2022 Year-End Financial and Performance Report

translink.ca

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Caution Regarding Forward-Looking Statements

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

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

A Note Regarding 2021 Comparative Data in This Report

Due to the unavailability of certain applications, certain datasets for 2021 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

Together with our partners, stakeholders, and operating companies, TransLink plans, finances and operates Metro Vancouver's transportation network. We are dedicated to designing and delivering a transportation system that connects our customers, residents, businesses, and goods movers in a way that protects the environment and helps meet the unique needs of our region.

Throughout the COVID-19 pandemic, in a time of acute change and uncertainty, TransLink's commitment to the customer has remained a constant. With ridership and fare revenues having collapsed to a fundamentally lower baseline, our 2022 Business Plan positioned the Enterprise to support the Metro Vancouver's continuing social and economic recovery as the region emerged from the pandemic, while providing a platform from which to advance the region's priorities for the post-pandemic era.

With the pandemic continuing to shape TransLink's key priorities and operations entering 2022, service levels were set to both meet the year's projected demand and to provide a baseline from which the forthcoming 2022 Investment Plan could pivot to allow services to evolve over the course of the ten-year horizon. Ridership for the year was budgeted at 77.7 per cent of pre-pandemic levels, with ongoing revenue pressures mitigated through a strict focus on savings and efficiencies and advancing expenditures only on programs which were absolutely critical to delivering services to our customers and building resilience for the future.

Overall, TransLink's ridership for 2022 totalled 70.8 per cent of pre-COVID levels, trending below budget. The onset of the Omicron variant in January necessitated extended restrictions from the Provincial Health Officer and reset ridership recovery back to a low of 50.0 per cent of pre-COVID levels. From that low point however, the trajectory of ridership recovery rebounded to realign with that first anticipated for the year. March 2022 saw the rescinding of the mandatory mask policy on the conventional transit network, and ridership and transit revenue continued to grow strongly into the summer and fall, reaching a high of 78.0 per cent of pre-COVID levels for the month of October, and dipping slightly towards the end of the year due to multiple large snow events and extreme cold in December. Year 2022 has also started to crystallize new travel patterns, with a shift towards remote and hybrid work practices. Fare and program revenues were $63.5 million lower than budget for 2022, albeit $139.8 million higher than 2021.

These ridership trends speak to the challenges of 2022, the year in which COVID-19 public health and travel restrictions retreated and the picture of 'new normal' for the region began to emerge. Remote and hybrid work practices and preferences matured as the year progressed, with Monday to Friday, "nine to five" transit commuter levels lower than anticipated. Customers' changing transit use patterns also reflected in the utilization of our fare products. Our region's roads became busier, with surging vehicle use reflected in higher fuel tax and parking sales tax revenues but also increasing congestion, emissions and placing additional pressures on bus schedules. Throughout this year of transition, TransLink has actively monitored and adjusted service levels to help people get around the region as effectively as possible, balancing the priorities of upholding safety and ensuring quality service, while operating within a tight fiscal envelope.

The 2022 Investment Plan was approved and published in May, focused on stabilizing our financial position, maintaining the region's transportation system in a state of good repair and advancing a few select strategic projects. The publication of the 2022 Investment Plan confirmed the replacement of the previously planned Surrey Newton Guilford (SNG) Light Rail Transit project with the Surrey Langley

SkyTrain (SLS). Accordingly, in the second quarter TransLink recognized a $44.9 million write-down of SNG project costs, together with $14.6 million of deferred Senior Government funding related to the project.

The dynamic macro-economic challenges associated with the post-pandemic era, including supply chain disruptions, significant escalation in construction costs, historically high fuel prices, as well as increased labour costs, have compounded the funding pressures arising from lower-than-expected fare revenue. In response, TransLink recalibrated its capital program and renewed its focus on achieving efficiencies while continuing the work with our funding partners to identify new sustainable funding sources. Support from senior levels of government reaffirmed the essential nature of the services we provide to the people of Metro Vancouver, with additional Senior Government relief funding of $176.0 million received in 2022. While this funding is intended to help offset losses caused by the pandemic in 2023-2025, due to the requirements of Public Sector Accounting Board (PSAB) accounting standards, the entire amount of relief funding was recorded in March 2022.

Within the context of fiscal prudence, TransLink continued to invest in critically required maintenance on the system to ensure safety and reliability, as well as advancing key initiatives to help the region thrive as it leaves the pandemic behind. Central to these initiatives in 2022 include:

- Released Transport 2050, the region's new 30-year transportation strategy, and 10-Year Priorities, as well as our Climate Action Strategy (CAS), mapping an aggressive path to net-zero greenhouse gas emissions by 2050;
- Released the new Customer Experience Action Plan and launched several of its key initiatives including the Bike Bus and the Ride and Shine campaign, encouraging people to explore the region by taking transit, cycling or walking;
- Opened the new TransLink Customer Service Centre at Waterfront Station. The new facility is three times larger and able to serve twice as many customers as the facility at Stadium-Chinatown Station, while also being connected to all modes of transit and popular bus routes; and
- Commenced the production of the Mark V SkyTrain cars to support the Broadway Subway Project (BSP) and the SLS expansion and received our new battery-electric bus for the Metro Vancouver region to enter service in 2023 following the successful Battery Electric Bus Trial project in previous years.

For the year ended December 31, 2022, TransLink recorded a surplus of $129.6 million based on PSAB standards. Excluding Senior Government relief funding and a write-down of previously capitalized costs, net bottom line would be a deficit of $7.2 million, an improvement of $39.7 million compared to budget. This is mainly due to favourable investment income resulting from a $2.0 billion upfront settlement of the future monthly Golden Ears Bridge Toll Replacement Revenue and recoveries in fuel tax and parking tax, partly offset by lower fare revenue and higher costs due to acute inflationary cost pressures, most notably in fuel.

Key Priorities

TransLink's paramount focus during 2022 was to deliver excellent customer service as the region emerged from the acute phase of the COVID-19 pandemic. As the breadth and depth of the pandemic's financial impacts continued to crystallize through the course of the year, we focused on supporting operations as ridership recovered, while managing the immediate financial and supply chain constraints the pandemic had triggered and calibrating our plans to meet the region's longer term goals.

Our four key corporate priorities ensured continued focus on the customer, our workforce and ensuring our infrastructure is maintained in a state of good repair, all within the current financial environment. In tandem, we continue to advance true and meaningful reconciliation with Metro Vancouver's Indigenous Peoples.

The following outline the key accomplishments in 2022.

Priority One: Rebuild Customer Ridership

TransLink will rebuild ridership by focusing on restoring public trust and confidence in transit as the economy recovers.

- Launched the Transit-Friendly Employer (TFE) Certification, a new initiative to encourage employers to subsidize transit for their employees and allowing employers who provide at least a 50 per cent transit subsidy to promote their commitment to sustainable mobility in recruiting campaigns and sustainability reports.
- Opened the new TransLink Customer Service Centre at Waterfront Station, three times larger and able to serve twice as many customers compared to the previous location, while also being connected to all modes of transit and popular bus routes.
- Received approval from the Government of British Columbia for the Surrey Langley SkyTrain business case, with major construction expected to begin in 2024, and the line operational in late 2028.
- Completed installation of WIFI on 1300/1400 Series Mark II SkyTrains and over 90 per cent installation of WIFI on RapidBus fleet, now active and available for customers to use.
- Launched the Compass for Developments program allowing developers to make one-time bulk purchase of Compass Cards to satisfy municipal Transit Demand Management requirements, helping to reduce the reliance on parking and single-occupancy vehicle trips and launched the limited-edition Compass Mini-Train fare media, which was met with great public interest.
- Completed the Interac Flash contactless payment project, including testing and staff production pilot, ready for go-live in early 2023.
- Promoted discretionary travel across key RapidBus, SkyTrain and regular bus routes as a part of the Ride & Shine campaign and Dine the Line campaign, utilising visual and engaging media content and improving ridership at points of interest at a rate higher than system-wide.
- Installed Braille and tactile signage on 7,300 of the 8,400 Coast Mountain Bus Company Ltd (CMBC) bus stops across Metro Vancouver, with full completion expected by summer 2023.
- Installed touch-screen transit kiosks at 54 locations across the network, allowing customers to plan their trips and access live transit information.
- Successfully deployed new user interface design and additional functionality for customer alert management, including the ability to sign up for station access alerts, search for alert keywords and set delivery time preferences for alerts.
- Invited Indigenous Nations' participation in development of the Regional Transportation Strategy and Transport 2050. Ten local Indigenous Nations and two Indigenous organizations were offered the opportunity to participate through the Transport 2050 Indigenous Advisory Committee (IAC) or individually. Transport 2050 is the first TransLink public document containing significant Indigenous content.

- Unveiled Indigenous murals by three Musqueam artists on the Canada Line Bridge to reflect the past, present and future of the region through the lens of reconciliation.
- Continued to strengthen the Transit Police's commitment in supporting Indigenous Peoples during 2022, including the launch of the Blue Eagle Community Cadet Program for youth, with Cadets participating in community events that recognize Indigenous culture and advance truth and reconciliation.
- Progressed the Transit Police's strategic objectives, advancing the Transit Police's core purpose of 'Safety for all transit users in Metro Vancouver', including launching the new Transit Police 2022-2026 strategic plan and establishing the Community Safety Officer program.
- Received approval from the Provincial Government for a Designated Law Enforcement Unit composed of Community Safety Officers, under the supervision of the Metro Vancouver Transit Police.

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.

- Selected as one of BC's Top Employers for 2022, for reasons including helping to foster social connection through a variety of virtual events, offering training for employees at every stage of their career and supporting new mothers with maternity leave top-ups and additional leave options.
- Continued to implement hybrid office workspace use in TransLink's Sapperton office as part of the Future of Work program, including desk reservation systems, additional cleaning protocols and wayfinding signage to enable team co-locating.
- Progressed several key Equity, Diversity and Inclusion (EDI) programs in 2022, including Board approval of TransLink's EDI policy, the first year of Courageous Conversations, the all-staff EDI eLearning program, and embedding EDI objectives within the staff performance appraisal framework for the first time. Piloted the "Women Leading the Way" program for 20 women across the Enterprise, focusing on values-based leadership in a year-long hands-on program.
- Facilitated a tour of Operations and Maintenance Centre 1 (OMC 1) for BC Women in Trades, in support of TransLink's Equity, Diversity and Inclusion initiatives.
- Recognized by the American Public Transportation Association with a Gold Award for Safety Excellence, in relation to the Zero Harm campaign launched by British Columbia Rapid Transit Company Ltd (BCRTC) during 2022.
- Delivered first-ever recruitment fair and open house at OMC 1 alongside a media recruitment campaign, to support upcoming BCRTC expansion, resulting in thousands of applications and shortlisting nearly 400 applicants.
- Held a successful Psychological Health, Equity, Diversity and Inclusion and Wellness Fair, with the Corporate Wellness team showcasing the existing mental health resources and supports for TransLink Corporate and Transit Police staff.
- Launched SafeStart pilot, a safety awareness and skills development program, with the BCRTC Power and Facilities Maintenance departments each completing the program.
- Completed the 2022 portion of the Establish Days Lost Reduction Plan, including updated policies and procedures and creation of a new Return to Work Coordinator position to support the initiative for ill and injured employees off work, and completed onboarding and training for a new group of confidential peer supporters.
- Transit Police continued to provide crisis de-escalation training to new station attendants and orientation to new bus operators on Transit Police services and preventing operator assault, also launching a new initiative to form a collaborative group with operating companies to address safety and security issues.

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.

- Commenced the production of the Mark V SkyTrain cars, with the first of these cars expected to arrive in 2023 for testing. The full complement of vehicles is expected to be in service by the end of 2027, supporting the BSP and the SLS expansion.
- Received one new battery-electric bus for the Metro Vancouver region, with the addition expected to enter service in early 2023 following the successful Battery Electric Bus Trial project in previous years.
- Completed the Expo Line Escalator Replacement Project on time and under budget, with a total of 37 escalators replaced with heavy duty units that are more robust and able to support anticipated population growth.
- Commenced construction of Brentwood Station upgrades in June 2022 in coordination with BCRTC, CMBC and City of Burnaby. Excavated and installed stairway, elevator, and mezzanine foundation and structural steel, provisioning for new Transit Police room and two new escalators to improve safety, station accessibility, customer flow and help to prepare for future demand.
- Successfully delivered three Enterprise Resource Planning (ERP) Program deployments to production, comprised of two Enterprise Asset Management (EAM) rollouts and Finance and Supply Chain (FSM) rollout at BCRTC. The final phased rollouts are planned for 2023 to complete the full suite of ERP functionality.
- Reached regional agreement to partner with the Province on the development and implementation of a Multi-Jurisdictional Permit System for the transportation of Oversize and Overweight Vehicles and Loads and reached substantial completion for the initiative to harmonize trucking related definitions and regulations. The region is 94 per cent harmonized as of December 2022, and on target to reach 98 per cent harmonization in January 2023.
- Completed expansion of one of the Operations and Maintenance Facilities, increasing our train storage capacity along the Millennium Line by adding extra lanes at the facility, accommodating up to 30 more train cars at a time, helping to service and protect the trains.
- Completed Phase 2 of the SkyBridge Joint Replacement Project on the New Westminster side of the bridge, following Phase 1 work performed last year on the Surrey side.
- Successfully implemented new BCRTC payroll, scheduling and timekeeping software, including testing and training of staff.
- Completed all revenue fleet installations as a part of the Onboard Technology Assets Program, along with the decommissioning of legacy infrastructure, a program of work spanning the last three years.
- Released the Rapid Implementation Design Guide for Bikeways in Metro Vancouver to assist local governments and other road authorities in creating safe and comfortable bike infrastructure.
- Completed microbial testing on the bus fleet, with test points now removed from the vehicles and sent for durability analysis to University of British Columbia (UBC). Following analysis of the data, CMBC will contribute to dissemination of the results in transit and engineering forums.

- Reached notional agreement with the Province and Metro Vancouver to partner on a study to assess options for reducing health-harming emissions from medium and heavy-duty commercial vehicles.

Priority Four: Achieve Financial Sustainability

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

- Published the 2022 Investment Plan, designed to stabilize funding for the next three years and advance key transit priorities including the SkyTrain service to Langley and the low carbon fleet strategy. The Plan expands and improves service levels across the network to support the needs of the region in the post-pandemic recovery.
- Released Climate Action Strategy, mapping an aggressive path to net-zero greenhouse gas emissions by 2050. The Climate Action Strategy provides new emission reduction targets and identifies opportunities to create a more climate-resilient transit system.
- Released the detailed Climate Action Plan (subset of Climate Action Strategy) in December 2022, with first-year actions included in 2023 operational budgets and initiated by respective divisions and departments across the enterprise.
- Published Transport 2050, along with Transport 2050: 10-Year Priorities, serving as the Mayors' Vision for TransLink and Metro Vancouver for the next 10 years.
- Issued a Green Bond of $300.0 million in December 2022, with funds allocated to projects including SkyTrain power system upgrades, a new Operations and Maintenance Centre for SkyTrain, and energy efficiency improvements.
- Secured $176.0 million of Senior Government relief funding to help offset losses caused by the pandemic.
- Endorsed the Sustainable Procurement Strategy in December 2022.
- Hosted a Supplier Forum for Engineering and Construction at the Sapperton Conference Centre in November 2022, centred around Inclusive Sustainability.
- Enhanced commercial assets to maximize advertising opportunities, including installing three new large form factor advertising screens at Commercial-Broadway Station, two state-of-the-art advertising systems in the Dunsmuir Tunnel, utilizing innovative technology to project advertisements onto SkyTrain windows, and piloting new forms of advertising on SkyTrain and bus generating higher advertising occupancy and an increase in per-spot revenue compared to previous products.

2. 5 Year Summary

The COVID-19 pandemic continued to shape TransLink's key priorities and operations entering 2022. Service levels were set to meet the year's projected demand and were actively monitored and adjusted throughout the year to continue delivering safe and reliable transit service to the region. March 2022 marked the region's emergence from the era of COVID-19 public health restrictions and pivot towards a 'new normal' that would still take time to fully crystallize, with remote and hybrid work practices and preferences maturing as the year progressed. Throughout this year of transition, TransLink's service levels balanced the impetus to help people get around the region as effectively as possible with the priorities of upholding safety protocols and ensuring quality service as well as the reality of operating within a tight fiscal envelope.

With planned strengthening of our liquidity position to support previously planned expansion, TransLink entered the pandemic with unrestricted cash and investments of $563.3 million as at December 31, 2019. Senior Government Relief Funding was received across 2021 and 2022 to help offset losses caused by pandemic, maintain lower fare increases through 2024 and provide free transit for children aged 12 and under. This allowed TransLink to maintain system capacity sufficient for passengers to travel safely while maintaining physical distancing, with service hours held constant at 7.0 million annually in 2021 and 2020. It also provided the financial foundation for the Enterprise to support the region in the post-pandemic era while we address the structural revenue gap, with unrestricted cash and investments balance at $857.8 million as at December 31, 2022.

The onset of the pandemic in March 2020 triggered an extraordinary collapse in ridership, with the number of boarded riders in 2020 falling to 48.2 per cent of 2019 levels and reversing the historical ridership growth rate. Whilst ridership recovery became more sustained in the latter half of 2021, the pandemic's fundamental re-baselining of ridership meant that 2021 total boarded riders still only totalled 49.4 per cent of 2019. In 2022, after the disruption caused by Omicron variant in the first months of the year, ridership recovery outpaced many of our peer agencies around the world and reached over 80 per cent of pre-COVID levels by the Fall. We envisage ridership recovery, as it relates to the pandemic, as having concluded in 2022, entering the phase of post-pandemic "new normal" in 2023. Looking forward, the primary drivers of ridership growth are expected to resolve back to more 'evergreen' factors including population growth, employment levels and service expansion.

The pressures associated with these transformative impacts on our finances and operations are illustrated by our Total Cost Recovery ratio. Having previously progressed to a high point of 59.7 per cent in 2019 on the back of sustained efficiency gains and service optimization strategies, it collapsed to 33.6 per cent in 2020. The improvement to 43.7 per cent in 2022 reflects the steady recovery of ridership but also illustrates the structural gap relative to 2019, with continuity of service levels prioritized through a period where significant levels of ridership and transit revenues have been lost. To mitigate this, TransLink has achieved cost savings and efficiencies wherever possible while keeping the transit system infrastructure in a state of good repair, and has continued to work with all levels of Government to identify new and sustainable revenue streams.

As the post-pandemic transportation model for our region continues to develop, TransLink will remain focused on supporting the region's needs by maintaining service quality and keeping the existing transit system in a state of good repair as well as investing in key projects to meet the region's overarching goals.

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

5 YEAR PERFORMANCE TRENDS Year ended December 31 (all numbers in millions unless otherwise stated)	2018	2019	2020	2021	2022	COMPARISON TO 2021 [13] Fav / (Unfav)	%	Compound Annual Growth Rate (CAGR) [13]
FINANCIAL INDICATORS								
Unrestricted cash and investments [1]	578.2	563.3	493.6	741.2	857.8	116.6	15.7%	10.4%
Tangible capital assets [2]	5,079.2	5,381.3	5,579.6	5,704.2	5,765.5	61.3	1.1%	3.2%
Net direct debt [3]	2,371.4	2,375.4	2,645.7	2,466.9	2,586.5	(119.6)	(4.8%)	2.2%
Indirect P3 debt [4]	1,542.9	1,512.6	1,480.2	1,445.7	1,408.9	36.8	2.5%	(2.2%)
Total net direct debt and indirect P3 debt	**3,914.3**	**3,888.0**	**4,125.9**	**3,912.6**	**3,995.4**	**(82.8)**	**(2.1%)**	**0.5%**
Gross interest cost as a % of operating revenue [5,6]	11.9%	11.6%	14.3%	12.9%	11.5%	1.4%	10.9%	(0.9%)
OPERATING INDICATORS								
Scheduled Transit Service								
Overall performance rating (out of 10)	7.8	7.8	8.2	8.2	8.0	(0.2)	(2.4%)	0.6%
Service hours [7a]	6.9	7.0	6.9	7.0	7.0	-	-	0.4%
Total cost recovery ratio [8]	58.1%	59.7%	33.6%	33.5%	43.7%	10.2%	30.4%	(6.9%)
Operating cost per capacity kilometre *[9, 10]	$ 0.093	$ 0.097	$ 0.097	$ 0.111	$ 0.108	$ 0.003	3.1%	3.7%
Complaints per million boarded passengers *[,7b, 11]	95.4	90.6	103.3	92.8	74.0	18.8	20.3%	(6.2%)
Access Transit Service								
Number of trips (thousands)	1,315	1,382	620	696	965	269	38.7%	(7.5%)
Operating cost per trip *	$ 41.34	$ 39.26	$ 75.14	$ 69.70	$ 57.73	$ 12.0	17.2%	8.7%
Number of trips denied (thousands)	0.7	1.4	0.4	0.1	0.9	$ (0.8)	> (200.0%)	5.6%
Complaints per 100,000 boarded passengers *	187.3	201.8	178.6	209.7	255.2	$ (45.5)	(21.7%)	8.0%
Ridership [11]								
Boarded passengers (system)	437.4	452.9	218.8	223.5	325.9	102.4	45.8%	(7.1%)
Journeys (system) [12]	261.3	271.0	128.0	130.9	193.6	62.7	47.9%	(7.2%)
Average fare per journey (scheduled)*	$ 2.35	$ 2.42	$ 2.82	$ 2.93	$ 2.70	$ (0.23)	(7.8%)	3.5%
REGIONAL INDICATORS								
Population of Service Region	2.63	2.67	2.71	2.77	2.83	0.07	2.4%	1.9%
Employment of Service Region	1.43	1.47	1.38	1.50	1.54	0.04	2.6%	1.9%

* Per unit calculation

1 This represents the accumulated funded resources as calculated under the *South Coast British Columbia Transportation Authority 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 in 7a and 7b:

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 Ongoing.

