per cent) lower than budget, mainly due to lower than anticipated diesel prices, and reduced service levels as a result of low ridership demand caused by the COVID-19 pandemic.

Insurance was $1.1 million (3.5 per cent) lower than budget, mainly due to lower than expected claims to TransLink's Transportation Property Casualty Company (TPCC) attributed to reduced ridership levels.

Interest expense for 2020 was $4.1 million (2.2 per cent) unfavourable to budget, mainly due to lower than budgeted interest capitalization during construction as a result of reduced or delayed capital spending, partly offset by lower interest rates and running lower than budgeted commercial paper balances.

Maintenance, materials and utilities expenses were $23.1 million (13.5 per cent) lower than budget, mainly due to the cancelled MRN Operations & Maintenance projects in response to the COVID-19 pandemic.

Professional and legal fees were $7.9 million (34.9 per cent) lower than budget, mainly due to re-prioritization of various initiatives and projects, as well as lower consulting fees.

Rentals, leases and property tax expenses were $6.7 million (18.8 per cent) lower than budget, mainly due to lower than expected property tax assessments.

Salaries and wages were $49.1 million (6.5 per cent) lower than budget, mainly due to vacancy savings as a result of a hiring freeze, lower overtime costs correlating with lower ridership, a one-time liability adjustment related to employee future benefits, and reduced health benefits usage.

4. Capital Program

TransLink's investment in capital assets continues to grow with the focus on supporting enterprise priorities. The capital program is robust, and managed with strong governance and oversight. As of December 31, 2020, TransLink's total capital program budget was $5.9 billion, which includes:

- $3.1 billion in active capital projects;
- $194.6 million in Approved-In-Principle (AIP) capital projects;
- $2.1 billion in substantially complete capital projects; and
- $386.7 million in capital infrastructure contributions to municipalities.

SUMMARY OF CAPITAL PROGRAM As of December 31, 2020 ($ thousands)	Number of Projects	Total Current Budget	Final Forecast Cost	Forecast Variance to Current Budget		Senior Government Funding (Committed)
				Fav/(Unfav)	%	
Capital Projects						
Active	133	3,050,713	2,993,621	57,092	1.9%	1,694,628
AIP	25	194,554	194,047	507	0.3%	38,068
Subtotal	**158**	**3,245,267**	**3,187,668**	**57,599**	**1.8%**	**1,732,696**
Substantially Complete	111	2,146,925	2,061,528	85,397	4.0%	1,207,818
Closed	16	63,463	56,904	6,559	10.3%	28,547
Cancelled	1	24,216	-	24,216	100.0%	
Subtotal	**128**	**2,234,604**	**2,118,432**	**116,172**	**5.2%**	**1,236,365**
Capital Infrastructure Contributions						
Active	25	386,724	377,902	8,822	2.3%	-
Subtotal	**25**	**386,724**	**377,902**	**8,822**	**2.3%**	**-**
Total Capital Program	**311**	**5,866,595**	**5,684,002**	**182,593**	**3.1%**	**2,969,061**

The capital program is supported in part by $3.0 billion in committed funding available to TransLink from the Federal Gas Tax Fund, Public Transit Infrastructure Fund (PTIF), Investing in Canada Infrastructure Program (ICIP) and Building Canada Fund (BCF). External funding programs apply to eligible projects within the capital program. For the Federal Gas Tax Fund, TransLink receives approval and funding in advance of project initiation. These funds are held in restricted cash and treated as deferred government transfers until costs are incurred in the approved projects, at which time funds are released to general operating funds, and government transfers revenue is recognized. For PTIF, ICIP and BCF, TransLink incurs the costs on the pre-approved projects which are recovered through invoicing the Province for the portion that is funded per the respective agreements. Revenue for these programs is amortized based on the terms of the respective agreements.

Active and Substantially Complete Capital Projects

As of December 31, 2020, there were 244 active and substantially complete projects with a final forecasted cost of $5.1 billion. The total cash flows for these projects during the year were $528.5 million.

SUMMARY OF ACTIVE PROJECTS								
As of December 31, 2020 ($ thousands)	Number of Projects	Current Budget	2020 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Forecast Variance to Current Budget Fav/ (Unfav)	Forecast Variance to Current Budget %	Senior Government Funding (Committed)
Active								
Equipment	17	248,234	27,816	49,949	234,345	13,889	5.6%	53,549
Infrastructure	69	708,943	109,586	254,909	678,794	30,149	4.3%	272,281
Major Construction	9	1,589,977	170,600	184,307	1,590,754	(777)	0.0%	1,035,959
Technology	18	148,672	26,029	50,694	140,873	7,799	5.2%	-
Vehicle	20	354,887	10,895	65,480	348,855	6,032	1.7%	332,839
Subtotal (Active Capital Projects)	**133**	**3,050,713**	**344,926**	**605,339**	**2,993,621**	**57,092**	**1.9%**	**1,694,628**
Substantially Complete	**111**	**2,146,925**	**183,540**	**2,048,243**	**2,061,528**	**85,397**	**4.0%**	**1,207,818**
Total Active Capital Projects	**244**	**5,197,638**	**528,466**	**2,653,582**	**5,055,149**	**142,489**	**2.7%**	**2,902,446**

Active Capital Projects

As of December 31, 2020, there were 133 active projects with expenditures of $344.9 million for the year and $605.3 million in cumulative spending to date. A comparison of active project budgets against forecasted final costs shows a favourable variance of $57.1 million (1.9 per cent).

Infrastructure spending of $109.6 million for the year includes a total of $49.5 million spent on SkyTrain LED Information Displays, Power System Upgrades for SkyTrain at Operations and Maintenance Centre (OMC), and the Expo Line Escalator replacements. These upgrades will improve customer experience, address system capacity issues and maintain a state of good repair.

Major Construction spending of $170.6 million for the year of 2020 includes $89.2 million spent on land acquisition for a new Operations and Maintenance Centre, and $50.0 million of milestone payments made for the EMUP fleet acquisition project.

Equipment and Technology spending totaling $53.8 million for the year includes $9.5 million spent on Transit Management and Communication (TMAC) Radio Replacement and $13.8 million spent on Financial Systems and BCRTC Enterprise Asset Management.

Substantially Complete Capital Projects

As of December 31, 2020, there were 111 projects with a total budget of $2.1 billion deemed substantially complete, with $183.5 million spent in the year. These projects are in the final stages of project activity. The total expected favourable variance for these projects at completion is $85.4 million (4.0 per cent).

Notable projects that were substantially completed in 2020 include:

- 2016 Conventional Bus Replacement;
- PTIF Mark III Procurement No. 2; and
- Canada Line Capacity Expansion.

Approved in Principle (AIP) Capital Projects

As of December 31, 2020, there were 25 AIP projects remaining to be initiated with a total budget of $194.6 million. Of these 25 projects, 13 projects with a budget of $140.4 million were carried forward from 2019 and 12 projects with a budget of $54.2 million are new in 2020. Due to the ongoing impact of COVID-19, the initiation of the AIP projects will be assessed on an ongoing basis.

SUMMARY OF AIP PROJECTS As of December 31, 2020 ($ thousands)	Number of Projects	Current Budget	Senior Government Funding (Committed)
Capital Projects			
Equipment	4	12,650	-
Infrastructure	14	108,980	17,840
Major Construction	3	64,614	18,668
Technology	3	6,700	-
Vehicle	1	1,610	1,560
Total AIP Projects	**25**	**194,554**	**38,068**

A significant portion of the projects remaining in AIP are related to infrastructure projects, including the improvements to RapidBus routes. Major construction projects remaining in AIP include the EMUP Optical Transportation Network upgrades and infrastructure works for the Broadway Subway Project.

Closed Capital Projects

As of December 31, 2020, 16 projects with a final cost of $56.9 million and an approved budget of $63.5 million were completed and closed. Significant closed projects include the South of Fraser Rapid Transit Procurement Readiness project and the Compass System Advancements Proximity Enabled Accessibility project.

Cancelled Capital Projects

During the year, the 2020 MRN Pavement Rehabilitation project with a budget of $24.2 million was cancelled. As TransLink does not own these underlying assets, costs were planned to be expensed in the year and therefore a favourable variance is reflected within Roads and Bridges, and Capital Infrastructure Contributions.

Capital Infrastructure Contributions

These expenditures consist of contributions to municipalities for the rehabilitation and upgrade of the Major Road Network (MRN), as well as pedestrian and bike pathways. TransLink does not own these underlying assets; therefore, the costs are expensed in the year they are incurred.

As of December 31, 2020, there were 25 active programs with a budget of $386.7 million. The majority of the $9.2 million in contributions in the year relate to road and bike infrastructure improvements funded under the Major Road Network Program.

SUMMARY OF INFRASTRUCTURE CONTRIBUTION PROGRAMS As of December 31, 2020 ($ thousands)	Number of Projects	Current Budget	2020 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Forecast Variance to Current Budget Fav/ (Unfav)	%
MRN Structurers Funding Program	3	47,120	-	79	47,024	96	0.2%
Major Road Network and Bike Upgrades (MRNB)	10	205,688	5,126	123,124	203,851	1,837	0.9%
Pavement Rehabilitation Program	3	63,033	-	61,629	62,061	972	1.5%
Bicycle Infrastructure Capital Cost Share (BICCS)	3	46,314	2,503	4,308	41,885	4,429	9.6%
Bus, Speed, Reliability, and Infrastructure (BSRI)	2	6,553	367	367	5,934	619	9.4%
Walking Infrastructure to Transit (WITT)	4	18,016	1,238	2,695	17,149	867	4.8%
Grand Total	**25**	**386,724**	**9,234**	**192,202**	**377,904**	**8,820**	**2.3%**

Development Cost Charge (DCC) Program

The DCC Program was established as part of the funding strategy for investments included in the Mayors' 10-Year Vision. TransLink's 2018 Phase Two Investment Plan outlines the capital project categories that would be supported by the DCC program. The categories include New Major Projects, SkyTrain and West Coast Express Expansions, Bus Exchange/Depot Upgrades and SeaBus Expansions. The total capital cost of the select project categories is estimated at $1.4 billion, of which $444.4 million is TransLink's direct capital cost, with the remainder covered by Senior Government funding. As of December 31, 2020, $19.7 million of DCCs have been received from the municipal funding partners, and the funds have been proportionately allocated as follows:

SUMMARY OF DCC PROGRAM As of December 31, 2020 ($ thousands)	Current Budget	Senior Government Funding	TransLink Capital Cost	Allocation of DCC Received
Bus Exchange/Depot and SeaBus Expansion	167,742	58,306	109,436	4,860
New Major Projects	64,484	14,722	49,762	2,210
SkyTrain and West Coast Express Expansion	1,138,638	853,463	285,175	12,664
Total DCC Program	**1,370,864**	**926,491**	**444,373**	**19,734**

5. Changes in Financial Position

Financial Assets

Financial Assets As at December 31 ($ thousands)	2020	2019	CHANGE	%
Cash and cash equivalents	397,571	502,060	(104,489)	(20.8%)
Accounts receivable	893,870	246,889	646,981	262.1%
Loan receivable	182,358	190,009	(7,651)	(4.0%)
Restricted cash and cash equivalents and investments	1,033,354	1,101,107	(67,753)	(6.2%)
Investments	96,059	61,281	34,778	56.8%
Debt reserve deposits	28,565	27,989	576	2.1%
Financial Assets	2,631,777	2,129,335	502,442	23.6%

See the "Liquidity and Capital Resources" section for the discussion on cash and cash equivalents and investments.

The increase in accounts receivable of $647.0 million (262.1 per cent) was almost entirely due to the $644.0 million in Senior Government relief funding, received in full in January 2021.

Loan receivable represents the net present value of future payments of proceeds from the 2016 sale of the Oakridge Transit Centre. The decrease of $7.7 million (4.0 per cent) was attributable to the receipt of payments during the year, partially offset by interest earned on the outstanding balance.

Restricted Cash and Cash Equivalents and Investments

Restricted Cash and Cash Equivalents and Investments As at December 31 ($ thousands)	2020	2019	CHANGE	%
Government transfers for capital project funding	390,583	433,198	(42,615)	(9.8%)
TPCC Cash and Investments	29,510	24,123	5,387	22.3%
Green Bond Proceeds	46,388	108,373	(61,985)	(57.2%)
Land reserve	205,863	200,383	5,480	2.7%
Sub-total	672,344	766,077	(93,733)	(12.2%)
Total self administered sinking funds	361,010	335,030	25,980	7.8%
Total Restricted cash and investments	1,033,354	1,101,107	(67,753)	(6.2%)

Restricted cash and investments include unspent government transfers, funds segregated for TransLink's captive insurance corporation, Transportation Property and Casualty Corporation (TPCC), unspent proceeds of green bond issuance, land reserve funds and self-administered sinking funds. The purpose of the land reserve funds is to allow proceeds from the disposition of real property to be invested back into real property. The land reserve concept is consistent with the Mayors' Council 2012 resolution and the former TransLink Commissioner's comments that the supplemental plan (now known as the Investment Plan) should not liquidate capital assets to fund operations.

The decrease in restricted cash and investments was $67.8 million (6.2 per cent) despite the $26.0 million increase of self-administered sinking funds and the $5.5 million increase in the land reserve. All other restricted funds decreased due to the release of green bond proceeds of $62.0 million and government transfers for capital project funding of $42.6 million. The $5.4 million increase in TPCC is mainly due to a reclassification of TPCC cash from the Unrestricted into the Restricted Cash and Investments category.

