



2021 Year-End Financial and Performance Report



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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.

A Note Regarding Data In This Report

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 network systems.

The cyberattack resulted in no material ongoing impact on TransLink's financial performance; however, financial data restoration activities were ongoing during 2021.

As a result, due to the unavailability of certain applications, certain datasets conveyed within the body of this report are partially complete and/or compiled on a best-estimate basis. In those instances, that has been disclosed within the relevant section.

1. Financial and Performance Summary

Keeping the Region Moving

As the integrated, multi-modal transportation authority for Metro Vancouver, TransLink plans, finances, and through 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's priorities for 2021 were shaped by the profound impacts of the COVID-19 pandemic on transportation which had first taken effect in 2020. By April 2020, with the Government of British Columbia having declared a provincial state of emergency and enacted physical distancing measures aimed at slowing the spread of the COVID-19 virus, ridership had collapsed to a low of 17 per cent of pre-COVID levels.

Throughout the pandemic, despite the extraordinary and novel challenges, TransLink had not stopped moving. Comprehensive action plans had been swiftly and effectively developed and implemented to keep the system moving safely for customers who depended on us. The immediate financial pressures resulting from collapses in our key revenue streams were managed through the deferral of service expansion and by reducing all expenditures down to the level of only what was absolutely necessary to deliver service. Support from senior levels of government underscored the essential nature of the services we provide to the people of Metro Vancouver, with Senior Government relief funding of \$660.9 million put in place to allow TransLink to continue providing adequate service levels and keep transit services as affordable as possible.

Going into 2021, the collective 8,000+ employees at TransLink and our operating subsidiaries were resolute in ensuring the delivery of essential transit service was maintained, even as the permanency and extent of COVID-19's transformational impacts on our region remained very much unknown. Navigating this highly uncertain landscape, customer and employee safety remained our central focus as we also acted to steward the region's public transportation options for the future, all in support of rebuilding ridership over the course of the longer term horizon.

In developing the 2021 budget, TransLink's paramount focus had been on cost efficiencies and cost reductions as we delivered service and commitments to the region, while delivering reliable service and rebuilding ridership. By comparison to Phase Two of the 10-Year Vision: 2018-2027 Investment Plan ("Phase Two Investment Plan") for 2021, budgeted expenditures were \$63.3 million lower, and no longer included \$28.0 million of originally planned service expansion. With the speed and level of ridership recovery uncertain, the budget assumed annual ridership would only be 52.6 per cent of pre-pandemic levels. Appropriate service levels were maintained despite the acute revenue shortfalls through the support of Senior Government relief funding secured in 2020.

While being fiscally prudent and maintaining strict spending controls, TransLink continued to invest in critically required maintenance on the system to ensure safety and reliability, as well as advancing key initiatives during the year to help make our region a better place to live. Some of our notable investments in 2021 include:

- Launched Compass on all HandyDART vehicles, providing customers with the benefits of autoloading for monthly passes, balance protection and contactless credit card acceptance;

- Installed over 500 braille bus stop signs during the year, with the goal of braille signage being installed at every bus stop throughout the region by the end of 2022;
- Completed microbial and durability audits for the Copper Pilot Project and three types of copper products were tested on certain buses and trains to assess their durability over time and their ability to kill both bacteria and viruses;
- Welcomed the Burrard Chinook SeaBus into service, with its maiden voyage across Burrard Inlet from Waterfront Station to Lonsdale on July 22, 2021 marked by a historic ceremony hosted in collaboration with local first nations; and
- Partnered with the Province for the new Get on Board ridership recovery program to allow children aged 12 and under to ride the TransLink system free of charge, making it easier and more affordable for families to move in and around Metro Vancouver.

Ever focused on supporting the region through the pandemic, TransLink provided Vancouver Coastal Health and Fraser Health Authorities with free shuttle services to COVID-19 immunization sites for individuals with clear transportation challenges. We also launched the Mobile Vaccine Bus in partnership with Fraser Health Authority to provide a mobile COVID-19 immunization service in designated communities. In alignment with the Province and other transit agencies, TransLink implemented a vaccination policy for employees, contractors and visitors, as another vital step in helping to stop the spread of COVID-19 and ensuring customer and employee safety.

On average, 2021 ridership totalled 47.9 per cent of pre-COVID levels. COVID-19 case numbers in our region fluctuated throughout the year amid different variants and the onset of multiple waves. Ridership recovery was largely flat during the first half of the year, with slower than expected economic recovery in the region amidst incremental public health restrictions. Beginning mid-June, however, ridership began to show signs of increased recovery alongside a successful vaccination campaign. The Province moved to Step 3 of its four-step *BC Restart Plan* on July 1, 2021, easing some of the restrictions. The trajectory of ridership recovery was strong through the summer and was buoyed in September by in-person classes resuming at post-secondary institutions. The recovery somewhat slowed down by November with an onset of Omicron variant. Nevertheless, December 2021 ridership represented 61.4 per cent of pre-COVID levels, compared to 46.8 per cent in 2020.

Fuel tax, parking sales tax and Development Cost Charges all exceeded expectations in the latter half of the year and proved favourable to budget. All of this is indicative of a favourable economic outlook for the region, with 2022 expected to see TransLink gearing up to support the region in the post-pandemic era. Central to the development of our next 10-year Investment Plan will be addressing the structural deficit caused by COVID-19's re-baselining of ridership through achieving cost efficiencies and cost reductions, as well as acquiring new funding sources to allow for services to grow over the next ten years.

For the year ended December 31, 2021, TransLink recorded a deficit of \$198.5 million based on Public Sector Accounting Board (PSAB) standards. \$282.7 million of Senior Government relief funding was budgeted to cover operating losses for 2021 but could not be recorded in the year due to the PSAB standards requirement to record the entire amount of relief funding of \$644.0 million received in 2020, despite the funding being designed to cover net operating losses from 2020 to 2021 and offset fare increases through to 2024. Offsetting this slightly was an additional \$31.8 million of Senior Government relief funding and funding for free transit for kids 12 and under program received in 2021, as TransLink continued to partner with the Province of B.C. and the Government of Canada to bridge the immediate gap between the cost of providing transit service and the significant impacts of diminished ridership on revenues. Excluding these relief funding items, TransLink was \$43.9 million favourable to budget due to recovery in taxation and Development Cost Charges in the second half of the year as the economy

started to recover, combined with the achievement of cost savings and efficiencies to the full extent possible while maintaining safe and appropriate levels of service to customers and keeping the transit system infrastructure in a state of good repair.

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 network 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.

Key Priorities

TransLink's guiding principle in 2021 was to manage the financial impacts of COVID-19 on the organization while continuing to deliver reliable customer service, maintaining the system in a state of good repair and developing the next ten-year Investment Plan to address the structural gap in revenues caused by the pandemic.

Underpinning this were our four key Corporate priorities, the advancement of which is central to our continued focus on the customers. The following tables outline the key accomplishments in 2021.

Priority One: Rebuild Customer Ridership	
<i>TransLink will rebuild ridership by focusing on restoring public trust and confidence in transit as the economy recovers.</i>	
	<ul style="list-style-type: none">• Embedded the COVID-19 Safe Operating Action Plan into our routinized Communicable Disease Prevention Plans, as directed by the Provincial Health Officer and WorkSafeBC, to ensure the continued safety of our customers and employees as COVID-19 transitions from an emergent health threat to an endemic disease to be managed by embedded operational practices.
	<ul style="list-style-type: none">• Completed microbial and durability audits for the Copper Pilot Project and three types of copper products were tested on certain buses and trains to assess their durability over time and their ability to kill both bacteria and viruses.
	<ul style="list-style-type: none">• Installed over 500 braille bus stop signs in 2021 and announced braille signage will be installed at every bus stop throughout the region by the end of 2022. These improvements will help customers who are visually impaired, or partially sighted, better navigate the transit system.
	<ul style="list-style-type: none">• Launched Compass on all HandyDART services, providing customers with the benefits of autoloading for monthly passes, balance protection and contactless credit card acceptance.
	<ul style="list-style-type: none">• Deployed HandyDART alerts integration to enable the customer to sign up for and receive HandyDART alerts via text messages or email and view alerts on the alerts page.
	<ul style="list-style-type: none">• Reintroduced 10-minute peak service for the SeaBus in September 2021 with the introduction of the new Burrard Chinook.
	<ul style="list-style-type: none">• Launched free Wi-Fi connectivity for customers in October 2021 onboard six RapidBuses, three SkyTrains, at Edmonds Station and Carvolth Exchange. This is the beginning of a system-wide rollout that will provide free Wi-Fi for customers on all buses, SeaBuses, SkyTrains, transit stations and major transit hubs. The rollout is expected to be completed in 2026.
	<ul style="list-style-type: none">• Initiated the bus stop balancing program for routes 4 and 7, including engagement with stakeholders, advisory committees, community outreach and media interviews, providing customers faster and more reliable trips.
	<ul style="list-style-type: none">• Approved the SkyTrain Snow Plan supporting service reliability and resiliency during winter weather.

- Implemented COVID-19 Vaccination Policies for employees, employment candidates, contractors and visitors on TransLink worksites and non-public areas.
- The Waterfront Community Police Office completed its first operational year in 2021, with over 60 volunteers trained and 45 volunteers who remained active at the end of 2021. 32 police files were opened as a result of the volunteers' work.
- Launched Ride On Campaign to promote the return to transit during back-to-school season.
- Implemented the Province's Get on Board ridership recovery program in September 2021, enabling free transit for children aged 12 and under.
- Launched the first-ever TransLink "Tap in to Win" Sweepstakes campaign for all transit users on November 1, followed by an observed increase in ridership for existing customers and the addition of new riders as well as new email subscribers.
- Released the first full draft of Transport 2050, the regions strategy for the next 30 years of transportation in Metro Vancouver, laying out a vision for the region's future, as well as over 100 actions to improve transportation over the next three decades.
- Partnered with SCRAP-IT to offer free transit in exchange for fossil fuel cars to help customers switch to public transportation, reducing car dependency and congestion issues and with it the region's carbon footprint.
- Completed public consultation on the RapidBus R6 concept plan with very positive support received, bringing faster, more frequent and reliable service to the Scott Road corridor.

Priority Two: Foster a Safe, Skilled and Resilient Workforce

TransLink will help build resilience among the workforce by focusing on business continuity, transparency and adaptability.

- Advanced the Psychological Health and Safety Program in preparation to launch in early 2022.
- Released the Truth and Reconciliation Commitment Statement to commit to supporting Indigenous Peoples in the communities that Transit Police serves.
- Piloted SafeStart, an advanced safety awareness and skills development program that aims to help people to avoid unintentional mistakes which lead to injury.
- Continued Operator Refresher Training Program, exceeding training targets by 20 per cent for both Conventional and Community Shuttle Operators.
- Adopted an enterprise-wide Equity, Diversity and Inclusion (EDI) framework developed by the EDI program lead and the EDI task force, with focus on HR processes, increased gender representation and accessibility. Partnered with an external vendor to review the recruiting practices, education, leadership commitment and measurement and created employee resource groups (Caregivers, Pride +Allies and Women +Allies) that are focused on employee engagement and retention, career development, and business impact.
- Completed scheduling of bus operator shifts with a guaranteed 45-minute recovery and rest time with continued monitoring of recovery percentages for every schedule.
- Launched the Return to Work initiatives as employees began to gradually return to the workplace in preparation for the full launch of the Future of Work program in 2022.

Priority Three: Deliver a Reliable Transportation System in 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 and approved the 15-year Fleet and Infrastructure Capital Plan.
- Completed running rail maintenance and upgrade work, with 120 kilometres of rail grinding performed, 15,000 rail pads replaced and 7,200 metres of running rail replaced.
- Completed the installation of 1,467 mechanical fare boxes on the entire conventional bus fleet.
- Progressed the implementation of the Enterprise Asset Management and Finance & Supply Chain Management System replacement projects.
- Approved funding for the Knight Street Bridge rehabilitation project and initiated procurement activities for construction.
- Approved funding for the design of the Westham Island Bridge replacement.
- Completed the scheduled Trolley Overhead State of Good Repair Capital Project works as well as completed 27 per cent of the Underground Cable Replacement with the remainder scheduled for completion by Summer 2022.
- Completed CMBC Onboard Technology Assets Program (OTAP) installation at Richmond and Port Coquitlam Transit Centres and completed the planning phase for SeaBus and West Vancouver Municipal Transit.
- Completed the replacement of switches in the Operations and Maintenance Centre 1 (OMC 1) maintenance yard to ensure a state of good repair is maintained.

Priority Four: Achieve Financial Sustainability

TransLink will actively manage the financial health and work towards the achievement of long-term financial sustainability.

- Achieved savings of \$106.2 million in total expenditures (excluding amortization and interest) across the TransLink Enterprise compared to the Phase Two Investment Plan and \$85.2 million compared to 2021 budget.
- Realized a total of \$33.4 million in 2021 of cost savings and cost avoidance in multiple operating and capital initiatives through the delivery of the 2021 Procurement Plan by the Strategic Sourcing and Contract Management Team.
- Achieved Business Technology Services cost savings and cost avoidance of \$1.0 million through the IT Cost Optimization Program.
- Continued to develop a Sustainability Procurement Plan by utilizing the outcomes of the benchmarking tools as well as develop a plan for change management and educate both internal and external stakeholders.
- Completed development of procurement tools and review of peer agency policies in support of developing TransLink's construction project procurement guidelines as they relate to Indigenous communities.
- Completed transfer of carbon credits with \$5.0 million in revenue as a result of using low carbon and renewable fuels in 2020.

2. 5 Year Summary

The paradigm shift in travel behaviour caused by the COVID-19 pandemic has continued to shape TransLink's operations and priorities in 2021. Yet throughout this time, with the support of Senior Government and with Metro Vancouver's safety and recovery at the forefront of our efforts, the TransLink Enterprise has never stopped keeping the people of our region moving. TransLink continued to maintain substantially pre-COVID service levels, while keeping the safety of our customers and employees a priority, through implementation of mask mandate and incorporation of Safe Operating Action Plan into our routinized Communicable Disease Prevention Plans. In 2021 we partnered with local health authorities to facilitate COVID-19 testing and immunization drives, and adopted a vaccination policy for all TransLink employees, contractors and visitors.

Having been hitherto steadily strengthening liquidity position to support the expansion envisaged by Phase 2 of the 10-Year Mayors' Vision, TransLink entered the pandemic with a robust unrestricted cash and investments of \$563.3 million as at December 31, 2019. Senior Government Relief Funding designed to cover net operating losses through 2022 and lower fare increases through 2024 was received in 2021 and bolstered the unrestricted cash and investments balance to \$741.2 million as at December 31, 2021. This positioned us well to support the region's recovery out of the acute phase of the pandemic.

Ridership in Metro Vancouver had grown by 9.9 per cent during 2017-2019 and the Enterprise was on track for further expansion. In mid-March 2020, an extraordinary reversal to this trajectory was enacted by the onset of the pandemic. In 2020 the number of boarded riders fell 51.7 per cent from 2019, and despite a sustained recovery in the latter half of the year, that fundamental re-baselining of ridership meant that 2021 total boarded riders remained 50.6 per cent lower than 2019.

With the Senior Government Relief Funding in place, TransLink maintained sufficient capacity on the system to allow passengers to travel safely while maintaining physical distancing throughout 2020 and 2021. A total of 7.0 million service hours were delivered in 2021, which is a 1.3 per cent increase over 2020. Our services were tailored to demand and saw some temporary suspension of routes with lower than anticipated ridership recovery. Our Total Cost Recovery ratio continues to illustrate the financial pressures of the pandemic ridership baseline: 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, to the 2021 ratio of only 33.5 per cent, as TransLink continued to provide substantially pre-pandemic levels of service despite significantly reduced ridership.

Despite the financial challenges brought by COVID-19, the financial strength established prior to the pandemic, and prudent management during it, has enabled TransLink to move forward with capital investments in support of over-arching enterprise priorities. With the next Investment Plan deferred to 2022 to allow more time to understand and plan for the pandemic's longer term impacts, the recalibrated capital program focused on maintaining a state of good repair and furthering strategic priority projects as capital assets grew to \$5.7 billion as at December 31, 2021.