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

10 Restated 2018 capacity kilometres for Expo and Millennium Lines and Canada Line to conform with current presentation.

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 2018 and 2019 Journeys have been restated to include the HandyDART trips.

13 Calculations based on whole numbers.

Financial Indicators

TransLink's financial discipline and Senior Government relief funding have 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 and TransLink's portion of capital projects. Unrestricted cash and investments increased by $116.6 million (15.7 per cent) in 2022 mainly due to the receipt of $176.0 million of additional Senior Government relief funding, which was used to offset net outflows from operations totaling $58.6 million.

Capital assets increased by $61.3 million (1.1 per cent) in 2022. Additions of $413.5 million included SkyTrain system and infrastructure upgrades, vehicle fleet procurement, SkyTrain vehicle milestone payments, and technology upgrade projects. These increases were partly offset by amortization of $250.0 million, a write-down of $44.9 million costs related to the Surrey Newton Guildford Light Rail Transit Project following its confirmed cancellation through the 2022 Investment plan, as well as a $29.7 million transfer of Surrey Langley SkyTrain Development works into Prepaid Capital. Other offsetting reductions during the year included a transfer of land into a partnership of $17.8 million, write-down of $8.9 million related to the descoping of the Burrard Station Upgrade Project and $0.9 million of disposed assets.

Net direct debt has increased by $215.1 million since 2018, a 2.2 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 2021, net direct debt increased by $119.6 million (4.8 per cent). This was primarily the result of a TransLink bond issuance of $300.0 million net of $5.5 million discount amortization, an increase to TransLink's self-administered sinking fund of $86.8 million from contributions and fund income, net reductions in Municipal Finance Authority of BC (MFABC) held debt of $58.1 million and a $30.0 million reduction in 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 $134.0 million (2.2 per cent CAGR) since 2018. Compared to 2021, indirect P3 debt decreased by $36.8 million (2.5 per cent) mainly due to the amortization of the Canada Line deferred concessionaire credit.

Gross interest costs as a percentage of operating revenues remained steadily around 12.0 per cent from 2018 to 2019, but increased to 14.3 per cent in 2020 because of the impact of COVID-19 on 2020 operating revenues. By 2022, the ratio has resolved back down to 11.5 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 2022, TransLink continued 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 started to move toward historical values and away from the higher levels experienced since the onset of COVID-19. With an average annual rating of 8.0 for 2022, we are still higher than pre-COVID levels and no particular mode is standing out with lower ratings at an annual level. With the removal of all pandemic-related restrictions and increasing levels of transit use, lower ratings are likely related to overcrowding and cleanliness across most of the modes.

Service hours remained the same in 2022 as in 2021, at 7.0 million hours. Over the last three years, as the region has adjusted through the ongoing and then receding effects of the pandemic and travel behaviours have changed, service has been reallocated to our busiest bus routes to reduce crowding and provide more frequent services to better match customer demand.

The total cost recovery ratio, measuring the percentage of direct operating costs covered by transit revenues, increased by 30.4 per cent from 2021 to 2022 as a result of ridership and transit revenue recovery following the removal of COVID-19 restrictions shortly after the Omicron wave in early 2022. The cost recovery ratio decreased by a CAGR of 6.9 per cent over the past five years as a result of higher costs and lower transit revenue driven by lower ridership while maintaining substantially pre-pandemic level of service.

Operating costs per capacity kilometre has increased by a CAGR of 3.7 per cent over the five-year period. The increase is attributed to higher than anticipated use of Mark I trains in 2022 to facilitate state-of-good-repair fleet maintenance campaigns. Compared to 2021, however, this metric improved by 3.1 per cent from $0.111 to $0.108 in 2022 as a result of the lifting of bus seating restrictions on July 1, 2021, which increased the capacity by approximately one-third of a regular passenger load on conventional bus transit.

Complaints per million boarded passengers had steadily improved by 5.0 per cent from 2018 to 2019, which had been attributed to improvements in Transit Operator customer service and continued efforts to provide timely and consistent transit information to our customers. 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. The CAGR of 6.2 per cent improvement over the past five years is mainly attributed to SkyTrain's ongoing maintenance program on rail replacement and rail grinding, alleviating noise levels for residents and improving customer ride quality, as well as the prompt communication to the passengers about all potential travel delays caused by weather and single tracking maintenance program.

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 2022 were 269.2 thousand (38.7 per cent) higher than 2021, but remained lower than pre-pandemic level in 2019. The demand has been significantly lower since March 2020 due to the COVID-19 pandemic, although increased in 2022. Whilst masks remain mandatory on HandyDART services, physical distancing protocols have been eliminated and full capacity has been available on the system since the third quarter of 2021. TransLink remains committed to ensuring services are fully available for passengers unable to use conventional public transit without assistance.

Operating cost per trip decreased by $12.0 (17.2 per cent) from $69.70 in 2021 to $57.73 in 2022. As costs are largely fixed and relatively consistent with 2021, this change was mainly due to an increase in trip demand compared to 2021.

The number of trips denied increased significantly compared to last year but remains lower than pre-pandemic as service capacity continues to exceed service demand. For 2022, the number of denials represents less than 1.0 per cent of the total trips delivered.

HandyDART has made progress in a number of areas specific to customer engagement, as ridership continues to progress towards pre-pandemic levels. These initiatives are expected to directly improve the customer experience and are related to the service availability, trip denial improvement project and booking wait-time improvements. There are many short- and long-term initiatives underway that will continue in 2023 to help align service expectations with Transport 2050 and improve the overall customer experience.

In 2022, complaints per one hundred thousand boarded passengers increased by 21.7 per cent over 2021. In the first six months of 2022, driver behaviour and scheduling concerns were the top drivers of customer complaints. In an effort to improve the customer experience and reduce customer complaints, First Transit deployed a driver behaviour program in November 2021 that targets Operators who had more complaints about their behaviour than average, and the program continued in 2022. First Transit also hired a Customer Service Manager to bolster the customer and community relationships. In the second half of 2022, complaints related to scheduling and clerk behaviour, such as booking agents, schedulers and dispatchers, were the top drivers. First Transit has deployed a clerk behaviour program in October 2022 to address the complaints in this category.

To reduce taxi-related complaints, First Transit continues to support customer service training for taxi companies. Additionally, First Transit is reviewing and evaluating the terms of the contract with taxi providers to enhance client satisfaction and add more rigorous reporting and monitoring requirements including standards tied to financial levers that will give greater oversights and accountability for HandyDART's operation over the taxi services.

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 2022, total system boardings were 325.9 million, 45.8 per cent higher compared to 2021. Journeys represent a complete transit trip using Compass fare media or other proof of payment, regardless of the number of transfers. Compared to 2021, total system journeys in 2022 increased by 47.9 per cent to a total of 193.6 million.

The COVID-19 pandemic became a public health emergency in March 2020 and by April 2020, ridership had dropped to 17.1 per cent of pre-COVID levels. As Metro Vancouver partly reopened, ridership recovered to 40.0 per cent, remaining at around that level until the beginning of mass vaccinations during the summer of 2021. From June 2021 onwards, ridership grew steadily and ridership for the month of December 2021 ridership totalled 61.4 per cent of pre-COVID levels.

January 2022 started with a marked reversion in ridership recovery, with lower-than-expected ridership of 49.8 per cent of pre-COVID due to a short yet severe wave of the Omicron variant which led to incremental public safety restrictions. By February, restrictions had eased, and ridership recovery compared to pre-COVID was 64.1 per cent, which surpassed the highest recovery rate from 2021. From there, ridership grew steadily peaking in the first two weeks of October at over 80 per cent of pre-COVID. Ridership stabilized through the fall, before dipping slightly towards the end of 2022 due to rain, periods of extreme cold and multiple large snow events in December.

The peak of ridership recovery coincided with unseasonably warm and sunny weather. This favourable weather likely contributed to higher ridership. At the peak of ridership in early October, 380,000 people were taking transit on an average weekday. Discretionary travel has returned at a higher rate than commuting travel, as evidenced by higher weekend recovery rates. This makes weather a more influential factor in transit ridership, as discretionary trips are less likely to be made during poor weather. Throughout the year, we saw fair weather days lead to better transit recovery rates.

TransLink 2022 ridership recovery compared favourably with national and international peers. Metro Vancouver was the first major transit system in Canada and the United States to reach 80 per cent of pre-COVID ridership. By the end of 2022, TransLink's recovery remained at the top of its peers. At an absolute value, TransLink's ridership exceeds that of the Chicago area, a transit area with three-times the population of Metro Vancouver.

In 2022, total boardings and journeys were unfavourable to budget by 12.0 per cent and 8.8 per cent, respectively. The budget assumed a faster rate of recovery, not factoring the impact of Omicron at the start of the year, as well as a higher recovery within commuter travel.

The average fare per journey was $2.70 for 2022, a decrease of $0.23 (7.8 per cent) relative to 2021. Despite the July 1st fare increase, average fare decreased due to high rate of return of U-Pass ridership without a proportionate increase in overall ridership, with U-Pass riders contributing a fixed annual fare regardless of the amount of travel and other changes in the product mix resulting from a limited return to in-office work, including lower recovery of adult monthly passes compared to concession monthly passes, and fewer multi-zone and West Coast Express products sold versus single zone products.

3. Consolidated Statement of Operational Analysis

CONSOLIDATED REVENUES AND EXPENSES			YEAR OVER YEAR			ACTUAL TO BUDGET	
Year ended December 31 ($ thousands)	2022 ACTUAL	2021 ACTUAL	CHANGE Fav/(Unfav)	CHANGE %	2022 BUDGET [3]	CHANGE Fav/(Unfav)	CHANGE %
Revenue							
Taxation	978,076	899,448	78,628	8.7%	933,012	45,064	4.8%
Transit [1]	552,624	413,400	139,224	33.7%	619,339	(66,715)	(10.8%)
Government transfers	427,136	203,780	223,356	109.6%	315,121	112,015	35.5%
Amortization of deferred concessionaire credit	23,274	23,273	1	0.0%	23,273	1	0.0%
Investment income	109,064	52,882	56,182	106.2%	44,996	64,068	142.4%
Development Cost Charges	25,158	44,773	(19,615)	(43.8%)	31,525	(6,367)	(20.2%)
Miscellaneous revenue [1]	17,458	22,535	(5,078)	(22.5%)	13,901	3,556	25.6%
Sub Total Continuing Operations	**2,132,790**	**1,660,091**	**472,698**	**28.5%**	**1,981,167**	**151,622**	**7.7%**
Gain (Loss) on disposal of tangible capital assets	1,748	560	1,188	> 200.0%	(200)	1,948	> 200.0%
Total Revenue	**2,134,538**	**1,660,651**	**473,886**	**28.5%**	**1,980,967**	**153,570**	**7.8%**
Expenses							
Bus Operations	860,510	806,292	(54,218)	(6.7%)	864,215	3,705	0.4%
Rail Operations	363,581	346,699	(16,882)	(4.9%)	374,648	11,067	3.0%
Transit Police	48,070	44,809	(3,261)	(7.3%)	46,358	(1,712)	(3.7%)
Corporate Operations	120,837	103,579	(17,258)	(16.7%)	125,946	5,109	4.1%
Roads and Bridges	109,415	120,166	10,751	8.9%	145,248	35,833	24.7%
Amortization of tangible capital assets [2]	250,019	233,789	(16,230)	(6.9%)	258,400	8,381	3.2%
Interest [2]	181,357	182,042	685	0.4%	179,836	(1,521)	(0.8%)
Sub Total Continuing Operations	**1,933,789**	**1,837,376**	**(96,413)**	**(5.2%)**	**1,994,651**	**60,862**	**3.1%**
Corporate One-time	71,143	21,760	(49,383)	> (200.0%)	33,213	(37,930)	(114.2%)
Total Expenses	**2,004,932**	**1,859,136**	**(145,796)**	**(7.8%)**	**2,027,864**	**22,932**	**1.1%**
Surplus (Deficit) for the Year	**129,606**	**(198,485)**	**328,090**	**(165.3%)**	**(46,897)**	**176,502**	**> 200.0%**

[1] Certain comparative information has been reclassified in 2021 to conform with the consolidated financial statement presentation adopted for the current year.
[2] Amortization and interest are shown separately to facilitate analysis.
[3] 2022 Budget has been restated to reflect budget transfers during the year.

TransLink ended the 2022 year with a $129.6 million surplus on a PSAB basis, which was $328.1 million better than the deficit of $198.5 million in 2021. This is due primarily to the requirements of the public sector accounting standards, under which the entire amount of the $176.0 million of additional Senior Government relief funding received in 2022 was recorded as revenue in the year, despite being designed to cover net operating losses from 2023 to 2025. In 2022, TransLink recognized a $44.9 million write-down of SNG project previously capitalized costs, together with $14.6 million of deferred Senior Government funding related to the project, as well as a write-down of $8.9 million related to the descoping of the Burrard Station Upgrade Project.

Excluding Senior Government relief funding and a write-down of previously capitalized costs, TransLink recorded a deficit of $7.2 million for 2022, which is $223.0 million more favourable than 2021 and an improvement of $39.7 million compared to budget, mainly as a result of higher fuel and parking sales tax revenue with the ramp-up of economic activity in the region, as well as higher investment income. Favourable results compared to 2021 were also significantly contributed to by higher transit revenue as the region continued to recover from the pandemic.

Transit revenue and ridership experienced promising recovery during 2022, with weekly ridership peaking at 80 per cent of pre-COVID levels during October and totalling 70.8 per cent overall for the year. Transit revenues increased by $139.2 million over 2021, when ridership was only 47.9 per cent of pre-COVID levels. This positive development from prior year was due to return to social and economic activities amidst receding COVID-19 cases and restrictions, the removal of the mask mandate on conventional transit in March and the unseasonably warm and sunny weather through summer into late fall.

Notwithstanding strong recovery trend, 2022 transit revenue was below budget by $66.7 million or 10.8 per cent. This is partly due to the Omicron variant, which caused a brief ridership drop in January, slower than anticipated return of commuters to workplaces and the change in product mix. 2022 depicted a change in commuter behaviours, with many office workers continuing to work from home or follow a hybrid working model, resulting in less significant recovery in adult monthly passes. As the first year since 2020 in which COVID-19 restrictions were removed, 2022 was a transitional year and its effects represent a re-baselining for future ridership expectations, with future ridership growth expected to return to more 'evergreen' factors such as population growth, employment levels and service expansion.

Taxation revenue increased from 2021 and was favourable to budget by $45.1 million or 4.8 per cent. This included increases in parking sales and fuel taxes, partly due to some commuters switching to driving rather than using transit. Investment income also performed better than budget, mainly due to favourable interest rates and interest income earned on the $2.0 billion upfront settlement of the future monthly Golden Ears Bridge Toll Replacement Revenue.

Total expenses from Continuing Operations in 2022 increased by 5.2 per cent from 2021 mainly due to contractual and economic labour increases, higher fuel costs, amortization expense, contracted services and maintenance costs resulting from higher parts prices driven by the global supply chain shortages. The increase was partly offset by lower capital infrastructure contributions due to timing of projects. These expenses were 3.1 per cent favourable to the budget mainly due to lower capital infrastructure contributions, savings from temporary vacancies, lower professional fees due to project deferrals, lower amortization expense due to lower than budgeted capitalizations in various projects, partly offset by higher diesel fuel costs.

Details of the variances are provided in the following analysis.

Consolidated Revenues – Comparison to 2021

CONSOLIDATED REVENUES	YEAR OVER YEAR			
Year ended December 31	ACTUAL		CHANGE	
($ thousands)	2022	2021	Fav/ (Unfav)	%
Taxation	978,076	899,448	78,628	8.7%
Transit [1]	552,624	413,400	139,224	33.7%
Government transfers				
Senior Government Relief Funding	176,000	31,800	144,200	> 200.0%
Senior Government Funding	184,507	107,229	77,278	72.1%
Golden Ears Bridge Tolling Replacement Revenue	66,629	64,751	1,878	2.9%
Amortization of deferred concessionaire credit	23,274	23,273	1	0.0%
Investment income	109,064	52,882	56,182	106.2%
Development cost charges	25,158	44,773	(19,615)	(43.8%)
Miscellaneous revenue [1]	17,458	22,535	(5,078)	(22.5%)
Sub Total Continuing Operations	**2,132,790**	**1,660,091**	**472,698**	**28.5%**
Gain (Loss) on disposal on tangible capital assets	1,748	560	1,188	> 200.0%
Total Revenue	**2,134,538**	**1,660,651**	**473,886**	**28.5%**

[1] Certain comparative information has been reclassified in 2021 to conform with the consolidated financial statement presentation adopted for the current year.

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

2022 saw the removal of COVID restrictions in March, following the earlier impact of the Omicron variant. From this point, both ridership and driving increased, resulting in increases in transit and taxation revenues of $139.2 million or 33.7 per cent and $78.6 million or 8.7 per cent, respectively. While ridership did not increase to the expected levels, it reached 70.8 per cent of pre-COVID levels for 2022, compared to 47.9 per cent in 2021. High cash balances and higher-than-expected interest rates resulted in a large increase in investment income, up $56.2 million, more than double that of 2021.

In total, 2022 revenue was $2.1 billion which is 28.5 per cent higher than 2021. This includes additional Senior Government relief funding of $176.0 million received in 2022. This funding is recognized in 2022 following the requirements of PSAB accounting standards, although it is intended to offset continued net operating losses from the COVID-19 pandemic and allow TransLink to maintain essential services during 2023 to 2025. Excluding Senior Government relief funding, 2022 revenue was $329.7 million or 20.2 per cent higher than that of 2021.

Taxation

TAXATION REVENUES			YEAR OVER YEAR	
Year ended December 31	ACTUAL		CHANGE	
($ thousands)	2022	2021	Fav/ (Unfav)	%
Fuel tax	424,535	389,652	34,883	9.0%
Property tax	437,921	418,786	19,135	4.6%
Parking sales tax	74,970	50,733	24,237	47.8%
Hydro levy	22,657	22,378	279	1.2%
Replacement tax	17,993	17,899	94	0.5%
Total Taxation	**978,076**	**899,448**	**78,628**	**8.7%**

Total taxation revenues were $78.6 million (8.7 per cent) higher than 2021 mainly due to higher revenues from fuel tax, parking sales tax and property tax.

Fuel tax revenue was higher by $34.9 million (9.0 per cent) compared to 2021. In 2021, fuel sales were supressed by the lasting impact of the pandemic on the levels of economic and social activities, and recovered to pre-COVID levels by the end of 2021. Fuel tax continued to grow in 2022 with the marked return of discretionary travel, adoption of hybrid working models with lower return to Monday-Friday nine-to-five transit commuting all contributing to increased vehicle usage and fuel consumption.

Parking sales tax was higher by $24.2 million (47.8 per cent) compared to 2021 mainly due to the return of workers to the offices. Parking sales tax remained low in 2021 due to COVID-19, as many staff continued to work from home. When staff began to return to worksites late in 2021, parking sales tax began to recover, and that trajectory accelerated in 2022. In addition to those who had already travelled to work by way of private vehicle prior to the pandemic, 2022 saw commuters often choose driving instead of transit alongside the adoption of hybrid work arrangements.

Property tax revenue increased by $19.1 million (4.6 per cent) compared to 2021 due to legislative increases in taxation from existing properties, as well as from new development and construction growth.

Transit

TRANSIT REVENUES		YEAR OVER YEAR		
Year ended December 31	ACTUAL		CHANGE	
($ thousands)	2022	2021	Fav/ (Unfav)	%
Fares	395,450	270,617	124,833	46.1%
Program	127,292	112,343	14,949	13.3%
Total Fare and Program Revenue	**522,742**	**382,960**	**139,782**	**36.5%**
Other [1]	29,882	30,440	(558)	(1.8%)
Total Transit	**552,624**	**413,400**	**139,224**	**33.7%**

[1] Certain comparative information has been reclassified in 2021 to conform with the consolidated financial statement presentation adopted for the current year.

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 2022 was $552.6 million, an increase of $139.2 million (33.7 per cent) over 2021.

In 2022, revenue from fares was $395.5 million, which is $124.8 million (46.1 per cent) higher than 2021. Ridership in 2021 was suppressed by COVID-19 travel and health restrictions, with ridership at 47.9 per cent of pre-COVID levels for the full year. Improved ridership came in the warmer months amidst intermittent periods of relaxed restrictions, with higher vaccination rates and the relaxing of restrictions encouraging transit users back onto the system from June 2021. Ridership for the month of December 2021 represented 61.4 percent of pre-COVID levels.

The Omicron variant in January 2022 caused a drop in ridership recovery, re-baselining it to around 50 per cent of pre-COVID levels for the first month of the year. From this point, however, transit ridership experienced strong recovery and in March, commensurate with the lifting of restrictions by the BC Provincial Health Officer, the mandatory mask policy was removed on conventional transit. Ridership and transit revenue continued to grow strongly into the summer and fall, assisted by the unseasonably warm weather, peaking at 80.0 per cent of pre-COVID levels during October and reaching a monthly high of 78.0 per cent in that month. Cooler weather and periods of rain and snow, including multiple large snow events and extreme cold in mid-December caused a ridership dip in the last few months of 2022. Overall, TransLink's ridership reached 70.8 per cent of pre-COVID levels for 2022, an increase of 47.9% over 2021. This significant increase in ridership, along with an average fare increase of 2.3 per cent in July 2022 resulted in substantially higher fare revenues in 2022.

Program revenue includes revenue from the U-Pass BC and BC Government Bus Pass programs. In 2022, program revenue totalled $127.3 million, which is $14.9 million (13.3 per cent) higher than 2021, mainly due to higher U-Pass BC revenue. This growth was proportionately lower than that of fare revenue due to the substantial recovery in U-Pass BC revenue having already occurred in the prior year with the return to in-person classes from September 2021. In 2022, U-Pass revenue recovery concluded and marked a return to pre-COVID levels.