Liabilities

Liabilities As at December 31 ($ thousands)	2020	2019	CHANGE	%
Accounts payable and accrued liabilities	374,319	368,232	6,087	1.7%
Debt	3,035,241	2,738,435	296,806	10.8%
Deferred government transfers	1,196,485	1,188,463	8,022	0.7%
Golden Ears Bridge contractor liability	1,024,302	1,033,348	(9,046)	(0.9%)
Deferred concessionaire credit	455,902	479,239	(23,337)	(4.9%)
Employee future benefits	132,335	143,709	(11,374)	(7.9%)
Deferred revenue and deposits	59,895	62,201	(2,306)	(3.7%)
Deferred lease inducements	14,780	13,452	1,328	9.9%
Liabilities	6,293,259	6,027,079	266,180	4.4%

See the “Liquidity and Capital Resources” section for debt.

The increase in deferred government transfer of $8.0 million (0.7 per cent) was due to funding received during the year, partially offset by revenues recognized as the funding stipulations are met.

The Golden Ears Bridge contractor liability financed the construction of the Golden Ears Bridge and is payable over the term ending June 2041.

Deferred concessionaire credit represents 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 expiring in July 2040.

The decrease in employee future benefits, which represents post-retirement and post-employment benefits, was mainly due to plan amendments partially offset by estimated current service cost and related interest. The post-retirement portion of this liability will draw down upon the retirement of the employees.

The decrease in deferred revenue and deposits of $2.3 million (3.7 per cent) was mainly due to prepaid transit fares used.

Non-Financial Assets

Non-Financial Assets As at December 31 ($ thousands)	2020	2019	CHANGE	%
Tangible capital assets	5,573,970	5,381,268	192,702	3.6%
Supplies inventory	89,233	84,556	4,677	5.5%
Prepaid expenses	26,826	30,910	(4,084)	(13.2%)
Non-Financial Assets	5,690,029	5,496,734	193,295	3.5%

For the year ended December 31, 2020, tangible capital assets increased by $192.7 million (3.6 per cent) due to asset additions (net of disposals) of $422.2 million, partially offset by amortization of $229.5 million. See “Capital Program” for discussion on project activities.

Capital Assets Additions

The capital assets additions of $422.2 million during the year primarily consisted of the following items:

Additions to other supporting systems of $67.1 million primarily related to:
- $50.6 million for Canada Line Capacity Expansion;
- $9.6 million for Skytrain Station PID, CCTV and PA upgrades;
- $3.4 million for Fibre Optic System - Millennium Line Stations; and
- $3.5 million for Pattullo Bridge Wind Monitoring and Seismic Warning System.

Additions to vehicles of $57.3 million primarily related to:
- $26.7 million for expansion and replacement of the conventional bus fleet including 15 Double Decker buses and one CNG bus;
- $22.2 million for a new SeaBus vessel;
- $5.2 million for 26 Community Shuttle vehicles; and
- $3.2 million for the refurbishment of 16 Mark I Skytrain cars.

Additions to land and buildings of $111.3 million primarily related to:
- $89.0 million for the future OMC 4 site;
- $9.3 million for Burnaby Transit Centre seismic upgrades;
- $8.5 million for Burnaby Transit Centre garage renovation; and
- $2.2 million for development properties.

Additions to equipment and infrastructure of $78.2 million primarily related to:
- $19.6 million for escalator replacements at Expo Line stations;
- $10.2 million for Lonsdale Quay Exchange upgrades;
- $9.4 million for Guildford Exchange upgrades;
- $9.2 million for RapidBus related capital infrastructure;
- $7.8 million for trolley overhead equipment;
- $3.8 million for expanding IT infrastructure and replacement of IT hardware; and
- $2.1 million for bike parkades.

Net addition to work in progress of $108.4 million primarily related to:

Capital additions to work-in-progress was $422.2 million, partially offset by $313.8 million in transfers of completed projects into their respective asset classes as noted above. The main changes for the year related to Expo and Millennium Upgrade Program Fleet Acquisition Phase 2, Surrey Langley Skytrain Project development and Power system upgrade at Skytrain OMC. The impact of these projects to work in progress is as follows:

- Expo and Millennium Upgrade Program Fleet Acquisition Phase 2 – addition of $49.4 million, with no assets commissioned during the year;
- Surrey Langley Skytrain Project Development – addition $12.8 million, with no asset commission during the year; and
- Power system upgrade at Skytrain OMC - addition of $10.5 million, with no assets commissioned during the year.

6. Liquidity and Capital Resources

The following table shows TransLink's unrestricted cash and investments.

Unrestricted Cash and Investments As at December 31 ($ thousands)	2020	2019	CHANGE	%
Cash and cash equivalents	397,571	502,060	(104,489)	(20.8%)
Investments	96,059	61,281	34,778	56.8%
Total	493,630	563,341	(69,711)	(12.4%)

Cash and cash equivalents, and investments decreased by $69.7 million (12.4 per cent), mainly due to the lower fare revenue as a result of reduced ridership during the COVID-19 pandemic, partially offset by the timing of capital spending. Approximately $140 million of this cash balance is to fund capital projects. TransLink's strong liquidity position is further supported by a $500.0 million commercial paper program, of which $60.0 million is outstanding at year end.

Financing

TransLink's debt management policy includes self-imposed debt coverage and debt service coverage limits. Debt coverage policy represents total net debt as a percentage of operating revenue at a maximum of 300.0 per cent; debt service coverage represents gross interest costs (PSAB basis) as a percentage of operating revenue of not more than 20.0 per cent. TransLink continues to remain within these policy limits.

Financing As at December 31 ($ thousands)	2020	2019	CHANGE	%
Debt	3,035,241	2,738,435	296,806	10.8%
Less: Self-administered sinking funds	(361,010)	(335,030)	(25,980)	(7.8%)
Less: Debt reserve deposits	(28,565)	(27,989)	(576)	(2.1%)
Net Direct Debt	2,645,666	2,375,416	270,250	11.4%
Golden Ears Bridge contractor liability	1,024,302	1,033,348	(9,046)	(0.9%)
Deferred concessionaire credit	455,902	479,239	(23,337)	(4.9%)
Indirect P3 Debt	1,480,204	1,512,587	(32,383)	(2.1%)
Subtotal Net Direct Debt and Indirect P3 Debt	4,125,870	3,888,003	237,867	6.1%

Debt, which primarily finances capital spending, increased by $296.8 million (10.8 per cent). This was the result of the two bond issuances of $250.0 million and $400.0 million respectively, partially offset by the $300.0 million maturity of the first TransLink bond and scheduled debt repayments.

As part of TransLink's continuing green bond issuance program, a green bond framework developed in 2018 details what types of projects TransLink will select as eligible to be funded from green bond proceeds, how TransLink will manage the proceeds of any green bond issuances, and how it will report on the resulting environmental benefits of these projects once they are operational. As at the end of 2020,

$46.4 million of the proceeds of TransLink's second green bond issuance remain unspent in a restricted account.

Indirect P3 Debt decreased by $32.4 million (2.1 per cent) through the principal repayment of $9.0 million of the Golden Ears Bridge contractor liability and the $23.3 million amortization of the Canada Line deferred concessionaire credit.

Overall, the total debt financing increased by $237.9 million (6.1 per cent), primarily through direct borrowing.

Credit Rating

Maintaining a high-quality credit rating is essential to ensure that TransLink can continue to access capital markets in the most cost-effective manner. The following table summarizes TransLink's current credit ratings and outlook.

Credit Rating	2020				2019			
As at December 31, 2020 Agency	Commercial Paper	Senior Debt	General Obligation	Outlook	Commercial Paper	Senior Debt	General Obligation	Outlook
DBRS Limited	R-1 mid	AA	AA	Stable	R-1 mid	AA	AA	Stable
Moody's Investors Service	Not Rated	Aa2	Aa2	Negative	Not Rated	Aa2	Aa2	Stable

Under the SCBCTA Act, TransLink's outstanding debt obligations cannot exceed TransLink's borrowing limit of $5.5 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 limits need to be approved by the Mayors' Council (after consultation with Metro Vancouver), through an Investment Plan. During 2018, the borrowing limit was increased from $4.0 billion to $5.5 billion based on Phase Two of the 10-Year Vision 2018-2027 Investment Plan, approved on June 28, 2018.

As at December 31, 2020, TransLink's outstanding debt obligation, as defined above, was $3.66 billion, being debt of $3.04 billion plus Municipal Financing Authority of BC administered sinking funds of $0.65 billion and net of capital lease reductions since inception, unamortized issue costs and unamortized premiums/discounts of $0.03 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 and Federal Government, including Senior Government relief funding, fuel tax, capital project funding, toll replacement funding and program passes, and the GST rebate from the Federal Government. For these balances, collectability risk is not significant.

(b) Loan receivable
The loan receivable is due from Modern Green Asset Holdings (Canada) Ltd., the purchaser of the Oakridge Transit Centre. The remaining payments are due over approximately the next two years and are secured by a mortgage against the property.

(c) Investments Credit
Investments credit risk 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 a $500.0 million commercial paper program. The commercial paper program is a short-term borrowing facility where TransLink can issue promissory notes with terms to maturity generally ranging from 35 to 91 days. TransLink has a dealer group of six Canadian banks that can buy these promissory notes (more commonly known as commercial paper) and on-sell them to investors. An integral part of this commercial paper program is a standby credit facility of $500.0 million committed out to March 2023 which acts as a liquidity backstop in the event that some or TransLink's entire dealer group decline to buy its promissory notes. As at December 31, 2020, TransLink has sufficient liquid funds to meet its obligations.

In addition, TransLink's long-term debt is directly accessed through the Canadian public and private debt 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 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. 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
TransLink is subject to the market interest rates at the date of refinancing of its long-term debt obligations. TransLink mitigates the 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 revenues in Canadian dollars and incurs operating expenses and capital expenditures predominantly in Canadian dollars. Accordingly, TransLink does not have significant exposure to losses arising from fluctuations in exchange rates.

(c) Commodity Risk
TransLink's commodity risk pertains to the usage of natural gas, electricity, gasoline and diesel to run its fleet of transit vehicles. While the majority of the current bus fleet is powered by diesel fuel, for which prices have been steadily rising, TransLink enters into some fixed price contracts to help mitigate this risk. Commodity risk is considered moderate. Plans for diesel bus replacements are for more sustainable forms of fuel, such as compressed natural gas and electricity. The increase in fuel source diversity means that diesel fuel will continue to be a much smaller component of TransLink's total operating expenses.

(d) Inflation Risk
TransLink is subject to a certain amount of inflation risk, i.e. the risk that inflation will rise faster than expected. Inflation risk is considered 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 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 that utilizes a combination of insurers and its captive insurance company, TPCC, to reduce the impact of any potential losses.

Environmental Risk

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. CMBC and BCRTC both use 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.

Labour Relations Risk

The substantial majority of employees across the TransLink enterprise are represented by six bargaining units including Unifor Locals 111 and 2200, the Canadian Union of Public Employees (CUPE) Locals 4500 and 7000, the Canadian Office and Professional Employees Union (MoveUP) Local 387, and Transit Police Professional Association (TPPA).

CMBC and Unifor's agreement will expire on March 31, 2022. BCRTC and CUPE's agreement will expire on August 31, 2023. These represent the employees that have the greatest potential to have an operational impact on service.

CMBC and CUPE's agreement will expire on December 31, 2022. CMBC and MoveUP's Agreement will expire on March 31, 2022. TransLink's Agreement with MoveUP will expire on March 31, 2022. Transit Police and TPPA's agreement expired on December 31, 2020 and negotiations will begin in 2021.

The labour relations risk for 2021 is low, given that all bargaining unit employees, with the exception of Transit Police, are covered by Agreements that expire on March 31, 2022 or later.

Project Risk

TransLink's capital program consists of projects that vary significantly in risk, complexity, business impact and budget. These projects can be classified into maintaining existing assets in a state of good repair, upgrades to the existing asset base, and expansion projects that generally increase our service capacity or network.

Specific project risks include impacts due to the COVID-19 pandemic, cost estimates, implementation complexities due to unknown risks, resource constraints, and design assumptions and considerations. General risks managed in capital projects include market rates for consultants/contractors, indemnities/insurance, procurement, municipal or other third-party approvals, and environmental conditions. TransLink supplements internal resources and expertise with specialized engineering, design, planning, construction/implementation skills as needed, to provide the due diligence required by each project. Procurement risks are reduced through appropriate market review and due diligence, tendering of projects, and the use of warranties and delay penalties.

TransLink's capital projects are initiated and approved through two funding phase gates. The first phase is the Approval in Principle, and it consists of the identification of asset needs, solutions and options analysis, which are used to develop the project scope, schedule and budget. Project submissions from this phase are reviewed by Senior Management in the context of available funding and business priorities before endorsement by TransLink's Board to form the Annual Capital Plan.

The second phase is the Specific Project Approval. This is more rigorous process, as it involves the creation of a detailed project work plan that includes scope definition, detailed schedule and budget, identification of key stakeholders and formal risk assessment. Based on the risk profile, projects are approved by either the Senior Leadership or the Executives team.