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)								
	2017	2018	2019	2020	2021	COMPARISON TO 2020 ¹²		Compound Annual Growth Rate (CAGR) ¹²
						Fav / (Unfav)	%	
FINANCIAL INDICATORS								
Unrestricted cash and investments ¹	485.0	578.2	563.3	493.6	741.2	247.6	50.2%	11.2%
Tangible capital assets ²	4,907.2	5,079.2	5,381.3	5,579.6	5,704.2	124.6	2.2%	3.8%
Net direct debt ³	2,220.7	2,371.4	2,375.4	2,645.7	2,466.9	178.8	6.8%	2.7%
Indirect P3 debt ⁴	1,571.3	1,542.9	1,512.6	1,480.2	1,445.7	34.5	2.3%	(2.1%)
Total net direct debt and indirect P3 debt	3,792.0	3,914.3	3,888.0	4,125.9	3,912.6	213.3	5.2%	0.8%
Gross interest cost as a % of operating revenue ^{5,6}	12.2%	11.9%	11.9%	14.3%	12.9%	1.4%	9.8%	1.4%
OPERATING INDICATORS								
Scheduled Transit Service								
Overall performance rating (out of 10)	7.7	7.8	7.8	8.2	8.2	-	-	1.6%
Service hours ^{7a}	6.7	6.9	7.0	6.9	7.0	0.1	1.3%	1.1%
Total cost recovery ratio ^{8,9}	55.9%	58.1%	59.7%	33.6%	33.5%	(0.1%)	(0.4%)	(12.0%)
Operating cost per capacity kilometre ^{*10}	\$ 0.084	\$ 0.086	\$ 0.097	\$ 0.097	\$ 0.111	\$ (0.014)	(14.4%)	7.4%
Complaints per million boarded passengers ^{*,7b,11}	93.4	95.4	90.6	103.3	92.8	10.5	10.2%	(0.2%)
Access Transit Service								
Number of trips (thousands)	1,250	1,315	1,382	620	696	76	12.3%	(13.6%)
Operating cost per trip *	\$ 42.73	\$ 41.34	\$ 39.26	\$ 75.14	\$ 69.70	\$ 5.44	7.2%	13.0%
Number of trips denied (thousands)	1.4	0.7	1.4	0.4	0.1	0.3	70.6%	(45.6%)
Complaints per 100,000 boarded passengers *	120.2	187.3	201.8	178.6	209.7	(31.1)	(17.4%)	14.9%
Ridership ¹¹								
Boarded passengers (system)	408.2	437.4	452.9	218.8	223.5	4.7	2.2%	(14.0%)
Journeys (system)	247.8	262.6	272.4	128.0	130.9	2.9	2.3%	(14.8%)
Average fare per journey (scheduled)*	\$ 2.31	\$ 2.35	\$ 2.42	\$ 2.82	\$ 2.93	\$ 0.11	3.9%	6.1%
REGIONAL INDICATORS								
Population of Service Region	2.59	2.63	2.67	2.71	2.77	0.06	2.2%	1.6%
Employment of Service Region	1.40	1.43	1.47	1.38	1.50	0.12	9.1%	1.7%

* Per unit calculation

¹ This represents the accumulated funded resources as calculated under the South Coast British Columbia Transportation Authority Act (the SCBCTA Act) and is the amount of resources available to fund future operations.

² The 2020 Tangible capital assets have been restated to reflect asset reclassification.

³ Includes bonds, debentures, capital leases, short-term debt net of sinking funds and debt reserve deposits.

⁴ Includes Deferred concessionaire credit for Canada Line and Contractor liability for Golden Ears Bridge.

⁵ Operating revenue is total revenue less Government transfers for capital projects and Senior Government relief funding, Investment income and Amortization of deferred concessionaire credit.

⁶ Operating revenue in 2020 restated to exclude Development Cost Charges.

⁷ In December 2020, TransLink was the victim of a cyberattack. Immediate action and protective measures were taken by TransLink including the shutdown 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:

^{7a} CMBC Service hours estimated for November 2020 to December 2021 are based on the best available data at the time of reporting to maintain consistency within the reporting period.

^{7b} TransLink was not able to capture complete full complaint data from November 28, 2020 to August 18, 2021. To normalize the 2020 and 2021 metrics, boarded passenger totals are aligned with the periods complaint data was fully available, being January 1 to November 27 for 2020 and September 1 to December 31 for 2021 – September being the first month of complete data in 2021.

⁸ Includes operating costs of Bus, Rail, Transit Police and Corporate On-going.

⁹ Restated 2017 to reflect year-end adjustments.

¹⁰ Includes operating costs of Bus, Rail and Transit Police (excludes Corporate and Access Transit costs).

¹¹ 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.

¹² Calculations based on whole numbers.

Financial Indicators

TransLink's financial discipline and Senior Government relief funding has ensured the financial strength necessary to navigate the acute stage of the COVID-19 pandemic. Early in the pandemic, the organization, working with our Senior Government partners, put decisive cost reduction and operating loss management strategies in place to enable 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 Act (the SCBCTA Act). This represents the amount of resources available to fund future operations. Unrestricted cash and investments increased by \$247.6 million (50.2 per cent) mainly due to the receipts of \$644.0 million of initial Senior Government relief funding and \$31.8 million of further relief funding and funding for free transit for children aged 12 and under program, which was used to offset outflows from operations totaling \$410.0 million in 2021.

Capital assets increased from \$5.6 billion in 2020 to \$5.7 billion in 2021. Compared to 2020, capital assets increased \$124.6 million (2.2 per cent), mainly due to SkyTrain system and infrastructure upgrades, bus infrastructure improvements, SkyTrain vehicle procurement milestone payments and technology upgrade projects.

Net direct debt has increased by \$246.2 million since 2017, a 2.7 per cent Compounded Annual Growth Rate (CAGR) increase. The increase in debt supports the capital investments for both expansion projects and maintaining our assets in a state of good repair. Compared to 2020, net direct debt decreased by \$178.8 million (6.8 per cent). This was primarily the result of substantial increases to TransLink's self-administered sinking fund of \$83.6 million from contributions and fund income, net reductions in Municipal Finance Authority of BC (MFABC) held debt of \$61.8 million and a \$30.0 million reduction in the issuance of short-term debt commercial paper.

Indirect Public-Private Partnership (P3) debt, which includes the liability owed to the Golden Ears Bridge contractor and the Canada Line deferred concessionaire credit, has declined by \$125.6 million (2.1 per cent CAGR) since 2017. Compared to 2020, indirect P3 debt decreased by \$34.5 million (2.3 per cent) mainly due to the 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 2017 to 2019, increased to 14.3 per cent in 2020 because of the impact of COVID-19 on 2020 operating revenues. In 2021, the ratio resolved back down to 12.9 per cent, in line with historical averages. TransLink continues to operate well within its policy limit of 20.0 per cent.

Operating Indicators

Operational trends include key performance metrics of service delivered to Metro Vancouver residents and transit ridership. In 2021, TransLink continues to monitor and measure its performance 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 7.7 out of 10 rating in 2017 to an 8.2 rating in both 2020 and 2021. 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. Ridership remains well below pre-pandemic levels, and the incidence of qualifying for the Customer Service Performance study was considerably lower than pre-pandemic levels. The results may also be impacted by the increased proportion of captive riders (those without access to a car) interviewed, which remains higher than pre-pandemic levels.

Service hours increased by 1.3 per cent in 2021 over 2020. Over the past five years, service hours have increased by a CAGR of 1.1 per cent. In 2021, as the Metro Vancouver region adjusted to the ongoing effects of the pandemic and travel behaviour changed, service has been reallocated to our busiest bus routes to reduce crowding and provide more frequent services to better match customer demand. The increase was partly offset by lower service hours for SkyTrain and West Coast Express in 2021 as a result of snowfall and maintaining service levels according to demand.

The total cost recovery ratio, measuring the percentage of direct operating costs covered by transit revenues, decreased by 43.9 per cent from 2019 to 2021 as a result of the pandemic's impact on transit revenues. Despite that revenue loss, TransLink as an essential service provider has prioritized continuity of service levels across 2020 and 2021.

Operating costs per capacity kilometre has increased by a CAGR of 7.4 per cent over the five-year period. Compared to 2020, this metric increased by 14.4 per cent from \$0.097 to \$0.111 in 2021 as a result of the postponement of planned service expansion, decreased passenger capacity from higher use of Mark I trains to facilitate fleet maintenance campaign of larger capacity Mark III trains.

Complaints per million boarded passengers had improved from 2017 to 2019, which had been attributed to improvements in Transit Operator customer service and continued efforts to provide timely and consistent information to our customers. In 2020 however, complaints per million boarded passengers increased sharply, attributable to the timing of the pandemic's impact on ridership; 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. The impact of the December 2020 cyberattack, when the immediate action and protective measures taken by TransLink included the shutdown of multiple network systems, has resulted in incomplete complaints data from November 28, 2020 to September 1, 2021 as systems were gradually brought back online during this period. While the complaints per million boarded passenger indicators for 2020 and 2021 have been normalised to match the available data, the incomplete nature of the dataset impairs further comparative analysis.

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.

Total Access Transit trips provided in 2021 were 696.0 thousand (12.3 per cent) higher than in 2020. Trips have been significantly lower since March 2020 due to the COVID-19 pandemic, which continued to significantly impact service demand in 2021. An increase in demand, however, was noted in the last three months of the year.

Operating cost per trip decreased by \$5.44 (7.2 per cent) from \$75.14 in 2020 to \$69.70 in 2021. This change was due to an increase in trip demand in the last quarter of 2021. In alignment with the *BC Restart Plan*, in August, buses could operate at full capacity once again. Care was taken, however, to keep numbers onboard small and keep clients physically distanced from each other. As of December 31, 2021, well over 80.0 per cent of trips have two or fewer clients per vehicle.

In 2021, complaints per one hundred thousand boarded passengers increased by 17.4 per cent over 2020. The collection of the complaint data was unaffected by the December 2020 cyberattack as a separate customer feedback tracking system is used. In an effort to improve the customer experience, HandyDART increased customer-focused refresher training sessions from annual to twice per year. First Transit has also developed additional sessions for Operators who had more complaints about their behaviour than the average. At year-end, about 20 per cent of these Operators had received two sessions and the program continues. Also, scheduling changes have been implemented to improve both on-time performance and ride-times.

Although the pandemic and its related effects continued through 2021, we maintained our focus on communication and engagement with our HandyDART customers. The second iteration of our wellness check-in calls started in the spring and was completed in the summer. Along with making the time to connect with our valued customers, we wanted to take this opportunity to proactively reach out to gauge their interest in returning to travel with us, so we could better anticipate ridership demand.

The HandyDART Modernization Project launch in the spring included a survey to our customers about the planned introduction of Compass on HandyDART. We noticed an immediate uptick in the number of calls that we received about this topic; customers seemed very keen on sharing their feedback with us. Prior to the launch of Compass on HandyDART, we helped our customers prepare in many ways, from Access Transit Customer Care answering questions to Travel Training providing online information workshops.

The latest version of the HandyDART Application Form was also rolled out last year. This document was expanded to include information intended to more suitably set registration-related expectations at the start of the process. Progress continues to further refine the application process and better align operational ability and customer demand.

Starting in the fall, the HandyDART registration process became more inclusive with the expansion to children under 12 years of age.

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 2021, total system boardings were 223.5 million, 2.2 per cent higher compared to 2020.

Journeys represent a complete transit trip using Compass fare media or other proof of payment, regardless of the number of transfers. Compared to 2020, total system journeys in 2021 increased by 2.3 per cent to a total of 130.9 million.

Since 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 there until November 2020,

when it declined again slightly amidst new restrictions enacted by the Provincial Health Officer, to just over 37.0 per cent of pre-COVID levels for the rest of the year.

For the first half of 2021, the ridership recovery was largely flat at 40.7 per cent of pre-COVID levels as compared to 39.6 per cent for December 2020 because of slower than expected economic recovery in the region with fluctuating COVID-19 cases accompanied by incremental public health restrictions. Beginning mid-June, alongside a successful vaccination campaign and easing restrictions, the ridership recovered on a trajectory reaching 61.4 per cent of pre-COVID in December 2021 as compared to 46.8 per cent for 2020. While ridership recovery was strong in relation to pre-COVID levels during the second half of 2021, the full year ridership of 47.9 per cent of pre-COVID levels was lower than budget of 52.4 per cent due to the anticipation of a higher recovery from the vaccination campaign and in actuality, a slower economic recovery due to onset of COVID-19 variants and rising cases. In 2021, total boardings and journeys were unfavourable to budget by 8.8 per cent and 9.0 per cent, respectively.

The average fare per journey was \$2.93 for 2021, an increase of \$0.11 (3.9 per cent) relative to 2020 mainly due to the fare increase effective July 1, 2021. The average fare was also impacted by increased U-Pass revenue from the resumption of in-person learning in September 2021 without a proportionate increase in overall ridership.

3. Consolidated Statement of Operational Analysis

CONSOLIDATED REVENUES AND EXPENSES		YEAR OVER YEAR				ACTUAL TO BUDGET	
Year ended December 31	2021	2020	CHANGE		2021	CHANGE	
(\$ thousands)	ACTUAL	ACTUAL	Fav/(Unfav)	%	BUDGET	Fav/(Unfav)	%
Revenue							
Taxation	899,448	849,986	49,462	5.8%	888,774	10,674	1.2%
Transit	413,961	385,934	28,027	7.3%	421,548	(7,587)	(1.8%)
Government transfers	203,780	793,771	(589,991)	(74.3%)	552,357	(348,577)	(63.1%)
Amortization of deferred concessionaire credit	23,273	23,337	(64)	(0.3%)	23,273	-	-
Investment income	52,882	53,763	(881)	(1.6%)	46,715	6,167	13.2%
Development Cost Charges	44,773	19,734	25,039	126.9%	16,889	27,884	165.1%
Miscellaneous revenue	21,974	18,394	3,580	19.5%	17,422	4,552	26.1%
Sub Total Continuing Operations	1,660,091	2,144,919	(484,828)	(22.6%)	1,966,978	(306,887)	(15.6%)
Gain (Loss) on disposal of tangible capital assets	560	(10)	570	> 200.0%	-	560	-
Total Revenue	1,660,651	2,144,909	(484,258)	(22.6%)	1,966,978	(306,327)	(15.6%)
Expenses							
Bus Operations	806,292	760,611	(45,681)	(6.0%)	844,162	37,870	4.5%
Rail Operations	346,699	316,507	(30,192)	(9.5%)	360,290	13,591	3.8%
Transit Police	44,809	40,668	(4,141)	(10.2%)	44,296	(513)	(1.2%)
Corporate Operations	103,581	100,798	(2,783)	(2.8%)	112,479	8,898	7.9%
Roads and Bridges	120,166	62,863	(57,303)	(91.2%)	142,075	21,909	15.4%
Amortization of tangible capital assets ¹	233,789	229,450	(4,339)	(1.9%)	249,942	16,153	6.5%
Interest ¹	182,040	189,339	7,299	3.9%	180,469	(1,571)	(0.9%)
Sub Total Continuing Operations	1,837,376	1,700,236	(137,140)	(8.1%)	1,933,713	96,337	5.0%
Corporate One-time	21,760	15,116	(6,644)	(44.0%)	25,186	3,426	13.6%
Total Expenses	1,859,136	1,715,352	(143,784)	(8.4%)	1,958,899	99,763	5.1%
Surplus (Deficit) for the Year	(198,485)	429,557	(628,042)	(146.2%)	8,079	(206,564)	> (200.0%)

¹ Amortization and Interest shown separately to facilitate analysis

TransLink ended the 2021 year with a \$198.5 million deficit on a PSAB basis, which was \$628.0 million lower than the surplus recorded in 2020. This is due primarily to the requirements of the public sector accounting standards, under which the entire amount of the \$644.0 million Senior Government relief funding received in 2020 was recorded as revenue in that year, despite being designed to cover net operating losses from 2020 to 2021 and to offset fare increases through to 2024. \$282.7 million of Senior Government relief funding had been budgeted to cover TransLink's operating loss in 2021; within this context, TransLink's 2021 result is favourable to budget.

Transit revenues remained suppressed, underperforming to expectations as people in the service region continued to be encouraged to work from home, limit social gatherings and avoid non-essential travel to varying degrees across the course of the year. Nevertheless, on the back of a successful vaccination rollout commencing Spring 2021, a gradual ridership recovery was sustained in the second half of the year which, along with the resumption of in-person university classes, resulted in higher annual transit revenues than 2020. Moreover, other revenue streams including taxation, Development Cost Charges and miscellaneous revenue performed better relative to both the budget and the prior year, and are indicative of a favourable economic outlook for the region ahead.