Other transit revenue totalled $29.9 million in 2022, a $0.6 million (1.8 per cent) decrease compared to 2021. While property rental and Park and Ride revenues increased, carbon credit revenue was delayed in 2022 pending resolution of supplier eligibility requirements.

Government Transfers

GOVERNMENT TRANSFERS	YEAR OVER YEAR			
Year ended December 31	ACTUAL		CHANGE	
($ thousands)	2022	2021	Fav/ (Unfav)	%
Senior Government Relief Funding	176,000	31,800	144,200	> 200.0%
Senior Government funding	184,507	107,229	77,278	72.1%
Golden Ears Bridge tolling replacement revenue	66,629	64,751	1,878	2.9%
Total Government Transfers	**427,136**	**203,780**	**223,356**	**109.6%**

Total government transfers were $427.1 million, which was $223.4 million (109.6 per cent) higher than 2021 mainly due to $176.0 million in Senior Government relief funding fully recognized in 2022 in accordance with Public Sector Accounting Standards. This funding was designed to offset losses caused by the pandemic in 2023-2025.

Senior Government funding was $184.5 million, which includes funds received from the Greater Vancouver Regional Fund (GVRF) as part of Canada Community Building Fund, Public Transit Infrastructure Fund (PTIF), Canada Line Funding, Build Canada Fund and other miscellaneous programs. Senior Government funding increased by $77.3 million (72.1 per cent) mainly due to revenue recognized for funds received under the PTIF program in accordance with Public Sector Accounting Standards. Additional factors contributing to the increase included a higher number of vehicle deliveries funded through the Canada Community Building Fund, an increase in construction activity in the Canada Line Capstan Station funded by the City of Richmond and accelerated recognition of deferred funding related to the write-down of the Surrey Newton Guildford Light Rail Transit Project costs following its confirmed cancellation through the 2022 Investment Plan.

In addition, TransLink recognized funding of $66.6 million in lieu of tolling revenue on the Golden Ears Bridge as bridge tolling was eliminated on September 1, 2017.

Investment Income

Investment income increased by $56.2 million (106.2 per cent) compared to 2021 mainly due to interest income earned on the $2.0 billion upfront settlement of the future monthly Golden Ears Bridge Toll Replacement Revenue, combined with higher interest rates.

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 is recognized as expenditures on qualifying projects are incurred. DCC revenue of $25.2 million in 2022 is $19.6 million (43.8 per cent) lower than in 2021 mainly as a result of less expenditures on eligible projects during the year.

Miscellaneous Revenue

Miscellaneous revenue decreased by $5.1 million (22.5 per cent) from 2021 mainly due to additional compensation received for renegotiated agreements and new projects in 2021, partly offset by a payment from the Trans Mountain Pipeline for land and workspace use in 2022.

Gain (Loss) on Disposal of Assets

In the current year, the gain on disposal of the capital asset was $1.7 million, which was mainly related to the sale of the statutory right of ways to Trans Mountain Pipeline and miscellaneous disposals.

Consolidated Revenues – Comparison to Budget

CONSOLIDATED REVENUES	ACTUAL TO BUDGET			
Year ended December 31	ACTUAL	BUDGET	BUDGET VARIANCE	
($ thousands)	2022	2022	Fav/ (Unfav)	%
Taxation	978,076	933,012	45,064	4.8%
Transit	552,624	619,339	(66,715)	(10.8%)
Government transfers				
Senior Government Relief Funding	176,000	-	176,000	> 200.0%
Senior Government Funding	184,507	247,890	(63,383)	(25.6%)
Golden Ears Bridge Tolling Replacement Revenue	66,629	67,231	(602)	(0.9%)
Amortization of deferred concessionaire credit	23,274	23,273	1	0.0%
Investment income	109,064	44,996	64,068	142.4%
Development cost charges	25,158	31,525	(6,367)	(20.2%)
Miscellaneous revenue	17,458	13,901	3,556	25.6%
Sub Total Continuing Operations	**2,132,790**	**1,981,167**	**151,622**	**7.7%**
Gain (Loss) on disposal on tangible capital assets	1,748	(200)	1,948	> 200.0%
Total Revenue	**2,134,538**	**1,980,967**	**153,570**	**7.8%**

Total revenue of $2.1 billion was $153.6 million higher than budget. Included in this variance is $176.0 million due to additional Senior Government relief funding received during the year and fully recognized in 2022 in accordance with Public Sector Accounting Standards. This funding was designed to offset the expected net operating losses caused by the ongoing effects of the COVID-19 pandemic in 2023 to 2025. Excluding this Senior Government relief funding, revenue from continuing operations was $22.4 million unfavourable to budget.

Taxation

TAXATION REVENUES	ACTUAL TO BUDGET			
Year ended December 31	ACTUAL	BUDGET	BUDGET VARIANCE	
($ thousands)	2022	2022	Fav/ (Unfav)	%
Fuel tax	424,535	395,745	28,790	7.3%
Property tax	437,921	434,014	3,907	0.9%
Parking sales tax	74,970	62,733	12,237	19.5%
Hydro levy	22,657	22,520	137	0.6%
Replacement tax	17,993	18,000	(7)	(0.0%)
Total Taxation	**978,076**	**933,012**	**45,064**	**4.8%**

Total taxation revenues were $45.1 million (4.8 per cent) favourable to the budget, primarily due to favourable variances in fuel tax and parking sales tax.

Fuel tax revenue was favourable by $28.8 million (7.3 per cent) compared to the budget due to higher-than-expected gasoline and diesel volumes sold. The decrease in commuter transit travel relative to budget was matched by a commensurate increase in driving, attributable to commuters switching from using transit to driving to work.

Parking sales tax was favourable by $12.2 million (19.5 per cent) compared to budget, with an increase in discretionary travel in general as well as in commuters using their vehicles to drive to work as opposed to taking transit.

Property tax revenue was favourable by $3.9 million (0.9 per cent) compared to budget due to higher payments received in lieu of property taxes and higher-than-expected non-market change as a result of new construction and zoning.

Transit

TRANSIT REVENUES	ACTUAL TO BUDGET			
Year ended December 31	ACTUAL	BUDGET	BUDGET VARIANCE	
($ thousands)	2022	2022	Fav/ (Unfav)	%
Fares	395,450	459,228	(63,778)	(13.9%)
Program	127,292	127,032	260	0.2%
Total Fare and Program Revenue	**522,742**	**586,260**	**(63,518)**	**(10.8%)**
Other	29,882	33,079	(3,197)	(9.7%)
Total Transit	**552,624**	**619,339**	**(66,715)**	**(10.8%)**

In 2022, revenue from fares was $395.5 million, which is $63.8 million (13.9 per cent) unfavourable to budget due to the impact of the Omicron COVID-19 variant in January 2022, changed commuter travel preferences and fare product mix, all of which emerged during the course of the year.

The COVID-19 Omicron variant precipitated a short-lived but rapid drop in ridership in early January. Ridership quickly recovered in February and continued to grow steadily into summer and fall, dipping slightly in November and December due to the cooler weather, rain and snow. 2022 also marked a change in commuter behaviours and overall product mix. Even following the removal of COVID-19 restrictions in March, many office workers chose to continue working from home in full or in part, or drive to their workplace, resulting in lower adult monthly passes than anticipated. The overall fare product mix differed from that assumed in the budget, with fewer two-zone, three-zone and West Coast Express tickets sold as opposed to one-zone tickets.

Program revenue totalled $127.3 million, which is $0.3 million (0.2 per cent) favourable to budget, with university enrollments and U-Pass BC uptake higher than expected, offsetting unfavourable variance in the BC Government Bus Pass program due to lower registrations amidst the Omicron variant and a slower recovery.

Other transit revenue totalled $29.9 million in 2022, $3.2 million (9.7 per cent) unfavourable to the budget mainly because budgeted carbon credit revenue was not received during 2022. It is expected there will be a catch up in the revenue next year, mainly due to a delay in the carbon credit application. This is partly offset by higher property rental revenue and advertising revenue than budgeted.

Government Transfers

GOVERNMENT TRANSFERS	ACTUAL TO BUDGET			
Year ended December 31	ACTUAL	BUDGET	BUDGET VARIANCE	
($ thousands)	2022	2022	Fav/ (Unfav)	%
Senior Government Relief Funding	176,000	-	176,000	-
Senior Government funding	184,507	247,890	(63,383)	(25.6%)
Golden Ears Bridge tolling replacement revenue	66,629	67,231	(602)	(0.9%)
Total Government Transfers	**427,136**	**315,121**	**112,015**	**35.5%**

Total government transfers were $427.1 million, which includes Senior Government relief funding, the Canada Community Building Fund received through GVRF, PTIF, Canada Line funding, Build Canada Fund and other miscellaneous programs.

$176.0 million of additional Senior Government relief funding was recognised in March 2022 as required by the PSAB accounting standards. This funding is aimed to help offset losses caused by the pandemic in 2023-2025.

Senior Government funding was $63.4 million lower than budget primarily due to the timing of vehicle deliveries and construction delays. These were caused by COVID-19 procurement delays, global supply shortages, the 2021 flood event, delays in the acceptance of vehicles and other issues experienced at the project planning stage affecting initiation. These factors have shifted the revenue recognition of government transfers. The unfavourable variance is partially offset by accelerated recognition of deferred funding related to the write-down of the Surrey Newton Guildford Light Rail Transit Project costs following its confirmed cancellation through the 2022 Investment Plan.

Investment Income

Investment income was $64.1 million (142.4 per cent) favourable to budget due to interest earned on $2.0 billion upfront settlement of the future monthly Golden Ears Bridge Toll Replacement Revenue, combined with higher interest rates.

Development Cost Charges

The DCC program revenue was $6.4 million (20.2 per cent) unfavourable to budget due to delays in eligible capital projects, causing less revenue recognized than was expected.

Miscellaneous Revenue

Miscellaneous revenue was $3.6 million (25.6 per cent) favourable to budget mainly due to payment received from Trans Mountain Pipeline for land and workspace use, along with favourable miscellaneous recoveries and unbudgeted foreign exchange gains.

Gain (Loss) on Disposal of Assets

Gain on disposal of assets was $1.9 million is favourable to budget mainly due to the unbudgeted sale of the statutory right of ways to Trans Mountain Pipeline and miscellaneous disposals.

Consolidated Expenses – Comparison to 2021

CONSOLIDATED EXPENSES (BY SEGMENT)			YEAR OVER YEAR	
Year ended December 31	ACTUAL		CHANGE	
($ thousands)	2022	2021	Fav/ (Unfav)	%
Bus Operations	860,510	806,292	(54,218)	(6.7%)
Rail Operations	363,581	346,699	(16,882)	(4.9%)
Transit Police	48,070	44,809	(3,261)	(7.3%)
Corporate Operations	120,837	103,579	(17,258)	(16.7%)
Roads and Bridges	109,415	120,166	10,751	8.9%
Amortization of Capital Assets *	250,019	233,789	(16,230)	(6.9%)
Interest *	181,357	182,042	685	0.4%
Sub Total Continuing Operations	**1,933,789**	**1,837,376**	**(96,413)**	**(5.2%)**
Corporate One-time	71,143	21,760	(49,383)	< (200%)
Total Expenses by Segment	**2,004,932**	**1,859,136**	**(145,796)**	**(7.8%)**

[1] Amortization and interest are shown separately to facilitate analysis

TransLink's consolidated operating expenses were $145.8 million (7.8 per cent) higher than 2021 mainly due to increased labour costs as a result of negotiated contractual increases, fuel costs, amortization expenses, contracted services and higher maintenance costs, partly offset by lower capital infrastructure contributions.

Bus Operations operating expenses were $54.2 million (6.7 per cent) higher than 2021 mainly due to higher fuel costs, labour costs as a result of negotiated contractual increases, Access Transit contracted services, as well as material and maintenance costs.

Rail Operations operating expenses were $16.9 million (4.9 per cent) higher than 2021 mainly due to increased staffing to support state of good repair and other key initiatives, economic and contractual increases, higher overtime for vacancy and absenteeism coverage, increased maintenance activities and higher costs related to service level increases for West Coast Express, partly offset by BC Hydro cost-of-living credits.

Transit Police expenses were $3.3 million (7.3 per cent) higher than 2021 mainly due to higher labour costs resulting from increased headcount in 2022 and negotiated contractual increases.

Corporate Operations expenses were $17.3 million (16.7 per cent) higher than 2021. 2022 marked a first year of the post-pandemic recovery, with TransLink beginning to gear up for the future. Accordingly, the focus in 2022 pivoted from strictly managing the impacts of the pandemic to a renewed emphasis on key organizational priorities, such as ridership recovery, Indigenous Relations, EDI, and information technology investments. Accordingly, higher expenditures mainly reflect this ramp-up of initiatives, as well as higher labour costs as a result of negotiated contractual increases, higher service agreement costs and property taxes assessed.

Roads and Bridges expenses were $10.8 million (8.9 per cent) lower than 2021 mainly due to timing of municipalities' work, resulting in lower capital infrastructure contributions to municipalities than 2021.

Amortization expense increased by $16.2 million (6.9 per cent) over 2021 as the result of a $212.7 million increase in depreciable tangible capital assets. Main asset additions affecting amortization in 2022 were new vehicle acquisitions, SkyTrain station, Information System and various other infrastructure and system upgrades.

Interest expense decreased by $0.7 million (0.4 per cent) compared to 2021, with lower average debt balances and higher interest capitalization partly offset by increased average interest rates.

Corporate One-time expenses were $49.4 million (227.0 per cent) higher than 2021. Excluding the write-down of SNG Light Rail Transit project costs of $44.9 million and the de-scoped Burrard Station Upgrade costs of $8.9 million, Corporate One-Time is lower than prior year by $4.3 million mainly due to higher expenses incurred in 2021 as a result of the December 1, 2020 cyberattack.

Consolidated Expenses – Comparison to Budget

CONSOLIDATED EXPENSES (BY SEGMENT)	ACTUAL TO BUDGET			
Year ended December 31	ACTUAL	BUDGET [1]	BUDGET VARIANCE	
($ thousands)	2022	2022	Fav/ (Unfav)	%
Bus Operations	860,510	864,215	3,705	0.4%
Rail Operations	363,581	374,648	11,067	3.0%
Transit Police[1]	48,070	46,358	(1,712)	(3.7%)
Corporate Operations[1]	120,837	125,946	5,109	4.1%
Roads and Bridges	109,415	145,248	35,833	24.7%
Amortization of Capital Assets [2]	250,019	258,400	8,381	3.2%
Interest [2]	181,357	179,836	(1,521)	(0.8%)
Sub Total Continuing Operations	**1,933,789**	**1,994,651**	**60,862**	**3.1%**
Corporate One-time[1]	71,143	33,213	(37,930)	(114.2%)
Total Expenses by Segment	**2,004,932**	**2,027,864**	**22,932**	**1.1%**

[1] 2022 Budget has been restated to reflect budget transfers during the year.
[2] Amortization and Interest shown separately to facilitate analysis.

In 2022, with the ridership recovery ongoing but pressures on revenue streams continuing, TransLink's budget derived cost savings and efficiencies wherever possible while maintaining safe and appropriate levels of service to customers, keeping the transit system infrastructure in a state of good repair, and advancing key priorities critical to preparing for the future. Even within this tight fiscal envelope, excluding amortization and interest, expenses from continuing operations were $54.0 million lower than budget. Large part of this variance is $34.7 million of capital infrastructure contributions due to timing of municipalities' work. Savings derived during the year helped to manage global inflationary cost pressures, most notably in fuel.

Bus Operations operating expenses were $3.7 million (0.4 per cent) lower than budget mainly due to vacancy savings driven by a tight labour market, lower Access Transit contracted costs as a result of lower demand, lower computer software and equipment costs as well as favourable insurance rates. The favourable variance was partly offset by global inflationary pressures effecting fuel and material parts prices.

Rail Operations operating expenses were $11.1 million (3.0 per cent) lower than budget mainly due to savings from vacancies and lower benefits costs, lower maintenance expenses related to changes in planned work, lower contracted services costs and savings from BC Hydro cost-of-living credits. The favourable variance was partly offset by overtime to ensure adequate staff coverage, higher Canada Line contract inflation and unfavourable diesel fuel prices.

Transit Police operating expenses were $1.7 million (3.7 per cent) higher than budget mainly due to higher labour costs resulting from wage and benefit increases, additional recruits and overtime for special events, higher than expected occupancy costs as well as higher vehicle repair and fuel costs.

Corporate Operations operating expenditures were $5.1 million (4.1 per cent) lower than budget mainly due to savings from vacancies, lower professional fees as a result of project deferrals and lower roll stock costs as result of lower than planned ridership. These were partly offset by higher property taxes, occupancy and maintenance costs.

Roads and Bridges spending was $35.8 million (24.7 per cent) lower than budget mainly due to timing of municipalities' work, resulting in lower than anticipated capital infrastructure contributions to municipalities and Major Road Network (MRN) Operations and Maintenance projects.

Amortization was $8.4 million (3.2 per cent) lower than budget primarily due to lower than expected capitalizations in various projects caused by delays in vehicle deliveries and slower than expected project progress, thus delaying capitalizations into 2023. The projects most impacted by these delays include the Vehicle Fleet Replacement and Expansion programs, Expo and Millennium Upgrade Program Fleet Acquisition, Expo Line Traction Power Equipment and Mark I Refurbishment project.

Interest expense for 2022 was $1.5 million (0.8 per cent) higher than budget mainly due to lower than expected interest capitalized during construction as a result of lower capital spending and higher inflation affecting the Golden Ears Bridge debt payments. This was partly offset by issuing debt later in the year than originally anticipated and lower Commercial Paper balances.

Corporate One-time costs were $37.9 million (114.2 per cent) higher than budget, mainly due to a write-down of $44.9 million related to the SNG Light Rail Transit Project costs, as it was replaced by Surrey Langley Skytrain project in the 2022 Investment Plan; as well as a write-off of $8.9 million of previously capitalized costs due to changes in the scope of upgrades to Burrard Station as a result of significant construction costs increase due to industry pressures.

Excluding SNG and the Burrard Station Upgrade costs write-down, Corporate One-Time costs would be favourable to budget by $15.9 million (47.6 per cent), mainly due to lower spending on Bus Speed and Reliability project and feasibility studies for the SkyTrain Station Power Capacity Study and Columbia SkyTrain Station Upgrades Scope.

Consolidated Expenses by Category – Comparison to 2021

CONSOLIDATED EXPENSES (BY CATEGORY)								
Year ended December 31	2022 Actual			2021 Actual			Ongoing Expenses	
($ thousands)	Ongoing	One-time [1]	Total	Ongoing	One-time [1]	Total	Fav/ (Unfav)	%
Administration	54,412	302	54,714	45,145	3,557	48,702	(9,267)	(20.5%)
Amortization of tangible capital assets	250,019	-	250,019	233,789	-	233,789	(16,230)	(6.9%)
Capital infrastructure contributions	60,666	-	60,666	72,711	-	72,711	12,045	16.6%
Contracted services	236,568	-	236,568	223,039	-	223,039	(13,529)	(6.1%)
Fuel and power	89,996	-	89,996	67,217	-	67,217	(22,779)	(33.9%)
Insurance	25,290	-	25,290	24,578	-	24,578	(712)	(2.9%)
Interest	181,357	-	181,357	182,042	-	182,042	685	0.4%
Maintenance, materials and utilities	182,142	892	183,034	171,488	817	172,305	(10,654)	(6.2%)
Professional and legal	19,680	13,268	32,948	15,755	14,638	30,393	(3,925)	(24.9%)
Rentals, leases and property tax	38,590	-	38,590	33,491	-	33,491	(5,099)	(15.2%)
Salaries, wages and benefits	795,069	2,926	797,995	768,121	2,748	770,869	(26,948)	(3.5%)
Write-down of tangible capital assets	-	53,755	53,755	-	-	-	-	-
Total Expenses by Category	**1,933,789**	**71,143**	**2,004,932**	**1,837,376**	**21,760**	**1,859,136**	**(96,413)**	**(5.2%)**

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

Ongoing Expenses

Administration costs were $9.3 million (20.5 per cent) higher than 2021 mainly due to higher credit card fees associated with increased ridership, and higher software licenses, training, recruitment and communication costs.

Amortization expense increased by $16.2 million (6.9 per cent) compared to 2021 as the result of a $212.7 million increase in depreciable tangible capital assets. Main asset additions affecting amortization in 2022 were new vehicle acquisitions, and SkyTrain station, Information System and various other infrastructure and system upgrades.

Capital infrastructure contributions decreased by $12.0 million (16.6 per cent) compared to 2021 due to the timing of capital infrastructure contributions to municipalities.

Contracted services increased by $13.5 million (6.1 per cent) compared to 2021 mainly due to higher contractual costs for Canada Line, Access Transit (as a result of higher demand for HandyDART), as well as Compass operations.

Fuel and power costs increased by $22.8 million (33.9 per cent) compared to 2021 mainly due to acute global inflationary pressure in fuel prices.

Insurance costs increased slightly by $0.7 million (2.9 per cent) compared to 2021 due to an increase in vehicle insurance rates.

Interest expense decreased by $0.7 million (0.4 per cent) compared to 2021 mainly due to lower average debt balances and higher interest capitalized during construction, partly offset by increased average interest rates.

Maintenance, materials and utilities increased by 10.7 million (6.2 per cent) compared to 2021 mainly due to higher material parts prices as a result of global supply chain shortages, as well as higher maintenance to keep assets in a state of good repair and increased service.

Professional and legal fees increased by 3.9 million (24.9 per cent) compared to 2021 mainly due to higher IT security costs.

Rentals, leases and property tax expenses increased by $5.1 million (15.2 per cent) compared to 2021 mainly due to higher rental costs.

Salaries and wages increased $26.9 million (3.5 per cent) compared to 2021 mainly due to negotiated contractual and economic labour increases and increased hiring in 2022.