Active projects are governed by project steering committees, which include Project Sponsor, Implementation Manager, a member of the appropriate Project Management Office (PMO), and additional stakeholder representation based on the profile of the project. The project steering committee reports to TransLink Executives who monitor project performance with a focus on budget, scope, schedule, risks, and issues.

Appendix 1 – Audited Consolidated Financial Statements

The 2020 Audited Consolidated Financial Statements are attached at the end of the report.

Appendix 2 – Five Year Historical Schedules

5 YEAR CONSOLIDATED REVENUES Year ended December 31 ($ millions)	2016	2017	2018	2019	2020	Compound Annual Growth Rate (CAGR) 2016-2020
Taxation	825.7	821.3	819.4	907.0	850.0	0.7%
Transit	541.6	591.0	638.0	685.4	385.9	(8.1%)
Government transfers [1]	240.5	166.9	303.5	398.5	149.8	(11.2%)
Golden Ears Bridge tollings	52.1	29.7	-	-	-	n/a
Investment income	40.6	50.3	53.2	58.0	53.8	7.3%
Development Cost Charges	-	-	-	-	19.7	n/a
Amortization of deferred concessionaire credit	23.3	23.3	23.3	23.3	23.3	0.0%
Miscellaneous revenue [2]	13.6	12.6	17.4	16.7	18.4	7.9%
Sub Total Continuing Operations	1,737.4	1,695.1	1,854.8	2,088.9	1,500.9	(3.6%)
Senior Government Relief Funding	-	-	-	-	644.0	n/a
Gain/loss on disposal of tangible capital assets	422.2	(1.1)	(0.0)	0.5	(0.0)	0.0%
Total Revenue	2,159.6	1,694.0	1,854.8	2,089.4	2,144.9	**(0.2%)**

[1] 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. With the elimination of tolls effective September 1, 2017, tolling revenue has been replaced by a provincial government transfer classified as Golden Ears Bridge Tolling Replacement revenue. Senior Government Relief Funding shown separately for comparative purposes.

[2] Certain comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

Total revenue from continuing operations, excluding Senior Government relief funding and gains or losses on the disposal of tangible capital assets, have declined at a Compounded Annual Growth Rate (CAGR) of 3.6 per cent since 2016.

Taxation and transit revenues have grown in line with the growth in population and number of households throughout 2016 to 2019. The increase in service levels to accommodate strong ridership growth, and legislative rate increases over the years have also added to the growth in transit and taxation revenues, respectively. However, taxation and transit revenues declined in 2020 due to COVID-19 which disrupted key economic drivers such as demand for transit, fuel consumption and the use of parking.

Government transfers have declined at 11.2 per cent CAGR over the five-year period due to a delay in project spending related to production delays in Conventional Bus deliveries in 2020, resulting in fewer Federal Gas Tax transfers to fund those projects. Expansion bus projects for 2020 were also deferred to future years due to the impact of COVID-19 on service demand.

Investment income has grown at 7.3 per cent CAGR over the five-year period due to growing investment balances which include the sinking funds and the receivable related to the sale of a surplus property.

Miscellaneous revenue has grown at 7.9 per cent CAGR over the five-year period and consists of third-party recoveries related to warranties, sales of energy credits and other recoverable costs.

5 YEAR CONSOLIDATED EXPENSES (BY SEGMENT) Year ended December 31 ($ millions)	2016	2017	2018	2019	2020	Compound Annual Growth Rate (CAGR) 2016-2020
Bus Operations [1]	663.7	694.5	730.4	766.6	760.6	3.5%
Rail Operations	265.9	297.4	309.2	324.2	316.5	4.5%
Transit Police	33.8	37.2	38.3	40.9	40.7	4.6%
Corporate operations	91.2	98.0	96.8	103.3	100.8	2.5%
Roads & Bridges	52.5	84.2	91.2	95.1	62.9	4.6%
Amortization of tangible capital assets [2]	181.7	192.2	197.8	212.9	229.4	6.0%
Interest [2]	172.7	181.8	183.5	195.0	189.3	2.3%
Sub Total Continuing Operations	1,461.5	1,585.3	1,647.2	1,738.0	1,700.2	3.9%
Corporate and Roads & Bridges One-time	29.7	12.6	22.0	18.2	15.1	(15.6%)
Total Expenses by Segment	1,491.2	1,597.9	1,669.2	1,756.2	1,715.3	**3.6%**

[1] Certain comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year

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

Total expenses have grown by a CAGR of 3.6 per cent since 2016. Excluding One-time costs, the CAGR is 3.9 per cent.

Bus Operations costs have increased by a CAGR of 3.5 per cent, mainly due to increased labour costs as a result of service expansion and contractual increases, higher contracted services and higher vehicle insurance rates.

Rail Operations costs have increased by a CAGR of 4.5 per cent, mainly due to increase labour costs as a result of service expansion and contractual increases, higher contracted services and higher maintenance costs to ensure a state of good repair.

Transit Police expenses have increased by a CAGR of 4.7 per cent, mainly due to increased labour costs as a result of the additional hiring of Transit Police Officers and contractual increases.

Corporate Operations costs have increased by a CAGR of 2.5 per cent, mainly due to contractual increases.

Roads and Bridges costs have increased by a CAGR of 4.6 per cent, mainly due to the timing of capital infrastructure contributions to municipalities. The decrease in 2020 there was due to cancellation of OMR payments as a result of the funding constraints imposed by the COVID-19 pandemic.

Amortization expense has increased by a CAGR of 6.0 per cent mainly due to an increase in depreciable tangible capital assets to facilitate service expansion prior to the COVID-19 pandemic.

Interest expense has grown at 2.3 per cent CAGR over the five-year period due to increasing debt.

5 YEAR CONSOLIDATED EXPENSES (BY CATEGORY) Year ended December 31 ($ millions)	2016	2017	2018	2019	2020	Compound Annual Growth Rate (CAGR) 2016-2020
Administration	38.9	41.7	48.2	48.6	46.7	4.7%
Amortization of capital assets	181.8	192.2	197.9	212.9	229.4	6.0%
Capital infrastructure contributions	3.9	33.4	40.4	37.3	36.6	75.0%
Contracted services	211.7	219.1	220.3	222.5	215.4	0.4%
Fuel and power	56.8	65.5	71.7	67.8	55.9	(0.4%)
Insurance	21.2	23.8	24.1	28.4	29.3	8.4%
Interest	172.7	181.8	183.5	195.0	189.3	2.3%
Maintenance, materials and utilities [1]	135.3	152.1	167.0	180.2	148.2	2.3%
Professional and legal	25.4	30.6	20.0	18.3	14.7	(12.8%)
Rentals, leases and property tax	24.7	24.3	26.9	29.4	29.2	4.3%
Salaries, wages and benefits [1]	589.1	619.6	647.2	697.6	705.5	4.6%
Write-down of tangible capital assets	0.0	1.2	0.0	0.0	0.0	0.0%
Sub Total Continuing Operations	1,461.5	1,585.3	1,647.2	1,738.0	1,700.2	3.9%
Corporate and Roads & Bridges One-time	29.7	12.6	22.0	18.2	15.1	(15.6%)
Total Expenses by Category	1,491.2	1,597.9	1,669.2	1,756.2	1,715.3	**3.6%**

[1] Certain comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year

Administration costs have increased by a CAGR of 4.7 per cent since 2016, mainly due to an increase in telecommunications, network and software costs, as well as growth in fare media usage from 2016 to 2019.

Amortization expense has increased by a CAGR of 6.0 per cent, mainly due to increase in depreciable tangible capital assets as a result of service expansion. The CAGR for capital infrastructure contributions has increased by 75.0 per cent, mainly due to the timing of capital infrastructure contributions to municipalities.

The CAGR of insurance costs has increased by 8.4 per cent, mainly due to increasing vehicle insurance rates and growth in fleet due to service expansion.

Maintenance, materials and utilities costs have increased by a CAGR of 2.3 per cent, mainly due to growth in train and rail maintenance costs, growth in costs for hybrid and trolley bus battery replacement, growth in building maintenance and janitorial costs, hydro cost and snow removal costs.

The CAGR of rentals, leases and property tax costs has increased by 4.3 per cent, mainly due to new rental properties and an increase in rental costs for existing properties rented.

The CAGR for salaries, wages and benefits has increased by 4.6 per cent, mainly due to increased labour costs as a result of service expansion and higher contractual obligations.

Appendix 3 – Operating Indicators

OPERATING INDICATORS Year ended December 31	2016	2017	2018	2019	2020	Compound Annual Growth Rate (CAGR) 2016-2020 [15]
Service Performance Item						
Safety: Customer Injuries (per 1 million boarded passengers) [1]						
- CMBC	5.6	4.7	4.2	3.9	4.4	(5.9%)
- Expo & Millennium Lines	1.1	1.3	1.1	0.9	1.0	(2.4%)
- West Coast Express	0.4	1.3	1.2	0.4	-	(100.0%)
- HandyDART (per 100,000 boarded passengers) [2]	1.8	1.9	1.7	0.7	1.3	(7.8%)
Safety: Employee Lost Time Frequency						
- CMBC (per 200,000 hours worked) [3]	8.6	8.7	7.7	8.1	7.7	(2.7%)
- Expo & Millennium Lines (per 200,000 hours worked) [4]	3.9	5.1	5.3	5.8	4.4	3.1%
- West Coast Express (per 200,000 hours worked)	-	8.6	-	-	-	-
- HandyDART (per 200,000 hours worked)	18.3	15.8	16.1	13.7	8.1	(18.4%)
Safety: CMBC Operator Assaults (per 1 million service hours) [3a]	22.3	20.3	17.7	16.5	12.2	(14.0%)
Ridership: Boarded Passengers (thousands) [5]						
- CMBC	244,992	253,150	273,375	283,663	142,416	(12.7%)
- Expo & Millennium Lines	93,850	105,117	111,325	114,883	54,551	(12.7%)
- Canada Line	43,526	46,253	48,716	50,223	20,335	(17.3%)
- West Coast Express	2,459	2,323	2,485	2,607	795	(24.6%)
- HandyDART	1,366	1,395	1,475	1,560	698	(15.5%)
Ridership: Journeys (thousands) [5]						
- Overall System	234,205	247,821	262,626	272,430	128,021	(14.0%)
Vehicle Service Delivery: Percentage of Service Hours Delivered						
- CMBC [3a]	99.6%	99.6%	98.9%	98.5%	96.2%	(0.9%)
- Expo & Millennium Lines [3a]	99.6%	99.6%	99.7%	99.4%	99.2%	(0.1%)
- Canada Line	100.0%	100.0%	100.0%	100.0%	100.0%	-
- West Coast Express	99.7%	98.0%	100.0%	99.8%	98.4%	(0.3%)
- HandyDART (% of requested trips delivered)	99.4%	99.3%	99.7%	99.8%	99.7%	0.1%
Vehicle Punctuality: On-Time Performance						
- CMBC (3 minutes late < On-Time < 1 minute early) [3b]	77.6%	78.3%	80.4%	80.5%	86.2%	2.7%
- Expo & Millennium Lines (headway + 3 minutes) [3c]	95.1%	95.3%	96.4%	96.1%	95.6%	0.1%
- West Coast Express (headway + 5 minutes)	95.3%	97.2%	96.7%	96.7%	93.1%	(0.6%)
- HandyDART (earlier than and within 15 minutes of Scheduled Pick-Up Time)	88.5%	88.0%	87.1%	87.5%	94.7%	1.7%
Vehicle Reliability: Mean Distance Between Failures						
- CMBC [3b]	16,745	18,441	19,768	24,055	27,368	13.1%
- Expo & Millennium Lines [6]	360,406	372,854	545,152	n/a	n/a	n/a
Vehicle Reliability: Mean Distance Between Service Removals						
- Expo & Millennium Lines [3d,6]	n/a	n/a	n/a	236,774	112,773	n/a
HandyDart Vehicle Productivity						
- Trips per service hour (excludes taxis)	2.0	1.9	2.1	2.3	1.4	(8.5%)
- Trip Denials	3,558	1,362	729	1,430	405	(41.9%)
Environmental						
- CMBC (Spills per 1 Million Km)[3e]	7.2	7.5	5.0	2.1	1.5	(32.4%)
- CMBC (Revenue Vehicle Energy Consumption in Gigajoules) [7]	1,843,990	1,899,303	1,974,898	1,985,841	1,840,983	(0.0%)

[1] The customer injury definition for CMBC and HandyDART represents the number of accepted injury claims arising on-board incidents inside of the vehicle, while boarding, or as a result of a collision. The customer injury definition for Expo and Millennium Line and West Coast Express represents the number of injuries where the customer is transported to hospital for treatment and the incident is reported to transit staff.

[2] Restated 2016-2018 to reflect the new injury definition.

[3] In December 2020, TransLink was the victim of a cyberattack. Immediate action and protective measures were taken by TransLink including the shut down of multiple network systems. As a result, due to the unavailability of certain applications, some datasets are incomplete and/or required estimates. The following Operating Indicators have been impacted and to support comparability, alternative estimates have been made as described below:

[3a] Service hours estimated for November to December 2020 are based on best available data at time of reporting.

[3b] Excluded data not available for November to December 2020.

[3c] Delayed and cancelled trips for November to December 2020 are based on best available data at time of reporting.