Total expenses in 2021 increased by 8.4 per cent from 2020 mainly due to higher labour costs arising from the resumption of hiring and contractual and economic labour increases, higher capital infrastructure contributions and higher maintenance costs as a result of the resumption of the Operation, Maintenance and Pavement Rehabilitation (OMR) program within the Major Road Network (MRN) in 2021 and higher fuel costs. Total expenses were 5.1 per cent favourable to the budget mainly due to timing of OMR program costs, lower amortization expense, vacancy savings, lower contracted services costs and lower maintenance costs tied to lower service hours in response to demand.

Details of the variances are provided in the following analysis.

Consolidated Revenues – Comparison to 2020

CONSOLIDATED REVENUES		YEAR OVER YEAR		
Year ended December 31 (\$ thousands)	ACTUAL		CHANGE	
	2021	2020	Fav/ (Unfav)	%
Taxation	899,448	849,986	49,462	5.8%
Transit	413,961	385,934	28,027	7.3%
Government transfers				
Senior Government Relief Funding	31,800	644,000	(612,200)	(95.1%)
Senior Government Funding	107,229	87,405	19,824	22.7%
Golden Ears Bridge Tolling Replacement Revenue	64,751	62,366	2,385	3.8%
Amortization of deferred concessionaire credit	23,273	23,337	(64)	(0.3%)
Investment income	52,882	53,763	(881)	(1.6%)
Development Cost Charges	44,773	19,734	25,039	126.9%
Miscellaneous revenue	21,974	18,394	3,580	19.5%
Sub Total Continuing Operations	1,660,091	2,144,919	(484,828)	(22.6%)
Gain (Loss) on disposal of tangible capital assets	560	(10)	570	> 200.0%
Total Revenue	1,660,651	2,144,909	(484,258)	(22.6%)

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.

Revenue streams in 2021 continued to be shaped by the impact of the COVID-19 pandemic, with travel patterns fundamentally disrupted by the state of emergency and physical distancing measures that have been enacted, to varying degrees, from mid-March 2020 onwards. However, relative to the prior year, revenues from continuing operations (excluding Senior Government relief funding and capital funding) in 2021 were \$107.5 million or 7.6 per cent higher. This is due to relative recoveries in taxation and transit revenues, as well as a marked uptick in Development Cost Charges.

The 2021 total revenue was \$1.7 billion which is 22.6 per cent lower than 2020 mainly 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, of which \$282.7 million was budgeted for 2021, was designed to offset net operating losses and allow TransLink to maintain essential services during 2020 and 2021 as well as offset the lower fare increases in 2021 to 2024.

Taxation

TAXATION REVENUES		YEAR OVER YEAR		
Year ended December 31 (\$ thousands)	ACTUAL		CHANGE	
	2021	2020	Fav/ (Unfav)	%
Fuel tax	389,652	364,524	25,128	6.9%
Property tax	418,786	398,377	20,409	5.1%
Parking sales tax	50,733	47,310	3,423	7.2%
Hydro levy	22,378	21,857	521	2.4%
Replacement tax	17,899	17,918	(19)	(0.1%)
Total Taxation	899,448	849,986	49,462	5.8%

Total taxation revenues were \$49.5 million (5.8 per cent) higher than 2020 mainly due to higher revenues from fuel tax, property tax and parking sales tax.

Fuel tax revenue was higher by \$25.1 million (6.9 per cent) compared to 2020. In 2020, fuel sales were sharply affected at the onset of the pandemic yet had returned closer to pre-COVID levels by the end of the year. In 2021, fuel sales were impacted by a varying number of COVID-19 cases and changing physical distancing guidelines but remained between 82 to 88 per cent of pre-COVID levels in the first half of the year with a more sustained recovery from June onwards, coinciding with higher vaccination rates and a general lifting of restrictions.

Property tax revenue increased by \$20.4 million (5.1 per cent) compared to 2020 due to legislative increases in taxation from existing properties, as well as from new development and construction growth.

Parking sales tax was higher by \$3.4 million (7.2 per cent) compared to 2020. Parking sales tax had declined significantly with the onset of the pandemic in 2020, and proportionately more so than fuel tax, 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. Unlike fuel sales, parking sales tax recovery remained subdued until the second half of 2021, when alongside high vaccination rates and Step 3 of the *BC Restart Plan* people began returning to worksites. This gradual return to downtown core working augmented 2021 parking revenues, driving the overall increase relative to 2020.

Transit

TRANSIT REVENUES		YEAR OVER YEAR		
Year ended December 31 (\$ thousands)	ACTUAL		CHANGE	
	2021	2020	Fav/ (Unfav)	%
Fares	270,617	265,171	5,446	2.1%
Program	112,343	95,570	16,773	17.6%
Total Fares	382,960	360,741	22,219	6.2%
Other transit	31,001	25,193	5,808	23.1%
Total Transit	413,961	385,934	28,027	7.3%

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 2021 was \$414.0 million, an increase of \$28.0 million (7.3 per cent) over 2020.

In 2021, revenue from fares was \$270.6 million, which is \$5.4 million (2.1 per cent) higher than 2020. Fare revenue was more severely impacted in 2020 after the announcement of physical distancing guidelines by the Provincial Health Officer in response to COVID-19. The provincial restrictions significantly changed the region's travel behaviour with switching to remote work and avoiding non-essential travel. Total ridership as compared to pre-COVID levels dropped to 17.1 per cent in April 2020, the first month after which the physical distancing guidelines had been introduced, and averaged 23.5 per cent in the second quarter of 2020.

From July 2020 to May 2021, ridership ranged at 37 per cent to 42 per cent of pre-COVID levels, with higher ridership coming in the warmer months amidst intermittent periods of relaxed restrictions. From June 2021 onwards, higher vaccination rates and the relaxing of restrictions encouraged transit users to make non-essential travel and return to the worksite resulted in a higher and more sustained ridership recovery, with ridership closing at 61.4 percent of pre-COVID levels in December 2021. The positive ridership recovery since June, along with an average fare increase of 2.3 per cent effective July 1, 2021, resulted in higher fare revenues in 2021.

Program revenue includes revenue from the U-Pass BC and BC Government Bus Pass programs. In 2021, program revenue totalled \$112.3 million, which is \$16.8 million (17.6 per cent) higher than 2020, mainly due to higher U-Pass BC revenue as schools resumed all in-person classes in September 2021. In 2020, the program was suspended from April to August 2020 and in September, participation remained low as students opted out of U-Pass BC purchases and there was a significant drop in international student enrolment.

Other transit revenue totalled \$31.0 million in 2021, a \$5.8 million (23.1 per cent) increase over 2020 mainly due to higher revenue from the sale of carbon credits, higher advertising income, recovered costs related to claims and foreign exchange gains.

Government Transfers

GOVERNMENT TRANSFERS Year ended December 31 (\$ thousands)	YEAR OVER YEAR			
	ACTUAL		CHANGE	
	2021	2020	Fav/ (Unfav)	%
Senior Government Relief Funding	31,800	644,000	(612,200)	(95.1%)
Senior Government Funding	107,229	87,405	19,824	22.7%
Golden Ears Bridge Tolling Replacement Revenue	64,751	62,366	2,385	3.8%
Total Government Transfers	203,780	793,771	(589,991)	(74.3%)

Total government transfers were \$203.8 million, which was \$590.0 million (74.3 per cent) lower than 2020 mainly due to \$644.0 million Senior Government relief funding fully recognised in 2020 in accordance with Public Sector Accounting Standards. This funding was designed to offset net operating losses caused by COVID-19 in 2020 and 2021 and to support lower than planned fare increases in 2021-2024. In 2021, TransLink received additional relief funding from the Senior Government of \$31.8 million, of which \$16.9 million was towards higher than expected fuel tax revenue losses and \$14.9 million supported the implementation of the Get on Board ridership recovery program, providing free transit for children aged 12 and under.

Senior Government funding was \$107.2 million, which includes funds received from the Greater Vancouver Regional Fund (GVRP), Canada Line funding, Build Canada Fund and other miscellaneous programs. Senior Government funding increased by \$19.8 million (22.7 per cent) mainly due to funding through the Canada Community Building Fund (formerly Federal Gas Tax Fund) related to conventional bus deliveries that were delayed in 2020 and were partially delivered in 2021.

In addition, TransLink received funding of \$64.8 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 \$0.9 million (1.6 per cent) from 2020 mainly due to lower interest rates over 2020, partially offset by growing investment balances.

Development Cost Charges

The Development Cost Charges (DCC) program was established effective January 15, 2020 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 \$44.8 million was recognized for the year which was \$25.0 million (126.9 per cent) higher than 2020 mainly as a result of higher development activity in the region, with several construction projects having been delayed last year due to COVID-19 and overall higher activity in the current year as developers are encouraged to deliver at a faster pace due to rising prices and low interest rates.

Miscellaneous Revenue

Miscellaneous revenue increased by \$3.6 million (19.5 per cent) from 2020 mainly due to compensation received for renegotiated agreements and new projects.

Gain (Loss) on Disposal of Assets

In the current year, the gain on disposal of the capital asset was \$0.6 million, which was related to the sale of the statutory right of way for the Greater Vancouver Sewage and Drainage District.

Consolidated Revenues – Comparison to Budget

CONSOLIDATED REVENUES		ACTUAL TO BUDGET		
Year ended December 31 (\$ thousands)	ACTUAL	BUDGET	CHANGE	
	2021	2021	Fav/ (Unfav)	%
Taxation	899,448	888,774	10,674	1.2%
Transit	413,961	421,548	(7,587)	(1.8%)
Government transfers				
Senior Government Relief Funding	31,800	282,246	(250,446)	(88.7%)
Senior Government Funding	107,229	205,360	(98,131)	(47.8%)
Golden Ears Bridge Tolling Replacement Revenue	64,751	64,751	-	-
Amortization of deferred concessionaire credit	23,273	23,273	-	-
Investment income	52,882	46,715	6,167	13.2%
Development Cost Charges	44,773	16,889	27,884	165.1%
Miscellaneous revenue	21,974	17,422	4,552	26.1%
Sub Total Continuing Operations	1,660,091	1,966,978	(306,887)	(15.6%)
Gain (Loss) on disposal of tangible capital assets	560	-	560	-
Total Revenue	1,660,651	1,966,978	(306,327)	(15.6%)

Compared to budget, total revenue of \$1.7 billion was \$306.3 million unfavourable, of which \$250.4 million was due to Senior Government relief funding recognized in 2020 in accordance with Public Sector Accounting Standards rules and \$98.1 million from the timing of capital projects funded in part by Senior Government. Excluding these items, revenue from continuing operations was \$41.7 million favourable to budget.

Taxation

TAXATION REVENUES		ACTUAL TO BUDGET		
Year ended December 31 (\$ thousands)	ACTUAL	BUDGET	CHANGE	
	2021	2021	Fav/ (Unfav)	%
Fuel tax	389,652	384,884	4,768	1.2%
Property tax	418,786	417,720	1,066	0.3%
Parking sales tax	50,733	46,033	4,700	10.2%
Hydro levy	22,378	22,137	241	1.1%
Replacement tax	17,899	18,000	(101)	(0.6%)
Total Taxation	899,448	888,774	10,674	1.2%

Total taxation revenues were \$10.7 million (1.2 per cent) favourable to the budget.

Fuel tax revenue was favourable by \$4.8 million (1.2 per cent) compared to the budget due to COVID-19 vaccines being made available to the public sooner than expected, which advanced the timeline of recovery anticipated for the year. Whilst fuel tax had been budgeted to recover close to pre-COVID levels, higher vaccination rates alongside the announcement of Step 3 of the *BC Restart Plan* on July 1, 2021, led to an earlier increase in fuel consumption than was anticipated in the budget, resulting in higher fuel tax.

The successful vaccination campaign and reduction of restrictions in 2021 similarly impacted Parking sales tax revenue, which was favourable by \$4.7 million (10.2 per cent) compared to budget. This higher

degree of favourability is because the budget anticipated a significantly reduced usage of parking, with remote work expected to remain prevalent throughout the year. However, the latter half of 2021 saw a marked uptick in people commuting to work, resulting in higher parking sales tax revenue.

Property tax revenue was favourable by \$1.1 million (0.3 per cent) compared to budget due to higher than expected non-market change as a result of new construction and zoning.

Transit

TRANSIT REVENUES		ACTUAL TO BUDGET		
Year ended December 31 (\$ thousands)	ACTUAL	BUDGET	CHANGE	
	2021	2021	Fav/ (Unfav)	%
Fares	270,617	287,475	(16,858)	(5.9%)
Program	112,343	109,737	2,606	2.4%
Total Fares	382,960	397,212	(14,252)	(3.6%)
Other transit	31,001	24,336	6,665	27.4%
Total Transit	413,961	421,548	(7,587)	(1.8%)

In 2021, revenue from fares was \$270.6 million, which is \$16.9 million (5.9 per cent) unfavourable to budget because of slower than expected economic recovery in the first half of the year amidst multiple waves and variants of COVID-19 followed by incremental public health restrictions. Beginning mid-June, alongside a successful vaccination campaign and easing restrictions, ridership underwent a sustained recovery, reaching a high point in October in absolute terms before declining slightly and closing at to 61.4 per cent of pre-COVID in December 2021. While ridership recovery was strong in relation to pre-COVID levels during the second half of 2021, the full year ridership of 47.9 per cent of pre-COVID levels was lower than budget of 52.6 per cent as both the velocity and trajectory of ridership recovery proved to be lower than expected.

Program revenue totalled \$112.3 million, which is \$2.6 million (2.4 per cent) favourable to budget mainly due to higher participation from universities since the start of the new term in September 2021 as many schools resumed in-person classes as part of the Campus Return Plan.

Other transit revenue totalled \$31.0 million in 2021, \$6.7 million (27.4 per cent) favourable to the budget mainly because of higher revenue from carbon credit sales, higher advertisement revenue, higher property rentals and favourable foreign exchange gains.

Government Transfers

GOVERNMENT TRANSFERS Year ended December 31 (\$ thousands)	ACTUAL TO BUDGET			
	ACTUAL	BUDGET	CHANGE	
	2021	2021	Fav/ (Unfav)	%
Senior Government Relief Funding	31,800	282,246	(250,446)	(88.7%)
Senior Government Funding	107,229	205,360	(98,131)	(47.8%)
Golden Ears Bridge Tolling Replacement Revenue	64,751	64,751	-	-
Total Government Transfers	203,780	552,357	(348,577)	(63.1%)

Total government transfers were \$203.8 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.

Total Senior Government relief funding was \$250.4 million unfavourable to the budget as PSAB standards required TransLink to recognize the entire amount of \$644.0 million Senior Government relief funding in 2020, even though a large portion of that was intended, and had been budgeted, to cover anticipated net operating losses in 2021. The variance was partially offset by additional relief funding from the Senior Government of \$31.8 million, of which \$16.9 million was towards higher than anticipated fuel tax revenue losses and \$14.9 million supported the implementation of the Get on Board ridership recovery program, providing free transit for children aged 12 and under.

Senior Government funding was unfavourable by \$98.1 million mainly due to the timing of bus and Community Shuttle vehicle projects that have shifted the revenue recognition of government transfers and the timing of revenue recognition for PTIF funding.

Investment Income

Investment income was \$6.2 million (13.2 per cent) favourable to budget primarily due to the receipt of interest from installment payment for the Oakridge Transit Centre sale and bank interest from higher than budgeted cash and investment balances.

Development Cost Charges

The Development Cost Charges (DCC) program revenue was \$27.9 million (165.1 per cent) favourable to budget as new development activity anticipated in the region was higher due to a supply deficit in the Metro Vancouver region and several construction projects delayed last year due to COVID-19. With increasing housing prices and lower interest rates, developers were encouraged to deliver sooner than expected.

Miscellaneous Revenue

Miscellaneous revenue was \$4.6 million (26.1 per cent) favourable to budget mainly due to unbudgeted one-off compensation received for renegotiated agreements and new projects.

Gain (Loss) on Disposal of Assets

Gain on disposal of assets was \$0.6 million favourable mainly due to the sale of the statutory right of way to Greater Vancouver Sewage and Drainage District that was not budgeted.