Consolidated Expenses by Category – Comparison to Budget

CONSOLIDATED EXPENSES (BY CATEGORY)								
Year ended December 31	2022 Actual			2022 Budget			Ongoing Expenses	
($ thousands)	Ongoing	One-time [1]	Total	Ongoing	One-time [1]	Total	Fav/ (Unfav)	%
Administration	54,412	302	54,714	57,934	1,346	59,280	3,522	6.1%
Amortization of tangible capital assets	250,019	-	250,019	258,400	-	258,400	8,381	3.2%
Capital infrastructure contributions	60,666	-	60,666	95,393	-	95,393	34,727	36.4%
Contracted services	236,568	-	236,568	240,916	-	240,916	4,348	1.8%
Fuel and power	89,996	-	89,996	75,571	-	75,571	(14,425)	(19.1%)
Insurance	25,290	-	25,290	26,844	-	26,844	1,554	5.8%
Interest	181,357	-	181,357	179,836	-	179,836	(1,521)	(0.8%)
Maintenance, materials and utilities	182,142	892	183,034	181,798	-	181,798	(344)	(0.2%)
Professional and legal	19,680	13,268	32,948	22,853	26,897	49,750	3,173	13.9%
Rentals, leases and property tax	38,590	-	38,590	37,913	-	37,913	(677)	(1.8%)
Salaries, wages and benefits	795,069	2,926	797,995	817,193	4,970	822,163	22,124	2.7%
Write-down of tangible capital assets	-	53,755	53,755	-	-	-	-	-
Total Expenses by Category	**1,933,789**	**71,143**	**2,004,932**	**1,994,651**	**33,213**	**2,027,864**	**60,862**	**3.1%**

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

Ongoing Expenses

Administration expenses were $3.5 million (6.1 per cent) lower than budget mainly due to lower software licensing and telecommunication costs, lower roll stock costs driven by lower ridership and lower training costs.

Amortization was $8.4 million (3.2 per cent) lower than budget primarily due to lower than expected capitalization in various projects caused by delays in vehicle deliveries and slower than expected project progress, thus delaying capitalizations into 2023. The projects most impacted by these delays include Vehicle Fleet Replacement and Expansion programs, Expo and Millennium Upgrade Program Fleet Acquisition, Expo Line Traction Power Equipment and Mark I Refurbishment project.

Capital infrastructure contributions were $34.7 million (36.4 per cent) lower than budget mainly due to timing of municipal projects.

Contracted services costs were $4.3 million (1.8 per cent) lower than budget mainly due to lower Access Transit contracted services costs as a result of lower than planned demand for HandyDART, partly offset by higher Canada Line contract inflation.

Fuel and power costs were $14.4 million (19.1 per cent) higher than budget mainly due to acute global inflationary pressure on fuel prices.

Insurance expense was $1.6 million (5.8 per cent) lower than budget mainly due to lower service kilometers and lower insurance rates and premiums.

Interest expense for 2022 was $1.5 million (0.8 per cent) higher than budget mainly due to lower than expected interest capitalization during construction as a result of lower capital spending and higher than budgeted inflation affecting the Golden Ears Bridge debt payments. This was partly offset by issuing debt later in the year than originally planned and lower than budgeted Commercial Paper balances.

Maintenance, materials and utilities expenses were $0.3 million (0.2 per cent) higher than budget mainly due to higher material costs as a result of global supply chain constraints and higher snow removal costs as a result of unexpected snowfall events, partly offset by slower progress of MRN Operations and Maintenance projects.

Professional and legal fees were $3.2 million (13.9 per cent) lower than budget mainly due to timing of projects and changes in planned work.

Rentals, leases and property tax expenses were $0.7 million (1.8 per cent) higher than budget mainly due to a rental loss recognized from a property with lower than expected sub-leases.

Salaries and wages were $22.1 million (2.7 per cent) lower than budget mainly due to savings from vacancies, partly offset by higher labour rate increases.

4. Capital Program

TransLink's investment in capital assets continues to grow with the focus of supporting the Enterprise priorities. The capital program is robust and managed with strong governance and oversight. As of December 31, 2022, TransLink's total approved capital program budget was $7.4 billion, which includes:

- $4.0 billion in active capital projects;
- $0.7 billion in Approved-In-Principle (AIP) capital projects;
- $2.1 billion in substantially complete capital projects; and
- $0.6 billion in capital infrastructure contributions to municipalities

SUMMARY OF CAPITAL PROGRAM As of December 31, 2022 ($ thousands)	Number of Projects	Total Current Budget	Final Forecast Cost	Forecast Variance to Current Budget Fav/(Unfav)	%	Senior Government Funding (Committed)
Capital Projects						
Active	142	3,988,479	3,959,338	29,141	0.7%	1,212,606
AIP	28	736,864	733,925	2,939	0.4%	357,140
Substantially Complete	129	2,127,245	2,036,791	90,454	4.3%	1,010,978
Subtotal	**299**	**6,852,588**	**6,730,054**	**122,534**	**1.8%**	**2,580,724**
Capital Infrastructure Contributions						
Active	36	568,026	558,497	9,529	1.7%	-
Subtotal	**36**	**568,026**	**558,497**	**9,529**	**1.7%**	**-**
Total Capital Program	**335**	**7,420,614**	**7,288,551**	**132,063**	**1.8%**	**2,580,724**

The capital program is supported in part by $2.6 billion in committed funding available to TransLink from the Canada Community Building Fund (formerly the Federal Gas Tax Fund), PTIF and Investing in Canada Infrastructure Program (ICIP). External funding is applied 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 on the approved projects, at which time funds are released to general operating funds and government transfers revenue is recognized. For PTIF and ICIP funded projects, 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 recognized based on the terms of the respective agreements.

Active and Substantially Complete Capital Projects

As of December 31, 2022, there were 271 active and substantially complete projects with a final forecasted cost of $6.0 billion. Total costs incurred for these projects during the year were $458.4 million.

SUMMARY OF ACTIVE PROJECTS As of December 31, 2022 ($ thousands)	Number of Projects	Current Budget	2022 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Forecast Variance to Current Budget Fav/ (Unfav)	%	Senior Government Funding (Committed)
Active								
Equipment	23	221,816	41,458	102,309	205,890	15,926	7.2%	29,916
Infrastructure	53	646,185	79,167	165,217	639,606	6,579	1.0%	173,512
Major Construction	12	2,451,301	149,586	451,873	2,450,586	715	-	622,173
Technology	22	168,107	47,834	122,967	162,967	5,140	3.1%	-
Vehicle	22	375,400	46,665	77,299	374,909	491	0.1%	354,832
Facilities	10	125,670	41,227	57,995	125,380	290	0.2%	32,173
Subtotal (Active Capital Projects)	**142**	**3,988,479**	**405,937**	**977,660**	**3,959,338**	**29,141**	**0.7%**	**1,212,606**
Substantially Complete	**129**	**2,127,245**	**52,457**	**2,002,251**	**2,036,791**	**90,454**	**4.3%**	**1,010,978**
Total Active Capital Projects	**271**	**6,115,724**	**458,394**	**2,979,911**	**5,996,129**	**119,595**	**2.0%**	**2,223,584**

Active Capital Projects

As of December 31, 2022, there were 142 active projects with expenditures of $405.9 million for the year and $977.7 million in cumulative spending to date. A comparison of active project budgets against forecasted final costs shows a favourable variance of $29.1 million (0.7 per cent).

Infrastructure spending of $79.2 million for the year includes $23.9 million on the Edmonds OMC Capacity Upgrade, $9.5 million for the 2021 - 2023 Running Rail Replacement and $5.4 million spent on West Coast Express (WCE) Fleet Refurbishment.

Major Construction spending of $149.6 million for the year includes $44.5 million spent on the Expo and Millennium Upgrade Program Fleet Acquisition project, $43.5 million on a new OMC 4 Vehicle Storage Facility and $38.8 million on the SkyTrain Operations Control Centre.

Technology spending of $47.8 million for the year includes $36.1 million spent on the Enterprise Resource Planning (ERP) Program Implementation - Finance and Supply Chain (FSM) and BCRTC Enterprise Asset Management (EAM) projects.

Vehicle spending of $46.7 million for the year includes $22.1 million spent on the 2020 Conventional Bus Expansion project and $12.3 million on 2020 Conventional Bus Replacement.

Substantially Complete Capital Projects

As of December 31, 2022, there were 129 projects with a total budget of $2.1 billion deemed substantially complete with $52.5 million spent in 2022. These projects are in the final stages of project activity. The total expected favourable variance for these projects at completion is $90.5 million (4.3 per cent).

Notable projects that were substantially completed during the year include:

- Evergreen Line – TransLink Contribution with a budget of $398.5 million;
- Hamilton Transit Centre Design and Construction with a budget of $135.4 million;
- Canada Line Capacity Expansion with a budget of $130.4 million;
- PTIF Mark III Procurement with a budget of $107.4 million; and
- PTIF Mark III Procurement No.2 with a budget of $93.1 million.

Approved in Principle Capital Projects

As of December 31, 2022, there were 28 AIP projects remaining to be initiated with a total budget of $736.9 million. Of the 28 projects, eight projects with a budget of $26.4 million were carried forward from prior years and 20 projects with a budget of $710.5 million are new in 2022.

SUMMARY OF AIP PROJECTS As of December 31, 2022 ($ thousands)	Number of Projects	Current Budget	Senior Government Funding (Committed)
Capital Projects			
Equipment	3	12,816	-
Infrastructure	11	90,549	24,852
Technology	7	65,619	-
Vehicle	2	4,263	4,070
Facilities	5	563,617	328,218
Total AIP Projects	**28**	**736,864**	**357,140**

Significant projects remaining in AIP include the Marpole Transit Centre – Implementation (Facilities), Trolley Overhead (TOH) Rectifier Station 2022-2026 (Infrastructure) and the IT Services Resiliency Program (Technology).

Closed Capital Projects

During the year ended December 31, 2022, 41 projects with a final cost of $345.7 million and an approved budget of $364.9 million were completed and closed. Significant closed projects include the 2017 Conventional Bus Replacement, Skytrain Passenger Information Displays (PIDS Upgrade and Surrey Transit Centre Compressed Natural Gas Retrofit projects.

Cancelled Capital Projects

During the year ended December 31, 2022, eight projects with budgets totalling $164.9 million were cancelled, including:

- OMC 5 Vehicle Maintenance facility – Land acquisition project ($150.0 million) as a land parcel for OMC 5 location is now being acquired by the Province;
- RapidBus Upgrade Program ($6.4 million) as the Rapid Bus priority program changed from an application approach to a partnership approach. A new project in partnership with the City of Burnaby was submitted in 2020 replacing these previous approved funds; and
- Free Transit for Children Aged 12 and Under – Phase 2 ($3.1 million) as the Province made a decision not to proceed with implementation of Phase 2.

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, 2022, there were 36 active programs with a budget of $568.0 million. The majority of the $56.8 million in contributions in the year relate to the Pavement Rehabilitation Program funded under the MRN Program.

SUMMARY OF INFRASTRUCTURE CONTRIBUTION PROGRAMS							Forecast Variance to Current Budget	
As of December 31, 2022 ($ thousands)	Number of Projects	Current Budget	2022 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Fav/ (Unfav)	%
MRN Structurers Funding Program	5	77,830	5,335	6,274	75,135	2,695	3.5%
Major Road Network and Bike Upgrades (MRNB)	11	250,011	11,704	151,104	245,210	4,801	1.9%
Pavement Rehabilitation Program	5	113,682	25,588	111,719	113,033	649	0.6%
Bicycle Infrastructure Capital Cost Share (BICCS)	5	81,359	7,403	15,628	81,026	333	0.4%
Bus, Speed, Reliability, and Infrastructure (BSRI)	4	15,973	1,767	3,264	15,537	436	2.7%
Walking Infrastructure to Transit (WITT)	6	29,171	4,963	9,279	28,556	615	2.1%
Grand Total	**36**	**568,026**	**56,760**	**297,268**	**558,497**	**9,529**	**1.7%**

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 outlined the capital project categories that would be supported by the DCC program. The categories, which were upheld by the 2022 Investment Plan, include New Major Projects, SkyTrain and WCE Expansions, Bus Exchange/Depot Upgrades and SeaBus Expansions. The total capital cost of the select project categories is estimated at $2.7 billion, of which $1.7 billion (net of senior government funding) incurred after December 31, 2017 is eligible for DCC funding . During the year ended December 31, 2022, TransLink recognized $25.2 million in DCC revenues and the funds have been proportionately allocated for recovery as follows:

SUMMARY OF DCC PROGRAM				
As of December 31, 2022 ($ thousands)	Current Budget	Senior Governmen t Funding	TransLink Capital Cost	Allocatio n of DCC Received
Bus Exchange/Depot and Seabus Expansion	178,223	56,801	56,621	826
New Major Projects	48,496	4,541	43,847	640
SkyTrain and West Coast Express Expansion	2,468,06 6	763,101	1,623,613	23,692
Total DCC Program	**2,694,78 5**	**824,443**	**1,724,081**	**25,158**

Capital Program – Comparison to 2022 Business Plan

As stated in the 2022 Business Plan, the objectives of TransLink's capital program are aligned with current priorities of rebuilding customer ridership, ensuring a state of good repair, while continuing to work on implementing prioritized programs of the Mayors' 10-year Vision. The current capital program continued to address the emerging state of good repair investments needed to ensure existing assets serve customers and stakeholders safely, effectively and efficiently, while continuing to support the delivery of the Mayors' 10-Year Vision. The gross cash flows for all projects in the 2022 Business Plan were $1,096.3 million; the actual gross cash flow for all projects in 2022 were $515.6 million, a variance from plan of $580.7 million.

The key factors driving lower than planned spend across the capital program included:

- Supply chain disruptions causing vendors difficulty in securing materials in a timely manner and delivery timelines that have been exceeding historical expectations;
- Resource shortages across the industry resulting in project initiation delays and longer than anticipated procurement timeframes to award contracts to vendors;
- Amendments to scope in the early stages of project initiation as a result of efforts to align priorities and ensure a cohesive strategy;
- Decisions made by the Province to take over the delivery of significant projects; and
- Decisions made by TransLink to de-scope or pause projects as a result of reprioritizing and the financial pressures caused by the COVID-19 pandemic.

Major Construction Projects

Lower than planned spending in major construction projects is largely a result of delays experienced across several projects which has shifted cash flow spending to future years. These delays are due to time required to update the design and staff resourcing shortfalls in the OMC 4 project, and global supply chain impacts affecting vendor supply and milestone completion in the Expo and Millennium Upgrade Program (EMUP) Fleet Acquisition Program. Additionally, subsequent to the development of the 2022 Business Plan, the Province has taken over the delivery of key projects such as the Surrey Langley Skytrain (SLS) project and the OMC 5 Land Acquisition project which reduced TransLink's capital spending.

The Broadway Subway Project (BSP) project recalibrated spending forecasts subsequent to the development of the 2022 Business Plan as several significant costs are now anticipated to be incurred in the later stages of the project.

Project Name *($ thousands)*	2022 Planned Spending	2022 Actual Spending*	Variance Underspend / (Overspend)
BSP	17,326	5,188	12,138
BSP Transit Plan	2,136	94	2,042
EMUP – Fleet Acquisition	85,843	44,498	41,345
EMUP – Optical Transportation Network	1,020	-	1,020
EMUP – Propulsion Power Upgrades Expo and Millennium Lines – Design	7,687	5,076	2,611
EMUP – Rail Expansion Program Management	2,752	8,572	(5,820)
OMC 4 – Design and Implementation	93,131	44,859	48,272

($ thousands) Project Name	2022 Planned Spending	2022 Actual Spending*	Variance Underspend / (Overspend)
OMC 5 – Vehicle Maintenance facility – Land	37,500	-	37,500
SkyTrain Operation Control Centre	46,804	38,792	8,012
South of Fraser Rapid Transit	4,903	2,600	2,303
SLS Project	38,617	-	38,617
Vehicle Control Centre 2/4 Border Relocation	2,048	-	2,048
Projects not captured in Business Plan	-	1,408	(1,408)
Major Construction Total	**339,767**	**151,088**	**188,679**

*2022 Actual Spending includes activity for projects that are substantially complete or closed as at December 31, 2022.

Infrastructure Projects

Lower than planned spending in infrastructure projects is primarily a result of challenges experienced in the procurement phase which has resulted in project schedules and cash flows shifting to future periods. Of note:

- The Expo Line Traction Power Equipment Replacement Program and the Knight Street Bridge - Deck and Sidewalk Rehab project experienced a longer than anticipated timeframe to award vendor contracts, which delayed the initiation of the project spend.
- After receiving general contractor bids for the Burrard Station Upgrade project that were much higher than anticipated and budgeted for, a decision was made to reduce the capacity upgrade scope of the project.
- The Expo Line Elevator Replacement Program had several factors contributing to slower than anticipated spending, including delays due to scope changes resulting from the decision to reduce the capacity upgrade portion of the Burrard Station Upgrade project and delays in awarding a contract to a new vendor. Additionally, there were cost savings from scope of work previously commenced as a result of efficiencies in construction during the COVID-19 pandemic.
- Restructuring of the procurement model for the Port Coquitlam Transit Centre (PTC) Infrastructure to Support Battery Electric Buses (BEBs) project, in which the procurement model was updated as a turn-key contract thus expanding the scope of vendor services.

Other notable causes included delays in obtaining city approvals and construction supply shortages for the Brentwood SkyTrain Station upgrades project, and design challenges, municipal permitting delays, and BCRTC resource availability impacting the Station Access and Safety project.

Project Name *($ thousands)*	2022 Planned Spending	2022 Actual Spending*	Variance Underspend / (Overspend)
2022 BCRTC Roof Replacement	3,564	18	3,546
2022 CMBC Pavement Rehabilitation	1,010	226	784
2021 - 2023 Running Rail Replacement	8,260	9,527	(1,267)
Automated Train Control (ATC) System Recovery and Operation Improvements	548	153	395
BC Parkway Safety Improvements Patterson to 22nd Street	347	312	35
Braille and Tactile Information at Bus Stops	3,263	3,057	206
Brentwood SkyTrain Station Upgrades – Phase One and Two	14,667	5,926	8,741
Broadway Station Track Intrusion System Upgrade	179	760	(581)
Burnaby Transit Centre Retaining Walls - Seismic Stabilization	5,100	90	5,010
Burnaby Mountain Gondola Transit	1,540	-	1,540
Burrard Station Upgrade	28,899	3,142	25,757
Capital Program Contingency	5,000	-	5,000
Burnaby Transit Centre South (BTCS) Emergency Generator Replacement	106	60	46
Compass Implementation for HandyDART	1,114	76	1,038
Edmonds OMC Capacity Upgrade	16,873	23,918	(7,045)
Elevating Devices Asset Renewal Program – Millennium Line Escalators 2022	47	-	47
Expo Line Elevator Replacement	33,868	6,671	27,197
Expo Line Surrey Power Rail Replacement	6,250	203	6,047
Expo Line Traction Power Equipment Replacement	13,495	1,217	12,278
Expo Line Tunnel Ventilation Systems (TVS)	132	-	132
Expo Line TVS Rehabilitation	2,042	1,017	1,025
Gilmore Station Upgrade and Expansion Project	728	-	728
HandyDART Norland Facility	4,346	405	3,941
Haro Rectifier Safety and Security Improvements	20	13	7
Investments in Transit Priority on Priority Rapid Bus Corridors – Phase One and Two	3,376	5,123	(1,747)
Knight Street Bridge – Deck & Sidewalk Rehab – Design and Implementation	7,927	654	7,273
Metro Vancouver Transit Police (MVTP) – Hub Office Card Access Upgrade	100	-	100
MVTP Bridgeport Deployment Office Upgrade	582	1	581
MVTP Waterfront Hub Office Renovation	101	-	101

Project Name *($ thousands)*	2022 Planned Spending	2022 Actual Spending*	Variance Underspend / (Overspend)
New Simon Fraser University Exchange Contribution	1,166	-	1,166
Next Generation SeaBus Performance Specification	400	-	400
Noise Mitigation Solution	916	2,210	(1,294)
Noise Mitigation Solution Implementation Phase Two	1,768	-	1,768
OMC 1 Receiving Area and Storage Upgrades	164	86	78
Pattullo Bridge Upgrade	1,551	133	1,418
Phibbs Exchange Upgrade	2,861	1,144	1,717
PTC Infrastructure to Support BEBs	12,938	2,031	10,907
Power Constructability Review and Cutover Planning	1,310	-	1,310
PowerSmart Upgrades – BTCS – Design	291	14	277
Remote Reports/Rapid Response Model – Phase A	1,663	-	1,663
Replace 3 Escalators	1,585	501	1,084
Richmond Transit Centre (RTC) Roof Replacement-Phase Two	3,900	-	3,900
RTC Roof Replacement	1,487	4,592	(3,105)
Safety Assurance for Rail Expansion	398	12	386
SeaBus Facility and Seawall Rehabilitation Year 1 of 2	2,019	2,197	(178)
SeaBus Terminal – Passenger Counting System Update	334	-	334
SkyTrain Roof Replacement	743	4,197	(3,454)
SkyTrain Station Power Capacity – Phase Two	204	-	204
Stadium-Chinatown Station Upgrade – Concept Confirmation	288	-	288
Station Access and Safety Project	21,049	3,699	17,350
Compass Customer Service Centre - Tenant Improvement Construction	2,971	2,493	478
TransLink Owned Bicycle Infrastructure	8,101	510	7,591
TOH On-Street Infrastructure State of Good Repair (SOGR)	3,931	4,714	(783)
TOH Rectifier Station SOGR	3,549	353	3,196
Waterfront Station Power Systems Upgrade	5,074	4,358	716
WCE Locomotive Refurbishment	8,250	5,447	2,803
Westham Island Bridge – Howe Truss Replacement	308	99	209
Projects not captured in Business Plan	-	5,784	(5,784)
Infrastructure Total	**252,703**	**107,145**	**145,558**

*2022 Actual Spending includes activity for projects that are substantially complete or closed as at December 31, 2022.

