2023 Year-End Financial and Performance Report

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Caution Regarding Forward-Looking Statements

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

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

A Note Regarding 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 its partners, stakeholders, and operating companies, TransLink plans, manages, finances, and operates Metro Vancouver's transportation network. TransLink is dedicated to designing and delivering a transportation system that connects customers, residents, businesses, and goods movers in a way that protects the environment and helps meet the unique needs of the region.

The 2023 Business Plan focused on putting customers first while laying the groundwork for the future by investing in business resilience and advancing the region's priorities. The plan kept a keen focus on savings and efficiencies, while advancing only those expenditures that delivered critical services to customers and built resilience for the future.

Amidst record-setting population growth in the region of approximately 90,000 people, ridership patterns in 2023 became notably more stable and consistent, aligning with expected seasonal fluctuations throughout the year. Each week, 900,000 unique people took transit – equivalent to one third of the population. TransLink continues to lead ridership recovery amongst Canadian and US peer agencies. SkyTrain is the fourth busiest rapid rail system, ahead of major cities like Chicago and Los Angeles, and bus ridership is third highest of all transit operators.

While population growth and strong ridership is welcome news, it has also highlighted challenges of TransLink's funding model and underscored unprecedented inflationary pressures. TransLink continues to work with Mayors' Council and senior governments to develop lasting solutions for these financial challenges to address overcrowding and urgent service needs, while proactively supporting the growing demands of the region.

Throughout it all, TransLink remains committed to fiscal responsibility, managing tax-payer money by minimizing expenses and saving as much money as possible. Eighty-five per cent of TransLink's expenses are service-related expenses, which makes it difficult to reduce costs without cutting transit service. The remaining 15 per cent of TransLink's expenses are administrative and is below the average administrative costs for Canadian and American transit agencies, which average 17 - 20 per cent.

For the year ended December 31, 2023, TransLink recorded a surplus of $472.9 million based on Canadian public sector accounting standards. Excluding Senior Government Relief funding, the organization would have a deficit of $6.0 million, a decline of $11.2 million compared to budget. This is mainly due to lower revenue recognized from senior government capital contributions, lower fuel tax revenue, and lower recognized revenue from development cost charges. These were largely offset by higher transit revenue and investment income, and lower expenses. TransLink continues to closely monitor cost escalations to ensure Metro Vancouverites can continue to move around the region as effectively as possible, balancing the priorities of upholding safety and ensuring quality service, while operating within a tight fiscal envelope.

Key Priorities

TransLink's primary focus for 2023 was to ensure accessibility and quality of service. While managing the immediate financial and supply chain constraints TransLink made key investments to build business resiliency, prepare for rail expansion, and prepare for the implementation of the Access for Everyone plan (formerly known as Transport 2050: 10-Year Priorities).

TransLink's four key corporate priorities ensured a continued focus on regional customers, employees, and keeping infrastructure maintained in a state of good repair, all within the current financial environment. In tandem, TransLink continues to advance true and meaningful reconciliation with Metro Vancouver's Indigenous Peoples.

The following outline the key accomplishments in 2023.

Priority One: Rebuild Customer Ridership

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

- Achieved 99.5 per cent service delivery for British Columbia Rapid Transit Company Ltd. (BCRTC) with 95.3 per cent of service being on time.
- Launched the SkyTrain Cleaning and Maintenance Text Line at Commercial-Broadway and Surrey Central SkyTrain Stations, which delivers on the Customer Experience Action Plan to make TransLink's transit system more inviting for customers by improving overall cleanliness. Through this line, customers can easily notify staff of any areas in need of cleaning or maintenance.
- Installed new LED lighting at Surrey Central Station to enhance the customer experience. Improved lighting creates a safer and more inviting space for customers at this station.
- Completed department readiness plans for the Rail Expansion Program, socializing business maturity and its importance, as well as track access visualization dashboard and Long-Term Facility Planning for the Expo-Millennium 2050 Facility Plan.
- Tunnel boring for the Broadway Subway Project reached South Granville Station, with crews continuing work on underground station concrete columns, walls and floors. Excavation has begun on the second of two future passenger connections at Broadway-City Hall Station.
- Named the eight new Expo Line stations that will be part of the expanded Surrey Langley SkyTrain (SLS).
- Achieved 50 per cent completion of the new Operation Control Centre (OCC2) which is on track to be opened with the Broadway Subway project.
- Completed an interim reference case design, final public engagement, environmental and archaeological baseline work and GHG emissions assessment for business case inputs report for the Burnaby Mountain Gondola project.
- Completed inputs to the Provincial draft Concept Plan for the University of British Columbia (UBC) Extension project for Treasury Board submission, including technical and governance inputs, and scoping for an integrated Transit Oriented Development program.