Consolidated Expenses – Comparison to 2020

CONSOLIDATED EXPENSES (BY SEGMENT)			YEAR OVER YEAR	
Year ended December 31 (\$ thousands)	ACTUAL		CHANGE	
	2021	2020	Fav/ (Unfav)	%
Bus Operations	806,292	760,611	(45,681)	(6.0%)
Rail Operations	346,699	316,507	(30,192)	(9.5%)
Transit Police	44,809	40,668	(4,141)	(10.2%)
Corporate Operations	103,581	100,798	(2,783)	(2.8%)
Roads and Bridges	120,166	62,863	(57,303)	(91.2%)
Amortization of tangible capital assets ¹	233,789	229,450	(4,339)	(1.9%)
Interest ¹	182,040	189,339	7,299	3.9%
Sub Total Continuing Operations	1,837,376	1,700,236	(137,140)	(8.1%)
Corporate One-time	21,760	15,116	(6,644)	(44.0%)
Total Expenses by Segment	1,859,136	1,715,352	(143,784)	(8.4%)

¹ Amortization and Interest shown separately to facilitate analysis

TransLink's consolidated operating expenses were \$143.8 million (8.4 per cent) higher than 2020 mainly due to the extraordinary cost reduction measures instituted at the onset of the COVID-19 pandemic in 2020. That year, a hiring freeze was implemented, the Major Road Network OMR program was suspended, and a critical and exhaustive review of expenditures was conducted. As a result, 2020 expenses were \$209.6 million lower than budgeted, before amortization and interest. In 2021, having stabilized operations and worked with Senior Government Partners to secure relief funding and ensure continuity of service, the Major Road Network OMR program was resumed, service levels were stabilized according to ridership demand, and the hiring freeze was lifted.

Bus Operations operating expenses were \$45.7 million (6.0 per cent) higher than 2020 mainly due to higher fuel costs and increased labour costs as a result of contractual increases as well as increased service levels in 2021. This is partly offset by decreased insurance costs from lower insurance rates compared to 2020.

Rail Operations operating expenses were \$30.2 million (9.5 per cent) higher than 2020 mainly due to a one-time employee future benefits liability reduction recognized in 2020 which reduced the expenses in that year, increased staffing to support state of good repair as well as contractual and economic increases, partly offset by lower costs related to service reductions and the deferral of previously planned expansion.

Transit Police expenses were \$4.1 million (10.2 per cent) higher than 2020 largely due to higher salary and benefit costs as a result of contractual wage increases, change in pension plan providers for the police officers and fewer vacant positions in 2021.

Corporate Operations expenses were \$2.8 million (2.8 per cent) higher than 2020 mainly due to higher property taxes assessed, higher contractual obligation, higher contractual labour costs and higher marketing and public relations activities; partially offset by lower computer software and equipment costs.

Roads and Bridges expenses were \$57.3 million (91.2 per cent) higher than 2020 mainly due to the resumption of OMR funds for the Major Road Network, which was cancelled in 2020 to help manage the acute cost pressures imposed by the onset of the COVID-19 pandemic.

Amortization expense increased by \$4.3 million (1.9 per cent) over 2020 as a result of a \$358.4 million increase in depreciable tangible capital assets. Main asset additions affecting amortization in 2021 were new replacement vehicles, new escalators at various Expo Line SkyTrain stations, bus infrastructure improvements and other various infrastructure and system upgrades.

Interest expense decreased by \$7.3 million (3.9 per cent) compared to 2020 mainly due to lower average debt balances combined with lower average interest rates than in 2020.

Corporate One-time expenses were \$6.6 million (44.0 per cent) higher than 2020.

Consolidated Expenses – Comparison to Budget

CONSOLIDATED EXPENSES (BY SEGMENT)			ACTUAL TO BUDGET	
Year ended December 31 (\$ thousands)	ACTUAL	BUDGET	CHANGE	
	2021	2021	Fav/ (Unfav)	%
Bus Operations	806,292	844,162	37,870	4.5%
Rail Operations	346,699	360,290	13,591	3.8%
Transit Police	44,809	44,296	(513)	(1.2%)
Corporate Operations	103,581	112,479	8,898	7.9%
Roads and Bridges	120,166	142,075	21,909	15.4%
Amortization of tangible capital assets ¹	233,789	249,942	16,153	6.5%
Interest ¹	182,040	180,469	(1,571)	(0.9%)
Sub Total Continuing Operations	1,837,376	1,933,713	96,338	5.0%
Corporate One-time	21,760	25,186	3,426	13.6%
Total Expenses by Segment	1,859,136	1,958,899	99,763	5.1%

¹ Amortization and Interest shown separately to facilitate analysis

In 2021, with pressures on ridership ongoing, TransLink derived cost savings and efficiencies wherever possible while maintaining safe and appropriate levels of service to customers and keeping the transit system infrastructure in a state of good repair. Excluding amortization and interest, expenditures from continuing operations were \$81.8 million lower than budget, including \$37.0 million of savings related to service reductions in response to reduced ridership demand, \$22.9 million of non-service-related cost reductions and \$21.9 million of timing of contributions to municipalities. These savings were partly offset by higher than budgeted interest expense due to lower interest capitalization on construction projects.

Bus Operations operating expenses were \$37.9 million (4.5 per cent) lower than budget. With ridership recovery proving lower than budget, service hours were right sized to demand, resulting in fewer service hours and kilometers than budget. This in turn resulted in better fuel consumption, lower maintenance and favourable insurance rates, while also reducing overtime and facilitating vacancy savings. Lower service demand also reduced Access Transit contract costs.

Rail Operations operating expenses were \$13.6 million (3.8 per cent) lower than budget, mainly due to lower labour costs resulting from vacancies and less overtime, savings from reduced service levels for Canada Line and WCE, lower maintenance and professional services expenses related to changes in planned work and lower contracted services costs.

Transit Police operating expenses were \$0.5 million (1.2 per cent) higher than budget mainly due to higher than budgeted salary and benefit costs as a result of contractual wage increases. This unfavourable variance was partially offset by lower premises rent, lower radio communication costs, lower professional fees and lower training costs.

Corporate Operations operating expenditures were \$8.9 million (7.9 per cent) lower than budget mainly due to vacancy savings, reduced expenditures in professional fees as a result of project deferrals, lower credit card fees as a result of reduced ridership, lower computer software and equipment costs, and lower print usage.

Roads and Bridges spending was \$21.9 million (15.4 per cent) lower than budget mainly due to timing of municipalities' work and MRN Operations and Maintenance projects.

Amortization was \$16.2 million (6.5 per cent) lower than budget primarily due to delays of the delivery and final acceptance of bus, SkyTrain and SeaBus replacement vehicles. Project delays and savings realized on project completion further contributed to the variance.

Interest expense for 2021 was \$1.6 million (0.9 per cent) higher than budget mainly due to lower than budgeted interest capitalization during construction as a result of reduced capital spending, and higher inflation than budgeted affecting the Golden Ears Bridge debt. This was partly offset by no debt issuance in the year and by running lower than budgeted Commercial Paper balances.

Corporate One-time costs were \$3.4 million (13.6 per cent) lower than budget mainly due to unused operating contingency, fewer feasibility studies being conducted than planned and delays in the implementation phase of the Enterprise Resource Program (ERP) project. The savings are partly offset by expenses incurred as a result of the December 1, 2020 cyberattack and for the ridership recovery program.

Consolidated Expenses by Category – Comparison to 2020

CONSOLIDATED EXPENSES (BY CATEGORY)								
Year ended December 31 (\$ thousands)	2021 Actual			2020 Actual			Ongoing Expenses	
	Ongoing	One-time ¹	Total	Ongoing	One-time ¹	Total	Fav/ (Unfav)	%
Administration	45,145	3,557	48,702	46,708	1,528	48,236	1,563	3.3%
Amortization of tangible capital assets	233,789	-	233,789	229,450	-	229,450	(4,339)	(1.9%)
Capital infrastructure contributions	72,711	-	72,711	36,611	-	36,611	(36,100)	(98.6%)
Contracted services	223,036	-	223,036	215,412	6	215,418	(7,624)	(3.5%)
Fuel and power	67,217	-	67,217	55,906	-	55,906	(11,311)	(20.2%)
Insurance	24,578	-	24,578	29,327	-	29,327	4,749	16.2%
Interest	182,043	-	182,043	189,339	-	189,339	7,296	3.9%
Maintenance, materials and utilities	171,488	817	172,305	148,201	269	148,470	(23,287)	(15.7%)
Professional and legal	15,755	14,638	30,393	14,714	10,729	25,443	(1,041)	(7.1%)
Rentals, leases and property tax	33,491	-	33,491	29,160	70	29,230	(4,331)	(14.9%)
Salaries, wages and benefits	768,123	2,748	770,871	705,408	2,514	707,922	(62,715)	(8.9%)
Total Expenses by Category	1,837,376	21,760	1,859,136	1,700,236	15,116	1,715,352	(137,140)	(8.1%)

¹ One-time expenses shown separately to facilitate analysis

On-going Expenses

Administration costs are \$1.6 million (3.3 per cent) lower than 2020 mainly due to lower hosting, network and telecommunications costs.

Amortization expense increased by \$4.3 million (1.9 per cent) over 2020 as a result of a \$358.4 million increase in depreciable tangible capital assets. The asset additions affecting amortization in 2021 were new replacement vehicles, new escalators at various Expo Line SkyTrain stations, bus infrastructure improvements and other various infrastructure and system upgrades.

Capital infrastructure contributions increased by \$36.1 million (98.6 per cent) due to the resumption of Pavement Rehabilitation program payments for MRN, which was cancelled in 2020 to help manage the acute cost pressures imposed by the onset of the COVID-19 pandemic.

Contracted services increased by \$7.6 million (3.5 per cent) over 2020 mainly due to higher Access Transit contracts costs as a result of higher demand for HandyDART as well as higher contractual costs for Compass operations and Canada Line.

Fuel and power costs increased by \$11.3 million (20.2 per cent) over the prior year mainly due to higher diesel fuel prices and increased service levels.

Insurance costs decreased by \$4.7 million (16.2 per cent) over 2020 mainly due to lower vehicle insurance rates.

Interest expense decreased by \$7.3 million (3.9 per cent) compared to 2020 mainly due to lower average debt balances combined with lower average interest rates.

Maintenance, materials and utilities increased by 23.3 million (15.7 per cent) over 2020 mainly due to the resumption of the MRN Operations & Maintenance, which was cancelled in 2020.

Professional and legal fees increased by 1.0 million (7.1 per cent) over 2020 mainly due to projects deferred in 2020 subsequently undertaken in 2021.

Rentals, leases and property tax expenses increased by \$4.3 million (14.9 per cent) over 2020 mainly due to an increase in property taxes as a result of higher assessment values across municipalities and higher rental costs compared to 2020.

Salaries and wages increased \$62.7 million (8.9 per cent) over the prior year mainly due to contractual and economic labour increases, the temporary suspension of non-front line hiring in 2020 and increased service levels in 2021.

Consolidated Expenses by Category – Comparison to Budget

CONSOLIDATED EXPENSES (BY CATEGORY)								
Year ended December 31 (\$ thousands)	2021 Actual			2021 Budget			Ongoing Expenses	
	Ongoing	One-time ¹	Total	Ongoing	One-time ¹	Total	Fav/ (Unfav)	%
Administration	45,145	3,557	48,702	54,119	3,892	58,011	8,974	16.6%
Amortization of tangible capital assets	233,789	-	233,789	249,942	-	249,942	16,153	6.5%
Capital infrastructure contributions	72,711	-	72,711	91,305	-	91,305	18,594	20.4%
Contracted services	223,036	-	223,036	237,160	-	237,160	14,124	6.0%
Fuel and power	67,217	-	67,217	70,057	-	70,057	2,840	4.1%
Insurance	24,578	-	24,578	31,952	-	31,952	7,374	23.1%
Interest	182,043	-	182,043	180,469	-	180,469	(1,574)	(0.9%)
Maintenance, materials and utilities	171,488	817	172,305	182,751	-	182,751	11,263	6.2%
Professional and legal	15,755	14,638	30,393	20,996	14,920	35,916	5,241	25.0%
Rentals, leases and property tax	33,491	-	33,491	32,377	-	32,377	(1,114)	(3.4%)
Salaries, wages and benefits	768,123	2,748	770,871	782,586	6,374	788,960	14,463	1.8%
Total Expenses by Category	1,837,376	21,760	1,859,136	1,933,714	25,186	1,958,900	96,338	5.0%

¹ One-time expenses shown separately to facilitate analysis

Ongoing Expenses

Administration costs were \$9.0 million (16.6 per cent) lower than budget mainly due to lower fare media costs and credit card fees as a result of lower than anticipated ridership and lower than planned technology costs.

Amortization expense was \$16.2 million (6.5 per cent) lower than budget primarily due to delays in the delivery and final acceptance of buses and other revenue-generating vehicles. Project delays and savings realized on project completion further contributed to the variance.

Capital infrastructure contributions were \$18.6 million (20.4 per cent) lower than budget mainly due to timing of municipal projects.

Contracted services were \$14.1 million (6.0 per cent) lower than budget mainly due to decreased Access Transit operating costs as a result of fewer trips delivered than planned and lower service levels on the Canada Line than anticipated.

Fuel and power costs were \$2.8 million (4.1 per cent) lower than budget mainly due to lower diesel prices and reduced consumption as a result of lower ridership than anticipated.

Insurance was \$7.4 million (23.1 per cent) lower than budget mainly due to lower insurance rates and lower service levels as a result of lower ridership than anticipated.

Interest expense for 2021 was \$1.6 million (0.9 per cent) higher than budget mainly due to lower than budgeted interest capitalization during construction as a result of reduced capital spending, and higher inflation than budgeted affecting the Golden Ears Bridge debt. This was partly offset by no debt issuance in the year and lower than budgeted Commercial Paper balances.

Maintenance, materials and utilities expenses were \$11.3 million (6.2 per cent) lower than budget mainly due to service reductions contributing to lower maintenance and repair costs and timing of MRN Operations & Maintenance projects.

Professional and legal fees were \$5.2 million (25.0 per cent) lower than budget mainly due to timing of projects and changes in planned work.

Rentals, leases and property tax expenses were \$1.1 million (3.4 per cent) higher than budget mainly due to higher than expected property tax assessments.

Salaries and wages were \$14.5 million (1.8 per cent) lower than budget mainly due to vacancy savings and lower overtime costs correlating with lower ridership. The savings were partly offset by contractual wage increases in 2021.

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, 2021, TransLink's total capital program budget was \$6.4 billion, which includes:

- \$3.1 billion in active capital projects;
- \$538.3 million in Approved-In-Principle (AIP) capital projects;
- \$2.4 billion in substantially complete capital projects; and
- \$475.9 million in capital infrastructure contributions to municipalities.

SUMMARY OF CAPITAL PROGRAM						
As of December 31, 2021 (\$ thousands)	Number of Projects	Total Current Budget	Final Forecast Cost	Forecast Variance to Current Budget		Senior Government Funding (Committed)
				Fav/(Unfav)	%	
Capital Projects						
Active	135	3,054,715	3,025,381	29,334	1.0%	1,031,394
AIP	26	538,317	538,317	-	0.0%	102,464
Substantially Complete	141	2,352,756	2,239,315	113,441	4.8%	1,200,762
Subtotal	302	5,945,788	5,803,013	142,775	2.4%	2,334,620
Capital Infrastructure Contributions						
Active	30	475,867	470,639	5,228	1.1%	-
Subtotal	30	475,867	470,639	5,228	1.1%	-
Total Capital Program	332	6,421,655	6,273,652	148,003	2.3%	2,334,620

¹ The Senior Government funding as of December 31, 2021 reflects the Provincial Government decision to transfer \$723 million of provincial funding from the Expo and Millennium Upgrade Program (EMUP) and other priority projects (included in Active Projects) to the future Surrey Langley SkyTrain project.

The capital program is supported in part by \$2.3 billion in committed funding available to TransLink from the Canada Community Building Fund (formerly the Federal Gas Tax Fund), Public Transit Infrastructure Fund (PTIF) and Investing in Canada Infrastructure Program (ICIP). External funding programs apply to eligible projects within the capital program. For the Canada Community Building 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 and ICIP TransLink incurs the costs of the 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, 2021, there were 276 active and substantially complete projects with a final forecasted cost of \$5.3 billion. The total costs incurred for these projects during the year were \$352.9 million.