Facilities Projects

Lower than planned spending in facilities projects is a result of delays experienced across several significant projects which has deferred spending to future years. These include unanticipated delays in obtaining permits for the Marpole Transit Centre (MTC) project which shifted site works to 2023, and global supply chain and staff resource shortfalls which delayed construction work in the Canada Line Capstan Station project into 2023. The SeaBus Terminals Interior Refurbishment project had amendments to project scope and sub-trade resulting in delays to the project schedule. The Bus Facility Customer Amenities Improvement Program was paused as a result of revisiting priorities amidst the financial pressures caused by the COVID-19 pandemic.

Project Name *($ thousands)*	2022 Planned Spending	2022 Actual Spending*	Variance Underspend / (Overspend)
BCRTC OMC 1 and 2 – Space Optimization and Modernization	3,007	261	2,746
BTC – Fleet Overhaul Maintenance- Lunch room Upgrades	1,105	885	220
BTC Facility Improvement for Phase Two Expansion – Design	1,450	411	1,039
Bus Facility Customer Amenities Improvement Program	3,896	-	3,896
Canada Line Capstan Station Project	37,931	25,757	12,174
CMBC Trolley Overhead – Skeena Relocation	2,642	701	1,941
Customer Amenities Pilot	987	-	987
Facility Retrofit Projects – BTC Stores	2,036	-	2,036
Facility Upgrades to Accommodate Double Decker Buses	2,374	172	2,202
MTC – Design and Early Site Works	26,975	2,570	24,405
OMC Perimeter Security Upgrade	797	90	707
Operations and Maintenance Centre 2	7	75	(68)
PTC Facility Improvements	1,338	-	1,338
PTC Facility Improvement for Phase Two Expansion – Design	1,157	1,005	152
PowerSmart Upgrades	154	-	154
PowerSmart Upgrades – SeaBus – Design	681	-	681
SeaBus facility and seawall – SOGR	1,828	-	1,828
SeaBus Facility Upgrades – Design	1,329	1,908	(579)
SeaBus Terminals Interior Refurbishment	9,938	6,210	3,728
Projects not captured in Business Plan	-	3,546	(3,546)
Facilities Total	**99,632**	**43,590**	**56,042**

*2022 Actual Spending includes activity for projects that are substantially complete or closed as at December 31, 2022.

Equipment Projects

Lower than planned spending in equipment projects is a result of delays experienced across several significant projects which has deferred spending to future years. The SkyTrain Advanced Radio System and the SkyTrain Customer and Operations Telecommunications Upgrade projects experienced delays in the initial phases of the projects which had cascading impacts to the design and implementation phases, therefore shifting cash flows to 2023. The Replacement of Rotary Grinder program experienced delays in the fabrication process due to global supply chain issues, pushing the spend into 2023. The Onboard Technology Assets Program (OTAP) had a variance primarily due to the de-scoping of contracted services no longer required and unanticipated savings in the procurement of equipment and resourcing costs.

Project Name *($ thousands)*	2022 Planned Spending	2022 Actual Spending*	Variance Underspend / (Overspend)
Automatic Train Control Existing Equipment Replacement Program	15,787	13,717	2,070
CMBC Facilities Camera Replacement	1,597	72	1,525
CMBC Hoist Asset Renewal Program	1,978	2,112	(134)
Compass Vending Machine Spares	1,966	-	1,966
Fare Gates Capacity Increase – Priority Stations	649	109	540
Farebox Replacement	2,317	449	1,868
Mark (MK) III Vehicle Lifting Jacks	200	7	193
MVTP Equipment	82	88	(6)
Millennium Line Fire and Life Safety Systems Equipment Replacement	1,881	972	909
Millennium Line Linear Heat Detector Upgrade Project	113	-	113
OTAP	35,783	14,527	21,256
Rail Switch Machine Test Bench	481	372	109
Rail-borne Equipment Replacement	2,293	750	1,543
Replacement of Hegenscheidt Underfloor Lathe	2,272	149	2,123
Replacement of Rotary Grinder	13,858	224	13,634
SkyTrain Advanced Radio System Phase 1&2	9,079	2,311	6,768
SkyTrain Customer and Operations Telecommunications Upgrade Phase One – Four	10,367	5,579	4,788
Station Ground Switch Replacement	31	-	31
Projects not captured in Business Plan	-	3,973	(3,973)
Equipment Total	**100,734**	**45,410**	**55,324**

*2022 Actual Spending includes activity for projects that are substantially complete or closed as at December 31, 2022.

Technology Projects

Lower than planned spending in technology projects is a result of delays experienced across several significant projects which has deferred spending to future years. The Finance and Supply Chain Enterprise Resource Planning (ERP) and BCRTC Enterprise Asset Management (EAM) program experienced delays in several deployments due to underlying complexities of the rollouts, which shifted cash flow into 2023. The IT Services Resiliency Program was delayed into 2023 as a result of shortfalls in resource availability. The 2018-2021 IT Infrastructure Refresh project experienced global supply chain shortages and delivery delays which have pushed the delivery of technology infrastructure into 2023. The Free Transit for Youth 12 & Under program was cancelled as the Province made a decision not to proceed with implementation of Phase 2.

Project Name *($ thousands)*	2022 Planned Spending	2022 Actual Spending*	Variance Underspend / (Overspend)
2018-2021 IT Infrastructure Refresh	14,769	3,931	10,838
2019-2021 Transportation Analytics Program	500	-	500
Access Transit Trapeze PASS – Additional Modules	1,501	111	1,390
BCRTC Payroll, Scheduling and Timekeeping	1,661	3,163	(1,502)
BCRTC Software Application Renewal Program	1,369	-	1,369
Bus Daily Operations Management System (DOMS) Product Migration Planning	7,494	3,823	3,671
Claims Management System Replacement	64	-	64
CMBC CloudSuite Enterprise Asset Management (EAM) Implementation – Business Definition	375	572	(197)
CMBC CloudSuite (EAM) - Design & Implementation	2,082	-	2,082
CMBC Employee Scheduling Implementation Project	1,040	-	1,040
Compass System Advancements	62	-	62
IT Services Resiliency Program	8,573	-	8,573
Enterprise Content Management	1,000	-	1,000
Enterprise Emergency Communication System Implementation	500	-	500
Enterprise Health and Safety System	1,419	823	596
Enterprise IT Security Endpoint Protection System Implementation	839	-	839
ERP FSM and BCRTC EAM	48,216	36,081	12,135
Free Transit for Youth 12 & Under – System Upgrades	3,050	-	3,050
OMC 1 3rd Floor Server Room Upgrade	583	48	535
Provincial Digital Evidence Management Solution Implementation	449	270	179
Rebuild Customer Ridership	110	-	110
Technical Drawings and Library Management System	2,693	-	2,693

Project Name *($ thousands)*	2022 Planned Spending	2022 Actual Spending*	Variance Underspend / (Overspend)
TransLink Analytics Program 2022	172	96	76
TransLink Enterprise Assets Management	815	411	404
TransLink Intranet Upgrade	97	-	97
Projects not captured in Business Plan	-	3,736	(3,736)
Technology Total	**99,433**	**53,066**	**46,367**

*2022 Actual Spending includes activity for projects that are substantially complete or closed as at December 31, 2022.

Major Road Network Projects

Lower than planned spending on MRN projects was due to delays experienced by municipalities in completing construction within the anticipated timeframes, resulting in cost share payments being delayed to subsequent years. MRN funding programs allow municipalities up to four years to complete construction, and one additional year to invoice TransLink. Translink payment occurs at project completion. Due to scaling issues caused by the expansion of MRN funding in recent years as well as difficulties in securing vendors in a constrained market, municipalities have been experiencing construction delays in these programs. As a result, municipality-driven projects are largely completed towards the end of the four-year timeframe which have shifted cash flows into future years.

Project Name *($ thousands)*	2022 Planned Spending	2022 Actual Spending*	Variance Underspend / (Overspend)
2015-2022 Major Road Network and Bike (MRNB) Capital Program	36,162	11,470	24,692
2017-2022 Walking Infrastructure to Transit (WITT)	5,582	4,963	619
2018-2022 Bicycle Infrastructure Capital Cost (BICCS)	16,644	7,403	9,241
2018-2022 MRN Structures – Seismic Upgrades Upgrade Program	13,452	5,335	8,117
2019-2022 Bus Speed and Reliability Program	4,236	1,767	2,469
2019-2022 MRN Pavement Rehabilitation Program	25,683	25,588	95
Projects not captured in Business Plan	-	234	(234)
MRN Total	**101,759**	**56,760**	**44,999**

*2022 Actual Spending includes activity for projects that are substantially complete or closed as at December 31, 2022.

Vehicle Projects

Lower than planned spending on vehicle projects is a result of delivery delays caused by global supply chain shortages and extended delivery timeframes. Revenue vehicles of all types including Conventional Buses, Community Shuttles, and HandyDARTs have experienced delays obtaining the vehicles within usual timeframes, and as such the cash flows have shifted to subsequent years. Additionally, the Mark I refurbishment project removed the Mark I (700-800) trains from several scope items of the project, which also contributed to this variance.

Project Name *($ thousands)*	2022 Planned Spending	2022 Actual Spending*	Variance Underspend / (Overspend)
2020 Community Shuttle Expansion	2,471	-	2,471
2020 Conventional Bus Expansion	29,784	22,138	7,646
2020 Conventional Bus Replacement	13,000	12,286	714
2020 HandyDART Expansion	1,596	1,314	282
2020 HandyDART Vehicle Replacement	2,301	5,514	(3,213)
2021 BCRTC Service Support Vehicles (SSV) Expansion	156	-	156
2021 Community Shuttle Expansion	867	-	867
2021 Community Shuttle Replacement	3,019	1,690	1,329
2021 Conventional Bus Expansion	10,226	626	9,600
2021 HandyDART Replacement	6,362	4,754	1,608
2023 Conventional Bus Replacement – 57 BEBs	100	-	100
2023 HandyDART Vehicle Replacement (46 vehicles)	-	172	(172)
2024 Conventional Bus Replacement (50 compressed natural gas Buses)	-	1	(1)
Community Shuttle Replacement – 64 Buses	15,084	-	15,084
COVID-19 IT Equipment Purchase	20	3	17
MK I Skytrain Car Refurbishment	7,177	2,138	5,039
Next Generation SeaBus Design	678	-	678
Replacement of 11 MVTP Non-Revenue Vehicles	1,055	-	1,055
Replacement of 2 BCRTC SSVs	170	-	170
Replacement of 22 CMBC SSVs	1,066	1,030	36
Replacement of 23 CMBC SSVs	62	-	62
Replacement of 44 HandyDART Vehicles	6,671	2,948	3,723
Replacement of 6 BCRTC SSVs	409	89	320
Projects not captured in Business Plan	-	3,849	(3,849)
Vehicles Total	**102,274**	**58,550**	**43,724**

*2022 Actual Spending includes activity for projects that are substantially complete or closed as at December 31, 2022.

5. Changes in Financial Position

Financial Assets

Financial Assets As at December 31 ($ thousands)	2022	2021	CHANGE	%
Cash and cash equivalents	622,558	575,623	46,935	8.2%
Accounts receivable	136,909	159,207	(22,298)	(14.0%)
Loan receivable	-	131,060	(131,060)	(100.0%)
Restricted cash and cash equivalents and investments	3,733,194	1,237,197	2,495,997	> 200.0%
Investments	235,289	165,616	69,673	42.1%
Debt reserve deposits	23,762	26,272	(2,510)	(9.6%)
Financial Assets	**4,751,712**	**2,294,975**	**2,456,737**	**107.0%**

See "Liquidity and Capital Resources" section for the discussion on:

- Cash and cash equivalents
- The decrease in accounts receivable of $22.3 million (14.0 per cent) was mainly due to the collections of outstanding capital project funding from the Province.

Loan receivable represented the proceeds outstanding from the 2016 sale of the Oakridge Transit Centre. The remaining balance was received during the year.

Restricted Cash and Cash Equivalents and Investments

Restricted Cash and Cash Equivalents and Investments As at December 31 ($ thousands)	2022	2021	CHANGE	%
Government transfers for capital project funding	2,821,868	525,640	2,296,228	> 200.0%
TPCC Cash and Investments	30,353	29,978	375	1.2%
Green Bond Proceeds	38	-	38	-
Land reserve	349,494	236,929	112,565	47.5%
Sub-total	**3,201,753**	**792,547**	**2,409,206**	**> 200.0%**
Total self administered sinking funds	531,441	444,650	86,791	19.5%
Total Restricted cash and investments	**3,733,194**	**1,237,197**	**2,495,997**	**> 200.0%**

Restricted cash and investments include unspent government transfers, funds segregated for TransLink's captive insurance corporation, Transportation Property and Casualty Corporation (TPCC), unspent proceeds of green bond issuance, land reserve funds and self-administered sinking funds. As of December 31, 2022, the entire amount of Green bond issued in December 2022 was allocated to qualifying projects. The outstanding balance represents interest accrued that was not yet allocated. 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 investments was $2,496.0 million. This is primarily due to the receipt of a $2.0 billion upfront payment from the Province, being a one-time prepayment to replace future monthly Golden Ears Bridge foregone toll revenue payments across the period from April 1, 2022, to

December 31, 2050. A further $358.5 million relates to projects funded through the Canada Community Building Fund, net of spending on qualified capital projects. TPCC's increase of $0.4 million (1.2 per cent) is mainly due to net investment income. The Green Bond Proceeds represent interest income earned on the proceeds from the bond issuance in December prior to its release into unrestricted funds to cover costs incurred on qualifying projects. The $112.6 million increase in the land reserve is mainly due to the two final installment payments from the sale of the Oakridge Transit Centre. The $86.8 million (19.5 per cent) increase in self-administered sinking funds is due to regularly scheduled contributions to the fund combined with investment income from the fund.

Liabilities

Liabilities As at December 31 ($ thousands)	2022	2021	CHANGE	%
Accounts payable and accrued liabilities	400,206	364,458	35,748	9.8%
Debt	3,141,748	2,937,864	203,884	6.9%
Deferred government transfers	3,540,507	1,325,681	2,214,826	167.1%
Golden Ears Bridge contractor liability	999,512	1,013,077	(13,565)	(1.3%)
Deferred concessionaire credit	409,355	432,629	(23,274)	(5.4%)
Employee future benefits	141,202	138,224	2,978	2.2%
Deferred development cost charges	15,132	-	15,132	-
Deferred revenue and deposits	73,646	64,449	9,197	14.3%
Deferred lease inducements	12,855	13,890	(1,035)	(7.5%)
Liabilities	**8,734,163**	**6,290,272**	**2,443,891**	**38.9%**

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

The increase in deferred government transfers liability is primarily due to an upfront payment related to Golden Ears bridge foregone tolling revenue. Specifically, in August 2017, the Province announced its intention for TransLink to eliminate tolls on the Golden Ears Bridge (GEB) effective September 1, 2017. Consequently, TransLink entered into a temporary agreement with the Province to replace TransLink's foregone tolling revenue on August 23, 2017. On March 31, 2022, TransLink entered into a Long-Term agreement with the Province (Long-Term Agreement), under which TransLink received an upfront payment of $2.0 billion as a settlement for TransLink's foregone toll revenue for the period from April 1, 2022 to December 31, 2050. The stipulations of the Long-Term Agreement ending December 31, 2050 outline that TransLink will not charge user tolls for any crossings of the GEB and will keep the GEB open and operational for public users, except for permitted closures specified in the Long-Term agreement. TransLink will be liable to repay the Province for the related portion of the upfront payment contingent upon if there are any defaults of the stipulations contained in the Long-Term Agreement. This Long-Term Agreement replaces the previous temporary agreement.

Deferred government transfers liability increased by an additional $214.8 million primarily due to $358.5 million in funding received from the Canada Community Building Fund, partly offset by revenues recognized as the funding stipulations are met for the various funding programs.

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 retirement of the employees.

Deferred development cost charges relate to amounts received for which qualifying costs have not yet been incurred.

The increase in deferred revenues and deposits of $9.2 million (14.3 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)	2022	2021	CHANGE	%
Tangible capital assets	5,765,456	5,704,158	61,298	1.1%
Supplies inventory	97,310	91,161	6,149	6.7%
Property under development	19,599	-	19,599	-
Prepaid capital	29,752	-	29,752	-
Prepaid expenses	30,002	30,040	(38)	(0.1%)
Non-Financial Assets	**5,942,119**	**5,825,359**	**116,760**	**2.0%**

Capital assets increased by $61.3 million (1.1 per cent). Additions of $413.5 million included SkyTrain system and infrastructure upgrades, vehicle fleet procurement, SkyTrain vehicle milestone payments, and technology upgrade projects. These increases were partly offset by:

- amortization of $250.0 million,
- write-downs of previously capitalized costs of $44.9 million related to the SNG Light Rail Transit Project following its confirmed cancellation through the 2022 Investment plan and $8.9 million related to the descoping of the Burrard Station Upgrade Project,
- $29.7 million transfer of Surrey Langley SkyTrain Development works into Prepaid Capital,
- transfer of land into a partnership of $17.8 million,
- $0.9 million disposal of assets.

The Broadway and Arbutus Project Limited Partnership (the “Partnership”) was established on April 25, 2022. The Partnership’s purpose is to deliver a mixed-use residential building at the corner of West Broadway and Arbutus. TransLink holds 50 per cent ownership of the Partnership through a wholly-owned subsidiary, TOD Investments Ltd. Transactions and balances of this partnership are proportionately consolidated into TransLink’s consolidated financial statements based on its 50 per cent interest share. Property under development represents TransLink’s share of the real estate development costs as at December 31, 2022.

The addition of $413.5 million during the year was primarily composed of the following:

Additions to equipment of $77.1 million related to:

- $33.1 million for EAM and FSM systems;
- $14.8 million for Expo Line SkyTrain stations escalator replacement;
- $10.9 million for IT infrastructure & equipment;
- $3.6 million for bus charging infrastructure under the Canadian Urban Transit Research & Innovation Consortium (CUTRIC) Battery Electric Bus trial;
- $3.6 million for Compass Implementation for HandyDART; and

- $2.7 million for TOH Infrastructure replacement.

Additions to other supporting systems of $41.2 million related to:

- $11.6 million for ATC equipment replacement;
- $7.7 million for Commercial Broadway Station upgrades;
- $6.6 million for Surrey Central Station upgrade;
- $6.1 million for 2021 Expo Line Running Rail replacement;
- $2.7 million for Yard Track Reconditioning at OMC 1 & 2;
- $2.6 million for station platform LEDs system replacement; and
- $1.9 million for Skybridge Vertical Joints replacement.

Additions to land, land improvements and buildings of $21.7 million related to:

- $9.8 million for RTC facility upgrades;
- $5.4 million for SeaBus terminals interior refurbishment; and
- $3.6 million for RTC roof replacement.

Additions to vehicles and SeaBus $73.6 million related to:

- $43.0 million for Conventional buses;
- $11.2 million for HandyDART vehicles;
- $5.4 million for BEBs under the CUTRIC Battery Electric Bus trial;
- $9.7 million for Community Shuttle replacement; and
- $4.3 million for Mark III procurement projects.

Capital additions to work-in-progress totaled $434.4 million and $80.5 million of Province owned assets as part of PTIF program, partly offset by $315.0 million in transfers of completed projects in their respective asset classes. **Net addition to work-in-progress of $199.9 million primarily related to:**

- Expo and Millennium Upgrade Program (EMUP) Fleet Acquisition Phase 2 – addition of $44.3 million;
- Operations and Maintenance Centre 4 (OMC4) projects – addition of $41.0 million;
- SkyTrain Operation Control Centre upgrades – addition of $31.5 million;
- Canada Line Capstan Station construction – addition of $23.0 million;
- Edmonds OMC capacity upgrade – addition of $19.8 million;
- Onboard Technology Assets Program (OTAP) – addition of $13.1 million; and
- Other additions $27.2 million.

6. Liquidity and Capital Resources

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

Unrestricted Cash and Investments As at December 31 ($ thousands)	2022	2021	CHANGE	%
Cash and cash equivalents	622,558	575,623	46,935	8.2%
Investments	235,289	165,616	69,673	42.1%
Total	**857,847**	**741,239**	**116,608**	**15.7%**

Cash and cash equivalents and investments increased by $116.6 million (15.7 per cent) mainly due to the receipt of $176.0 million of Senior Government relief funding, partly offset by net outflows from operations of $59.4 million in 2022.

Financing

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

Financing As at December 31 ($ thousands)	2022	2021	CHANGE	%
Debt	3,141,748	2,937,864	203,884	6.9%
Less: Self-administered sinking funds	(531,441)	(444,650)	(86,791)	(19.5%)
Less: Debt reserve deposits	(23,762)	(26,272)	2,510	9.6%
Net Direct Debt	**2,586,545**	**2,466,942**	**119,603**	**4.8%**
Golden Ears Bridge contractor liability	999,512	1,013,077	(13,565)	(1.3%)
Deferred concessionaire credit	409,355	432,629	(23,274)	(5.4%)
Indirect P3 Debt	**1,408,867**	**1,445,706**	**(36,839)**	**(2.5%)**
Subtotal Net Direct Debt and Indirect P3 Debt	**3,995,412**	**3,912,648**	**82,764**	**2.1%**

Debt, which finances capital spending, increased by $203.9 million (6.9 per cent). This was mainly the result of issuing a $300.0 million Green bond in December net of $5.5 million discount amortization, partly offset by Municipal Finance Authority of British Columbia (MFA) bond maturities of $80.0 million net of contributions towards future MFA debt maturities of $22.0 million and 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 2022, all proceeds of TransLink's green bond issuances have been spent on eligible projects.