[3d] Service kilometers estimated for November to December 2020 are based on best available data at time of reporting.

[3e] Only priority spills were included in November to December 2020.

[4] Restated 2017 and 2019 to align with WorkSafe BC figures.

[5] Ridership estimates for 2020 differ from the methodology used in previous years as a result of the temporary suspension of fare collection on buses in the first months of the COVID-19 pandemic, the replacement of fareboxes on buses and the December 2020 cyberattack.

[6] In 2019, the indicator Mean Distance Between Failures was replaced by Mean Distance between Service Removals.

[7] Restated 2019 to reflect the energy consumption shown in Gigajoules.

Appendix 3 - Operating Indicators (continued)

OPERATING INDICATORS Year ended December 31	2016	2017	2018	2019	2020	Compound Annual Growth Rate (CAGR) 2016-2020 [15]
Customer Service: Customer Satisfaction (overall score of 10) [8]						
- Overall System	7.6	7.7	7.8	7.8	8.2	1.9%
- CMBC	7.9	7.9	7.9	7.9	8.2	0.9%
- Expo & Millennium Lines	8.1	8.2	8.3	8.2	8.5	1.2%
- Canada Line	8.5	8.6	8.5	8.5	8.7	0.6%
- West Coast Express	8.6	8.4	8.9	9.0	8.9	0.9%
- HandyDART	8.5	8.3	8.4	8.4	9.0	1.4%
Customer Service: Customer Complaints						
Scheduled Transit Service [9]						
- Overall System (per 1 million boarded passengers)	98.7	93.4	95.4	90.6	103.3	1.1%
- Corporate (per 1 million boarded passengers) [10]	19.6	23.1	23.8	24.9	28.7	10.0%
- CMBC (per 1 million boarded passengers) [10]	114.3	104.2	106.2	97.1	101.5	(2.9%)
- Expo & Millennium Lines (per 1 million boarded passengers) [10]	16.2	17.1	15.4	13.8	25.1	11.6%
- Canada Line (per 1 million boarded passengers) [10]	3.9	4.3	4.8	6.1	8.1	20.0%
- West Coast Express (per 1 million boarded passengers) [10]	314.7	101.6	104.2	89.0	358.1	3.3%
- HandyDART (per 100,000 boarded passengers)	107.7	120.2	187.3	201.8	178.6	13.5%
Financial: Operating Costs						
- Overall System (operating cost per capacity km) [11]	0.085	0.084	0.086	0.097	0.097	3.2%
- CMBC (operating cost per capacity km)	0.123	0.126	0.128	0.132	0.128	1.0%
- Expo & Millennium Lines (operating cost per capacity km) [12]	0.031	0.031	0.033	0.040	0.040	6.6%
- Canada Line (operating cost per capacity km)	0.106	0.105	0.107	0.129	0.137	6.6%
- West Coast Express (operating cost per capacity km)	0.089	0.092	0.095	0.094	0.165	16.7%
- HandyDART (operating cost per trip) [13]	40.95	42.73	41.34	39.26	75.14	16.4%
Financial: Operating Cost Recovery						
- TransLink (conventional system) [13,14]	54.7%	55.9%	58.1%	59.7%	33.6%	(11.4%)

[8] The result for 2020 was likely influenced by riders' changing perceptions and expectations of the transit system as a result of the ongoing COVID-19 pandemic. Ridership was well below pre-pandemic level and the incidence of qualifying for the Customer Service Performance study was considerably lower for most of 2020.
[9] TransLink was not able to capture full complaints data from November 28 to December 31, 2020. Total complaints therefore cover the period January 1 to November 27, 2020, with boarded passengers data aligned with the same period to normalize this metric.
[10] Restated 2016-2017 to reallocate Compass Vending Machine complaints from SkyTrain and West Coast Express as well as "bus was full" complaints from CMBC to TransLink Corporate.
[11] Includes Bus, SeaBus, Expo & Millennium Line, Canada Line, West Coast Express and Transit Police operating costs.
[12] Capacity kilometres estimated for November to December 2020 are based on best available data at time of reporting.
[13] 2018 operating cost per trip excludes TransLink allocated costs to Access Transit.
[14] Excludes corporate one-time costs. Restated 2017 to reflect year end adjustments.
[15] Calculations based on whole numbers.

Appendix 4 – Allocated Costs between Divisions

Allocated Cost Breakdown Year ended December 31 ($ thousands)	2016[4]	2017	2018	2019	2020
Shared Services [1]					
Bus Operations	25,526	27,240	30,903	36,625	35,973
Access Transit [2]	683	744	-	98	119
SkyTrain - Expo & Millennium Line	1,052	2,330	1,458	7,568	7,367
West Coast Express	66	84	86	162	106
Transit Police	1,550	1,883	3,108	3,418	2,988
Total Shared Services allocated	28,877	32,281	35,555	47,871	46,553
Costs Administered by TransLink and allocated to subsidiaries [3]					
Bus Operations	18,675	16,530	14,327	16,684	15,829
SkyTrain - Expo & Millennium Line	4,840	5,177	6,082	4,072	3,901
SkyTrain - Canada Line	2,451	2,107	2,164	2,313	2,438
West Coast Express	578	892	627	443	404
Transit Police	1,760	1,831	1,742	1,865	1,893
	28,304	26,537	24,942	25,377	24,465
Costs Administered by TransLink allocated					
Bus Operations	44,201	43,770	45,230	53,309	51,802
Access Transit	683	744	-	98	119
SkyTrain - Expo & Millennium Line	5,892	7,507	7,540	11,640	11,268
SkyTrain - Canada Line	2,451	2,107	2,164	2,313	2,438
West Coast Express	644	976	713	605	510
Transit Police	3,310	3,714	4,850	5,283	4,881
Total costs allocated to Subsidiaries from TransLink	57,181	58,818	60,497	73,248	71,018

[1] Includes Business Technology, Human Resources and Administration costs
[2] Access Transit allocated costs in 2018 are reflected in Bus Operations
[3] Includes property tax, building leases, insurance and fare media costs
[4] Restated 2016 figures for year-over-year comparison purposes due to calculation methodology change applied in 2017

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

Business units can be allocated 100.0 per cent of a cost if it is the only one benefitting and consuming that cost, or costs can be shared across multiple business units that benefit and consume the cost based on an allocation factor, such as head count and square footage. The charges that are allocated to the business units include human resources, administration, rentals and leases, and information technology.

The increase in costs allocated to the operating companies between 2016 to 2019 was mainly due to continued investments in technology. Allocated costs decreased in 2020 from 2019, mainly due to reductions in property taxes because of lower assessment values, lower fare media costs from reduced ridership, and lower recruitment costs due to temporary hiring freeze.

Together all the way

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TRANSLINK

APPENDIX 1

Consolidated Financial Statements
(Expressed in thousands of dollars)

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

And Independent Auditors' Report thereon

Year ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors of the South Coast British Columbia Transportation Authority

Opinion

We have audited the consolidated financial statements of the South Coast British Columbia Transportation Authority (the "Authority"), which comprise:

- the consolidated statement of financial position as at December 31, 2020
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Authority as at December 31, 2020, and its consolidated results of operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Authority 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.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in the 2020 Annual Statutory Report and 2020 Year-End Financial and Performance Report documents.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indicators that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the 2020 Annual Statutory Report and 2020 Year-End Financial and Performance Report documents as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditors' 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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Authority 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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
May 20, 2021

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Financial Position
(Expressed in thousands of dollars)

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash and cash equivalents	$ 397,571	$ 502,060
Accounts receivable (note 7(k))	893,870	246,889
Loan receivable (note 3)	182,358	190,009
Restricted cash and cash equivalents and investments (note 4(a))	1,033,354	1,101,107
Investments (note 4(b))	96,059	61,281
Debt reserve deposits (note 5)	28,565	27,989
	2,631,777	2,129,335
Liabilities		
Accounts payable and accrued liabilities (note 7(k))	374,319	368,232
Debt (note 6)	3,035,241	2,738,435
Deferred government transfers (note 7(a))	1,196,485	1,188,463
Golden Ears Bridge contractor liability (note 8(a))	1,024,302	1,033,348
Deferred concessionaire credit (note 9(a))	455,902	479,239
Employee future benefits (note 10(b))	132,335	143,709
Deferred revenue and deposits	59,895	62,201
Deferred lease inducements	14,780	13,452
	6,293,259	6,027,079
Net debt	(3,661,482)	(3,897,744)
Non-financial assets		
Tangible capital assets (note 12)	5,573,970	5,381,268
Supplies inventory	89,233	84,556
Prepaid expenses	26,826	30,910
	5,690,029	5,496,734
Commitments and contingencies (note 13)		
Accumulated surplus	$ 2,028,547	$ 1,598,990

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Tony Gugliotta"
Chair

"Sarah Clark"
Director

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget	2020 Actual	2019 Actual
	(note 2(t))		
Revenues:			
Taxation (note 17)	$ 918,843	$ 849,986	$ 906,969
Transit (note 7(l))	723,160	385,934	685,362
Government transfers (note 7(a))	261,913	793,771	398,523
Amortization of deferred concessionaire credit (note 9(a))	23,337	23,337	23,273
Investment income	54,300	53,763	58,024
Development cost charges (note 11)	24,600	19,734	-
Miscellaneous revenue	17,059	18,394	16,725
Gain (loss) on disposal of tangible capital assets	-	(10)	506
	2,023,212	2,144,909	2,089,382
Expenses:			
Bus operations	1,009,156	933,863	927,176
Corporate operations	175,623	139,963	147,953
Rail operations	483,481	441,894	446,283
Roads and bridges	223,842	158,157	192,806
Transit Police	43,590	41,475	41,959
	1,935,692	1,715,352	1,756,177
Surplus for the year	87,520	429,557	333,205
Accumulated surplus, beginning of year	1,596,690	1,598,990	1,265,785
Accumulated surplus, end of year	$ 1,684,210	$ 2,028,547	$ 1,598,990

See accompanying notes to consolidated financial statements.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Changes in Net Debt
(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget	2020 Actual	2019 Actual
	(note 2(t))		
Surplus for the year	$ 87,520	$ 429,557	$ 333,205
Acquisition of tangible capital assets	(799,323)	(422,176)	(515,285)
Amortization of tangible capital assets	244,307	229,450	212,942
Loss (gain) on disposal of tangible capital assets	-	10	(506)
Net proceeds from disposal of tangible capital assets	-	14	743
	(555,016)	(192,702)	(302,106)
Change in supplies inventory	(8,425)	(4,677)	(10,312)
Change in prepaid expenses	(2,990)	4,084	(2,704)
	(11,415)	(593)	(13,016)
Decrease (increase) in net debt	(478,911)	236,262	18,083
Net debt, beginning of year	(4,166,845)	(3,897,744)	(3,915,827)
Net debt, end of year	$ (4,645,756)	$ (3,661,482)	$ (3,897,744)

See accompanying notes to consolidated financial statements.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows
(Expressed in thousands of dollars)

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used for):		
Operating transactions:		
Surplus for the year	$ 429,557	$ 333,205
Non-cash changes to operations (note 15)	136,899	(129,698)
Changes in non-cash operating working capital (note 15)	(647,516)	90,504
Cash provided by (used for) operating transactions	(81,060)	294,011
Capital transactions:		
Purchase of tangible capital assets	(421,289)	(514,960)
Net proceeds from disposal of tangible capital assets	14	743
Cash used for capital transactions	(421,275)	(514,217)
Investing transactions:		
Decrease (increase) in restricted cash and investments	67,753	(121,213)
Increase in investments	(34,778)	(108)
Decrease (increase) in debt reserve deposits	(576)	1,432
Cash provided by (used for) investing transactions	32,399	(119,889)
Financing transactions:		
Debt proceeds	650,000	200,000
Premiums (issue costs) on financing	12,435	(1,420)
Repayments of debt	(364,855)	(125,489)
Repayments of Golden Ears Bridge contractor liability	(9,046)	(7,030)
Government transfers received for tangible capital additions	74,977	257,955
Lease inducements received	1,936	1,117
Cash provided by financing transactions	365,447	325,133
Decrease in cash and cash equivalents	(104,489)	(14,962)
Cash and cash equivalents, beginning of year	502,060	517,022
Cash and cash equivalents, end of year	$ 397,571	$ 502,060
Supplementary information:		
Interest paid	$ 192,027	$ 187,815
Tangible capital assets acquired by capital lease	887	325

See accompanying notes to consolidated financial statements.

1. Operations:

The South Coast British Columbia Transportation Authority, formerly the Greater Vancouver Transportation Authority, (the "Authority" or "TransLink") was established in June 1998 as a regional public transportation authority under the South Coast British Columbia Transportation Authority Act (the "Act") to provide for the planning, funding, management and operation of an integrated regional transportation system for the Greater Vancouver region.

The COVID-19 outbreak was declared a pandemic in 2020 by the World Health Organization. The related government-imposed restrictions, social distancing measures, and work from home protocols have had an adverse effect on the demand for public transportation and the Authority's operations, mainly in the form of reduced transit and taxation revenues. The situation remains dynamic, and ultimate duration and long-term effects on the Authority's operations are not known at this time. The short-term impact has been offset through relief funding provided by senior government to help the Authority maintain operations and service levels (note 7(i)).