SUMMARY OF ACTIVE PROJECTS								
As of December 31, 2021 (\$ thousands)	Number of Projects	Current Budget	2021 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Forecast Variance to Current Budget		Senior Government Funding (Committed)
						Fav/ (Unfav)	%	
Active								
Equipment	17	201,732	29,287	76,998	189,432	12,300	6.1%	28,697
Infrastructure	64	616,415	44,793	141,604	607,944	8,471	1.4%	166,653
Major Construction	14	1,788,806	146,968	336,930	1,787,514	1,292	0.1%	569,125
Technology	18	160,824	34,407	77,215	153,732	7,092	4.4%	-
Vehicle	22	286,938	31,156	61,317	286,759	179	0.1%	266,919
Subtotal (Active Capital Projects)	135	3,054,715	286,611	694,064	3,025,381	29,334	1.0%	1,031,394
Substantially Complete	141	2,352,756	66,306	2,202,731	2,239,315	113,441	4.8%	1,200,762
Total Active Capital Projects	276	5,407,471	352,917	2,896,795	5,264,696	142,775	2.6%	2,232,156

Active Capital Projects

As of December 31, 2021, there were 135 active projects with expenditures of \$286.6 million for the year and \$694.1 million in cumulative spending to date. A comparison of active project budgets against forecasted final costs shows a favourable variance of \$29.3 million (1.0 per cent).

Infrastructure spending of \$44.8 million for the year includes \$5.5 million on the Canada Line's Capstan Station, \$4.3 million spent on Edmonds Operations and Maintenance Centre Capacity Upgrade and \$3.8 million on Compass Implementation for HandyDART.

Major Construction spending of \$147.0 million for the year includes \$86.7 million spent on the Fleet Acquisition project as part of the Expo and Millennium Upgrade Program (EMUP) and \$19.5 million on a new Operations and Maintenance Centre.

Technology spending totaling \$34.4 million for the year includes \$27.2 million spent on the Financial and Supply Chain Management System Replacement Project and British Columbia Rapid Transit Company Ltd. (BCRTC) Enterprise Asset Management projects.

Substantially Complete Capital Projects

As of December 31, 2021, there were 141 projects with a total budget of \$2.4 billion deemed substantially complete with \$66.3 million spent year to date. These projects are in the final stages of project activity. The total expected favourable variance for these projects at completion is \$113.4 million (4.8 per cent).

Notable projects that were substantially completed during the year include:

- Expo Line Escalator Replacement - Accelerated Program - Phase 2;
- Skytrain Passenger Information Displays Upgrade;
- Power System Upgrades for SkyTrain at OMC;
- Bus Daily Operations Management System (DOMS) Replacement - Detailed Design;
- Additional SeaBus Vessel; and

- 2021 Community Shuttle Replacement.

Approved in Principle (AIP) Capital Projects

As of December 31, 2021, there were 26 AIP projects remaining to be initiated with a total budget of \$538.3 million. Of the 26 projects, ten projects with a budget of \$50.3 million were carried forward from 2019 and 2020 and 16 projects with a budget of \$488.0 million are new in 2021.

SUMMARY OF AIP PROJECTS			
As of December 31, 2021 (\$ thousands)	Number of Projects	Current Budget	Senior Government Funding (Committed)
Capital Projects			
Equipment	3	12,650	-
Infrastructure	16	151,995	11,218
Major Construction	2	278,228	3,596
Technology	3	5,094	-
Vehicle	2	90,350	87,650
Total AIP Projects	26	538,317	102,464

A significant portion of the projects remaining in AIP are related to infrastructure, major construction and vehicle projects, including the System Integration and Program Management Project (Infrastructure), improvements to OMC 4 - New Vehicle Maintenance Facility (Major Construction) and the 2023 Conventional Bus Replacement Project (Vehicle).

Closed Capital Projects

During the year ended Dec 31, 2021, six projects with a final cost of \$112.9 million and an approved budget of \$113.8 million were completed and closed. Significant closed projects include the Joyce-Collingwood Station Upgrade Construction project, the 2014 Conventional Bus Replacement project and the 2018 Conventional Bus Expansion project.

Cancelled Capital Projects

During the year ended December 31, 2021, five projects with budgets totaling \$11.8 million were cancelled, including a Bus Facility Customer Amenities Improvement project and a retrofit project for the Burnaby Transit Centre.

Capital Infrastructure Contributions

These expenditures consist of contributions to municipalities for the rehabilitation and upgrade of the 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, 2021, there were 30 active programs with a budget of \$475.9 million. The majority of the \$48.3 million in contributions in the year related to the Pavement Rehabilitation Program was funded under the MRN Program.

SUMMARY OF INFRASTRUCTURE CONTRIBUTION PROGRAMS						Forecast Variance to Current Budget	
As of December 31, 2021 (\$ thousands)	Number of Projects	Current Budget	2021 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Fav/ (Unfav)	%
MRN Structures Funding Program	4	62,330	860	939	62,179	151	0.2%
Major Road Network and Bike Upgrades (MRNB)	10	227,257	16,285	139,400	223,174	4,083	\$0.0
Pavement Rehabilitation Program	4	87,981	24,501	86,130	87,332	649	0.7%
Bicycle Infrastructure Capital Cost Share (BICCS)	4	64,413	3,918	8,226	64,215	198	0.3%
Bus, Speed, Reliability, and Infrastructure (BSRI)	3	10,713	1,107	1,497	10,707	6	0.1%
Walking Infrastructure to Transit (WITT)	5	23,173	1,620	4,316	23,032	141	0.6%
Grand Total	30	475,867	48,291	240,508	470,639	5,228	1.1%

Development Cost Charges 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 \$1.6 billion, of which \$569.5 million is TransLink's direct capital cost net of Senior Government funding. During the year ended December 31, 2021, TransLink recognized \$44.8 million in DCC revenue and the funds have been proportionately allocated as follows:

SUMMARY OF DCC PROGRAM				
As of December 31, 2021 (\$ thousands)	Current Budget	Senior Government Funding	TransLink Capital Cost	Allocation of DCC Received
Bus Exchange/Depot and SeaBus Expansion	169,389	58,306	111,083	4,907
New Major Projects	72,283	14,722	57,561	2,543
SkyTrain and West Coast Express Expansion	1,341,385	496,501	844,884	37,323
Total DCC Program	1,583,057	569,529	1,013,528	44,773

5. Changes in Financial Position

Financial Assets

Financial Assets				
As at December 31 (\$ thousands)	2021	2020	CHANGE	%
Cash and cash equivalents	575,623	397,571	178,052	44.8%
Accounts receivable	159,207	893,870	(734,663)	(82.2%)
Loan receivable	131,060	182,358	(51,298)	(28.1%)
Restricted cash and cash equivalents and investments	1,237,197	1,033,354	203,843	19.7%
Investments	165,616	96,059	69,557	72.4%
Debt reserve deposits	26,272	28,565	(2,293)	(8.0%)
Financial Assets	2,294,975	2,631,777	(336,802)	(12.8%)

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

The decrease in accounts receivable of \$734.7 million (82.2 per cent) was mainly due to a combination of received Senior Government relief funding and outstanding capital project funding from the Provincial Government.

Loan receivable represents the net present value of future payments of proceeds from the 2016 sale of the Oakridge Transit Centre. The decrease of \$51.3 million (28.1 per cent) was attributable to payments received during the period, 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)	2021	2020	CHANGE	%
Government transfers for capital project funding	525,640	390,583	135,057	34.6%
TPCC Cash and Investments	29,978	29,510	468	1.6%
Green Bond Proceeds	-	46,388	(46,388)	(100.0%)
Land reserve	236,929	205,863	31,066	15.1%
Sub-total	792,547	672,344	120,203	17.9%
Total self administered sinking funds	444,650	361,010	83,640	23.2%
Total Restricted cash and investments	1,237,197	1,033,354	203,843	19.7%

Restricted cash and cash equivalents 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 increase in restricted cash and cash equivalents and investments was \$203.8 million (19.7 per cent) arising from net government transfers for capital project funding of \$135.1 million, net of the \$46.4 million decrease of Green Bond Proceeds released to fund eligible capital projects. The \$31.1 million

increase in the Land Reserve is mainly due to installment payments from the sale of the Oakridge Transit Centre. The \$83.6 million (23.2 per cent) increase in self-administered sinking funds is due to regularly scheduled contributions to the fund combined with investment income from the fund. TPCC's increase of \$0.5 million (1.6 per cent) is mainly due to net investment income.

Liabilities

Liabilities				
As at December 31				
(\$ thousands)	2021	2020	CHANGE	%
Accounts payable and accrued liabilities	364,458	374,319	(9,861)	(2.6%)
Debt	2,937,864	3,035,241	(97,377)	(3.2%)
Deferred government transfers	1,325,681	1,196,485	129,196	10.8%
Golden Ears Bridge contractor liability	1,013,077	1,024,302	(11,225)	(1.1%)
Deferred concessionaire credit	432,629	455,902	(23,273)	(5.1%)
Employee future benefits	138,224	132,335	5,889	4.5%
Deferred revenue and deposits	64,449	59,895	4,554	7.6%
Deferred lease inducements	13,890	14,780	(890)	(6.0%)
Liabilities	6,290,272	6,293,259	(2,987)	(0.0%)

See the "Liquidity and Capital Resources" section for commentary on debt.

The increase in deferred government transfer of \$129.2 million (10.8 per cent) was due to funding received during the year, partially offset by revenues recognized as the funding stipulations were 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 credits represent the funding provided by the Canada Line Concessionaire. This balance is amortized to income on a straight-line basis over the operating term of the concessionaire agreement, which will expire in July 2040.

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

The increase in deferred revenues and deposits of \$4.6 million (7.6 per cent) was mainly due to unearned transit fare revenue and Compass Card deposits received.

Non-Financial Assets

Non-Financial Assets				
As at December 31				
(\$ thousands)	2021	2020	CHANGE	%
Tangible capital assets ¹	5,704,158	5,579,590	124,568	2.2%
Supplies inventory ¹	91,161	89,233	1,928	2.2%
Prepaid expenses	30,040	26,826	3,214	12.0%
Non-Financial Assets	5,825,359	5,695,649	129,710	2.3%

¹ Restated to reflect asset reclass.

For the year ended December 31, 2021, tangible capital assets increased by \$124.6 million (2.2 per cent) due to additions of \$358.4 million, partially offset by amortization of \$233.8 million. See “Investments in Capital Assets” for discussion on project activities.

Capital Assets Additions

For the year ended December 31, 2021 tangible capital assets increased by a net amount of \$124.6 million which represents \$358.4 million in addition to capital assets less \$233.8 million of amortization.

The addition of \$358.4 million during the year was primarily made up of the following items:

Additions to equipment of \$45.9 million related to:

- \$12.6 million for Expo Line Skytrain stations escalators replacement;
- \$5.9 million for farebox replacement on buses;
- \$4.8 million for Sapperton facilities; and
- \$3.6 million for IT infrastructure & equipment.

Additions to other supporting systems of \$21.8 million related to:

- \$12.5 million for running rail replacement;
- \$5.7 million for Skytrain Passenger Information Displays, PA system and CCTV upgrades; and
- \$1.9 million for Skytrain station roof replacements.

Additions to bridges and guideways of \$14.3 million related to:

- \$14.3 million for Canada Line Capacity Expansion.

Additions to land, land improvements and buildings of \$41.2 million related to:

- \$17.7 million for the property at 435 Columbia Street, New Westminster (land and building);
- \$7.9 million for SeaBus Maintenance Dock Expansion;
- \$7.8 million for Richmond Brighthouse Bus Mall; and
- \$3.2 million for Nanaimo Bus Loop upgrades.

Additions to vehicles and SeaBus \$11.8 million related to:

- \$6.2 million for Community Shuttle Replacement;
- \$5.3 million for Burrard Chinook, the new SeaBus; and

Net addition to work in progress of \$223.4 million primarily related to:

Capital additions to work-in-progress totalled \$237.3 million offset by \$13.9 million in transfers of completed projects into their respective asset classes. The movement for the year mainly related to the following projects:

- Expo and Millennium Upgrade Program (EMUP) Fleet Acquisition Phase 2 – addition of \$86.8 million, with no assets commissioned during the year;
- Financial system and enterprise asset management system implementation – addition of \$30.4 million, with no assets commissioned during the year;
- 2020 conventional buses expansion – addition of \$16.6 million, with no assets commissioned during the year;
- EMUP–Coquitlam Vehicle Storage Facility OMC 4 – addition of \$15.6 million, with no assets commissioned during the year; and
- Edmonds OMC capacity upgrade – addition of \$12.3 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)	2021	2020	CHANGE	%
Cash and cash equivalents	575,623	397,571	178,052	44.8%
Investments	165,616	96,059	69,557	72.4%
Total	741,239	493,630	247,609	50.2%

Cash and cash equivalents as well as investments increased by \$247.6 million (50.2 per cent) mainly due to the receipts of \$644.0 million Senior Government relief funding and \$31.8 million of additional funding, partially offset by net outflows from operations. The \$741.2 million in unrestricted cash and investments is well within policy requirements of 15.0 per cent of operating expenditures plus debt service costs.

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 (on 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)	2021	2020	CHANGE	%
Debt	2,937,864	3,035,241	(97,377)	(3.2%)
Less: Self-administered sinking funds	(444,650)	(361,010)	(83,640)	(23.2%)
Less: Debt reserve deposits	(26,272)	(28,565)	2,293	8.0%
Net Direct Debt	2,466,942	2,645,666	(178,724)	(6.8%)
Golden Ears Bridge contractor liability	1,013,077	1,024,302	(11,225)	(1.1%)
Deferred concessionaire credit	432,628	455,902	(23,274)	(5.1%)
Indirect P3 Debt	1,445,705	1,480,204	(34,499)	(2.3%)
Subtotal Net Direct Debt and Indirect P3 Debt	3,912,647	4,125,870	(213,223)	(5.2%)

Debt, which primarily finances capital spending, decreased by \$97.4 million (3.2 per cent). This was mainly the result of two Municipal Finance Authority of British Columbia bond maturities of \$54.0 million and \$12.2 million respectively, combined with a \$30.0 million reduction in the issuance of short-term debt commercial paper.

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 2021, all proceeds of TransLink's second green bond issuance have been spent on eligible projects.

Indirect P3 Debt decreased by \$34.5 million (2.3 per cent) due to principal repayment of \$11.2 million of the Golden Ears Bridge contractor liability and the \$23.3 million amortization of the Canada Line deferred concessionaire credit.

Overall, the total net debt decreased by \$213.2 million (5.2 per cent) due to contributions to sinking funds, payment of debt on maturity and reduction in outstanding commercial paper.

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								
As at December 31, 2021 Agency	2021				2020			
	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	Negative

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, 2021, TransLink's outstanding debt obligation, as defined above, was \$3.56 billion, being the debt of \$2.94 billion plus MFABC 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 British Columbia and Federal Government, including Senior Government relief funding, fuel tax, capital project funding, toll replacement funding and program passes, and the Goods and Services Tax (GST) rebate from the Federal Government. For these balances, the 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 payment is due over the next year and is 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 and cash equivalents, 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 2025 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, 2021, 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 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. TransLink enters into some fixed-price contracts to help mitigate this risk. While the majority of the current bus fleet is powered by diesel fuel, for which prices have been steadily rising, the plan is to replace diesel buses with more sustainable forms of fuel propulsion, such as compressed natural gas (renewable 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. Commodity risk is considered moderate.

(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 to high, with the headline rate forecasted at an average of 4.2 per cent by the end of the quarter. Recent high inflation has primarily been driven by price hikes in transportation (8.9 per cent) and gasoline (33.3 per cent). Inflation will likely remain elevated throughout 2022. TransLink is actively monitoring its effects on procurement and project delivery.

Business Risk

As the region's multi-modal transportation system, TransLink is exposed to various operational risks, which are losses from inadequate or failed internal processes, people and systems, or from external events. TransLink manages these risks strategically through its Enterprise Risk Management (ERM) program. The ERM program engages various stakeholders at the divisional, corporate, and enterprise levels, utilizing a systematic approach to identify, assess and respond to risks that affect the achievement of its strategic, operational, project and financial objectives. Risks are reported on a regular, ongoing basis to the board, with up-to-date information on their causes, consequences, and mitigations. TransLink also 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.

In 2021, TransLink and its operating companies began to identify the risks and vulnerabilities associated with climate change to infrastructure and operations. In 2022, under its Climate Action Strategy, we will undertake planning work to ensure our infrastructure and operations are resilient to the impacts of climate change and to prioritize strategy and budgeting for future climate adaptation initiatives.

Labour Relations Risk

The majority of employees across the TransLink enterprise are represented by six bargaining units. These include 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 bargaining units 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 expires on December 31, 2022.

The labour relations risk for 2022 is moderate to high, as negotiations for a replacement agreement between CMBC and Unifor, CMBC and MoveUP, and TransLink and MoveUP will all occur simultaneously during the year. There is potential for a labour dispute to occur for any of the agreements that expire in 2022, largely due to the competing financial pressure on the organization and wage expectations. As noted, the negotiations between CMBC and Unifor have the greatest potential to impact service delivery; however, the other negotiations also have the potential for an operational impact.