- Completed Operations and Maintenance Centre assessment for future long-term operations and maintenance requirements for the Skytrain system.
- Increased bus stop wheelchair accessibility for all bus stops in the region to 83.3 per cent.
- Secured commitments from 30 employers, representing 8,723 employees as a part of the Transit Friendly Employer (TFE) program.
- Coast Mountain Bus Company (CMBC) continued to monitor six routes per month with 66 routes monitored to date, for real time service adjustments to maximize customer experience and capture safety related issues surrounding bus stop/ shelter concerns.
- Facilitated engagement with two Indigenous Nations on potential transportation improvements and began engagement with two more. The program continues to develop, including further engagement with remaining Nations and development of potential access improvement ideas.
- Partnered with local curator, writer and artist Nya Lewis to produce Carry it Well, a series of public art installations that celebrate contemporary Black-Canadian art, artists, and presence of African and Black communities in Metro Vancouver. Carry It Well features four large-scale artworks by contemporary Canadian artists Jan Wade, Natoya Ellis, Adeyemi Adegbesan and Nya Lewis.
- Received two national awards as part of the Canadian Urban Transit Association (CUTA) annual awards program, which honours organizations and individuals for their contributions to public transit in Canada. TransLink's Public Affairs department earned an Equity, Diversity and Inclusion Award for the Travel Training for Newcomers Program. This award recognizes initiatives, programs, and outreach undertaken by businesses, transit systems, and/or their municipal owners, committed to inclusive, accessible, diverse workplaces and communities. Communications department earned a Marketing and Communications Award for "What's the T: the TransLink Podcast" with Jawn Jang. This award recognizes excellence in advertising, corporate communications, or public relations.
- Announced three priority corridors to advance Metro Vancouver's first new Bus Rapid Transit (BRT) routes. The selected corridors are King George Boulevard from Surrey Centre to White Rock, Langley Centre to Haney Place and Metrotown to North Shore. These corridors were selected based on ridership potential, increasing access to jobs, future housing and development growth projections, the feasibility of implementing new transit priority infrastructure, and early support from local governments to implement the changes necessary for the projects.
- Operationally deployed ten graduated Community Safety Officers from Class 1 to Patrol Squads and received positive feedback on their contribution to the work of patrol and interaction with riders.
- Resumed the Transit Police Blue Eagles Program in Vancouver and Surrey. This program enables youth between the ages of 12 and 15 to develop leadership skills while learning about Indigenous culture.
- Began "Trauma-Informed Practice Foundations" training for Transit Police Officers and Community Safety Officers. This training supports the new BC Provincial Policing Standards on Unbiased Policing and its expectation that all employees provide services in a culturally safe, responsive, and trauma-informed manner.
- Completed renovations to the Waterfront Community Policing Center. Waterfront Community Policing Center Volunteers continue to conduct their regular patrols and have assisted with the

Insurance Corporation of BC (ICBC) Pedestrian Safety Campaigns and numerous community outreach events to promote transit safety.