Indirect P3 Debt decreased by $36.8 million (2.5 per cent) due to repayment of $13.5 million of the Golden Ears Bridge contractor liability and the $23.3 million amortization of the Canada Line deferred concessionaire credit.

Overall, the total debt financing increased by $82.8 million (2.1 per cent), mainly due to direct borrowing net of sinking fund contributions, direct debt repayments and regular indirect debt amortizations.

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	2022				2021			
As at December 31, 2022 Agency	Commercial Paper	Senior Debt	General Obligation	Outlook	Commercial Paper	Senior Debt	General Obligation	Outlook
DBRS Limited	R-1 mid	AA	AA	Stable	R-1 mid	AA	AA	Stable
Moody's Investors Service	Not Rated	Aa2	Aa2	Stable	Not Rated	Aa2	Aa2	Negative

Under the SCBCTA Act, TransLink's outstanding gross direct debt obligations cannot exceed TransLink's borrowing limit of $6.8 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 2022, the borrowing limit was increased from $5.5 billion to $6.8 billion, based on 2022 Investment Plan, approved on May 26, 2022.

As at December 31, 2022, TransLink's outstanding debt obligations, as defined above, were $3.74 billion, comprised of debt totaling $3.14 billion plus MFA administered sinking funds of $0.63 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 majority of TransLink's accounts receivables are from the Province of British Columbia and Federal Government, including fuel tax, capital projects funding, and the Goods and Services Tax (GST) rebate from the Federal Government. For these balances, the collectability risk is not significant.

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

Liquidity Risk

Liquidity risk is the risk that TransLink may be unable to meet its financial obligations in a timely manner and at reasonable prices. Liquidity risk is low, as TransLink maintains an optimal mix of cash, short-term investments and a $500.0 million commercial paper program. The commercial paper program is a short-term borrowing facility where TransLink can issue promissory notes with terms to maturity generally ranging from 35 to 91 days. TransLink has a dealer group of six Canadian banks that can buy these promissory notes (more commonly known as commercial paper) and on-sell them to investors. An integral part of this commercial paper program is a standby credit facility of $500.0 million committed out to March 2026 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, 2022, TransLink had sufficient liquid funds to meet its obligations.

TransLink's long-term debt is directly accessed through the Canadian public and private debt capital markets. An important liquidity risk mitigation measure has been the establishment of a self-administered sinking fund program to provide dedicated and restricted funding. The sinking funds are built over time to meet the repayment obligation of TransLink-issued bonds.

Market Price Risk

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

(a) Interest Rate Risk
TransLink is subject to the market interest rates at the date of refinancing of its long-term debt obligations. TransLink mitigates the interest rate risk by spreading maturities of borrowings over periods currently up to and including 2053, so that only a portion of outstanding debt will mature in any given fiscal year.

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

(c) Commodity Risk
TransLink's commodity risk pertains to the usage of natural gas, electricity, gasoline and diesel to run its fleet of transit vehicles. While the majority of the current bus fleet is powered by diesel fuel, for which prices have been steadily rising, TransLink enters into some fixed price contracts to help mitigate this risk. Commodity risk is considered moderate. Plans for diesel bus replacements are for more sustainable forms of fuel, such as 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.

(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 continues to be considered moderate to high, with the December 2022 headline annual rate reported at 6.3 per cent down from a peak of 8.1 per cent. Recent high inflation has primarily been driven by price hikes in food (10.1 per cent) and shelter (7.0 per cent) and, to a lesser extent, by transportation (6.0 per cent) and gasoline (3.0 per cent). Inflation is expected to decline from current levels, but remain elevated throughout 2023 based on strong labour markets which would translate into higher wage growth. TransLink is actively monitoring the effects of inflation on procurement, labour force and project delivery.

Business Risk

As the region's multi-modal transportation system, TransLink is exposed to various business and operational risks, which represent the possibility of occurrence of an unfavourable event or inadequate internal process which has the potential to impair the achievement of Enterprise priorities. TransLink manages these risks strategically through its Enterprise Risk Management (ERM) program. The ERM program engages various stakeholders across the Enterprise to ensure risks are identified and appropriately managed within the defined framework. This program follows a systematic approach to identifying, assessing, and responding to risks that could affect the achievement of its strategic, operational, and financial objectives. Risks are reported on an ongoing basis to the Board with up-to-date information on the risk context and status of the mitigation plans. The ERM program forms an integral part of the Enterprise's governance practices, through its integration with the annual business planning process. TransLink also maintains a comprehensive insurance program utilizing a combination of insurers and its captive insurance company, Transportation Property Casualty Company (TPCC), to reduce the impact of any potential losses.

Environmental and Climate 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 follow ISO 14001:2015 as a guideline to enhance environmental performance and to manage changes in environmental conditions, including climate change 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 the identification and mitigation of environmental risks, and regular review of environmental impacts, while continually improving environmental performance.

In 2022, under its Climate Action Strategy, TransLink and its operating companies undertook planning work to ensure our infrastructure and operations are resilient to the impacts of climate change. This work prioritized strategic actions that formed a significant portion of TransLink's Climate Action Plan approved by the Board in December 2022. 2023 marks the first year of implementing climate change adaptation initiatives under this plan. These actions, together with TransLink's Emergency Management and Emergency Preparedness initiatives, will reduce the risk and vulnerabilities associated with climate change to our infrastructure and operations.

Labour Relations Risk

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

The following Bargaining unit's agreements are set to expire as follows:

- CMBC's agreement for CUPE, Local 4500 - December 31, 2022;
- CMBC's agreements for Unifor, Local 111 and 2200 - March 31, 2023;
- CMBC's agreement for MoveUP – March 31, 2023;
- BCRTC's agreement with CUPE, Local 7000 - August 31, 2023; and
- TransLink's agreement with MoveUP - March 31, 2023.

The labour relations risk for 2023 is moderate to high as negotiations for these renewal agreements will all occur during 2023. There is a potential for a labour dispute in any of the bargaining rounds if any organization cannot meet each union's financial expectations. The highest risk for labour dispute is for CMBC in Unifor and BCRTC in CUPE, given historical experience. Labour disputes can have a significant operational impact due to the size of these bargaining units and their ability to impact transit service in the region.

The bargaining unit of Transit Police concluded and ratified a 3-year collective agreement with its union, the TPPA, on December 9, 2022 covering the calendar years 2023 to 2025.

Project Risk

TransLink's Capital Program consists of projects that vary significantly in scope, risk, complexity, business value and budget. Projects can be classified into keeping assets in a state of good repair, upgrades and improvements to existing asset base, and expansion projects that generally increase our service capacity or network.

Specific project risks include impacts of cost escalation due to inflation/supply chain constraints, delays due to resourcing constraints in the market, and scope changes as projects complexity increases. General risks managed in capital projects include supply chain issues with procuring long-lead items, budgets and schedules estimates, planning projects in isolation, succession planning within project teams, and increased complexity and interdependency between projects. 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 consideration 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 a project start, appropriate market review and due diligence, tendering projects and the use of warranties and delay penalties. Scope changes and third-party approval risks are mitigated through early stakeholder engagement, detailed design reviews, and approvals with key stakeholders. Project interdependency challenges have been mitigated through robust program management.

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

The second phase is the Specific Project Approval. This is a more rigorous phase, as it involves the creation of the 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, the Executives team or the Board, depending on the complexity and risk profile of each project.

Active projects are governed by project steering committees, which include Project Sponsor, Implementation Manager, a Project Management Officer member, and additional stakeholder representation based on the profile of the project. The project steering committees report to TransLink Senior Leadership and Executives who monitor project performance with a focus on budget, scope, schedule, risks, and issues.

Appendix 1 – Audited Consolidated Financial Statements

The 2022 Audited Consolidated Financial Statements are attached at the end of this report.

Appendix 2 – Five Year Historical Schedules

5 YEAR CONSOLIDATED REVENUES Year ended December 31 ($ millions)	2018	2019	2020	2021	2022	Compound Annual Growth Rate (CAGR) 2018-2022
Taxation	819.4	907.0	850.0	899.4	978.1	4.5%
Transit [1]	638.0	685.4	385.9	413.4	552.6	(3.5%)
Government transfers	303.5	398.5	149.8	172.0	251.1	(4.6%)
Amortization of deferred concessionaire credit	23.3	23.3	23.3	23.3	23.3	-
Investment income	53.2	58.0	53.8	52.9	109.1	19.7%
Development Cost Charges	-	-	19.7	44.8	25.2	n/a
Miscellaneous revenue [1]	17.4	16.7	18.4	22.5	17.5	0.1%
Sub Total Continuing Operations	**1,854.8**	**2,089.0**	**1,500.9**	**1,628.3**	**1,956.9**	**1.3%**
Senior Government Relief Funding	-	-	644.0	31.8	176.0	n/a
Gain/loss on disposal of tangible capital assets	-	0.5	-	0.6	1.7	-
Total Revenue	**1,854.8**	**2,089.4**	**2,144.9**	**1,660.7**	**2,134.6**	**3.6%**

[1]Certain comparative information has been reclassified from 2018 to conform with the consolidated financial statement presentation adopted from that year forward.

Total revenue from continuing operations, excluding Senior Government relief funding and gains or losses on the disposal of tangible capital assets, has increased at a Compounded Annual Growth Rate (CAGR) of 1.3 per cent since 2018.

Taxation and transit revenues had grown in line with the growth in population and number of households across 2018 and 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 since the second half of 2021. In 2022, taxation revenues increased significantly beyond pre-COVID levels, with a strong recovery in parking sales, high fuel consumption and increased property taxes. While 2022 ridership broadly continued the trajectory of recovery from the second half of 2021, reaching 70.8 per cent of pre-COVID levels compared to 47.9 per cent in 2021, transit revenues nevertheless remain suppressed relative to the pre-COVID.

Government transfers excluding Senior Government relief funding increased by 31.3 per cent from 2018 to 2019 because of project spending and related government funding for expanding services and maintaining a state of good repair. 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 government transfers revenue recognized. The delivery of buses ramped up in 2021 and 2022. Additionally, in 2022 the revenue recognition of funds received under the PTIF commenced as agreement stipulations were met, and construction activity increased on the Canada Line Capstan Station project which received funding from the City of Richmond. These factors resulted in a CAGR of 29.5 per cent between 2020 and 2022.

Investment Income has grown at 19.7 per cent CAGR over the five-year period. Between 2018 to 2021, Investment income has been relatively stable, in the $50.0 million range, as a result of a combination of increasing sinking funds balances, partly offset by lower interest rates. In 2022, Investment Income has grown to $109.1 million mainly due to interest earned on the upfront settlement of the future monthly Golden Ears Bridge Toll Replacement Revenue and increased interest rates.

Miscellaneous revenue, which includes third-party recoveries related to warranties, sales of energy credits, other recoverable costs and one-off compensations has remained relatively stable across the five-year period.

5 YEAR CONSOLIDATED EXPENSES (BY SEGMENT) Year ended December 31 ($ millions)	2018	2019	2020	2021	2022	Compound Annual Growth Rate (CAGR) 2018-2022
Bus Operations [1]	730.4	766.6	760.6	806.3	860.5	4.2%
Rail Operations	309.2	324.2	316.5	346.7	363.6	4.1%
Transit Police	38.3	40.9	40.7	44.8	48.1	5.8%
Corporate operations	96.8	103.3	100.8	103.6	120.8	5.7%
Roads & Bridges	91.2	95.1	62.9	120.1	109.4	4.7%
Amortization of tangible capital assets [2]	197.8	212.9	229.4	233.8	250.0	6.0%
Interest [2]	183.5	195.0	189.3	182.0	181.4	(0.3%)
Sub Total Continuing Operations	**1,647.2**	**1,738.0**	**1,700.2**	**1,837.3**	**1,933.8**	**4.1%**
Corporate and Roads & Bridges One-time	22.0	18.2	15.1	21.8	71.1	34.1%
Total Expenses by Segment	**1,669.2**	**1,756.2**	**1,715.3**	**1,859.1**	**2,004.9**	**4.7%**

[1] Certain comparative information has been reclassified in 2018 and 2019 to conform with the consolidated financial statement presentation adopted in 2021.
[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 4.7 per cent since 2018. Excluding One-time costs, the CAGR is 4.1 per cent, commensurate with expansion in 2018-2019, and rate of inflation.

Bus Operations costs have increased by a CAGR of 4.2 per cent, mainly due to increased labour costs as a result of service expansion and negotiated contractual increases, and increases in contracted services and fuel costs.

Rail Operations costs have increased by a CAGR of 4.1 per cent, mainly due to increased labour costs, higher maintenance costs to ensure a state of good repair as well as contracted service cost increases.

Transit Police expenses have increased by a CAGR of 5.8 per cent, mainly due to increased labour costs as a result of negotiated contractual wage increases.

Corporate Operations costs have increased by a CAGR of 5.7 per cent mainly due to increased labour costs, property tax increases as a result of higher property assessments, contractual increases and higher administration costs.

Roads and Bridges costs have increased by a CAGR of 4.7 per cent, mainly due to increased capital infrastructure contributions to municipalities and MRN Operations and Maintenance projects.

Amortization expense has increased by a CAGR of 6.0 per cent, mainly due to an increase in depreciable tangible capital assets.

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

5 YEAR CONSOLIDATED EXPENSES (BY CATEGORY) Year ended December 31 ($ millions)	2018	2019	2020	2021	2022	Compound Annual Growth Rate (CAGR) 2018-2022
Administration	48.2	48.6	46.7	45.1	54.4	3.1%
Amortization of capital assets	197.9	212.9	229.4	233.8	250.0	6.0%
Capital infrastructure contributions	40.4	37.3	36.6	72.7	60.7	10.7%
Contracted services	220.3	222.5	215.4	223.0	236.6	1.8%
Fuel and power	71.7	67.8	55.9	67.2	90.0	5.8%
Insurance	24.1	28.4	29.3	24.6	25.3	1.2%
Interest	183.5	195.0	189.3	182.0	181.4	(0.3%)
Maintenance, materials and utilities [1]	167.0	180.2	148.2	171.5	182.1	2.2%
Professional and legal	20.0	18.3	14.7	15.8	19.7	(0.4%)
Rentals, leases and property tax	26.9	29.4	29.2	33.5	38.6	9.4%
Salaries, wages and benefits [1]	647.2	697.6	705.5	768.1	795.0	5.3%
Sub Total Continuing Operations	**1,647.2**	**1,738.0**	**1,700.2**	**1,837.3**	**1,933.8**	**4.1%**
Corporate and Roads & Bridges One-time	22.0	18.2	15.1	21.8	71.1	34.1%
Total Expenses by Category	**1,669.2**	**1,756.2**	**1,715.3**	**1,859.1**	**2,004.9**	**4.7%**

[1] Certain comparative information has been reclassified in 2018 and 2019 to conform with the consolidated financial statement presentation adopted in 2021.

Administration costs have increased by a CAGR of 3.1 per cent since 2018, mainly due to an increase in telecommunications, network, IT security and software costs.

Amortization expense has increased by a CAGR of 6.0 per cent, mainly due to an increase in depreciable tangible capital assets.

Capital infrastructure contributions have increased by a CAGR of 10.7 per cent, mainly due to the timing of capital infrastructure contributions to municipalities.

Fuel and power have increased by a CAGR of 5.8 per cent, mainly due to an increase in diesel fuel costs.

Maintenance, materials and utilities costs have increased by a CAGR of 2.2 per cent, mainly due to increased material costs, growth in train and rail maintenance costs, increased costs for hybrid and trolley bus battery replacement, and increase in in building maintenance, janitorial costs, hydro and snow removal costs.

The CAGR of rentals, leases and property tax costs has increased by 9.4 per cent, mainly due to new rental properties, increase in rental costs of existing properties and property taxes.

The CAGR for salaries, wages and benefits has increased by 5.3 per cent, mainly due to increased labour costs as a result of negotiated contractual and economic labour increases and growth in service levels.

Appendix 3 – Operating Indicators

OPERATING INDICATORS Year ended December 31	2018	2019	2020	2021	2022	Compound Annual Growth Rate (CAGR) 2018-2022 [19]
Safety: Customer Injuries (per 1 million boarded passengers) [1]						
Bus & SeaBus	4.2	3.9	4.4	4.9	3.7	(3.1%)
SkyTrain: Expo & Millennium Lines	1.1	0.9	1.0	1.1	0.9	(4.9%)
West Coast Express	1.2	0.4	-	1.9	-	(100.0%)
HandyDART (per 100,000 boarded passengers) [2]	1.7	0.7	1.3	3.0	0.9	(14.7%)
Safety: Employee Lost Time Frequency						
Bus & SeaBus (per 200,000 Hours Worked) [3, 3a]	7.7	8.1	7.4	7.9	8.5	2.5%
SkyTrain: Expo & Millennium Lines (per 200,000 Hours Worked) [4]	5.3	5.8	4.4	3.7	4.6	(3.5%)
West Coast Express (per 200,000 Hours Worked)	-	-	-	-	-	-
HandyDART (per 200,000 Hours Worked)	16.1	13.7	8.1	9.9	16.8	1.1%
Safety: Bus & SeaBus Operator Assaults (per 1 Million Service Hours) [3b]	17.7	16.5	12.2	12.8	11.8	(9.6%)
Ridership: Boarded Passengers (Thousands) [5]						
Bus & SeaBus	273,375	283,663	142,416	145,943	207,388	(6.7%)
SkyTrain: Expo & Millennium Lines	111,325	114,883	54,551	55,199	82,966	(7.1%)
SkyTrain: Canada Line	48,716	50,223	20,335	21,120	33,603	(8.9%)
West Coast Express	2,485	2,607	795	515	885	(22.7%)
HandyDART	1,475	1,560	698	767	1,060	(7.9%)
Ridership: Journeys (Thousands) [5,6]						
Overall System	261,304	271,040	128,021	130,857	193,552	(7.2%)
Vehicle Service Delivery: Percentage of Service Hours Delivered [7]						
Bus & SeaBus [3b]	98.9%	98.5%	96.2%	97.8%	98.6%	(0.1%)
SkyTrain: Expo & Millennium Lines	99.7%	99.4%	99.2%	n/a	n/a	n/a
SkyTrain: Canada Line [8]	100.0%	100.0%	100.0%	100.0%	100.0%	-
West Coast Express	100.0%	99.8%	98.4%	n/a	n/a	n/a
HandyDART	99.7%	99.8%	99.7%	99.8%	99.5%	(0.1%)
Vehicle Service Delivery: Percentage of Train Trips Delivered [7]						
SkyTrain: Expo & Millennium Lines	n/a	n/a	n/a	99.5%	99.3%	n/a
West Coast Express	n/a	n/a	n/a	99.2%	99.3%	n/a
Vehicle Punctuality: On-Time Performance						
Bus (3 minutes late < On-Time < 1 minute early) [3c]	80.4%	80.5%	86.2%	83.9%	81.5%	0.3%
SkyTrain: Expo & Millennium Lines (headway + 3 minutes) [9]	96.7%	96.7%	96.5%	96.6%	95.9%	(0.2%)
West Coast Express (headway + 5 minutes)	96.7%	96.7%	93.1%	96.4%	94.7%	(0.5%)
HandyDART (earlier than and within 15 minutes of Scheduled Pick-Up Time)	87.1%	87.5%	94.7%	94.2%	91.7%	1.3%
Vehicle Reliability: Mean Distance Between Failure						
Bus [3d]	19,768	24,055	27,368	18,231	23,481	4.4%
SkyTrain: Expo & Millennium Lines [10]	545,152	n/a	n/a	n/a	n/a	n/a
Vehicle Reliability: Mean Distance Between Service Removals						
SkyTrain: Expo & Millennium Lines [10,11]	n/a	455,335	235,377	177,275	186,907	n/a
HandyDART Vehicle Productivity						
Trips per Service Hour (excludes Taxis)	2.1	2.3	1.4	1.6	1.8	(3.8%)
Trip Denials	729	1,430	405	119	906	5.6%
Environmental						
Bus & SeaBus (Spills per 1 Million Km) [3e]	5.0	2.1	1.5	2.3	2.4	(16.8%)
Bus & SeaBus (Revenue Vehicle Energy Consumption in Gigajoules) [12]	1,974,898	1,985,841	1,840,983	1,910,369	1,971,632	(0.0%)
Customer Service: Customer Satisfaction (overall score of 10) [13]						
Overall System	7.8	7.8	8.2	8.2	8.0	0.6%
Bus & SeaBus	7.9	7.9	8.2	8.3	8.1	0.6%
SkyTrain: Expo & Millennium Lines	8.3	8.2	8.5	8.5	8.3	-
SkyTrain: Canada Line	8.5	8.5	8.7	8.9	8.6	0.3%
West Coast Express	8.9	9.0	8.9	8.9	8.8	(0.3%)
HandyDART	8.4	8.4	9.0	8.7	8.5	0.3%
Customer Service: Customer Complaints [3f]						
Overall System (per 1 million boarded passengers) [14]	95.4	90.6	103.3	92.8	74.0	(6.2%)
Corporate (per 1 million boarded passengers)	23.8	24.9	28.7	19.2	15.8	(9.7%)
Bus & SeaBus (per 1 million boarded passengers)	106.2	97.1	101.5	105.0	83.4	(5.9%)
SkyTrain: Expo & Millennium Lines (per 1 million boarded passengers)	15.4	13.8	25.1	17.8	15.4	-
SkyTrain: Canada Line (per 1 million boarded passengers)	4.8	6.1	8.1	6.4	5.8	4.8%
West Coast Express (per 1 million boarded passengers)	104.2	89.0	358.1	191.8	143.5	8.3%
HandyDART (per 100,000 boarded passengers)	187.3	201.8	178.6	209.7	255.2	8.0%
Financial: Operating Costs						
Overall System (operating cost per capacity km) [14,15,16]	$ 0.093	$ 0.097	$ 0.097	$ 0.111	$ 0.108	3.6%
Bus & SeaBus (operating cost per capacity km)	$ 0.128	$ 0.132	$ 0.128	$ 0.158	$ 0.141	2.5%
SkyTrain: Expo & Millennium Lines (operating cost per capacity km) [16]	$ 0.038	$ 0.040	$ 0.040	$ 0.045	$ 0.047	5.3%
SkyTrain: Canada Line (operating cost per capacity km) [16]	$ 0.126	$ 0.129	$ 0.137	$ 0.143	$ 0.145	3.6%
West Coast Express (operating cost per capacity km)	$ 0.095	$ 0.094	$ 0.165	$ 0.207	$ 0.184	18.0%
HandyDART (operating cost per trip) [17]	$ 41.34	$ 39.26	$ 75.14	$ 69.70	$ 57.73	8.7%
Financial: Operating Cost Recovery						
TransLink (conventional system) [17,18]	58.1%	59.7%	33.6%	33.5%	43.7%	(6.9%)

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 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; therefore, 2021 service kilometers for July-December are used to normalize this metric.
[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 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] 2018 and 2019 Journeys have been restated to include the HandyDART trips.
[7] Expo and Millennium Lines and West Coast Express use a trip-based calculation for Service delivery that aligns with industry best practice.
[8] Canada Line does not provide actual service delivery statistics, using scheduled service hours for reporting purposes.
[9] On-Time Performance was restated for 2018-2020 to reflect the service punctuality among the actual delivered trips.
[10] Starting 2019, the indicator Mean Distance Between Failures for SkyTrain: Expo and Millennium Lines was replaced by Mean Distance between Service Removals.
[11] For 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 adopted 2021 onwards better aligns with industry benchmarking practices.
[12] Restated 2019 to reflect the energy consumption shown in Gigajoules.
[13] The results for 2020 and 2021 were likely influenced by riders' changing perceptions and expectations of the transit system in the context of the ongoing COVID-19 pandemic. Ridership in these years was well below pre-pandemic levels and the incidence of qualifying for the Customer Service Performance study was considerably lower than before.
[14] Excludes HandyDART
[15] Includes operating costs of Bus, Rail and Transit Police. Excludes amortization and interest expense.
[16] Restated 2018 capacity kilometres for Expo and Millennium Lines and Canada Line to conform with current presentation.
[17] 2018 operating cost per trip excludes TransLink allocated costs to Access Transit.
[18] Excludes corporate one-time costs.
[19] Calculations based on whole numbers.