Project Risk

TransLink's capital program consists of projects that vary significantly in scope, risk, complexity, business value 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 ongoing pandemic, implementation complexities due to unforeseen risks, design assumptions & considerations and resource constraints. General risks managed in capital projects include supply chain issues with procuring long-lead items, brownfield conditions, other project interdependencies, municipal or other third-party approvals. To mitigate this, TransLink supplements internal resources and expertise with specialized engineering, design, planning, construction/implementation resources as needed, which provide the due diligence required by each project. Design assumptions and considerations and brownfield risks are reduced by performing site and condition assessments of the project location prior to project start. Procurement risks are reduced through identifying a procurement strategy before the project start, 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 Specific Project Approval. This is a more rigorous phase, 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 teams, depending on the complexity and the risk profile of the project.

Active projects are governed by project steering committees, which include Project Sponsor, Implementation Manager, a Project Management Office member 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 2021 Audited Consolidated Financial Statements will be attached once they have been reviewed by the Audit Committee and the Board of Directors.

Appendix 2 – Five Year Historical Schedules

5 YEAR CONSOLIDATED REVENUES						Compound Annual Growth Rate (CAGR)
Year ended December 31 (\$ millions)	2017	2018	2019	2020	2021	2017-2021
Taxation	821.3	819.4	907.0	850.0	899.4	2.3%
Transit	591.0	638.0	685.4	385.9	414.0	(8.5%)
Government transfers ¹	166.9	303.5	398.5	149.8	172.0	0.8%
Golden Ears Bridge tollings	29.7	-	-	-	-	n/a
Investment income	50.3	53.2	58.0	53.8	52.9	1.3%
Development Cost Charges	-	-	-	19.7	44.8	n/a
Amortization of deferred concessionaire credit	23.3	23.3	23.3	23.3	23.2	(0.1%)
Miscellaneous revenue ²	12.6	17.4	16.7	18.4	22.0	15.1%
Sub Total Continuing Operations	1,695.1	1,854.8	2,088.9	1,500.9	1,628.3	(1.0%)
Senior Government Relief Funding	-	-	-	644.0	31.8	n/a
Gain/loss on disposal of tangible capital assets	(1.1)	(0.0)	0.5	-	0.6	0.0%
Total Revenue	1,694.0	1,854.8	2,089.4	2,144.9	1,660.7	(5.1%)

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, has declined at a Compounded Annual Growth Rate (CAGR) of 1.0 per cent since 2017.

Taxation and transit revenues had grown in line with the growth in population and number of households throughout 2017 to 2019. The increase in service levels to accommodate strong ridership growth and legislative rate increases over the years had 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. Taxation revenue recovered in 2021 to marginally below the pre-COVID levels; however, transit revenue remains substantially below pre-pandemic level despite a sustained recovery in ridership in the second half of 2021. Whilst December 2021 ridership was 61.4 per cent of pre-COVID levels, 2021, as a whole, was 47.9 per cent of pre-pandemic level, comparing only slightly favourably to 46.8 per cent in 2020.

Government transfers excluding the Senior Government relief funding have increased by a CAGR of 54.5 per cent from 2017 to 2019 because of project spending and related government funding for expanding services and maintaining a state of good repair. Also, in 2017, delays in ordering and delivery of vehicles pushed the Federal Gas Tax transfers to 2018-19. In 2020, due to the COVID-19 pandemic, the replacement of conventional buses was significantly impacted by the production delays and therefore resulted in lower transfers. As the production resumes, the buses which were expected last year were partially delivered in 2021 resulting in an increase of 14.8 per cent in government transfers as compared to 2020.

Investment income has grown at 1.3 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 surplus property.

Miscellaneous revenue has grown at 15.1 per cent CAGR over the five-year period and consists of third-party recoveries related to warranties, sales of energy credits, other recoverable costs and one-off compensations.

5 YEAR CONSOLIDATED EXPENSES (BY SEGMENT)						Compound Annual Growth Rate (CAGR) 2017-2021
Year ended December 31 (\$ millions)	2017	2018	2019	2020	2021	
Bus Operations ¹	694.5	730.4	766.6	760.6	806.3	3.0%
Rail Operations	297.4	309.2	324.2	316.5	346.7	3.1%
Transit Police	37.2	38.3	40.9	40.7	44.8	3.8%
Corporate operations	98.0	96.8	103.3	100.8	103.6	1.1%
Roads & Bridges	84.2	91.2	95.1	62.9	120.1	7.4%
Amortization of tangible capital assets ²	192.2	197.8	212.9	229.4	233.8	4.0%
Interest ²	181.8	183.5	195.0	189.3	182.0	0.0%
Sub Total Continuing Operations	1,585.3	1,647.2	1,738.0	1,700.2	1,837.3	3.0%
Corporate and Roads & Bridges One-time	12.6	22.0	18.2	15.1	21.8	11.5%
Total Expenses by Segment	1,597.9	1,669.2	1,756.2	1,715.3	1,859.1	3.1%

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 3.1 per cent since 2017. Excluding One-time costs, the CAGR is 3.0 per cent.

Bus Operations costs have increased by a CAGR of 3.0 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 3.1 per cent, mainly due to increased labour costs, higher maintenance costs to ensure a state of good repair as well as contracted service increases.

Transit Police expenses have increased by a CAGR of 3.8 per cent, mainly due to increased labour costs as a result of contractual wage increases.

Corporate Operations costs have increased by a CAGR of 1.1 per cent mainly due to property tax increases as a result of higher property assessments, and increased labour costs.

Roads and Bridges costs have increased by a CAGR of 7.4 per cent, mainly due to the resumption of Operation, Maintenance, and Pavement Rehabilitation (OMR) program in the Major Road Network, which had been cancelled in 2020 at the onset of the COVID-19 pandemic.

Amortization expense has increased by a CAGR of 4.0 per cent, mainly due to an increase in depreciable tangible capital assets to facilitate service expansion prior to the COVID-19 pandemic.

Interest expense remained stable over the five-year period due to lower average interest rates offsetting the impact of increasing debt.

5 YEAR CONSOLIDATED EXPENSES (BY CATEGORY)						Compound Annual Growth Rate (CAGR)
Year ended December 31 (\$ millions)	2017	2018	2019	2020	2021	2017-2021
Administration	41.7	48.2	48.6	46.7	45.1	1.6%
Amortization of capital assets	192.2	197.9	212.9	229.4	233.8	4.0%
Capital infrastructure contributions	33.4	40.4	37.3	36.6	72.7	16.8%
Contracted services	219.1	220.3	222.5	215.4	223.0	0.4%
Fuel and power	65.5	71.7	67.8	55.9	67.2	0.5%
Insurance	23.8	24.1	28.4	29.3	24.6	0.7%
Interest	181.8	183.5	195.0	189.3	182.0	0.0%
Maintenance, materials and utilities ¹	152.1	167.0	180.2	148.2	171.5	2.4%
Professional and legal	30.6	20.0	18.3	14.7	15.8	(12.4%)
Rentals, leases and property tax	24.3	26.9	29.4	29.2	33.5	6.6%
Salaries, wages and benefits ¹	619.6	647.2	697.6	705.5	768.1	4.4%
Write-down of tangible capital assets	1.2	0.0	0.0	0.0	0.0	n/a
Sub Total Continuing Operations	1,585.3	1,647.2	1,738.0	1,700.2	1,837.3	3.0%
Corporate and Roads & Bridges One-time	12.6	22.0	18.2	15.1	21.8	11.5%
Total Expenses by Category	1,597.9	1,669.2	1,756.2	1,715.3	1,859.1	3.1%

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 1.6 per cent since 2017, mainly due to an increase in telecommunications, network and software costs, as well as growth in fare media usage from 2017 to 2019.

Amortization expense has increased by a CAGR of 4.0 per cent, mainly due to an increase in depreciable tangible capital assets facilitating service expansion. Capital infrastructure contributions have increased by a CAGR of 16.8 per cent, mainly due to the timing of capital infrastructure contributions to municipalities.

Insurance costs have increased by a CAGR of 0.7 per cent, mainly due to increasing vehicle insurance rates and growth in the fleet due to service expansion from 2017 to 2020, reduced in 2021 mainly due to lower vehicle insurance rates.

Maintenance, materials and utilities costs have increased by a CAGR of 2.4 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.

Professional and legal costs have decreased by a CAGR of 12.4 per cent from 2017 to 2021, mainly due to the reclassification of feasibility studies from continuing operations to Corporate One-time starting in 2018, followed by a reduction in studies and consulting projects in 2020 and 2021 as a result of the COVID-19 pandemic.

The CAGR of rentals, leases and property tax costs has increased by 6.6 per cent, mainly due to new rental properties, an increase in rental costs existing properties rented, and property taxes.

The CAGR for salaries, wages and benefits has increased by 4.4 per cent, mainly due to increased labour costs as a result of contractual and economic labour increases and increased service levels.

Appendix 3 – Operating Indicators

OPERATING INDICATORS						Compound Annual Growth Rate (CAGR)
Year ended December 31	2017	2018	2019	2020	2021	2017-2021 ¹⁷
Safety: Customer Injuries (per 1 million boarded passengers)¹						
Bus & SeaBus	4.7	4.2	3.9	4.4	4.9	1.0%
SkyTrain: Expo & Millennium Lines	1.3	1.1	0.9	1.0	1.1	(4.1%)
West Coast Express	1.3	1.2	0.4	-	1.9	10.0%
HandyDART (per 100,000 boarded passengers) ²	1.9	1.7	0.7	1.3	3.0	12.1%
Safety: Employee Lost Time Frequency						
Bus & SeaBus (per 200,000 Hours Worked) ^{3, 3a}	8.7	7.7	8.1	7.4	7.9	(2.4%)
SkyTrain: Expo & Millennium Lines (per 200,000 Hours Worked) ⁴	5.1	5.3	5.8	4.4	3.7	(7.7%)
West Coast Express (per 200,000 Hours Worked)	8.6	-	-	-	-	-
HandyDART (per 200,000 Hours Worked)	15.8	16.1	13.7	8.1	9.9	(11.0%)
Safety: Bus & SeaBus Operator Assaults (per 1 Million Service Hours)^{3b}	20.3	17.7	16.5	12.2	12.8	(10.9%)
Ridership: Boarded Passengers (Thousands)⁵						
Bus & SeaBus	253,150	273,375	283,663	142,416	145,943	(12.9%)
SkyTrain: Expo & Millennium Lines	105,117	111,325	114,883	54,551	55,199	(14.9%)
SkyTrain: Canada Line	46,253	48,716	50,223	20,335	21,120	(17.8%)
West Coast Express	2,323	2,485	2,607	795	515	(31.4%)
HandyDART	1,395	1,475	1,560	698	767	(13.9%)
Ridership: Journeys (Thousands)⁵						
Overall System	247,821	262,626	272,430	128,021	130,857	(14.8%)
Vehicle Service Delivery: Percentage of Service Hours Delivered⁶						
Bus & SeaBus ^{7b}	99.6%	98.9%	98.5%	96.2%	97.8%	(0.5%)
SkyTrain: Expo & Millennium Lines	99.6%	99.7%	99.4%	99.2%	n/a	n/a
SkyTrain: Canada Line ⁷	100.0%	100.0%	100.0%	100.0%	100.0%	-
West Coast Express	98.0%	100.0%	99.8%	98.4%	n/a	n/a
HandyDART	99.3%	99.7%	99.8%	99.7%	99.8%	0.1%
Vehicle Service Delivery: Percentage of Train Trips Delivered⁶						
SkyTrain: Expo & Millennium Lines	n/a	n/a	n/a	n/a	99.5%	n/a
West Coast Express	n/a	n/a	n/a	n/a	99.2%	n/a
Vehicle Punctuality: On-Time Performance						
Bus (3 minutes late < On-Time < 1 minute early) ^{3c}	78.3%	80.4%	80.5%	86.2%	83.9%	1.7%
SkyTrain: Expo & Millennium Lines (headway + 3 minutes)	95.3%	96.4%	96.1%	95.6%	96.6%	0.3%
West Coast Express (headway + 5 minutes)	97.2%	96.7%	96.7%	93.1%	96.4%	(0.2%)
HandyDART (earlier than and within 15 minutes of Scheduled Pick-Up Time)	88.0%	87.1%	87.5%	94.7%	94.2%	1.7%
Vehicle Reliability: Mean Distance Between Failure						
Bus ^{3d}	18,441	19,768	24,055	27,368	18,231	(0.3%)
SkyTrain: Expo & Millennium Lines ⁸	372,854	545,152	n/a	n/a	n/a	n/a
Vehicle Reliability: Mean Distance Between Service Removals						
SkyTrain: Expo & Millennium Lines ^{8,9}	n/a	n/a	455,335	235,377	177,275	n/a
HandyDART Vehicle Productivity						
Trips per Service Hour (excludes Taxis)	1.9	2.1	2.3	1.4	1.6	(4.2%)
Trip Denials	1,362	729	1,430	405	119	(45.6%)
Environmental						
Bus & SeaBus (Spills per 1 Million Km) ^{3e}	7.5	5.0	2.1	1.5	2.3	(25.5%)
Bus & SeaBus (Revenue Vehicle Energy Consumption in Gigajoules) ¹⁰	1,899,303	1,974,898	1,985,841	1,840,983	1,910,369	0.1%
Customer Service: Customer Satisfaction (overall score of 10)¹¹						
Overall System	7.7	7.8	7.8	8.2	8.2	1.6%
Bus & SeaBus	7.9	7.9	7.9	8.2	8.3	1.2%
SkyTrain: Expo & Millennium Lines	8.2	8.3	8.2	8.5	8.5	0.9%
SkyTrain: Canada Line	8.6	8.5	8.5	8.7	8.9	0.9%
West Coast Express	8.4	8.9	9.0	8.9	8.9	1.5%
HandyDART	8.3	8.4	8.4	9.0	8.7	1.2%
Customer Service: Customer Complaints^{3f}						
Overall System (per 1 million boarded passengers) ¹²	93.4	95.4	90.6	103.3	92.8	(0.2%)
Corporate (per 1 million boarded passengers) ¹³	23.1	23.8	24.9	28.7	19.2	(4.6%)
Bus & SeaBus (per 1 million boarded passengers)	104.2	106.2	97.1	101.5	105.0	0.2%
SkyTrain: Expo & Millennium Lines (per 1 million boarded passengers)	17.1	15.4	13.8	25.1	17.8	1.0%
SkyTrain: Canada Line (per 1 million boarded passengers)	4.3	4.8	6.1	8.1	6.4	10.4%
West Coast Express (per 1 million boarded passengers)	101.6	104.2	89.0	358.1	191.8	17.2%
HandyDART (per 100,000 boarded passengers)	120.2	187.3	201.8	178.6	209.7	14.9%
Financial: Operating Costs						
Overall System (operating cost per capacity km) ^{12,14}	\$ 0.084	\$ 0.086	\$ 0.097	\$ 0.097	\$ 0.111	7.3%
Bus & SeaBus (operating cost per capacity km)	\$ 0.126	\$ 0.128	\$ 0.132	\$ 0.128	\$ 0.158	5.8%
SkyTrain: Expo & Millennium Lines (operating cost per capacity km)	\$ 0.031	\$ 0.033	\$ 0.040	\$ 0.040	\$ 0.045	9.7%
SkyTrain: Canada Line (operating cost per capacity km)	\$ 0.105	\$ 0.107	\$ 0.129	\$ 0.137	\$ 0.143	8.0%
West Coast Express (operating cost per capacity km)	\$ 0.092	\$ 0.095	\$ 0.094	\$ 0.165	\$ 0.207	22.4%
HandyDART (operating cost per trip) ¹⁵	\$ 42.73	\$ 41.34	\$ 39.26	\$ 75.14	\$ 69.70	13.0%
Financial: Operating Cost Recovery						
TransLink (conventional system) ^{15,16}	55.9%	58.1%	59.7%	33.6%	33.5%	(12.0%)

Footnotes for Appendix 3 begin on the following page

¹ The customer injury definition for CMBC and HandyDART represents the number of accepted injury claims arising onboard 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 the hospital for treatment and the incident is reported to transit staff.

² Restated 2017 to 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} 2020 Bus and SeaBus Employee Lost Time Frequency has been restated as it was reported based on best estimate at the time of reporting.