In December 2020, the Authority was the victim of a cyberattack. Immediate action and protective measures were taken by the Authority including the shut down of multiple systems. An investigation is ongoing to determine what information may have been compromised. The incident did not have a material impact on these financial statements.

2. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements of the Authority have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(b) Basis of consolidation:

These consolidated financial statements include the accounts of the Authority and its active wholly owned subsidiaries as follows:

(i) Coast Mountain Bus Company Ltd. ("CMBC") – bus, SeaBus and community shuttle services;

(ii) British Columbia Rapid Transit Company Ltd. ("BCRTC") – SkyTrain services on the Expo, Millennium and Canada Lines;

(iii) West Coast Express Limited ("WCE") – commuter rail services;

(iv) Transportation Property and Casualty Company Inc. ("TPCC") – a captive insurance company which provides insurance liability coverage to the Authority's operating subsidiaries; and

(v) TransLink Security Management Ltd. ("TSML") – transit police services transferred from the TransLink entity to TSML effective March 4, 2013.

All intercompany balances and transactions have been eliminated upon consolidation.

2. Significant accounting policies (continued):

(c) Basis of accounting:

TransLink follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay. Interest expense is accrued as the obligation is incurred.

(d) Cash and cash equivalents:

Cash and cash equivalents include highly liquid investments with a term to maturity of three months or less at the date of purchase.

(e) Financial instruments:

Financial instruments are classified into two categories: fair value or cost.

(i) Fair value:

Investments and derivatives that are quoted in an active market are reflected at fair value as at the reporting date. The Authority does not hold any investments or derivatives that are quoted in an active market. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances are reversed from the Statement of Remeasurement Gains and Losses. As at December 31, 2020, the Authority does not have any unrealized gains or losses and a Statement of Remeasurement Gains and Losses has not been included in these financial statements.

(ii) Cost:

All other financial instruments are recorded at cost. Gains and losses on financial instruments recorded at cost are recognized in the Statement of Operations when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are included in the cost of the related investments.

Accounts receivable, loan receivable and accounts payable and accrued liabilities are measured at amortized cost using the effective interest rate method. Any gains, losses or interest expense is recorded in the annual surplus depending on the nature of the financial liability that gave rise to the gain, loss or expense. Valuation allowances are made when collection is in doubt.

(f) Supplies inventory:

Supplies inventory is valued at the lower of average cost and net realizable value. Cost includes purchase price, import duties, other net taxes, and transport, handling and other costs directly attributable to acquisition. Net realizable value is the estimated current replacement cost.

2. Significant accounting policies (continued):

(g) Tangible capital assets:

Tangible capital assets have been recorded as follows:

(i) Tangible capital assets are recorded at cost, including capitalized interest as described in note 2(h). Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, including the purchase price and other acquisition costs such as installation costs, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation, insurance costs and duties.

(ii) As part of the establishment of the Authority, certain tangible capital assets contributed by the Province of British Columbia (the "Province") and BC Transit were recorded at the estimated fair value at the date of acquisition based on appraisals carried out.

(iii) Amortization is provided on the cost less estimated salvage value on a straight-line basis over a period not exceeding the estimated useful lives as follows:

Asset	Years
Land improvements	30
Buildings	30 - 50
Bridges, guideways, stations and tunnels	30 -100
Other supporting systems (tracks, rail, roads, electrical, drainage, ventilation)	8 - 40
Vehicles and SeaBus	5 - 40
Equipment	5 - 40

(h) Capitalization of interest:

Interest costs directly attributable to construction projects and major capital acquisitions are capitalized from the commencement of the capital outlays until the assets are placed into service.

(i) Major Road Network ("MRN") expenditures:

Part 2 of the Act provides that the Authority must establish a MRN, comprising an integrated system of highways throughout the transportation service region, and the Authority must contribute funds to the municipalities for the purpose of constructing and maintaining any part of the MRN within that municipality if certain conditions are met.

Funding related to operating and maintaining the MRN are expensed under the heading "maintenance, materials and utilities". Funding related to road, cycling and walking infrastructure is expensed under the heading "capital infrastructure contributions" as the related assets are the property of the appropriate municipalities who assume all the rights and obligations.

2. Significant accounting policies (continued):

(j) Pension plans and employee future benefits:

(i) Pension plan:

The Authority, its subsidiaries and employees make contributions to the Public Service Pension Plan ("PSPP"). These contributions to the PSPP are expensed as incurred.

(ii) Employee future benefits:

Post-retirement and post-employment benefits are available to the majority of the Authority's employees. The cost of post-retirement benefits is actuarially determined, prorated on service and management's best estimate of retirement ages and expected health care costs. The cost of post-employment benefits to disabled employees is actuarially determined based on future projected benefits of currently disabled employees. The obligations under these post-retirement and post-employment benefit plans are accrued as the employees render services necessary to earn the future benefits. The measurement date of the accrued benefit obligation coincides with the Authority's fiscal year. The most recent actuarial valuation of the plans was December 31, 2020. The plans are unfunded and require no contributions from employees. Employer contributions are based upon expected annual benefit payments.

Actuarial gains or losses on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains or losses are amortized over the average remaining service period of active employees in the consolidated statement of operations. The amortization period of the active employees covered by the post-retirement plan is 11 years (2019 - 11 years) and post-employment plan is 6 years (2019 - 6 years).

(k) Deferred revenue:

The Authority defers the portion of the revenue collected from transit services relating to services not yet rendered. This revenue is recognized in the year in which related services are provided.

(l) Development cost charges:

Development cost charges are restricted by legislation for expenditures on eligible capital projects. These amounts are included in deferred revenue and deposits upon receipt and recognized as revenue when qualifying expenditures are incurred.

(m) Deferred concessionaire credit:

Deferred concessionaire credit represents the funding provided by the Canada Line concessionaire towards the design and construction phases of the Canada Line in exchange for the right to operate the line over the 30-year operating term. This amount is amortized to income on a straight-line basis over the operating term of the concessionaire agreement which commenced in August 2009 and will expire in July 2040.

2. Significant accounting policies (continued):

(n) Government transfers:

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.

A significant portion of the Authority's government funding for capital purposes is received from the federal government through the Gas Tax program and other similar programs. Under these agreements, the Authority is required to acquire specific transit assets with the funds. The Authority is also required under certain agreements to maintain the assets over a set holding period and repay funds if the associated assets are sold before the end of the holding period.

(o) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when all the following criteria are met:

(i) an environmental standard exists;

(ii) contamination exceeds the environmental standard;

(iii) the Authority is directly responsible or accepts responsibility;

(iv) it is expected that future economic benefits will be given up; and

(v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(p) Income taxes:

The Authority is a tax exempt corporation, which is exempt from Canadian Federal and British Columbia Provincial income taxes as it is deemed to be a public body performing the function of government in Canada. The Authority's subsidiaries file on the basis that they are exempt from Canadian Federal and British Columbia Provincial income taxes.

(q) Foreign currency translation:

Transactions of the Authority and its subsidiaries originating in foreign currencies are translated at the rates in effect at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the statement of financial position dates. Foreign exchange gains and losses are included in income.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

2. Significant accounting policies (continued):

(r) Use of estimates:

The preparation of the consolidated financial statements 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 revenue and expenses during the reporting period. Significant areas requiring the use of estimates include determination of useful lives of tangible capital assets, percentage of completion of construction-in-progress, allowance for doubtful accounts receivable, obsolete inventory, determination of employee future benefits, liability for contaminated sites, self-insurance liability provisions and provisions for legal contingencies. Actual results could differ from those estimates.

(s) Segment disclosure:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the Authority. TransLink has provided definitions of segments used and presented financial information in the segmented format (note 18). Business Technology, Human Resource, Payroll and Administrative Services costs are managed by the corporate segment and allocated among the operating segments, as appropriate. Interest has been allocated based on the allocated depreciation.

(t) Budget data:

The budget data presented in these consolidated financial statements were approved by the Board of Directors on March 26, 2020.

3. Loan receivable:

In 2016, the Authority sold the Oakridge Transit Centre land for proceeds of $440,000,000. The Authority received $11,950,000 of proceeds in 2020 (2019 - $66,000,000) with the remaining payment due in annual instalments as follows:

	Instalments
January 20, 2021	$ 54,050
January 20, 2022	66,000
January 20, 2023	66,000
Total	$ 186,050

The instalments are secured by a mortgage on the land sold.

The loan receivable of $182,358,000 (2019 - $190,009,000) is the present value of the instalments due as at December 31, 2020 using a discount rate of 2.10% (2019 - 2.10%).

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

3. Loan receivable (continued):

Interest accrues on each instalment if it is not paid one month prior to its due date. Interest accrues at 18.00% per annum, calculated and compounded half-yearly. Interest in the amount of $310,900 (2019 - nil) has been included in the loan receivable balance for unpaid instalment amounts. Provided the purchaser is in compliance with the land sale agreement and related mortgage, the purchaser can prepay all or any part of the remaining instalments at any time without notice, bonus or penalty.

4. Restricted and unrestricted cash and investments:

The Authority holds investments consisting of term deposits, money market instruments, and bonds held at various financial institutions.

All these investments are recorded at amortized cost. The bonds have an average initial term of 207 months (2019 - 196 months) and an average remaining term to maturity of 162 months (2019 - 160 months). All bonds held by the Authority, as at December 31, 2020 and 2019, were rated A or higher.

Details of interest rate and maturity date ranges of the term deposits are as follows:

	2020	2019
Interest rate range	0.81% - 2.95%	2.30% - 2.95%
Maturity date range	January 2021 – December 2022	January 2020 – December 2021

Details of effective interest rates and coupon rates of the government and corporate bonds are as follows:

	2020		2019	
	Effective rates	Coupon rates	Effective rates	Coupon rates
Weighted average rate	3.03%	3.26%	3.03%	3.26%
Interest rate range	1.59% - 4.47%	1.60% - 5.20%	1.51% - 4.47%	1.50% - 5.20%

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

4. Restricted and unrestricted cash and investments (continued):

(a) Restricted cash and cash equivalents and investments:

	2020	2019
Government transfers for capital project funding (i):		
Cash and cash equivalents	$ 235,303	$ 309,029
Investments:		
Term deposits and money market instruments	132,638	101,532
Bonds (note 16(b))	22,641	22,637
Total government transfers for capital project funding	390,582	433,198
Self-administered sinking funds:		
Cash and cash equivalents	15,517	17,820
Investments:		
Term deposits and money market instruments	35,183	20,130
Bonds maturing beyond one year (note 16(b))	310,310	297,080
Total self-administered sinking funds	361,010	335,030
Land reserve:		
Cash and cash equivalents	117,584	111,648
Term deposits	88,280	88,735
Total land reserve	205,864	200,383
Green Bond proceeds:		
Cash and cash equivalents	46,388	108,373
TPCC (wholly-owned captive insurance subsidiary):		
Cash and cash equivalents	12,148	-
Bonds (note 16(b))	17,362	24,123
Total TPCC	29,510	24,123
Total restricted cash and investments	$ 1,033,354	$ 1,101,107

(i) Unspent government transfers for capital project funding consists of $362,912,000 (2019 - $403,571,000) of Gas Tax funds and $27,670,000 (2019 - $29,627,000) of other funding.

(b) Unrestricted investments:

Unrestricted investments are comprised of term deposits and money market instruments in the amount of $96,059,000 (2019 - $61,281,000).

5. Debt reserve deposits and callable demand notes:

The Authority is required to pay the Municipal Finance Authority of British Columbia ("MFA") debt reserve deposits into a debt reserve fund of 1.00% of the face value of each debenture borrowing from the MFA. These are interest bearing restricted funds administered by the MFA and are only refundable once the respective debt issue has been fully repaid.

If at any time the MFA does not receive sufficient funds to meet payments or sinking fund contributions due on the Authority's debt obligations, the interest and principal payments or sinking fund contributions will be deducted from this debt reserve fund.

In addition to the debt reserve deposit, the Authority is required by the MFA to issue a non-interest bearing demand note for an amount equal to one-half the average annual installment of principal and interest relative to any debt borrowed less the debt reserve deposit. The demand notes payable to the MFA are callable only if, in the event of a default by the Authority or Metro Vancouver (the interposed significant lender over the Authority's long-term debt), there are insufficient funds in the Authority's debt reserve deposit held at the MFA to meet a required interest, principal payment or sinking fund contribution. As the Authority is in full compliance with its debt payments and no such call has been made by the MFA on these demand notes, their face value has not been recorded as a liability on the consolidated statement of financial position. At year-end, the maximum value of the demand notes totaled $29,343,000 (2019 - $29,343,000).