Appendix 4 – Allocated Costs between Divisions

Allocated Cost Breakdown Year ended December 31 ($ thousands)	2018	2019	2020	2021	2022
Shared Services [1]					
Bus Operations	30,903	36,625	35,973	40,048	37,030
Access Transit [2]	-	98	119	103	116
SkyTrain - Expo & Millennium Line	1,458	7,568	7,367	6,794	8,827
West Coast Express	86	162	106	264	227
Transit Police	3,108	3,418	2,988	2,566	1,878
Total Shared Services allocated	35,555	47,871	46,553	49,775	48,078
Costs Administered by TransLink and allocated to subsidiaries [3]					
Bus Operations	14,327	16,684	15,829	17,837	21,930
SkyTrain - Expo & Millennium Line	6,082	4,072	3,901	3,780	5,421
SkyTrain - Canada Line	2,164	2,313	2,438	2,824	3,078
West Coast Express	627	443	404	444	626
Transit Police	1,742	1,865	1,893	2,280	2,904
	24,942	25,377	24,465	27,165	33,959
Costs Administered by TransLink allocated					
Bus Operations	45,230	53,309	51,802	57,885	58,960
Access Transit	-	98	119	103	116
SkyTrain - Expo & Millennium Line	7,540	11,640	11,268	10,574	14,248
SkyTrain - Canada Line	2,164	2,313	2,438	2,824	3,078
West Coast Express	713	605	510	708	853
Transit Police	4,850	5,283	4,881	4,846	4,782
Total costs allocated to Subsidiaries from TransLink	60,497	73,248	71,018	76,940	82,037

[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 shared 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 headcount 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 2018 to 2019 was mainly due to 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 from 2021 to 2022 mainly due to increased property insurance premiums, higher property taxes, rental expenses and fare media costs from increased ridership.

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APPENDIX 1

Consolidated Financial Statements
(Expressed in thousands of dollars)

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

And Independent Auditor’s Report thereon

Year ended December 31, 2022

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Tel 604-691-3000
Fax 604-691-3031

INDEPENDENT AUDITOR'S 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, 2022
- 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, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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 auditor's report thereon,

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included in the 2022 Annual Statutory Report, 2022 Year-End Financial and Performance Report, and 2022 Accountability 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 auditor's report thereon, included in the 2022 Annual Statutory Report, 2022 Year-End Financial and Performance Report, and 2022 Accountability Report documents as at the date of this auditor's 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 auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
March 29, 2023

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

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

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash and cash equivalents	$ 622,558	$ 575,623
Accounts receivable (note 7(k))	136,909	159,207
Loan receivable (note 3)	-	131,060
Restricted cash and cash equivalents and investments (note 4(a))	3,733,194	1,237,197
Investments (note 4(b))	235,289	165,616
Debt reserve deposits (note 5)	23,762	26,272
	4,751,712	2,294,975
Liabilities		
Accounts payable and accrued liabilities (note 7(k))	400,206	364,458
Debt (note 6)	3,141,748	2,937,864
Deferred government transfers (note 7(a))	3,540,507	1,325,681
Golden Ears Bridge contractor liability (note 8(a))	999,512	1,013,077
Deferred concessionaire credit (note 9(a))	409,355	432,629
Employee future benefits (note 10(b))	141,202	138,224
Deferred development cost charges (note 11)	15,132	-
Deferred revenue and deposits	73,646	64,449
Deferred lease inducements	12,855	13,890
	8,734,163	6,290,272
Net debt	(3,982,451)	(3,995,297)
Non-financial assets		
Tangible capital assets (note 12)	5,765,456	5,704,158
Supplies inventory	97,310	91,161
Property under development (note 14)	19,599	-
Prepaid capital (note 13)	29,752	-
Prepaid expenses	30,002	30,040
	5,942,119	5,825,359
Commitments and contingencies and subsequent event (note 15)		
Accumulated surplus	$ 1,959,668	$ 1,830,062

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

“Lorraine Cunningham”
Chair

”Tracy Redies”
Director

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 2(u))	2022 Actual	2021 Actual
Revenues:			
Taxation (note 19)	$ 933,012	$ 978,076	$ 899,448
Transit (note 7(l))	619,339	552,624	413,400
Government transfers (note 7(a))	315,121	427,136	203,780
Amortization of deferred concessionaire credit (note 9(a))	23,273	23,274	23,273
Investment income	44,996	109,064	52,882
Development cost charges (note 11)	31,525	25,158	44,773
Miscellaneous revenue	13,901	17,458	22,535
Gain (loss) on disposal of tangible capital assets	(200)	1,748	560
	1,980,967	2,134,538	1,660,651
Expenses:			
Bus operations	1,041,994	1,041,321	979,003
Corporate operations	184,346	217,242	147,371
Rail operations	515,994	490,217	472,086
Roads and bridges	238,896	207,459	215,172
Transit Police	46,634	48,693	45,504
	2,027,864	2,004,932	1,859,136
Surplus (deficit) for the year	(46,897)	129,606	(198,485)
Accumulated surplus, beginning of year	1,836,866	1,830,062	2,028,547
Accumulated surplus, end of year	$ 1,789,969	$ 1,959,668	$ 1,830,062

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, 2022, with comparative information for 2021

	2022 Budget (note 2(u))	2022 Actual	2021 Actual
Surplus (deficit) for the year	$ (46,897)	$ 129,606	$ (198,485)
Acquisition of tangible capital assets	(798,991)	(413,490)	(358,471)
Amortization of tangible capital assets	258,400	250,019	233,789
Write-down of tangible capital assets (note 12)	-	53,755	-
Tangible capital assets transfer to prepaid capital	-	29,752	-
Land transferred to partnership (note 14)	-	17,735	-
Net proceeds from disposal of tangible capital assets	-	2,679	674
Loss (gain) on disposal of tangible capital assets	200	(1,748)	(560)
	(540,391)	(61,298)	(124,568)
Change in supplies inventory	(9,106)	(6,149)	(7,548)
Change in property under development	-	(19,599)	-
Prepaid capital transferred from tangible capital assets	-	(29,752)	-
Change in prepaid expenses	(2,914)	38	(3,214)
	(12,020)	(55,462)	(10,762)
Decrease (increase) in net debt	(599,308)	12,846	(333,815)
Net debt, beginning of year	(4,167,609)	(3,995,297)	(3,661,482)
Net debt, end of year	$ (4,766,917)	$ (3,982,451)	$ (3,995,297)

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, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used for):		
Operating transactions:		
Surplus (deficit) for the year	$ 129,606	$ (198,485)
Non-cash changes to operations (note 17)	35,428	92,698
Changes in non-cash operating working capital (note 17)	208,438	775,781
Cash provided by operating transactions	373,472	669,994
Capital transactions:		
Purchase of tangible capital assets	(413,490)	(358,471)
Net proceeds from disposal of tangible capital assets	2,679	674
Cash used for capital transactions	(410,811)	(357,797)
Investing transactions:		
Increase in restricted cash and cash equivalents and investments	(2,495,997)	(203,843)
Increase in investments	(69,673)	(69,557)
Decrease in debt reserve deposits	2,510	2,293
Cash used for investing transactions	(2,563,160)	(271,107)
Financing transactions:		
Debt proceeds	300,000	-
Issue costs on financing	(2,331)	-
Repayments of debt	(66,561)	(68,833)
Repayments of Golden Ears Bridge contractor liability	(13,565)	(11,225)
Government transfers received in lieu of foregone toll revenue (note 7(i)*(ii)*)	2,000,000	-
Government transfers received for tangible capital additions	429,891	217,020
Cash provided by financing transactions	2,647,434	136,962
Increase in cash and cash equivalents	46,935	178,052
Cash and cash equivalents, beginning of year	575,623	397,571
Cash and cash equivalents, end of year	$ 622,558	$ 575,623
Supplementary information:		
Interest paid	$ 189,181	$ 187,960
Tangible capital assets transferred to prepaid capital (note 13)	29,752	-
Property under development acquired through a non-cash land transfer to partnership (note 14)	17,735	-

See accompanying notes to consolidated financial statements.

1. Operations:

South Coast British Columbia Transportation Authority, formerly 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.

Transit ridership has been steadily improving since the COVID-19 outbreak in 2020. The slower return of the workforce to the office by transit has had an adverse effect on the transit revenues of which the 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(j)).

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;

(*v*) TransLink Security Management Ltd. ("TSML") - transit police services;

(*vi*) TOD Investments Ltd. – holds the Authority's Broadway and Arbutus Project Limited Partnership 50% interest (note 14); and

(*vii*) TLRED Holdings Ltd. – holds the Authority's Broadway and Arbutus GP Inc. 50% interest (note 14).

2. Significant accounting policies (continued):

(b) Basis of consolidation (continued):

These consolidated financial statements also include the following entities, which have been accounted for on a proportionate consolidation basis:

(*i*) Broadway and Arbutus Project Limited Partnership (50% ownership through TOD Investments Ltd.) - real estate development activities (note 14); and

(*ii*) Broadway and Arbutus GP Inc. (50% ownership through TLRED Holdings Ltd.) - real estate management activities (note 14).

All intercompany balances and transactions have been eliminated upon consolidation.

(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, which have a term to maturity of three months or less at the date of purchase or are units in a fund that can be readily liquidated.

(e) Financial instruments:

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

(*i*) Fair value:

Equity investments and derivatives that are quoted in an active market are reflected at fair value as at the reporting date. 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, 2022, the Authority does not hold any equity investments or derivatives that are quoted in an active market, and thus, 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 consolidated financial statements.

2. Significant accounting policies (continued):

(e) Financial instruments (continued):

(*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.

(g) Property under development:

Property under development, which will be sold in the future, is valued at the lower of cost and net realization value. Cost includes all amounts that are directly attributable to the acquisition, construction and development of the property. Net realizable value of the property is based on the best available information about the property's fair value at the time of the assessment.

(h) 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(i). 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.

2. Significant accounting policies (continued):

(h) Tangible capital assets (continued):

(*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

(i) 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.

(j) 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.

(k) 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.

2. Significant accounting policies (continued):

(k) Pension plans and employee future benefits (continued):

(*ii*) Employee future benefits:

Post-retirement and post-employment benefits are available to the Authority’s eligible 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, 2022. 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 (2021 – 12-years) and post-employment plan is 6 years (2021 - 6 years).

(l) 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.

(m) Development cost charges:

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

(n) Deferred concessionaire credit:

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

2. Significant accounting policies (continued):

(o) 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 Government of Canada (the "Federal Government") through the Canada Community Building Fund (previously known as "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.

(p) 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 remediation and post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(q) 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.

2. Significant accounting policies (continued):

(r) 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.

(s) 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(t) 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 20). 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.

(u) Budget data:

The budget data presented in these consolidated financial statements were approved by the Board of Directors on December 2, 2021.

3. Loan receivable:

In 2016, the Authority sold the Oakridge Transit Centre land for proceeds of $440,000,000. The loan receivable of $131,060,000 as at December 31, 2021 is the present value of the outstanding instalments that were due at the time based on a discount rate of 2.10%. In 2022, the Authority received the remaining $132,000,000 of proceeds (2021 - $54,050,000), including interest to settle the loan balance, resulting in there being no remaining loan receivable balance as at year-end.

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

4. Restricted and unrestricted cash and cash equivalents and investments:

The Authority holds cash and cash equivalents and investments consisting of:

(*i*) Guaranteed investment certificates, banker's acceptance notes and bonds held at various financial institutions; and

(*ii*) Money market fund units managed by British Columbia Investment Management Corporation with underlying debt securities that have maturities of up to 45-days.

Investments are recorded at amortized cost. The bonds have an average initial term of 187-months (2021 - 201-months) and an average remaining term to maturity of 138-months (2021 - 153 months). All bonds held by the Authority, as at December 31, 2022 and 2021, were rated A or higher.

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

	2022	2021
Interest rate range	0.80% - 5.57%	0.60% - 1.61%
Maturity date range	January 2023 - June 2026	March 2022 - June 2026

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

	2022		2021	
	Effective rates	Coupon rates	Effective rates	Coupon rates
Weighted average rate	2.85%	2.79%	2.67%	2.87%
Interest rate range	1.05% - 5.37%	1.10% - 5.20%	0.93% - 4.51%	1.10% - 5.20%

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

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

(a) Restricted cash and cash equivalents and investments:

	2022	2021
Government transfers for capital project funding (*i*):		
Cash and cash equivalents	$ 41,602	$ 141,095
Investments:		
Guaranteed investment certificates	491,262	262,144
Bonds (note 18(b))	288,584	122,401
Total government transfers for capital project funding	821,448	525,640
Self-administered sinking funds:		
Cash and cash equivalents	5,164	9,639
Investments:		
Guaranteed investment certificates	39,391	32,309
Bonds maturing beyond one year (note 18(b))	486,886	402,702
Total self-administered sinking funds	531,441	444,650
Land reserve:		
Cash and cash equivalents	75,810	79,429
Guaranteed investment certificates	273,684	157,500
Total land reserve	349,494	236,929
Green Bond proceeds:		
Cash and cash equivalents	38	-
TPCC (wholly-owned captive insurance subsidiary):		
Cash and cash equivalents	1,724	3,743
Bonds (note 18(b))	28,629	26,235
Total TPCC	30,353	29,978
Golden Ears Bridge forgone tolling revenue funding (note 7(*iii*)):		
Cash and cash equivalents	250,420	-
Guaranteed investment certificates	1,750,000	-
Total Golden Ears Bridge forgone tolling revenue funding	2,000,420	-
Total restricted cash and cash equivalents and investments	$ 3,733,194	$ 1,237,197

(*i*) Unspent government transfers for capital project funding consist of $814,811,000 (2021 - $500,558,000) of Canada Community Building Fund (previously known as "Gas Tax") funding and $6,637,000 (2021 - $25,082,000) of other funding.

(b) Unrestricted investments:

Unrestricted investments are comprised of guaranteed investment certificates, banker's acceptances and bonds of $235,289,000 (2021 - $165,616,000).

5. Debt reserve deposits and callable demand notes:

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

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

In addition to the debt reserve deposit, the Authority is required by the MFA to issue a non-interest-bearing demand note for an amount equal to one-half the average annual installment of principal and interest relative to any debt borrowed less the debt reserve deposit. The demand notes payable to the MFA are callable only if, in the event of a default by the Authority or Metro Vancouver (the interposed significant lender over the Authority’s long-term debt), there are insufficient funds in the Authority’s debt reserve deposit held at the MFA to meet a required interest, principal payment or sinking fund contribution. As the Authority is in full compliance with its debt payments and no such call has been made by the MFA on these demand notes, their face value has not been recorded as a liability on the consolidated statement of financial position. At year-end, the maximum value of the demand notes totaled $25,649,000 (2021 - $27,696,000).

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

6. Debt:

	2022	2021
Unsecured commercial paper, due in the next 12 months	$ -	$ 30,000
Unsecured sinking fund bonds held by the MFA, weighted average coupon rate of 4.29% (2021 - 3.96%) (effective rate 4.32% (2021 - 3.98%)), maturing at various dates from 2024 to 2036, original 20 to 30-year (2021 - 10 to 30 year) term	954,162	1,033,998
Less: accumulated payments to MFA administered debt sinking funds (including vested and accrued actuarial earnings)	(626,676)	(648,637)
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 $3 million annually, original 20-year term	8,606	11,334
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	198,790	198,757
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	251,348	251,380
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	391,184	391,995
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	471,769	474,481
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	198,813	198,788
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	398,612	398,416
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	198,678	198,650
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	398,792	398,644
Unsecured bullet maturity bond series TL-10 (Green), face value $300 million, interest rate 4.15% (effective rate 4.20%), maturing 2053, original 31-year term	297,669	-
Capital leases, weighted average implicit rate of 2.17% (2021 - 2.85%), maturing at various dates during 2023 (2021 - 2022 to 2023)	1	58
	$ 3,141,748	$ 2,937,864

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

6. Debt (continued):

The Authority has an unsecured revolving credit facility with a syndicate of Canadian financial institutions totaling $500 million which will expire on March 23, 2026. 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 banker's 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 2022.

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, there was $30,000,000 of outstanding commercial paper issued at an average interest rate of 0.24%. The commercial paper was fully repaid in January 2022 resulting in no commercial paper being outstanding as at December 31, 2022.

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

	Sinking Fund on Bonds Held by MFA	Serial Debenture Held by MFA	Bullet Maturity Bonds	Capital Leases	Total
Future payments:					
2023	$ 32,390	$ 2,797	$ -	$ 1	$ 35,188
2024	32,389	2,868	-	-	35,257
2025	30,220	2,941	465,000	-	498,161
2026	30,220	-	-	-	30,220
2027	19,942	-	-	-	19,942
Thereafter	29,480	-	2,315,000	-	2,344,480
	174,641	8,606	2,780,000	1	2,963,248
Future actuarial interest	153,683	-	-	-	153,683
	328,324	8,606	2,780,000	1	3,116,931
Unamortized premium / (issue costs)	(838)	-	25,655	-	24,817
	$ 327,486	$ 8,606	$ 2,805,655	$ 1	$ 3,141,748

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

7. Transfers from other governments:

(a) Deferred government transfers:

	Balance, January 1, 2022	Contributions received	Interest earned	Recognized as revenue	Balance, December 31, 2022
Capital project funding:					
Canada Community Building Fund (b)	$ 510,119	$ 358,480	$ 15,293	$ (63,420)	$ 820,472
Canada Line funding (c)	406,770	-	-	(23,244)	383,526
Public Transit Infrastructure Fund (d)	256,188	-	-	(51,255)	204,933
Investing in Canada Infrastructure Program (e)	67,070	55,648	-	-	122,718
Building Canada Fund (f)	51,665	-	-	(2,968)	48,697
Capstan Station funding (g)	25,082	-	-	(23,219)	1,863
Evergreen Line funding (h)	5,600	-	-	-	5,600
Transit Secure Fund	3,171	-	-	(422)	2,749
Miscellaneous programs	16	470	-	(486)	-
	1,325,681	414,598	15,293	(165,014)	1,590,558
Operating funding:					
Golden Ears Bridge forgone toll revenue (*iii*):					
Prior to March 31, 2022	-	16,578	-	(16,578)	-
Effective March 31, 2022	-	2,000,000	-	(50,051)	1,949,949
Pandemic Relief funding (j)	-	176,000	-	(176,000)	-
Canada Line Operating Fund (note 9(c))	-	19,205	-	(19,205)	-
Properties Environmental program	-	156	-	(156)	-
Other cost sharing projects	-	132	-	(132)	-
	-	2,212,071	-	(262,122)	1,949,949
	$ 1,325,681	$ 2,626,669	$ 15,293	$ (427,136)	$ 3,540,507

The balance as at December 31, 2022 of $3,540,507,000 (2021 - $1,325,681,000) consists of:

(*i*) Unspent Canada Community Building Fund funding (formerly Gas Tax funding) of $814,811,000 (2021 - $500,558,000) and unspent funding for various other projects of $6,637,000 (2021 - $25,082,000);

(*ii*) Spent funding of $769,110,000 (2021 - $800,041,000) that will be recognized as revenue as the related stipulations in the agreements are met; and

(*iii*) Golden Ears Bridge forgone toll revenue funding related to the agreement effective March 31, 2022 of $1,949,949,000 (2021 - nil) that will be recognized as revenue as the related stipulations in the agreement are met.

(b) Canada Community Building Fund:

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.

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

7. Transfers from other governments (continued):

(b) Canada Community Building Fund (continued):

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 it is 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 asset's useful life, if it is less than 10-years.