^{3b} CMBC Service hours estimated for November 2020 to December 2021 are best-estimate basis in order to maintain consistency within the reporting period.

^{3c} The On-Time Performance for Bus excluded data not available for November 2020 to April 2021.

^{3d} The Vehicle Reliability: Mean Distance Between Failure for Bus excluded data not available for November 2020 to March 2021.

^{3e} Spills data was estimated for November to December 2020 based on the best available data at the time of reporting. Spills data was unavailable between January to June 2021 as a result of system unavailability. To normalize this metric, service kilometers for July-December are used.

^{3f} TransLink was not able to capture complete full complaint data from November 28, 2020 to August 18, 2021. To normalize the 2020 and 2021 metrics, boarded passenger totals are aligned with the periods complaint data was fully available, being January 1 to November 27 for 2020 and September 1 to December 31 for 2021 – September being the first month of complete data in 2021.

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 Expo and Millennium Lines and West Coast Express use a trip-based calculation for Service delivery that aligns with industry best practice.

⁷ Canada Line does not provide actual service delivery statistics, using scheduled service hours for reporting purposes.

⁸ Starting 2019, the indicator Mean Distance Between Failures for SkyTrain: Expo and Millennium Lines was replaced by Mean Distance between Service Removals.

⁹ 2019 and 2020 the indicator for Mean Distance Between Service Removals were restated as the refinement of the definition for service removals better reflects how SkyTrain Rolling Stock Reliability affects the customer experience. The updated definition better aligns with industry benchmarking practices.

¹⁰ Restated 2019 to reflect the energy consumption shown in Gigajoules.

¹¹ The results for 2020 and 2021 are likely influenced by riders' changing perceptions and expectations of the transit system as a result of the ongoing COVID-19 pandemic. Ridership in these years is well below pre-pandemic levels and the incidence of qualifying for the Customer Service Performance study is considerably lower than before.

¹² Excludes HandyDART.

¹³ Restated 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.

¹⁴ Includes operating costs of Bus, Rail and Transit Police. Excludes amortization and interest expense.

¹⁵ 2018 operating cost per trip excludes TransLink allocated costs to Access Transit.

¹⁶ Excludes corporate one-time costs. Restated 2017 to reflect year-end adjustments.

¹⁷ Calculations based on whole numbers.

Appendix 4 – Allocated Costs between Divisions

Allocated Cost Breakdown					
Year ended December 31					
(\$ thousands)	2017	2018	2019	2020	2021
Shared Services ¹					
Bus Operations	27,240	30,903	36,625	35,973	40,048
Access Transit ²	744	-	98	119	103
SkyTrain - Expo & Millennium Line	2,330	1,458	7,568	7,367	6,794
West Coast Express	84	86	162	106	264
Transit Police	1,883	3,108	3,418	2,988	2,566
Total Shared Services allocated	32,281	35,555	47,871	46,553	49,775
Costs Administered by TransLink and allocated to subsidiaries ³					
Bus Operations	16,530	14,327	16,684	15,829	17,837
SkyTrain - Expo & Millennium Line	5,177	6,082	4,072	3,901	3,780
SkyTrain - Canada Line	2,107	2,164	2,313	2,438	2,824
West Coast Express	892	627	443	404	444
Transit Police	1,831	1,742	1,865	1,893	2,280
	26,537	24,942	25,377	24,465	27,165
Costs Administered by TransLink allocated					
Bus Operations	43,770	45,230	53,309	51,802	57,885
Access Transit	744	-	98	119	103
SkyTrain - Expo & Millennium Line	7,507	7,540	11,640	11,268	10,574
SkyTrain - Canada Line	2,107	2,164	2,313	2,438	2,824
West Coast Express	976	713	605	510	708
Transit Police	3,714	4,850	5,283	4,881	4,846
Total costs allocated to Subsidiaries from TransLink	58,818	60,497	73,248	71,018	76,940

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

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

Business units can be allocated 100.0 per cent of a cost if it is the only one benefiting 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 or square footage. The charges that are allocated to the business units include human resources, administration, rentals and leases as well as information technology.

The increase in costs allocated to the operating companies from 2017 to 2019 was mainly due to continued investments in technology. Allocated costs decreased in 2020 mainly due to reductions in property taxes as a result of lower assessment values, lower fare media costs from reduced ridership and lower recruitment costs due to temporary hiring freeze. Allocated costs increased in 2021 mainly due to higher property tax, increased labour costs and higher property insurance.



Together all the way

translink.ca



Consolidated Financial Statements
(Expressed in thousands of dollars)

**SOUTH COAST BRITISH COLUMBIA
TRANSPORTATION AUTHORITY**

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
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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, 2021
- 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, 2021, 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 2021 Annual Statutory Report and 2021 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 2021 Annual Statutory Report and 2021 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 the 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.



Chartered Professional Accountants

Vancouver, Canada
March 24, 2022

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

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

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash and cash equivalents	\$ 575,623	\$ 397,571
Accounts receivable (note 7(k))	159,207	893,870
Loan receivable (note 3)	131,060	182,358
Restricted cash and cash equivalents and investments (note 4(a))	1,237,197	1,033,354
Investments (note 4(b))	165,616	96,059
Debt reserve deposits (note 5)	26,272	28,565
	<u>2,294,975</u>	<u>2,631,777</u>
Liabilities		
Accounts payable and accrued liabilities (note 7(k))	364,458	374,319
Debt (note 6)	2,937,864	3,035,241
Deferred government transfers (note 7(a))	1,325,681	1,196,485
Golden Ears Bridge contractor liability (note 8(a))	1,013,077	1,024,302
Deferred concessionaire credit (note 9(a))	432,629	455,902
Employee future benefits (note 10(b))	138,224	132,335
Deferred revenue and deposits	64,449	59,895
Deferred lease inducements	13,890	14,780
	<u>6,290,272</u>	<u>6,293,259</u>
Net debt	(3,995,297)	(3,661,482)
Non-financial assets		
Tangible capital assets (note 12)	5,704,158	5,579,590
Supplies inventory	91,161	83,613
Prepaid expenses	30,040	26,826
	<u>5,825,359</u>	<u>5,690,029</u>
Commitments and contingencies (note 13)		
Accumulated surplus	\$ 1,830,062	\$ 2,028,547

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Lorraine Cunningham"
Chair

"Sarah Clark"
Director

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (note 2(t))	2021 Actual	2020 Actual
Revenues:			
Taxation (note 17)	\$ 888,774	\$ 899,448	\$ 849,986
Transit (note 7(l))	421,548	413,961	385,934
Government transfers (note 7(a))	552,357	203,780	793,771
Amortization of deferred concessionaire credit (note 9(a))	23,273	23,273	23,337
Investment income	46,715	52,882	53,763
Development cost charges (note 11)	16,889	44,773	19,734
Miscellaneous revenue	17,422	21,974	18,394
Gain (loss) on disposal of tangible capital assets	-	560	(10)
	1,966,978	1,660,651	2,144,909
Expenses:			
Bus operations	1,022,629	979,003	933,863
Corporate operations	229,553	147,371	139,963
Rail operations	488,338	472,086	441,894
Roads and bridges	173,005	215,172	158,157
Transit Police	45,374	45,504	41,475
	1,958,899	1,859,136	1,715,352
Surplus (deficit) for the year	8,079	(198,485)	429,557
Accumulated surplus, beginning of year	1,801,129	2,028,547	1,598,990
Accumulated surplus, end of year	\$ 1,809,208	\$ 1,830,062	\$ 2,028,547

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, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
	(note 2(t))		
Surplus (deficit) for the year	\$ 8,079	\$ (198,485)	\$ 429,557
Acquisition of tangible capital assets	(654,296)	(358,471)	(422,176)
Amortization of tangible capital assets	249,942	233,789	229,450
Loss (gain) on disposal of tangible capital assets	-	(560)	10
Net proceeds from disposal of tangible capital assets	-	674	14
	(404,354)	(124,568)	(192,702)
Change in supplies inventory	(7,300)	(7,548)	(4,677)
Change in prepaid expenses	(1,500)	(3,214)	4,084
	(8,800)	(10,762)	(593)
Decrease (increase) in net debt	(405,075)	(333,815)	236,262
Net debt, beginning of year	(4,115,388)	(3,661,482)	(3,897,744)
Net debt, end of year	\$ (4,520,463)	\$ (3,995,297)	\$ (3,661,482)

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, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used for):		
Operating transactions:		
Surplus (deficit) for the year	\$ (198,485)	\$ 429,557
Non-cash changes to operations (note 15)	92,698	111,031
Changes in non-cash operating working capital (note 15)	775,781	(647,516)
Cash provided by (used for) operating transactions	669,994	(106,928)
Capital transactions:		
Purchase of tangible capital assets	(358,471)	(421,289)
Net proceeds from disposal of tangible capital assets	674	14
Cash used for capital transactions	(357,797)	(421,275)
Investing transactions:		
Decrease (increase) in restricted cash and cash equivalents and investments	(203,843)	67,753
Increase in investments	(69,557)	(34,778)
Decrease (increase) in debt reserve deposits	2,293	(576)
Cash provided by (used for) investing transactions	(271,107)	32,399
Financing transactions:		
Debt proceeds	-	650,000
Premiums on financing	-	12,435
Repayments of debt	(68,833)	(338,987)
Repayments of Golden Ears Bridge contractor liability	(11,225)	(9,046)
Government transfers received for tangible capital additions	217,020	74,977
Lease inducements received	-	1,936
Cash provided by financing transactions	136,962	391,315
Increase (decrease) in cash and cash equivalents	178,052	(104,489)
Cash and cash equivalents, beginning of year	397,571	502,060
Cash and cash equivalents, end of year	\$ 575,623	\$ 397,571
Supplementary information:		
Interest paid	\$ 187,960	\$ 192,027
Tangible capital assets acquired by capital lease	-	887

See accompanying notes to consolidated financial statements.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements

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

Year ended December 31, 2021

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)).

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.

All intercompany balances and transactions have been eliminated upon consolidation.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

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 recognized on an accrual basis.

(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 consolidated 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 consolidated statement of operations and related balances are reversed from the consolidated statement of remeasurement gains and losses. As at December 31, 2021, the Authority does not have any unrealized gains or losses and a consolidated 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 (deficit) 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.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

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 transfer 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 ready for use.

(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.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

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, 2021. 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 12-years (2020 - 11-years) and post-employment plan is 6-years (2020 - 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.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

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 Canada Community Building Fund ("Gas Tax") program and other similar programs. Under these agreements, the Authority is required to acquire or construct specific transit assets using these 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.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

2. Significant accounting policies (continued):

(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.

(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. 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 December 17, 2020.

3. Loan receivable:

In 2016, the Authority sold the Oakridge Transit Centre land for proceeds of \$440,000,000. The Authority received \$54,050,000 of proceeds in 2021 (2020 - \$11,950,000) with the remaining payment due in annual instalments as follows:

	Instalments
January 20, 2022	\$ 66,000
January 20, 2023	66,000
Total	\$ 132,000

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

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

3. Loan receivable (continued):

The loan receivable of \$131,060,000 (2020 - \$182,358,000) is the present value of the instalments due as at December 31, 2021 using a discount rate of 2.10% (2020 - 2.10%).

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 \$390,600 (2020 - \$310,900) 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 cash equivalents and investments:

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

Investments are recorded at amortized cost. The bonds have an average initial term of 201-months (2020 – 207-months) and an average remaining term to maturity of 153-months (2020 - 162-months). All bonds held by the Authority, as at December 31, 2021 and 2020, were rated A or higher.

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

	2021	2020
Interest rate range	0.60% - 1.61%	0.81% - 2.95%
Maturity date range	March 2022 - June 2026	January 2021 - December 2022

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

	2021		2020	
	Effective rates	Coupon rates	Effective rates	Coupon rates
Weighted average rate	2.67%	2.87%	3.03%	3.26%
Interest rate range	0.93% - 4.51%	1.10% - 5.20%	1.59% - 4.47%	1.60% - 5.20%

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

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

(a) Restricted cash and cash equivalents and investments:

	2021	2020
Government transfers for capital project funding (i):		
Cash and cash equivalents	\$ 141,095	\$ 235,303
Investments:		
Term deposits and money market instruments	262,144	132,638
Bonds (note 16(b))	122,401	22,641
Total government transfers for capital project funding	525,640	390,582
Self-administered sinking funds:		
Cash and cash equivalents	9,639	15,517
Investments:		
Term deposits and money market instruments	32,309	35,183
Bonds maturing beyond one year (note 16(b))	402,702	310,310
Total self-administered sinking funds	444,650	361,010
Land reserve:		
Cash and cash equivalents	79,429	117,584
Term deposits	157,500	88,280
Total land reserve	236,929	205,864
Green Bond proceeds:		
Cash and cash equivalents	-	46,388
TPCC (wholly-owned captive insurance subsidiary):		
Cash and cash equivalents	3,743	12,148
Bonds (note 16(b))	26,235	17,362
Total TPCC	29,978	29,510
Total restricted cash and cash equivalents and investments	\$ 1,237,197	\$ 1,033,354

(i) Unspent government transfers for capital project funding consist of \$500,558,000 (2020 - \$362,912,000) of Gas Tax funds and \$25,082,000 (2020 - \$27,670,000) of other funding.

(b) Unrestricted investments:

Unrestricted investments are comprised of term deposits and money market instruments in the amount of \$165,616,000 (2020 - \$96,059,000).

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

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 \$27,696,000 (2020 - \$29,343,000).

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

6. Debt:

	2021	2020
Unsecured commercial paper, due in the next 12 months	\$ 30,000	\$ 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 2022 to 2036, 10- to 30-year original term	1,033,998	1,100,043
Less: accumulated payments to MFA administered debt sinking funds (including vested and accrued actuarial earnings)	(648,637)	(653,415)
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	11,334	13,993
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	198,757	198,724
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	251,380	251,411
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	391,995	392,777
Unsecured bullet maturity bond series TL-5, face value \$465 million, interest rate 3.05% (effective rate 2.43%), maturing 2025, original 10.5-year term	474,481	477,143
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	198,788	198,765
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	398,416	398,227
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	198,650	198,623
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	398,644	398,498
Capital leases, weighted average implicit rate of 2.85% (2020 - 3.18%), maturing at various dates from 2022 to 2023	58	452
	\$ 2,937,864	\$ 3,035,241

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

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, 2025. 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 2021.

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, 2021, \$30,000,000 (2020 - \$60,000,000), was owed under this commercial paper program at an average interest rate of 0.24% (2020 - 0.23%) and is due for repayment in January 2022 (2020 - January 2021).

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:						
2022	30,000	33,777	2,727	-	56	66,560
2023	-	31,357	2,797	-	2	34,156
2024	-	31,357	2,868	-	-	34,225
2025	-	29,188	2,942	465,000	-	497,130
2026	-	29,188	-	-	-	29,188
Thereafter	-	48,390	-	2,015,000	-	2,063,390
	30,000	203,257	11,334	2,480,000	58	2,724,649
Future actuarial interest	-	183,106	-	-	-	183,106
	30,000	386,363	11,334	2,480,000	58	2,907,755
Unamortized premium / (issue costs)	-	(1,002)	-	31,111	-	30,109
	\$ 30,000	\$ 385,361	\$ 11,334	\$ 2,511,111	\$ 58	\$ 2,937,864

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

7. Transfers from other governments:

(a) Deferred government transfers:

	Balance, January 1, 2021	Contributions received	Interest earned	Recognized as revenue	Balance, December 31, 2021
Capital project funding:					
Canada Line	\$ 430,015	\$ -	\$ -	\$ (23,245)	\$ 406,770
Gas Tax	401,448	154,130	4,999	(50,458)	510,119
Public Transit Infrastructure Fund	251,212	8,340	-	(3,364)	256,188
Building Canada Fund	54,633	-	-	(2,968)	51,665
Capstan Station	27,671	3,000	-	(5,589)	25,082
Investing in Canada Infrastructure Program	21,368	45,702	-	-	67,070
Evergreen Line	6,300	-	-	(700)	5,600
Transit Secure Fund	3,660	-	-	(489)	3,171
Miscellaneous programs	178	849	-	(1,011)	16
	1,196,485	212,021	4,999	(87,824)	1,325,681
Operating funding:					
Golden Ears Bridge foregone tolling	-	64,751	-	(64,751)	-
Safe Restart	-	31,800	-	(31,800)	-
Canada Line Operating Fund (note 9(c))	-	19,233	-	(19,233)	-
Properties Environmental Program	-	156	-	(156)	-
Other cost sharing projects	-	16	-	(16)	-
	-	115,956	-	(115,956)	-
	\$ 1,196,485	\$ 327,977	\$ 4,999	\$ (203,780)	\$ 1,325,681

The balance as at December 31, 2021 of \$1,325,681,000 (2020 - \$1,196,485,000) consists of:

- (i) Unspent Gas Tax funds of \$500,558,000 (2020 - \$362,912,000) and unspent funds for various other projects of \$25,082,000 (2020 - \$27,670,000); and
- (ii) Spent funds of \$800,041,000 (2020 - \$805,903,000) 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.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

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:

	2021	2020
Opening balance, unspent funds	\$ 362,912	\$ 403,571
Amount received during the year	154,130	-
Interest earned	4,999	6,231
Amount spent on designated public transit projects	(21,483)	(46,890)
Closing balance, unspent funds	\$ 500,558	\$ 362,912

(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%

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

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 5-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 assets. 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.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

7. Transfers from other governments (continued):

(g) Capstan Station funding (continued):

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. The funding was received on January 29, 2021 resulting in TransLink being obligated to deliver the revised design elements. This funding will 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.