- Continued to expand the Transit Police "See Something, Say Something" campaign with the addition of 12,750 text number decals on the bus fleet (one decal on every second bus window and by every bus door).
- Hosted a ceremony at Transit Police Headquarters to place the Survivors' Flag for the national holiday on September 30, which honours the survivors of residential schools, the children who did not return home, their families, and their communities. This flag is an expression of remembrance, meant to honor residential school Survivors and all the lives and communities impacted by the residential school system in Canada.
- Issued a new policy on hate-bias investigations to help ensure the effective identification and investigation of hate-bias incidents and hate motivated crimes and provide appropriate support and response to the victim and affected communities. In support of this policy, Transit Police Officers received training from the BC Hate Crimes Times on investigation of hate-bias incidents.
- Extended invitation to the respected Elders and Knowledge Keepers of local Indigenous Nations and urban Indigenous organizations to participate in a newly initiated Elders Program.
- Hosted blessing ceremony for Indigenous murals at King George Station with contributing artists, families and friends to celebrate the Indigenous Nations' distinct cultures and heritage from q̓ic̓əy̓ (Katzie First Nation), q̓wɑ:n̓ƛ̓ ən‘ (Kwantlen First Nation), and se'mya'me (Semiahmoo First Nation) and to encourage ridership to reflect on the meaning of the land that we travel on today.
- Targeted Mobile Enforcement Team (TMET) sent members to two commercial vehicle inspections with various partners (including Delta Police Department and Vancouver Police Department) and a "RailSafe" event with Canadian Pacific Police and Ridge Meadows RCMP, which aims to bring together different police and transit partners to convey the importance of safety in and around the rail system. As well, TMET participated in two distracted driving events in Richmond and Vancouver with jurisdictional police partners, ICBC representatives and volunteers, and participated in a CounterAttack initiative in New Westminster and two pedestrian safety events with the jurisdictional police and ICBC representatives at Lougheed and Joyce SkyTrain Stations.
- The Crime Suppression Team (CST) assisted Patrol with a two-day undercover drug buy operation in Surrey and New Westminster. Transit Police was the lead agency for the project, which utilized multiple outside agency resources due to Special Investigation Targeted Enforcement ("SITE") funding provided through the provincial government. The drug buys took place around SkyTrain Stations in New Westminster and Surrey. Arrests were made and the project resulted in 14 charges being recommended, two outstanding warrants being executed and the seizure of one prohibited weapon and a quantity of drugs and cash.
- Launched limited edition 2023 holiday merchandise including 'Elf' themed Compass cards.

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.

- Approved the company's first-ever Workplace Accessibility Policy, which uses the eight priority areas identified in the Accessible British Columbia Act as a focus. The purpose of this policy is to operationalize TransLink's commitment to workplace accessibility and inclusion, striving for barrier-free participation for persons with disabilities in the workplace. In conjunction, Translink has sourced an external vendor to begin an accessibility audit for the Translink.ca website and offer training on inclusive recruitment to the Talent Acquisition team.

- Won a 2023 Canadian Workplace Well-being Award for a large public/private sector employer. This recognition celebrates organizations that have demonstrated exceptional dedication and innovation in enhancing the well-being of employees. Award winners are upheld for taking a strategic approach to well-being and psychological safety, investing in proactive workplace supports, and being intentional about fostering a culture of trust, care and belonging.
- Increased maternity leave top up to 18 weeks completing one of Caregivers Employee Resource Group's five Initiatives to support caregiver employees.
- Approved new Compensation Philosophy and Framework to modernize TransLink's salary administration process.
- Equity, Diversity and Inclusion team, alongside the Pride and Allies employee resource group, successfully implemented gender-inclusive washrooms at 75 per cent of work locations across the enterprise.
- Successfully delivered SafeStart training to eight departments to reduce injuries in the workplace, improve engagement and build on human factors included in the Just Culture initiative.
- BCRTC successfully passed the WorkSafeBC Certificate of Recognition safety audit with a record 95 per cent score, a testament to the continuing commitment to enhancing Zero Harm safety culture.
- Launched a staff safety survey, and a Slips, Trips and Falls safety awareness campaign at BCRTC, with monthly safety themes delivered to staff.
- Facilitated a SkyTrain Attendant hiring fair that attracted 4,000 applicants, with 92 candidates identified for current 2023 and planned 2024 SkyTrain Attendant openings.
- Created a dedicated maintenance training department to deliver training critical to the train fleet expansion planned for the next decade. This department includes a training manager, uniquely developed maintenance training plans and on-demand videos.
- Facilitated Minerva's leadership development program known as "Women Leading the Way" with 93 per cent of attendees reporting that they will recommend the program to a co-worker or friend in the next six months, and 64 per cent of attendees reporting taking on more leadership responsibility.