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

6. Debt:

	2020	2019
Unsecured commercial paper, due next 12 months	$ 60,000	$ 60,000
Unsecured sinking fund bonds held by the MFA, weighted average coupon rate of 3.96% (effective rate 3.98%), maturing at various dates from 2021 to 2036, 10 to 30-year original term	1,100,043	1,099,856
Less: accumulated payments to MFA administered debt sinking funds (including vested and accrued actuarial earnings)	(653,415)	(592,847)
Unsecured serial debenture held by the MFA, coupon rate of 5.10% interest payable semi-annually (effective rate 5.19%), maturing in 2025, principal repayment of approximately $2 million annually, 20-year original term	13,993	16,547
Unsecured bullet maturity bond series TL-1, face value $300 million, interest rate 3.80% (effective rate 3.88%), maturing 2020, original 10-year term	-	299,770
Unsecured bullet maturity bond series TL-2, face value $200 million, interest rate 4.65% (effective rate 4.70%), maturing 2041, original 30-year term	198,724	198,670
Unsecured bullet maturity bond series TL-3, face value $250 million, interest rate 3.85% (effective rate 3.82%), maturing 2052, original 40-year term	251,411	251,415
Unsecured bullet maturity bond series TL-4, face value $365 million, interest rate 4.45% (effective rate 3.97%), maturing 2044, original 30.5-year term	392,777	393,495
Unsecured bullet maturity bond series TL-5, face value $465 million, (2019 - $215 million) interest rate 3.05% (effective rate 2.43% (2019 – 3.06%)), maturing 2025, original 10.5-year term	477,143	214,942
Unsecured bullet maturity bond series TL-6, face value $200 million, interest rate 3.15% (effective rate 3.18%), maturing 2048, original 31-year term	198,765	198,729
Unsecured bullet maturity bond series TL-7 (Green), face value $400 million, interest rate 3.25% (effective rate 3.31%), maturing 2028, original 10-year term	398,227	398,012
Unsecured bullet maturity bond series TL-8 (Green), face value $200 million, interest rate 2.65% (effective rate 2.68%), maturing 2050, original 31-year term	198,623	198,587
Unsecured bullet maturity bond series TL-9, face value $400 million, interest rate 1.60% (effective rate 1.64%), maturing 2030, original 10-year term	398,498	-
Capital leases, weighted average implicit rate of 3.18% (2019 - 3.22%), maturing at various dates from 2021 to 2023	452	1,259
	$ 3,035,241	$ 2,738,435

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

6. Debt (continued):

The Authority has an unsecured revolving credit facility with a syndicate of Canadian financial institutions totaling $500 million which will expire on March 23, 2023. The credit facility is to be used primarily as a liquidity backstop of commercial paper and provides for loans at varying rates of interest based on certain benchmark interest rates, specifically the Canadian prime rate and the Canadian bankers' acceptance rate, and on the Authority's credit ratings at the time of drawdown. The Authority is also required to pay commitment fees, which are also dependent on the Authority's credit ratings. This credit facility has no financial covenants or requirement to maintain a specific credit rating and was not drawn upon in 2020.

The Authority's unsecured commercial paper program is backstopped by the abovementioned syndicated credit facility which enables it to issue commercial paper up to a maximum aggregate of $500 million. As at December 31, 2020, $60,000,000 (2019 - $60,000,000), was owed under this commercial paper program at an average interest rate of 0.23% (2019 - 1.82%) and is due for repayment in January 2021 (2019 - January 2020).

The future debt payments, future actuarial interest credit on the MFA sinking fund payments and unamortized premium / issue costs are summarized as follows:

	Commercial Paper	Sinking Fund on Bonds Held by MFA	Serial Debenture Held by MFA	Bullet Maturity Bonds	Capital Leases	Total
Future payments:						
2021	$ 60,000	$ 35,779	$ 2,659	$ -	$ 394	$ 98,832
2022	-	33,777	2,727	-	56	36,560
2023	-	31,357	2,797	-	2	34,156
2024	-	31,357	2,868	-	-	34,225
2025	-	29,188	2,942	465,000	-	497,130
Thereafter	-	77,578	-	2,015,000	-	2,092,578
	60,000	239,036	13,993	2,480,000	452	2,793,481
Future actuarial interest	-	208,749	-	-	-	208,749
	60,000	447,785	13,993	2,480,000	452	3,002,230
Unamortized premium / (issue costs)	-	(1,157)	-	34,168	-	33,011
	$ 60,000	$ 446,628	$ 13,993	$ 2,514,168	$ 452	$ 3,035,241

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

7. Transfers from other governments:

(a) Deferred government transfers:

	Balance, January 1, 2020	Contributions received	Interest earned	Recognized as revenue	Balance, December 31, 2020
Capital project funding:					
Canada Line	$ 454,028	$ -	$ -	$ (24,013)	$ 430,015
Gas Tax	431,423	-	6,231	(36,206)	401,448
Public Transit Infrastructure Fund	204,992	46,220	-	-	251,212
Building Canada Fund	58,358	-	-	(3,725)	54,633
Capstan Station	28,975	12	-	(1,316)	27,671
Evergreen Line	6,300	-	-	-	6,300
Transit Secure Fund	4,223	-	-	(563)	3,660
Public Transit Fund	164	-	-	(111)	53
Investing in Canada Infrastructure Program	-	21,368	-	-	21,368
Miscellaneous programs	-	1,146	-	(1,021)	125
	1,188,463	68,746	6,231	(66,955)	1,196,485
Operating funding:					
Safe Restart	-	644,000	-	(644,000)	-
Golden Ears Bridge foregone tolling	-	62,366	-	(62,366)	-
Canada Line Operating Fund (note 9(c))	-	19,284	-	(19,284)	-
Properties Environmental Program	-	438	-	(438)	-
Other cost sharing projects	-	728	-	(728)	-
	-	726,816	-	(726,816)	-
	$ 1,188,463	$ 795,562	$ 6,231	$ (793,771)	$ 1,196,485

The balance as at December 31, 2020 of $1,196,485,000 consists of:

(i) Unspent Gas Tax funds of $362,912,000 (2019 - $403,571,000) and unspent funds for various other projects of $27,670,000 (2019 - $29,627,000); and

(ii) Spent funds of $805,903,000 (2019 - $755,265,000) that will be recognized as revenue as the related stipulations in the agreements are met.

(b) Gas Tax funding:

The Authority receives funding annually from the Government of Canada via a Gas Tax funding agreement between the Authority and the Union of British Columbia Municipalities (“UBCM”). The Authority is required to spend the funds on defined tangible capital assets to support the mandate, as prescribed in the agreement.

In 2015, the Authority entered into a new funding agreement with UBCM (the “Agreement”).

Under the terms of the Agreement, for tangible capital assets acquired prior to April 1, 2014, the Authority is required to continue to retain title to the ownership of the infrastructure for a period of 10 years, or the useful life of the asset, if less than 10 years. Accordingly, once the contributions are spent on eligible items and the assets are placed into service, the contributions are amortized to revenue over 10 years, or the assets’ useful life if less than 10 years.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

7. Transfers from other governments (continued):

(b) Gas Tax funding (continued):

Tangible capital assets acquired on or after April 1, 2014 are not subject to stipulations and the contributions are recognized in revenue when the funds are spent on eligible items.

Receipts and disbursements for the year are as follows:

	2020	2019
Opening balance, unspent funds	$ 403,571	$ 531,715
Amount received during the year	-	149,120
Interest earned	6,231	9,202
Amount spent on designated public transit projects	(46,890)	(286,466)
Closing balance, unspent funds	$ 362,912	$ 403,571

(c) Canada Line funding:

The Authority has received certain contributions for the Canada Line infrastructure from the Federal and Provincial Governments with the stipulation that TransLink operate and maintain the Canada Line for a minimum of 30 years, equal to the operating agreement with the concessionaire. If the assets are disposed prior to the 30-year term, the Authority is required to refund a portion of the contributions received, the amount of which decreases over time. As such, the Authority recognizes the revenue from the contributors over the holding period of 30 years.

(d) Building Canada Fund:

The Building Canada Fund was established by the Government of Canada to provide strategic funding to infrastructure projects managed by Canadian provinces, territories and municipalities. Through an agreement with the Province, the Authority obtains funding from the Major Infrastructure Component of the Building Canada Fund which supports various projects related to public transit. In addition to the federal funds, the Authority also receives provincial funding for certain Building Canada Fund related projects.

Under the agreement, if any of the assets acquired are disposed or used in a manner other than as described in their request for funding, the Authority is required to return a portion of the contribution to the Province as follows:

Portion of contribution refund	Up to 1 year after the project completion date	Reduction in refund each year afterward
Fixed assets (non-movable)	100%	4%
Non-fixed assets (movable)	100%	10%

7. Transfers from other governments (continued):

(d) Building Canada Fund (continued):

Accordingly, the Authority recognizes the revenue over the stipulation periods of 10 or 25 years.

(e) Public Transit Infrastructure Fund:

The Public Transit Infrastructure Fund (“PTIF”) was established by the Government of Canada to provide funding to support the rehabilitation of transit systems, new capital projects, and planning and studies for future transit expansion to foster long-term transit plans. The Government of Canada has entered into a bilateral agreement with the Province, which in turn has entered into an agreement with the Authority to provide senior government funding for eligible projects under the PTIF program.

Under the agreement, if any of the acquired or constructed assets are sold, leased, disposed or used in a manner other than as described in their request for funding before March 31, 2026 for all projects or at any time within five years from the agreement end date of March 31, 2022 for certain projects as agreed to by the Government of Canada, the Authority is required to return any funds received from the Province and or the Government of Canada that had, at any time, been applied in respect to the asset sold, leased or disposed.

Accordingly, the Authority recognizes the revenue over the stipulation period of 5 years.

(f) Evergreen Line:

In 2016, TransLink received $30,261,000 of Evergreen Line project assets funded by partners of the British Columbia Transportation Financing Authority (“BCTFA”), of which $7,000,000 was funded by PPP Canada Inc. and has a 25-year holding period stipulation on the related tangible capital asset. If the assets are disposed prior to the 25-year term, the Authority is required to repay a portion of the funding, the amount of which decreases over time.

Accordingly, the Authority recognizes the revenue based on milestones throughout the stipulation period of 25 years.

(g) Capstan Station funding:

On March 21, 2012, TransLink entered into a Funding Agreement with City of Richmond (“CoR”) in relation to the design and construction of the Canada Line Capstan Station. The project was divided into three phases: preliminary design, detailed design and construction, and CoR agreed to contribute funding for the three phases totaling $25,316,600 (subject to inflationary adjustments). On December 16, 2019, TransLink received the total funding from CoR and is required to complete the project within 30-months of the date of receipt.

Accordingly, the Authority will recognize revenue as expenditures are incurred on the project.

On December 15, 2020, TransLink entered into an additional agreement with CoR which entitled the Authority to receive $3,000,000 within 30 days of the agreement date to fund revised design elements of the station. Upon receipt, TransLink will be obligated to deliver the revised design elements. This funding is to be returned if the revised design elements are not constructed within the completed Capstan Station. The Authority will recognize revenue for this additional funding upon completion of the revised design elements.

7. Transfers from other governments (continued):

(h) Investing in Canada Infrastructure Program:

The Investing in Canada Infrastructure Program (“ICIP”) was established by the Government of Canada as a way to deliver funding to communities through the Investing in Canada Plan. The ICIP program provides long-term stable funding to help reduce pollution and increase resilience to climate change, build strong, dynamic and inclusive communities, and ensure Canadian families have access to modern, reliable services that improve their quality of life.

Investments in infrastructure are being made through targeted streams. Through the Public Transit stream, the Government of Canada is investing in the construction, expansion and improvement of public transit infrastructure for projects that improve the capacity of public transit infrastructure, improve the quality or safety of existing or future transit systems, and improve access to the public transit system.

The Government of Canada entered into a bilateral agreement with the Province, who in turn has entered into an agreement with the Authority to provide funding for eligible projects under the ICIP program.

Under the agreement, if any of the acquired or constructed assets are sold, leased, disposed or used in a manner other than as described in their request for funding for 5 years after the substantial completion date of each project, the Authority is required to return a portion of the contribution to the Province.

Accordingly, the Authority will recognize the revenue over the stipulation period of 5 years.

(i) Safe Restart funding:

In response to the impacts of COVID-19, the Government of Canada and the Province announced in 2020 that they have entered into the Federal/Provincial Safe Restart Funding Agreement to help provinces and territories safely restart their economies under their individual recovery plans. The commitment from the Government of Canada to provide funding to the Province is conditional on the Province matching federal contributions under a 50/50 cost-sharing arrangement.

Under the British Columbia Restart Plan, the Province recognized transit as an essential service which is both critical for providing public mobility during the acute phases of COVID-19 and for supporting the social and economic recovery of the region.

On October 26, 2020, the Province entered into a Contribution Agreement with TransLink to provide $644,000,000 in relief funding. The contribution is intended to assist TransLink with maintaining transit services by providing financial relief to TransLink for the estimated $600,000,000 of fiscal impacts for 2020 and 2021, and to offset TransLink’s estimated $44,000,000 in revenue losses from limiting average annual public fare increases to 2.3% from 2021 to 2024.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

7. Transfers from other governments (continued):

(j) Golden Ears Bridge foregone tolling revenue:

In August 2017, the Province announced the removal of tolls on the Golden Ears Bridge (the "GEB") effective September 1, 2017. The Authority entered into an agreement with the Province to receive payments for foregone projected toll revenue to 2050, provided that the Authority does not charge users tolls for any new crossings and ensures the continued availability and operation of the GEB. The Authority recognizes the funding as government transfers revenue if these conditions are met.