(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.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

7. Transfers from other governments (continued):

(i) Safe Restart funding (continued):

On October 26, 2020, the Province entered into a Contribution Agreement with TransLink to provide \$644,000,000 in relief funding. The contribution was 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.

On March 31, 2021, an Amending Agreement was entered into to provide TransLink with further relief funding in the amount of \$31,800,000. The contribution was intended to assist TransLink with managing the financial impacts of COVID-19, with \$16,900,000 to offset lower than forecasted fuel tax revenue and \$14,900,000 to offset the anticipated costs and foregone revenue of providing free transit for youth aged 12 and under.

Funding for this program has been recognized as government transfers revenue in the year the related agreements were signed.

(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:

	2021	2020
Trade accounts receivable	\$ 23,517	\$ 39,058
Due from Government of Canada	10,045	333,447
Due from Province of British Columbia	90,971	501,894
Due from regional districts	31,883	17,477
Due from other authorities	2,791	1,994
Accounts receivable	\$ 159,207	\$ 893,870

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

7. Transfers from other governments (continued):

(k) Working capital balances (continued):

	2021	2020
Trade accounts payable and accrued liabilities	\$ 248,132	\$ 272,113
Due to Government of Canada	6,752	6,072
Due to Province of British Columbia	5,044	11,318
Due to regional districts	96,615	78,790
Due to other authorities	7,915	6,026
Accounts payable and accrued liabilities	\$ 364,458	\$ 374,319

(l) Transit revenues:

Included in transit revenues is \$15,500,000 (2020 - \$7,040,000) 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.

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

	2021	2020
Opening balance	\$ 1,024,302	\$ 1,033,348
Interest accretion on contractor liability to last payment date	63,826	64,185
Payments made	(75,051)	(73,231)
Ending balance	\$ 1,013,077	\$ 1,024,302

As the last monthly payment of the year was made on December 8, 2021, the interest accrual from December 9 to 31, 2021 of \$3,977,000 (2020 - \$3,915,000) 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.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

8. Golden Ears Bridge (continued):

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

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 5-years are as follows:

	Capital and Interest
2022	\$ 79,046
2023	80,632
2024	82,252
2025	83,888
2026	85,568

(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
2022	\$ 5,215
2023	5,320
2024	5,427
2025	5,535
2026	5,646

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.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

9. Canada Line (continued):

(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.

	2021	2020
Opening balance	\$ 455,902	\$ 479,239
Less: amortization	(23,273)	(23,337)
Closing balance	\$ 432,629	\$ 455,902

(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 2022 to December 2034	\$ 6,462
January 2035	5,289
February 2035 to July 2040	4,117

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:

2022	\$ 126,000
2023	129,000
2024	132,000
2025	134,000
2026	137,000

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 2021 was \$19,233,000 (2020 - \$19,284,000).

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

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.

In addition to the PSPP, TSML contributes on behalf of its sworn members to the Municipal Pension Plan Group 5 (“MPP”), which is also 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 PSPP and MPP pension benefits on behalf of the employers and the employees to whom the Act applies. The long-term funding of the PSPP and MPP 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 and will maintain the 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 are expensed in the year when payments are made. Every three years, an actuarial valuation is performed to assess the financial position and the adequacy of funding. For the PSPP, the latest full actuarial valuation was carried out as at March 31, 2020 and resulted in a surplus of \$2,667,000,000. For the MPP, the latest full actuarial valuation was carried out as at December 31, 2018 and resulted in a surplus of \$2,866,000,000. The next valuation for PSPP will be as at March 31, 2023, with results available in 2024 and for MPP will be as at December 31, 2021 with results available in 2022.

In 2021, the Authority recorded total expense for pension contributions of \$56,957,000 (2020 - \$56,064,000).

(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.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

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

(b) Employee future benefits (continued):

(i) Post-retirement (continued):

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. In 2020, 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 total expense recorded in the consolidated financial statements, in respect of post-retirement obligations under these plans amounts to \$7,393,000 (2020 - \$9,112,000 recovery, including the above reduction in prior period service costs).

(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).

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 \$2,916,000 (2020 - \$2,310,000).

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

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

(b) Employee future benefits (continued):

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

	Post-retirement benefits	Post-employment benefits	Total 2021	Total 2020
Accrued benefit obligation	\$ 88,850	\$ 20,632	\$ 109,482	\$ 113,569
Unamortized net actuarial gain	19,650	9,092	28,742	18,766
Accrued benefit liability	\$ 108,500	\$ 29,724	\$ 138,224	\$ 132,335

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 2021	Total 2020
Current period benefit cost	\$ 6,422	\$ 5,133	\$ 11,555	\$ 10,328
Plan amendment	-	-	-	(20,280)
Interest cost	2,174	363	2,537	3,510
Amortization of actuarial gains	(1,203)	(2,580)	(3,783)	(360)
Net expense (recovery)	7,393	2,916	10,309	(6,802)
Actuarially determined payments	(1,542)	(2,878)	(4,420)	(4,572)
Change in accrued benefit liability	\$ 5,851	\$ 38	\$ 5,889	\$ (11,374)

(v) The significant assumptions used are as follows:

	2021	2020
Discount rates	2.40% - 2.80%	1.50% - 2.20%
Expected health care cost trend rates	4.00% - 5.90%	4.00% - 6.00%

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

11. Development cost charges:

The Authority collects 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.

	2021	2020
Opening balance	\$ -	\$ -
Contributions	44,773	19,734
Revenue recognized	(44,773)	(19,734)
Ending balance	\$ -	\$ -

12. Tangible capital assets:

Cost	Balance, January 1, 2021	Additions, net of transfers	Disposals	Balance, December 31, 2021
Land	\$ 516,209	\$ 6,806	\$ (114)	\$ 522,901
Land improvements	46,730	11,035	-	57,765
Buildings	363,508	23,421	-	386,929
Bridges, guideways, stations, and tunnels	2,372,044	-	-	2,372,044
Other supporting systems	1,260,855	36,058	-	1,296,913
Vehicles and SeaBus	2,100,755	11,811	(5,062)	2,107,504
Equipment	857,954	45,912	(611)	903,255
Tangible capital projects in progress	423,794	223,428	-	647,222
	\$ 7,941,849	\$ 358,471	\$ (5,787)	\$ 8,294,533

Accumulated amortization	Balance, January 1, 2021	Amortization expense	Disposals	Balance, December 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	(24,614)	(1,930)	-	(26,544)
Buildings	(139,599)	(9,806)	-	(149,405)
Bridges, guideways, stations, and tunnels	(262,775)	(24,243)	-	(287,018)
Other supporting systems	(368,408)	(46,467)	-	(414,875)
Vehicles and SeaBus	(1,023,811)	(105,101)	5,062	(1,123,850)
Equipment	(543,052)	(46,242)	611	(588,683)
	\$ (2,362,259)	\$ (233,789)	\$ 5,673	\$ (2,590,375)

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

12. Tangible capital assets (continued):

Net book value	Balance, January 1, 2021	Balance, December 31, 2021
Land	\$ 516,209	\$ 522,901
Land improvements	22,116	31,221
Buildings	223,909	237,524
Bridges, guideways, stations, and tunnels	2,109,269	2,085,026
Other supporting systems	892,447	882,038
Vehicles and SeaBus	1,076,944	983,654
Equipment	314,902	314,572
Tangible capital projects in progress	423,794	647,222
	\$ 5,579,590	\$ 5,704,158

Included in tangible capital assets is capital leased equipment with a net book value of \$1,905,000 (2020 - \$4,105,000).

Interest capitalized during the year amounted to \$3,479,000 (2020 - \$3,699,000).

(a) Expo and Millennium Line:

The Expo and Millennium Line guideways and related systems are leased/licensed from the Province for nominal proceeds and the Authority is responsible for operations and maintenance. As at December 31, 2021, the Authority has made leasehold improvements on the Expo and Millennium Line guideways with a net book value totaled \$318,998,000 (2020 - \$304,075,000). The Expo and Millennium line leases expire on January 31, 2023 and have renewal options. As the Authority expects to renew the leases, 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, 2021, the net book value of West Coast Express improvements totaled \$2,846,000 (2020 - \$2,945,000).

(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, 2021, the net book value of Evergreen Line guideways and system owned by TransLink, excluding SkyTrain vehicles, totaled \$303,521,000 (2020 - \$310,287,000).

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

12. Tangible capital assets (continued):

(c) Evergreen Line (continued):

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 remaining net book value 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:

2022	\$ 20,809
2023	19,968
2024	18,251
2025	13,993
2026	13,373
	<hr/>
	\$ 86,394

Included in the payment schedule above are certain commitments that extend beyond 2026. Significant commitments beyond 2026 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 2026 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, and miscellaneous services.

The following summarizes the WCE operating commitments:

2022	\$ 16,323
2023	15,576
2024	12,813
2025	9,695
2026	17
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	\$ 54,424

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

13. Commitments and contingencies (continued):

(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 December 2025 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:

2022	\$ 15,048
2023	15,588
2024	16,194
2025	25,051
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	\$ 71,881

An amount of \$8,231,000 has been included in the above figures and is payable in 2025 should the Authority choose not to extend the contract.

(d) MRN Capital Funding:

The Authority has signed several funding agreements with municipalities for major MRN projects. At December 31, 2021, the net amount of MRN capital infrastructure contributions committed and not paid is \$133,864,000 (2020 - \$121,159,000). This amount will be paid to the municipalities upon completion of their projects.

(e) Lawsuits and claims:

As at December 31, 2021, 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.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

13. Commitments and contingencies (continued):

(e) Lawsuits and claims (continued):

(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 made at this time and therefore, no provisions have been recorded 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 main claims of the merchants for damages for the tort of nuisance were dismissed in 2015. The courts have only allowed claims of a lesser value, specifically for injurious affection to property interests, to be advanced by the merchants. After various legal proceedings over a number of years, it is likely the parties will engage in settlement discussions toward a final resolution in the near future. Approximately 100 claims may be advanced. The amount of these claims cannot be estimated at this time.
- 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) A proposed class action lawsuit and labor grievances have been filed against the Authority or its subsidiaries in relation to the data breach resulting from the cyberattack in 2020 against the Authority. The Authority believes that the outcome of the claims and a reasonable estimate of any potential losses cannot be determined at this time and therefore, no provisions have been recorded in the consolidated financial statements.

(f) Other capital and inventory commitments:

At December 31, 2021, \$1,008,965,000 (2020 - \$962,274,000) has been contractually committed for other capital projects and inventory.

(g) Letters of credit:

As at December 31, 2021, the Authority has issued letters of credit to the Receiver General of Canada and several municipalities totaling \$2,458,000 (2020 - \$942,000) which expire in 2022.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 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, 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 5-years:

2022	\$	510,921
2023		537,629
2024		297,598
2025		203,660
2026		154,712
	\$	1,704,520

The annual amounts beyond 2026 range from \$27,746,000 to \$174,603,000 until 2050.

15. Statement of cash flows:

	2021	2020
Non-cash changes to operations:		
Amortization of tangible capital assets	\$ 233,789	\$ 229,450
Amortization of bond premium	(2,901)	(1,661)
Amortization of deferred concessionaire credit	(23,273)	(23,337)
Amortization of deferred government transfers	(87,824)	(66,955)
Amortization of deferred lease inducements net of additions	(890)	(608)
Loss (gain) on disposal of tangible capital assets	(560)	10
Sinking fund interest held by MFA	(25,643)	(25,868)
	\$ 92,698	\$ 111,031

	2021	2020
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	\$ 734,663	\$ (646,981)
Decrease in loan receivable	51,298	7,651
Increase in supplies inventory	(7,548)	(4,677)
Decrease (increase) in prepaid expenses	(3,214)	4,084
Increase (decrease) in accounts payable and accrued liabilities	(9,861)	6,087
Increase (decrease) in deferred revenue and deposits	4,554	(2,306)
Increase (decrease) in employee future benefits	5,889	(11,374)
	\$ 775,781	\$ (647,516)

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

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 2020.

(b) Fair values:

The fair values of certain debt and assets are represented in the table below. Management considers the carrying value of all financial instruments to approximate their fair value.

	Fair values	Amortized cost
2021		
Restricted investments:		
Government transfers for capital projects - bonds	\$ 121,556	\$ 122,401
TPCC - bonds	26,015	26,235
Self-administered sinking funds - bonds	432,361	402,702
2020		
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

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

17. Taxation revenue:

	2021	2020
Property tax	\$ 418,787	\$ 398,377
Fuel tax	389,652	364,524
Parking rights tax	50,733	47,310
Hydro levy	22,377	21,857
Replacement tax	17,899	17,918
	\$ 899,448	\$ 849,986

18. Segmented information:

(a) Bus operations:

Fixed route bus services, SeaBus service and custom transit are delivered through CMBC 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 management, 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 BCRTC and WCE, and through the concession agreement for the Canada Line. The Rail operations represent the operating costs and the allocated amortization and interest costs.

(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 MRN, a network of major roads throughout Metro Vancouver. The roads within the MRN network 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.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

18. Segmented Information (continued):

(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.

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

18. Segmented Information (continued):

	2021						2020
	Bus operations	Corporate operations	Rail operations	Roads and bridges	Transit Police	Total	
Revenues:							
Taxation	\$ -	\$ 899,448	\$ -	\$ -	\$ -	\$ 899,448	\$ 849,986
Transit	-	413,961	-	-	-	413,961	385,934
Government transfers	-	203,780	-	-	-	203,780	793,771
Amortization of deferred concessionaire credit	-	-	23,273	-	-	23,273	23,337
Investment income	-	52,882	-	-	-	52,882	53,763
Development cost charges	-	44,773	-	-	-	44,773	19,734
Miscellaneous revenue	9,385	10,475	696	-	1,418	21,974	18,394
Gain (loss) on disposal of tangible capital assets	-	560	-	-	-	560	(10)
	9,385	1,625,879	23,969	-	1,418	1,660,651	2,144,909
Expenses:							
Administration	22,063	18,223	5,635	25	2,756	48,702	48,236
Capital infrastructure contributions	-	-	-	72,711	-	72,711	36,611
Contracted services	71,448	14,248	131,731	5,612	-	223,039	215,418
Fuel and power	51,865	-	15,352	-	-	67,217	55,906
Insurance	16,729	323	6,136	1,294	96	24,578	29,327
Maintenance, materials, and utilities	77,030	2,037	54,064	37,595	1,579	172,305	148,470
Professional and legal	1,883	23,544	3,286	1,423	257	30,393	25,443
Rentals, leases, and property tax	16,940	12,534	1,423	296	2,298	33,491	29,230
Salaries, wages and benefits	548,334	54,430	129,071	1,211	37,823	770,869	707,922
Expenses before amortization and interest	806,292	125,339	346,698	120,167	44,809	1,443,305	1,296,563
Amortization of tangible capital assets	114,733	14,710	83,290	20,597	459	233,789	229,450
Interest	57,978	7,322	42,098	74,408	236	182,042	189,339
	172,711	22,032	125,388	95,005	659	415,831	418,789
	979,003	147,371	472,086	215,172	45,504	1,859,136	1,715,352
Surplus (deficit) for the year	\$ (969,618)	\$ 1,478,508	\$ (448,117)	\$ (215,172)	\$ (44,086)	\$ (198,485)	\$ 429,557

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Notes to Consolidated Financial Statements (continued)

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

Year ended December 31, 2021

19. Comparative information:

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