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:

	2022	2021
Opening balance, unspent funds	$ 500,558	$ 362,912
Amount received during the year	358,480	154,130
Interest earned	15,293	4,999
Amount spent on designated public transit projects	(59,520)	(21,483)
Closing balance, unspent funds	$ 814,811	$ 500,558

(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) Public Transit Infrastructure Fund:

The Public Transit Infrastructure Fund ("PTIF") was established by the Federal Government 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 Federal Government 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.

7. Transfers from other governments (continued):

(d) Public Transit Infrastructure Fund (continued):

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 Federal Government, the Authority is required to return any funds received from the Province and/or the Federal Government 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.

(e) Investing in Canada Infrastructure Program:

The Investing in Canada Infrastructure Program (“ICIP”) was established by the Federal Government as a way to deliver funding to communities through the Investing in Canada Plan. ICIP 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 Federal Government 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 Federal Government 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.

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.

(f) Building Canada Fund:

The Building Canada Fund was established by the Federal Government 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.

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

7. Transfers from other governments (continued):

(f) Building Canada Fund (continued):

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%

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

(g) Capstan Station funding:

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

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

On December 15, 2020, TransLink entered into an additional agreement with CoR which entitled the Authority to receive $3,000,000 within 30-days of the agreement date to fund revised design elements of the station. 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.

(h) Evergreen Line funding:

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.

7. Transfers from other governments (continued):

(i) Golden Ears Bridge transfer for forgone toll revenue:

(i) Prior to March 31, 2022:

In August 2017, the Province announced the removal of tolls on the Golden Ears Bridge (the "GEB") effective September 1, 2017. On August 23, 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 recognized the funding as revenue if these conditions were met. This agreement was replaced with a new agreement effective March 31, 2022.

(ii) Effective March 31, 2022:

On March 31, 2022, TransLink entered into a new agreement with the Province to receive an upfront payment of $2,000,000,000 as settlement for TransLink's foregone toll revenue for the period from April 1, 2022 to December 31, 2050. This agreement replaces the previous agreement dated August 23, 2017. The agreement stipulates that TransLink not charge tolls to users of the GEB for any crossings and keep the GEB open and operational for public users, except for permitted closures specified in the agreement. TransLink will be liable to repay the Province for the related portion of the upfront payment contingent upon if there are any defaults of the stipulations contained in the agreement. The funding received was internally restricted for future operations (note 4(a)). The Authority recognizes the funding as revenue over the period of the foregone toll revenue.

(j) Pandemic Relief funding:

In 2020, in response to the impacts of COVID-19, the Federal and Provincial Governments announced 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 Federal Government to provide funding to the Province is conditional on the Province matching federal contributions under a 50/50 cost-sharing arrangement.

In 2020, the Province entered into a Contribution Agreement with TransLink to provide $600,000,000 of funding for the financial impacts of COVID-19 for 2020 and 2021, plus an additional $44,000,000 to offset TransLink's estimated revenue loss from limiting average annual public fare increases to 2.3% from 2021 to 2024.

In 2021, an Amending Agreement was entered into to provide TransLink with further relief funding of $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.

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

7. Transfers from other governments (continued):

(j) Pandemic Relief funding (continued):

In 2022, another Contribution Agreement was entered into to provide TransLink with an additional $176,000,000 to offset 2023-2025 losses caused by the pandemic.

Funding for the pandemic relief programs have been recognized as revenue in the year the related agreement was signed.

(k) Working capital balances:

	2022	2021
Trade accounts receivable	$ 27,566	$ 23,517
Due from Government of Canada	6,414	10,045
Due from Province of British Columbia	66,183	90,971
Due from regional districts	34,059	31,883
Due from other authorities	2,687	2,791
Accounts receivable	$ 136,909	$ 159,207

	2022	2021
Trade accounts payable and accrued liabilities	$ 272,122	$ 248,132
Due to Government of Canada	5,811	6,752
Due to Province of British Columbia	5,511	5,044
Due to regional districts	108,752	96,615
Due to other authorities	8,010	7,915
Accounts payable and accrued liabilities	$ 400,206	$ 364,458

(l) Transit revenues:

Included in transit revenues is $16,850,000 (2021 - $15,500,000) of contributions from the Province to assist with administering the U-Pass BC program and to offset foregone transit revenue.

8. Golden Ears Bridge:

(a) Golden Ears Bridge contractor liability:

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

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

8. Golden Ears Bridge (continued):

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

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

	2022	2021
Opening balance	$ 1,013,077	$ 1,024,302
Interest accretion on contractor liability to last payment date	66,268	63,826
Payments made	(79,833)	(75,051)
Ending balance	$ 999,512	$ 1,013,077

As the last monthly payment of the year was made on December 8, 2022, the interest accrual from December 9 to 31, 2022 of $4,153,000 (2021 - $3,977,000) is included in accounts payable and accrued liabilities.

Capital and interest payments to the GCGP commenced on substantial completion of the project. The nominal (based on 2005 dollars) monthly blended capital and interest payments, prior to escalation for the Consumer Price Index (“CPI”), are $4,792,000. The obligation to the GCGP bears interest at an effective rate of 6.70% per annum. The effective interest rate is the implicit interest rate, which establishes the net present value of the payment stream equal to the cost of the bridge, considering future payments adjusted by estimated inflation. The estimated payments in the next 5 years are as follows:

	Capital and interest
2023	$ 82,608
2024	82,816
2025	83,970
2026	85,568
2027	87,294

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

8. Golden Ears Bridge (continued):

(b) Operating agreement with GCGP:

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

		OMR
2023	$	5,330
2024		5,427
2025		5,535
2026		5,646
2027		5,760

9. Canada Line:

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

(a) Deferred concessionaire credit:

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

		2022		2021
Opening balance	$	432,629	$	455,902
Less: amortization		(23,274)		(23,273)
Closing balance	$	409,355	$	432,629

(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 2023 to December 2034	$	6,462
January 2035		5,289
February 2035 to July 2040		4,117

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

9. Canada Line (continued):

(b) Operating commitments (continued):

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

2023	$ 132,000
2024	135,000
2025	138,000
2026	141,000
2027	143,000

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 2022 was $19,205,000 (2021 - $19,233,000).

10. Pension plans and employee future benefits:

(a) Pension plans:

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

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.

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

(a) Pension plans (continued):

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, 2021 and resulted in a surplus of $3,761,000,000. 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, 2024 with results available in 2025.

In 2022, the Authority recorded total expense for pension contributions of $58,286,000 (2021 - $56,957,000).

(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.

Dependent extended health premiums are provided to eligible MoveUp union retired employees of CMBC and the Authority and eligible Transit Police Professional Association retired employees of TSML.

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

In 2022, the total expense recorded in the consolidated financial statements for the post-retirement obligations under these plans amounts to $6,232,000 (2021 - $7,393,000).

(*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.

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

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

(b) Employee future benefits (continued):

(*ii*) Post-employment (continued):

In 2022, the total expense recorded in the consolidated financial statements for the obligations under these plans amounts to $1,545,000 (2021 - $2,916,000).

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

	Post-retirement benefits	Post-employment benefits	Total 2022	Total 2021
Accrued benefit obligation	$ 67,224	$ 20,432	$ 87,656	$ 109,482
Unamortized net actuarial gain	45,807	7,739	53,546	28,742
Accrued benefit liability	$ 113,031	$ 28,171	$ 141,202	$ 138,224

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 2022	Total 2021
Current period benefit cost	$ 5,585	$ 3,840	$ 9,425	$ 11,555
Plan amendment	-	23	23	-
Interest cost	2,592	539	3,131	2,537
Amortization of actuarial gains	(1,945)	(2,857)	(4,802)	(3,783)
Net expense	6,232	1,545	7,777	10,309
Actuarially determined payments	(1,701)	(3,098)	(4,799)	(4,420)
Change in accrued benefit liability	$ 4,531	$ (1,553)	$ 2,978	$ 5,889

(*v*) The significant assumptions used are as follows:

	2022	2021
Discount rates	4.15% - 4.65%	2.40% - 2.80%
Expected health care cost trend rates	4.00% - 5.79%	4.00% - 5.90%

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

11. Deferred 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.

	2022	2021
Opening balance	$ -	$ -
Contributions	40,290	44,773
Revenue recognized	(25,158)	(44,773)
Ending balance	$ 15,132	$ -

12. Tangible capital assets:

Cost	Balance, January 1, 2022	Additions, net of transfers	Disposals and write-down (d)	Balance, December 31, 2022
Land	$ 522,901	$ 875	$ (18,156)	$ 505,620
Land improvements	57,765	564	-	58,329
Buildings	386,929	20,201	(5)	407,125
Bridges, guideways, stations, and tunnels	2,372,044	-	-	2,372,044
Other supporting systems	1,296,913	41,204	-	1,338,117
Vehicles and SeaBus	2,107,504	73,635	(19,445)	2,161,694
Equipment	903,255	77,121	(531)	979,845
Tangible capital projects-in-progress	647,222	170,138	(53,755)	763,605
	$ 8,294,533	$ 383,738	$ (91,892)	$ 8,586,379

Accumulated amortization	Balance, January 1, 2022	Amortization expense	Disposals and write-down	Balance, December 31, 2022
Land	$ -	$ -	$ -	$ -
Land improvements	(26,544)	(1,805)	-	(28,349)
Buildings	(149,405)	(10,884)	-	(160,289)
Bridges, guideways, stations, and tunnels	(287,018)	(24,243)	-	(311,261)
Other supporting systems	(414,875)	(50,436)	-	(465,311)
Vehicles and SeaBus	(1,123,850)	(111,491)	19,040	(1,216,301)
Equipment	(588,683)	(51,160)	431	(639,412)
	$ (2,590,375)	$ (250,019)	$ 19,471	$ (2,820,923)

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

12. Tangible capital assets (continued):

Net book value	Balance, January 1, 2022	Balance, December 31, 2022
Land	$ 522,901	$ 505,620
Land improvements	31,221	29,980
Buildings	237,524	246,836
Bridges, guideways, stations, and tunnels	2,085,026	2,060,783
Other supporting systems	882,038	872,806
Vehicles and SeaBus	983,654	945,393
Equipment	314,572	340,433
Tangible capital projects in progress	647,222	763,605
	$ 5,704,158	$ 5,765,456

Included in tangible capital assets is capital leased equipment with a net book value of $692,000 (2021 - $1,905,000).

Interest capitalized during the year amounted to $6,522,000 (2021 - $3,479,000).

(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, 2022, the Authority has made leasehold improvements on the Expo and Millennium Line guideways with a net book value totaled $340,213,000 (2021 - $318,998,000). The Expo and Millennium line leases expire on January 31, 2024 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, 2022, the net book value of West Coast Express improvements totaled $6,600,000 (2021 - $2,846,000).

(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, 2022, the net book value of Evergreen Line guideways and system owned by TransLink, excluding SkyTrain vehicles, totaled $296,755,000 (2021 - $303,521,000).

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.

(d) Write-downs:

In 2022, the Surrey-Newton-Guildford Light Rail Transit Project and Burrard Station Upgrade Project were cancelled and resulted in write-downs of tangible capital assets of $44,875,000 and $8,880,000, respectively.

13. Prepaid capital:

As the future operator of the Surrey Langley SkyTrain ("SLS") and lessee of the SLS assets, TransLink incurred $29,752,000 of capital expenditures for the assets that will be owned by the Province. The expenditures represent TransLink's share of the SLS development costs. These costs were transferred from tangible capital assets to prepaid capital in 2022 once it was determined that the SLS assets would be owned by the Province.

14. Investment in partnerships:

The Broadway and Arbutus Project Limited Partnership (the "Partnership") was established on April 25, 2022. The Partnership's purpose is to deliver a mixed-use residential building at the corner of West Broadway and Arbutus. The Authority holds 50% ownership of the Partnership through a wholly-owned subsidiary, TOD Investments Ltd. The Authority's Partnership units were acquired in exchange for land with a book value of $17,735,000 and $1,357,000 of cash.

The limited partners do not exercise day-to-day management or control of the Partnership. Broadway and Arbutus GP Inc., as the general partner, is responsible for the decision-making for the Partnership. The Authority holds 50% ownership of Broadway and Arbutus GP Inc. through a wholly-owned subsidiary, TLRED Holdings Ltd.

Transactions and balances of these partnerships are proportionately consolidated into the Authority's consolidated financial statements based on its 50% interest.

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

14. Investment in partnerships (continued):

(a) Broadway and Arbutus Project Limited Partnership:

The Partnership's summarized financial statements are as follows:

Statement of financial position		As at December 31, 2022
Assets:		
Cash	$	1,220
Receivables and prepaid expenses		32
Property under development		39,198
Total assets	$	40,450
Liabilities:		
Payables and deposits	$	60
Partners' equity		40,390
	$	40,450

Statement of operations		For the period from inception to December 31, 2022
Revenues	$	120
Operating expenses		57
Net income	$	63

(b) Broadway and Arbutus GP Inc.:

There were no significant balances or transactions related to Broadway and Arbutus GP Inc. during the year, and therefore, there are no significant impacts on the Authority's consolidated financial statements.

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

15. 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:

2023	$ 26,790
2024	24,316
2025	19,497
2026	18,782
2027	18,372
	$ 107,757

Included in the payment schedule above are certain commitments that extend beyond 2027. Significant commitments beyond 2027 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 2027 ranges from $877,000 to $907,000.

(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:

2023	$ 16,152
2024	12,865
2025	9,748
2026	17
	$ 38,782

(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. Subsequent to the 2022 year-end, the Authority exercised its option to extend the contract with Cubic for an additional five years ending December 31, 2030.

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

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

15. Commitments and contingencies (continued):

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

The projected base payments based on estimated inflation are as follows:

2023	$ 16,411
2024	17,014
2025	17,670
2026	18,244
2027	18,987
	$ 88,326

The fixed monthly base payments range from $1,640,000 to $1,782,000 for 2028 to 2030. Additionally, an amount of $9,515,000 is payable in 2030 when the contract expires.

(d) MRN Capital Funding:

The Authority has signed several funding agreements with municipalities for major MRN projects. As at December 31, 2022, the net amount of MRN capital infrastructure contributions committed and not paid is $160,698,000 (2021 - $133,864,000). This amount will be paid to the municipalities upon completion of their projects.

(e) Lawsuits and claims:

As at December 31, 2022, a number of lawsuits and claims, arising in the ordinary course of business, have been initiated against the Authority. Management is of the opinion that sufficient provisions net of any recoveries have been recorded in the consolidated financial statements for any lawsuits and claims made against the Authority, except as noted below.

(*i*) A number of lawsuits against TransLink and/or its subsidiary in relation to the Canada Line project remain outstanding. The Authority does not believe that reasonable estimates of any potential losses can be 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, the parties are now engaged in settlement discussions toward a final resolution. Approximately 40 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 amounts have been claimed at this time.

15. Commitments and contingencies (continued):

(e) Lawsuits and claims (continued):

(*i*) (continued)

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 certification application in the proposed class action lawsuit was heard by the court in December 2022 and its decision remains under reserve. 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:

As at December 31, 2022, $1,039,891,000 (2021 - $1,008,965,000) has been contractually committed for other capital projects and inventory.

(g) Letters of credit:

As at December 31, 2022, the Authority has issued letters of credit to the Receiver General of Canada, BC Hydro and Power Authority, and several municipalities totaling $3,620,000 (2021 - $2,458,000) which expire in 2023 and 2024.

(h) Broadway and Arbutus Project Limited Partnership:

The Partnership agreed to act as a guarantor on $13,500,000 of land financing undertaken by the non-TransLink limited partners. The Partnership, Broadway and Arbutus GP Inc., the Authority and TOD Investments Ltd. are indemnified from the responsibilities of this guarantee.

The Partnership has also assumed a commitment to compensate the original owner of one of the project land parcels, should a certain level of additional density be obtained as part of the rezoning process for the project.

16. 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 Community Building Fund, ICIP, BC Bus Pass program, U-Pass BC program and Canada Line.

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

16. Contractual rights (continued):

The following summarizes the amounts receivable expected under all such contracts and agreements over the next 5 years:

2023	$ 777,089
2024	390,260
2025	171,662
2026	38,257
2027	26,230
	$ 1,403,498

The annual amounts beyond 2027 range from $4,434,000 to $20,332,000 until 2040.

17. Statement of cash flows:

	2022	2021
Non-cash changes to operations:		
Amortization of tangible capital assets	$ 250,019	$ 233,789
Amortization of bond premium	(2,961)	(2,901)
Amortization of deferred concessionaire credit	(23,274)	(23,273)
Amortization of deferred government transfers	(215,065)	(87,824)
Amortization of deferred lease inducements, net of additions	(1,035)	(890)
Gain on disposal of tangible capital assets	(1,748)	(560)
Write-down of tangible capital assets	53,755	-
Sinking fund interest held by MFA	(24,263)	(25,643)
	$ 35,428	$ 92,698

	2022	2021
Changes in non-cash operating working capital:		
Decrease in accounts receivable	$ 22,298	$ 734,663
Decrease in loan receivable	131,060	51,298
Increase in supplies inventory	(6,149)	(7,548)
Increase in property under development	(1,864)	-
Decrease (increase) in prepaid expenses	38	(3,214)
Increase (decrease) in accounts payable and accrued liabilities	35,748	(9,861)
Increase in deferred development cost charges	15,132	-
Increase in deferred revenue and deposits	9,197	4,554
Increase in employee future benefits	2,978	5,889
	$ 208,438	$ 775,781

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

18. 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 long-term risk exposures from 2021.

(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, except as noted below.

2022	Fair values	Amortized cost
Restricted investments:		
Government transfers for capital projects - bonds	$ 265,470	$ 288,584
Self-administered sinking funds - bonds	427,758	486,886
TPCC - bonds	26,687	28,629

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

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

19. Taxation revenue:

	2022	2021
Property tax	$ 437,922	$ 418,787
Fuel tax	424,534	389,652
Parking rights tax	74,970	50,733
Hydro levy	22,657	22,377
Replacement tax	17,993	17,899
	$ 978,076	$ 899,448

20. 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 activities 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.

(e) Transit Police:

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

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

20. Segmented information (continued):

	2022					
	Bus operations	Corporate operations	Rail operations	Roads and bridges	Transit Police	Total
Revenues:						
Taxation	$ -	$ 978,076	$ -	$ -	$ -	$ 978,076
Transit	-	552,624	-	-	-	552,624
Government transfers	-	427,136	-	-	-	427,136
Amortization of deferred concessionaire credit	-	-	23,274	-	-	23,274
Investment income	-	109,064	-	-	-	109,064
Development cost charges	-	25,158	-	-	-	25,158
Miscellaneous revenue	9,015	6,250	870	20	1,303	17,458
Gain (loss) on disposal of tangible capital assets	-	1,832	(84)	-	-	1,748
	9,015	2,100,140	24,060	20	1,303	2,134,538
Expenses:						
Administration	21,979	22,381	7,183	27	3,144	54,714
Capital infrastructure contributions	-	-	-	60,666	-	60,666
Contracted services	78,890	15,903	135,815	5,960	-	236,568
Fuel and power	74,365	-	15,631	-	-	89,996
Insurance	16,555	446	6,843	1,358	88	25,290
Maintenance, materials, and utilities	83,492	3,439	56,347	38,137	1,619	183,034
Professional and legal	3,345	24,001	3,524	1,847	231	32,948
Rentals, leases and property tax	18,489	15,337	1,808	104	2,852	38,590
Salaries, wages and benefits	563,395	56,718	136,430	1,316	40,136	797,995
Write-down of tangible capital assets	-	53,755	-	-	-	53,755
Expenses before amortization and interest	860,510	191,980	363,581	109,415	48,070	1,573,556
Amortization of tangible capital assets	123,871	17,310	86,761	21,649	428	250,019
Interest	56,940	7,952	39,875	76,395	195	181,357
	180,811	25,262	126,636	98,044	623	431,376
	1,041,321	217,242	490,217	207,459	48,693	2,004,932
Surplus (deficit) for the year	$ (1,032,306)	$ 1,882,898	$ (466,157)	$ (207,439)	$ (47,390)	$ 129,606

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

20. Segmented information (continued):

	2021					
	Bus operations	Corporate operations	Rail operations	Roads and bridges	Transit Police	Total
Revenues:						
Taxation	$ -	$ 899,448	$ -	$ -	$ -	$ 899,448
Transit	-	413,400	-	-	-	413,400
Government transfers	-	203,780	-	-	-	203,780
Amortization of deferred concessionaire credit	-	-	23,273	-	-	23,273
Investment income	-	52,882	-	-	-	52,882
Development cost charges	-	44,773	-	-	-	44,773
Miscellaneous revenue	9,385	11,036	696	-	1,418	22,535
Gain (loss) on disposal of tangible capital assets	-	560	-	-	-	560
	9,385	1,625,879	23,969	-	1,418	1,660,651
Expenses:						
Administration	22,063	18,223	5,635	25	2,756	48,702
Capital infrastructure contributions	-	-	-	72,711	-	72,711
Contracted services	71,448	14,248	131,731	5,612	-	223,039
Fuel and power	51,865	-	15,352	-	-	67,217
Insurance	16,729	323	6,136	1,294	96	24,578
Maintenance, materials, and utilities	77,030	2,037	54,064	37,595	1,579	172,305
Professional and legal	1,883	23,544	3,286	1,423	257	30,393
Rentals, leases, and property tax	16,940	12,534	1,423	296	2,298	33,491
Salaries, wages and benefits	548,334	54,430	129,071	1,211	37,823	770,869
Expenses before amortization and interest	806,292	125,339	346,698	120,167	44,809	1,443,305
Amortization of tangible capital assets	114,733	14,710	83,290	20,597	459	233,789
Interest	57,978	7,322	42,098	74,408	236	182,042
	172,711	22,032	125,388	95,005	659	415,831
	979,003	147,371	472,086	215,172	45,504	1,859,136
Surplus (deficit) for the year	$ (969,618)	$ 1,478,508	$ (448,117)	$ (215,172)	$ (44,086)	$ (198,485)

21. Comparative information:

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