(k) Working capital balances:

	2020	2019
Trade accounts receivable	$ 39,058	$ 23,086
Due from Government of Canada	333,447	6,401
Due from Province of British Columbia	501,894	208,351
Due from regional districts	17,477	6,846
Due from other authorities	1,994	2,205
Accounts receivable	$ 893,870	$ 246,889

	2020	2019
Trade accounts payable and accrued liabilities	$ 272,113	$ 302,795
Due to Government of Canada	6,072	7,010
Due to Province of British Columbia	11,318	4,385
Due to regional districts	78,790	45,902
Due to other authorities	6,026	8,140
Accounts payable and accrued liabilities	$ 374,319	$ 368,232

(l) Transit revenues:

Included in transit revenues is $7,040,000 (2019 - $12,800,000) of contributions from the Province to assist with administering the U-Pass BC program and to offset foregone transit revenues.

8. Golden Ears Bridge:

(a) Golden Ears Bridge contractor liability:

In 2006, the Authority entered in a fixed-price contract with the Golden Crossing General Partnership (the "GCGP") to design, construct, finance, operate, maintain and rehabilitate the GEB. The contract was executed in March 2006 and terminates in June 2041.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

8. Golden Ears Bridge (continued):

(a) Golden Ears Bridge contractor liability (continued):

The GEB contractor liability to finance the construction is repaid by the Authority over the operating term as follows:

	2020	2019
Opening balance	$ 1,033,348	$ 1,040,378
Interest accretion on contractor liability to last payment date	64,185	65,460
Payments made	(73,231)	(72,490)
Ending balance	$ 1,024,302	$ 1,033,348

As the last monthly payment of the year was made on December 8, 2020, the interest accrual from December 9 to 31, 2020 of $3,915,000 (2019 - $4,022,000) is included in accounts payable and accrued liabilities.

Capital and interest payments to the GCGP commenced on substantial completion of the project. The nominal (based on 2005 dollars) monthly blended capital and interest payments, prior to escalation for the Consumer Price Index (“CPI”), are $4,792,000.

The obligation to the GCGP bears interest at an effective rate of 6.70% per annum. The effective interest rate is the implicit interest rate, which establishes the net present value of the payment stream equal to the cost of the bridge, considering future payments adjusted by the forecasted CPI with an estimated annual inflation rate of 2.00%. The estimated payments in the next five years are as follows:

	Capital and interest
2021	$ 77,504
2022	79,046
2023	80,632
2024	82,252
2025	83,888

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

8. Golden Ears Bridge (continued):

(b) Operating agreement with GCGP:

The Authority also pays the GCGP a monthly Operating, Maintenance, Rehabilitation ("OMR") fee of $316,198 (based on 2005 dollars), which escalates based on CPI. Including an estimated 2.00% inflation rate per annum, the OMR payments to GCGP in the next 5 years are expected to be as follows:

	OMR
2021	$ 5,114
2022	5,215
2023	5,320
2024	5,427
2025	5,535

9. Canada Line:

The Canada Line is a light rail rapid transit line that links central Richmond, the Vancouver International Airport and downtown Vancouver. The concessionaire ("InTransit BC") is contracted to operate the Canada Line from August 2009 to July 2040.

(a) Deferred concessionaire credit:

The deferred concessionaire credit represents contributions made by the concessionaire to design and construct the Canada Line in exchange for the right to operate. This amount is being amortized over the concession term which ends July 2040.

	2020	2019
Opening balance	$ 479,239	$ 502,512
Less: amortization	(23,337)	(23,273)
Closing balance	$ 455,902	$ 479,239

(b) Operating commitments:

Base operating and maintenance payments to the Canada Line concessionaire (with 2003 being the base year), prior to adjustments for operational metrics and inflation, are as follows:

	Each 28-day period
January 2021 to December 2034	$ 6,462
January 2035	5,289
February 2035 to July 2040	4,117

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

9. Canada Line (continued):

(b) Operating commitments (continued):

The total estimated base operating and maintenance payments, excluding taxes, to the concessionaire for each of the next five years adjusted for certain operational metrics and inflation, are as follows:

2021	$ 122,000
2022	125,000
2023	128,000
2024	131,000
2025	133,000

The base operating and maintenance payments are subject to special events and passenger volume adjustments as well as quality and availability deductions according to the provisions of the contract.

(c) Operating contributions:

The Province has committed to provide funding of $1,478,000 at each 28-day period to November 2039 related to the Canada Line operating expenses, which is approximately $19,300,000 per annum subject to quality and availability deductions. The funding received in 2020 was $19,284,000 (2019 - $19,221,000).

10. Pension plans and employee future benefits:

(a) Pension plans:

The Authority and its subsidiaries contribute to the Public Service Pension Plan (the “Plan” or “PSPP”), which is a multi-employer defined benefit plan, together with other British Columbia public service employers, in accordance with the Public Sector Pension Plans Act.

The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits and other post-retirement benefits, on behalf of the employers and the employees to whom the Act applies. The long-term funding of the Plan is based on the level contribution method. Using this method, employer contribution rates are set out so that, in combination with member contributions, they will fully pay for benefits earned by the typical new entrants to the Plan and will maintain the Plan’s unfunded accrual liability (“UAL”) for funding purposes, if any, as a constant percentage of employer payroll. The actuary does not attribute portions of the UAL to individual employers. Contributions to the Plan are expensed in the year when payments are made. Every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest full actuarial valuation for the Plan, which was carried out as at March 31, 2020, resulted in a surplus of $2,667,000,000. The next valuation will be as at March 31, 2023, with results available in 2024.

10. Pension plans and employee future benefits (continued):

(a) Pension plans (continued):

In 2020, the Authority recorded total expense for pension contributions to the Plan of $56,064,000 (2019 - $50,535,000).

(b) Employee future benefits:

(i) Post-retirement:

In addition to the post-retirement benefits provided by the Plan, the Authority, CMBC and TSML continue to provide life insurance benefits to eligible retired employees.

In fiscal 2011, PSPP officially announced that effective April 1, 2012 it will no longer subsidize extended health benefits for the retirees' dependents. As per the COPE collective agreements, the benefits are the responsibility of TransLink and CMBC and therefore, the Authority funds (for eligible retired COPE employees) the remaining cost of extended health, which is not paid by the PSPP.

In the collective agreement between TSML and the Transit Police Professional Association ("TPPA") union ratified on November 27, 2014, the parties eliminated extended health retiree benefits for new employees. Employees with one complete year of service or more as of November 27, 2014 were eligible for retirement benefits as follows:

- employees with at least 10 consecutive years of service at TSML and eligible to retire on pension with TSML as of December 31, 2018 who elected by May 26, 2015 to retire on or before December 31, 2018.
- all other eligible employees were paid a lump-sum of $750 per year of service calculated as of November 27, 2014.

BCRTC also sponsors a post-retirement plan which provides extended health and dental benefits to eligible retired employees.

Effective December 31, 2020, all eligible BCRTC employees who retire after December 31, 2020 will be required to join the PSPP retiree benefit plan for themselves and their dependents, resulting in the PSPP being the first payer for claims. In return, BCRTC will reimburse the cost of PSPP extended health and dental premiums incurred by the retirees. This plan amendment resulted in a reduction of prior period service costs in the amount of $23,773,000. The amount has been partially offset against existing unamortized actuarial losses in the amount of $4,661,000 for post-retirement benefits.

The net recovery recorded in the consolidated financial statements, in respect of post-retirement obligations under these plans, including the above reduction in prior period service costs, amounts to $9,112,000 (2019 - $6,361,000 expense).

(ii) Post-employment:

The Authority, CMBC and TSML provide extended health, dental and life insurance benefits to employees on approved long-term disability leave (post-employment benefits).

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

10. Pension plans and employee future benefits (continued):

(b) Employee future benefits (continued):

(ii) Post-employment (continued):

BCRTC provides extended health, dental, life insurance and pension benefits to employees on approved long-term disability leave.

Effective December 24, 2012, WCE employees on approved long-term disability leave receive extended health, dental and life insurance benefits.

The total expense recorded in the consolidated financial statements for the year, in respect of obligations under these plans, amounts to $2,310,000 (2019 - $2,132,000).

(iii) Summary of the Authority's post-retirement and post-employment plans is as follows:

	Post-retirement benefits	Post-employment benefits	Total 2020	Total 2019
Accrued benefit obligation	$ 92,723	$ 20,846	$ 113,569	$ 118,591
Unamortized net actuarial gain	9,926	8,840	18,766	25,118
Accrued benefit liability	$ 102,649	$ 29,686	$ 132,335	$ 143,709

The accrued benefit liability is not funded.

(iv) The expense for the year is comprised of the following components:

	Post-retirement benefits	Post-employment benefits	Total 2020	Total 2019
Current period benefit cost	$ 6,117	$ 4,211	$ 10,328	$ 9,934
Plan amendment	(20,323)	43	(20,280)	5,396
Interest cost	2,903	607	3,510	3,880
Amortization of actuarial gains	2,191	(2,551)	(360)	(10,717)
Net expense (recovery)	(9,112)	2,310	(6,802)	8,493
Actuarially determined payments	(1,534)	(3,038)	(4,572)	(4,437)
Change in accrued benefit liability	$ (10,646)	$ (728)	$ (11,374)	$ 4,056

During the year, new collective agreements were ratified between CMBC, TSML, TransLink and their respective unions. Amendments to their respective benefits plans resulted in the recognition of prior period service costs. These costs have been offset against existing unamortized actuarial gains in the amount of $450,000 for post-retirement benefits and $43,000 for post-employment benefits. The corresponding gains have been included in the above figures for the net amortization of actuarial gains.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

10. Pension plans and employee future benefits (continued):

(b) Employee future benefits (continued):

(v) The significant assumptions used are as follows:

	2020	2019
Discount rates	1.50% - 2.20%	2.80% - 2.90%
Expected health care cost trend rates	4.00% - 6.00%	4.00% - 6.10%

11. Development cost charges:

Effective January 15, 2020, the Authority began collecting development cost charges for the purpose of funding capital costs of eligible projects in the transportation service region. In accordance with the Act, these funds must be held in a separate reserve fund until the qualifying costs are incurred, at which time the amounts are recognized as revenue.

	2020
Opening balance	$ -
Contributions received	19,734
Revenue recognized	(19,734)
Ending balance	$ -

12. Tangible capital assets:

Cost	Balance, January 1, 2020	Additions, net of transfers	Disposals	Balance, December 31, 2020
Land	$ 425,151	$ 91,058	$ -	$ 516,209
Land improvements	45,928	802	-	46,730
Buildings	344,024	19,484	-	363,508
Bridges, guideways, stations and tunnels	2,372,044	-	-	2,372,044
Other supporting systems	1,193,760	67,095	-	1,260,855
Vehicles and SeaBus	2,178,165	57,315	(134,725)	2,100,755
Equipment	773,616	78,087	(453)	851,250
Tangible capital projects in progress	315,459	108,335	-	423,794
	$ 7,648,147	$ 422,176	$ (135,178)	$ 7,935,145

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

12. Tangible capital assets (continued):

Accumulated amortization	Balance, January 1, 2020	Amortization expense	Disposals	Balance, December 31, 2020
Land	$ -	$ -	$ -	$ -
Land improvements	(23,247)	(1,367)	-	(24,614)
Buildings	(130,945)	(8,654)	-	(139,599)
Bridges, guideways, stations and tunnels	(238,532)	(24,243)	-	(262,775)
Other supporting systems	(324,583)	(43,825)	-	(368,408)
Vehicles and SeaBus	(1,051,611)	(106,925)	134,725	(1,023,811)
Equipment	(497,961)	(44,436)	429	(541,968)
	$ (2,266,879)	$ (229,450)	$ 135,154	$ (2,361,175)

Net book value	Balance, January 1, 2020	Balance, December 31, 2020
Land	$ 425,151	$ 516,209
Land improvements	22,681	22,116
Buildings	213,079	223,909
Bridges, guideways, stations and tunnels	2,133,512	2,109,269
Other supporting systems	869,177	892,447
Vehicles and SeaBus	1,126,554	1,076,944
Equipment	275,655	309,282
Tangible capital projects in progress	315,459	423,794
	$ 5,381,268	$ 5,573,970

Included in tangible capital assets is capital leased equipment with a net book value of $4,105,000 (2019 - $5,602,000).

Interest capitalized during the year amounted to $3,699,000 (2019 - $4,363,000).

(a) Expo and Millennium Line:

As at December 31, 2020, the net book value of Expo and Millennium Line guideways or system improvements totaled $408,429,000 (2019 - $400,673,000) of which $304,075,000 (2019 - $289,869,000) relates to improvements on the assets that are leased/licensed from the Province. The guideways are leased/licensed from the Province for nominal proceeds and the Authority is responsible for operations and maintenance. The Expo and Millennium line leases expire on January 31, 2022. Both leases have available renewal options and the agreements provide the Authority with reimbursement of the unamortized cost of capital improvements to the assets that are leased/licensed from the Province should the leases not be renewed. As the Authority expects to either renew the leases or be reimbursed for any unamortized costs, the improvements are capitalized and amortized over their expected useful lives and not the term of the leases.

(b) West Coast Express:

BCTFA leases to TransLink all its interests (owned and otherwise) with respect to the West Coast Express properties and infrastructure. As at December 31, 2020, the net book value of West Coast Express improvements totaled $2,945,000 (2019 - $3,130,000).

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

12. Tangible capital assets (continued):

(c) Evergreen Line:

The Evergreen Line (an extension of the Millennium Line) links neighborhoods in Burnaby, Port Moody and Coquitlam and is operated by TransLink as part of the regional transportation network. The Evergreen Line is funded by the Government of Canada, BCTFA, TransLink and other partners. On October 31, 2016, the Evergreen Line was substantially completed and accordingly, a portion of the Evergreen Line infrastructure ("TransLink Evergreen Line Infrastructure") was transferred from BCTFA to TransLink including stations, guideway and the related systems east of Inlet Centre station (excluding Inlet Centre station) and the vehicle storage facility. As at December 31, 2020, the net book value of Evergreen Line guideways and system owned by TransLink, excluding SkyTrain vehicles, totaled $310,287,000 (2019 - $317,053,000).

As BCTFA holds the underlying property rights on which the TransLink Evergreen Line Infrastructure is located, BCTFA and TransLink have agreed to enter into an agreement whereby TransLink may exercise and obtain the benefit of BCTFA's interests to such property rights for a 100 year term on certain terms and conditions, including that if the agreement expires or terminates then BCTFA will reimburse TransLink for the unamortized portion of the initial cost of the TransLink Evergreen Line Infrastructure.

13. Commitments and contingencies:

(a) Operating leases:

The Authority is committed to annual lease payments in respect of office premises and vehicles, in the following amounts:

2021	$ 19,590
2022	18,621
2023	18,756
2024	17,128
2025	13,067
	$ 87,162

Included in the payment schedule above are certain commitments that extend beyond 2025. Significant commitments beyond 2025 are as follows:

(i) The Authority has a premise lease with the Brewery District Investments Ltd. for the head office of TransLink and TSML which ends in 2033. The monthly commitment for basic rent and operating costs subsequent to year 2025 ranges from $889,000 to $918,000.

(b) WCE - lease and operating commitments:

In connection with operating the Commuter Rail System, the operating commitment for WCE include train operations, office lease, rolling stock maintenance, land leases and miscellaneous services.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

13. Commitments and contingencies (continued):

(b) WCE – lease and operating commitments (continued):

The following summarizes the WCE operating commitments:

2021	$ 16,453
2022	16,159
2023	15,619
2024	12,916
2025	9,782
	$ 70,929

(c) Operating commitment with Cubic Transportation System Inc.:

The Authority has a contract with Cubic Transportation Systems Inc. (“Cubic”) to operate its transit fare system. The contract expires in January 2026 with the Authority having the option to extend the term of the contract for an additional 5 years.

Base payments to Cubic under the contract terms for operations and maintenance are adjusted periodically based on CPI.

The projected base payments adjusted for inflation are as follows:

	Fixed component
2021	$ 14,130
2022	14,700
2023	15,231
2024	15,823
2025	23,069
	$ 82,953

An amount of $8,017,000 has been included in the above figures and is payable in 2025 should the Authority choose not to extend the contract.

(d) Natural gas supply contract:

The Authority has entered into a fixed price natural gas purchase agreement for a term ending October 2021. The approximate total payment relating to this agreement is $1,442,000.

(e) Major Road Network (“MRN”) Capital Funding:

The Authority has signed several funding agreements with municipalities for major MRN projects. At December 31, 2020, the net amount of MRN capital infrastructure contributions committed and not paid is $121,159,000 (2019 - $91,706,000). This amount will be paid to the municipalities upon completion of their projects.

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13. Commitments and contingencies (continued):

(f) Lawsuits and claims:

As at December 31, 2020, a number of lawsuits and claims, arising in the ordinary course of business, have been initiated against the Authority. Management is of the opinion that sufficient provisions net of any recoveries have been recorded in the consolidated financial statements for any lawsuits and claims made against the Authority, except as noted below.

(i) A number of lawsuits against TransLink and/or its subsidiary in relation to the Canada Line project remain outstanding. The Authority does not believe that reasonable estimates of any potential losses can be estimated at this time and therefore, no provisions have been made in the consolidated financial statements for the following:

- A class action lawsuit filed by Cambie area merchants, where no specific amount has been claimed at this time. The trial of the first phase of this class action concluded April 2, 2015. Reasons for Judgment were delivered November 6, 2015. The main claims of the merchants for damages for the tort of nuisance were dismissed. The Court’s decision allows for a certain claim of lesser value, injurious affection to property interests, to be advanced. The number of claims that may be advanced in the future is approximately 100; the amount of these claims cannot be estimated at this time. Three test cases for assessment of compensation for injurious affection were heard at trial in April 2018 by the BC Supreme Court, and judgement issued by the BC Supreme Court, awarding damages in the aggregate amount of $181,040, has been appealed by TransLink. The appeal was heard by the BC Court of Appeal on October 7, 2019. In May 2020, the BC Court of Appeal released its decision allowing TransLink’s appeal and remitting the matter to the BC Supreme Court for resolution in accordance with directions issued by the BC Court of Appeal, which favour TransLink’s position substantially. The Class Members then sought and were refused leave to appeal the BC Court of Appeal’s decision to the Supreme Court of Canada on December 23, 2020. It is likely the parties will engage in settlement discussions toward a final resolution in the near future.
- A lawsuit filed by a number of Cambie area merchants, where no specific amount has been claimed at this time.
- Two additional lawsuits each filed by individual Cambie area merchants, where no specific amount has been claimed at this time.

Once a reasonable estimate of the potential liability, if any, is determined, a provision will be recognized.

(ii) On January 6, 2021, a proposed class action lawsuit was filed against the Authority in relation to the data breach resulting from the cyberattack in 2020 against the Authority. The claim was filed by a former employee of the Authority and is seeking compensation for the alleged loss of sensitive personal information resulting from the breach. The Authority believes that the outcome of the lawsuit along with a reasonable estimate of any potential losses cannot be determined at this time and therefore, no provisions have been made in the consolidated financial statements.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

13. Commitments and contingencies (continued):

(g) Other capital and inventory commitments:

At December 31, 2020, $962,274,000 (2019 - $265,421,000) has been contractually committed for other capital projects and inventory.

(h) Letters of credit:

As at December 31, 2020, the Authority has issued letters of credit to the City of Richmond and the City of Surrey totaling $942,000 (2019 - $3,910,000) which expire in 2021.

14. Contractual rights:

The Authority is entitled to future revenues based on contracts and agreements it has entered into by year-end to fund operating costs, capital expansion and debt repayment. These include, but are not limited to, funding agreements for Canada Line, Golden Ears Bridge foregone tolling, Gas Tax, PTIF, ICIP, BC Bus Pass program and the U-Pass BC program. The following summarizes the amounts receivable expected under all such contracts and agreements over the next five years:

2021	$ 393,704
2022	363,747
2023	371,021
2024	216,800
2025	161,461
	$ 1,506,733

The annual amounts beyond 2025 range from $27,746,000 to $174,603,000 until 2050.

15. Statement of cash flows:

	2020	2019
Non-cash changes to operations:		
Amortization of tangible capital assets	$ 229,450	$ 212,942
Amortization of bond premium	(1,661)	(66)
Amortization of deferred concessionaire credit	(23,337)	(23,273)
Amortization of deferred government transfers	(66,955)	(318,586)
Amortization of deferred lease inducements net of additions	(608)	(209)
Loss (gain) on disposal of tangible capital assets	10	(506)
	$ 136,899	$ (129,698)

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

15. Statement of cash flows (continued):

	2020	2019
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	$ (646,981)	$ 3,709
Decrease in loan receivable	7,651	60,725
Increase in supplies inventory	(4,677)	(10,312)
Decrease (increase) in prepaid expenses	4,084	(2,704)
Increase in accounts payable and accrued liabilities	6,087	27,965
Increase (decrease) in deferred revenue and deposits	(2,306)	7,065
Increase (decrease) in employee future benefits	(11,374)	4,056
	$ (647,516)	$ 90,504

16. Financial instruments:

(a) Credit, interest and foreign exchange risk:

Unless otherwise noted, it is management's opinion that the Authority is not exposed to any significant credit or interest rate risk as a result of its financial instruments.

The Authority is exposed to minimal credit risk as the majority of its accounts receivables are due from government sources.

Interest rate risk related to the Authority's debt will be subject to the market interest rates at the date of refinancing, but this risk is mitigated by spreading maturities of borrowings over multiple years and also regularly making contributions to sinking funds in order to repay all long-term bullet debt over a pre-determined amortization period.

The Authority's operations are all based in Canada and exposure to foreign exchange fluctuations is not significant.

There has been no change to any of the risk exposures from 2019.

(b) Fair values:

The fair values of certain debt and assets are represented in the table below. Management considers term deposits and money market instruments carrying amounts to approximate fair values. For all other classes of financial instruments presented in these consolidated financial statements, management considers the carrying amounts approximate the fair values.

2020	Fair values	Amortized cost
Restricted investments:		
Government transfers for capital projects - bonds	$ 23,593	$ 22,641
TPCC - bonds	17,730	17,362
Self-administered sinking funds - bonds	357,042	310,310

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

16. Financial instruments (continued):

(b) Fair values (continued):

2019	Fair values	Amortized cost
Restricted investments:		
Government transfers for capital projects - bonds	$ 22,885	$ 22,637
TPCC - bonds	24,284	24,123
Self-administered sinking funds - bonds	320,545	297,080

17. Taxation revenue:

	2020	2019
Fuel tax	$ 364,524	$ 403,081
Property tax	398,377	382,748
Parking sales tax	47,310	81,871
Hydro levy	21,857	21,461
Replacement tax	17,918	17,808
	$ 849,986	$ 906,969

18. Segmented information:

(a) Bus operations:

Fixed route bus services, SeaBus service and custom transit are delivered through TransLink's wholly-owned subsidiary, Coast Mountain Bus Company Ltd., and various contractors that operate the Community Shuttle routes, West Vancouver Blue Bus, and HandyDART. The Bus operations represent the operating costs and the allocated amortization and interest costs.

(b) Corporate operations:

TransLink corporate is the organization's head office, responsible for organizational leadership and oversight, and the development and undertaking of TransLink's strategic transportation and financial plans. Other functions centralized at the corporate office include capital project approvals, legal services, information systems, human resources, corporate finance, transportation systems planning, internal audit, marketing, real estate services and the transportation demand management program.

(c) Rail operations:

Automated light rail and commuter train services are provided by TransLink's wholly-owned subsidiaries, British Columbia Rapid Transit Company Ltd. and West Coast Express Ltd., and through the concession agreement for the Canada Line. The Rail operations represent the operating costs and the allocated amortization and interest costs.

18. Segmented information (continued):

(d) Roads and bridges:

TransLink owns and operates the Knight Street Bridge, Pattullo Bridge, Westham Island Bridge, and the Golden Ears Bridge. In partnership with the municipalities, TransLink supports the Major Road Network ("MRN"), a network of major roads throughout Metro Vancouver. The MRNs are generally owned by municipalities. TransLink provides funding for the operations, maintenance, and rehabilitation of the MRN, and shares in the costs of eligible capital improvements.

(e) Transit Police:

The South Coast British Columbia Transportation Authority Police Service ("Transit Police") maintains order, safety and security on transit facilities and adjacent areas, and is authorized to enforce laws. The Transit Police coordinate its activities with jurisdictional police as well as other transit security staff.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

18. Segmented Information (continued):

	2020						
	Bus operations	Corporate operations	Rail operations	Roads and bridges	Transit Police	Total	2019
Revenues:							
Taxation	$ -	$ 849,986	$ -	$ -	$ -	$ 849,986	$ 906,969
Transit	-	385,934	-	-	-	385,934	685,362
Government transfers	-	793,771	-	-	-	793,771	398,523
Amortization of deferred concessionaire credit	-	-	23,337	-	-	23,337	23,273
Investment income	-	53,763	-	-	-	53,763	58,024
Development cost charges	-	19,734	-	-	-	19,734	-
Miscellaneous revenue	9,664	6,698	658	-	1,374	18,394	16,725
Gain (loss) on disposal of tangible capital assets	-	(10)	-	-	-	(10)	506
	9,664	2,109,876	23,995	-	1,374	2,144,909	2,089,382
Expenses:							
Administration	22,833	16,777	5,454	61	3,111	48,236	51,346
Capital infrastructure contributions	-	-	-	36,611	-	36,611	37,310
Contracted services	67,799	12,894	129,538	5,187	-	215,418	222,489
Fuel and power	41,128	-	14,778	-	-	55,906	67,755
Insurance	21,774	303	5,955	1,173	122	29,327	28,435
Maintenance, materials and utilities	74,085	1,670	53,992	17,218	1,505	148,470	180,322
Professional and legal	1,722	19,752	2,518	1,129	322	25,443	31,737
Rentals, leases and property tax	13,951	11,231	1,832	263	1,953	29,230	29,613
Salaries, wages and benefits	517,319	53,287	102,440	1,221	33,655	707,922	699,245
Expenses before amortization and interest	760,611	115,914	316,507	62,863	40,668	1,296,563	1,348,252
Amortization of tangible capital assets	112,075	15,556	81,107	20,193	519	229,450	212,942
Interest	61,177	8,493	44,280	75,101	288	189,339	194,983
	173,252	24,049	125,387	95,294	807	418,789	407,925
	933,863	139,963	441,894	158,157	41,475	1,715,352	1,756,177
Surplus (deficit) for the year	$ (924,199)	$ 1,969,913	$ (417,899)	$ (158,157)	$ (40,101)	$ 429,557	$ 333,205

19. Comparative information:

Certain comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year.