Priority Three: Deliver a Reliable Transportation System in a State of Good Repair

TransLink will proactively manage and maintain all assets in a state of good repair to ensure safety and reliability, optimize lifecycle costs and enhance the customer experience.

- Completed Westham Island Bridge rehabilitation work and substantially completed Knight Street Bridge rehabilitation work.
- Substantially completed the new Guideway Shop at Operations and Maintenance Centre 1 as part of Expo Millennium Upgrade Project (EMUP). This facility will allow the guideway department to better maintain and store rail equipment. Work has also begun on extending the Vehicle Inspection and Cleaning Facility to accommodate longer five-car Mark V trains.

- Officially launched the SkyTrain Advanced Radio System (STARS) with BCRTC's Signaling & Telecommunications department preparing and distributing 780 new digital handheld radios. This project transitions BCRTC to the Electronic Communications (E-Comm) network as the first major implementation of the Advanced Radio System upgrade, a highly reliable radio communications system used by Fire, Police, and Ambulance. It will provide BCRTC with the necessary capacity and performance required for expansions. The E-Comm radio system provides better coverage, greater clarity, and improved reliability through earthquake resistant infrastructure and enhanced security.
- Completed over 100 kilometres of rail work through the Annual Rail Grinding program on the Expo and Millennium Lines with an additional 2,322 rail pad replacements on the Expo Line and 4,600 metres of track sections replaced on the Expo Line.
- All new bus vehicles commissioned have been delivered and are either in service or in the process of being commissioned for revenue service.
- Established funding agreement with BC Hydro for Strategic Energy Management.
- Substantially completed Zero Emission Fleet Transition Plan.
- Received the first new Mark V train at Burnaby Operations and Maintenance Centre where it will undergo a year of testing and commissioning on the local system before being fully utilized at the end of 2024.
- Updated Transit Police Search and Seizure policies to ensure alignment with legislation and legal requirements.
- Matured Agile practice within Analytics and Development with 84 per cent of teams meeting business objectives at year-end.
- Supported the implementation of the Municipal Funding Program web application and launched a pilot project for a regional road monitoring program.

Priority Four: Achieve Financial Sustainability

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

- Completed landlords work on two major retail outlets ahead of schedule, with new tenant work now in progress for early 2024 openings, and also finished minor upgrade renovations on another retail outlet to attract a tenant in 2024.
- Sold property in Port Moody to the Province that will be used to build affordable housing and city’s first Transit Oriented Development project.
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- Completed enabling activities to support development concept in North Vancouver, including clearing title of encumbrances, due diligence, and design.
- Completed market soundings on development industry preferences for public-private partnerships to deliver transit integrated development, interviewing over a dozen industry leaders.

- Significantly advanced negotiations with adjacent developer at one existing station to establish contribution amount for station improvements and implemented provisioning for added amenity space in new station development.
- In 2023 (year one of the Climate Action Plan), three actions have been completed, two have been incorporated with other actions (to improve effectiveness and efficiency), two have been bundled into work for 2024, and one has been delayed due to stakeholder engagement. Progressed on the Zero Emission Fleet Transition Roadmap. A financial analysis of capital and operating expenses has been completed. Across the three-year Plan, 40 of 48 actions are on track (84 per cent).
- Launched fourth new vending concept of 2023 with an air balloon vending machine at Metrotown Station, expanding the vending program in partnerships with local businesses to maximize revenue opportunities and improve customer amenities.

2. 5 Year Summary

Ridership in 2023 marked the entry into a "new normal" shaped by the pandemic, with remote and hybrid work practises fully embraced by many employers. This was the first full year since the onset of the pandemic with no public health restrictions, which helped stabilize and further increase ridership levels from the prior year. TransLink continued to keep Metro Vancouver moving, providing safe, reliable and high-quality transportation services, all while operating with tight financial resources.

An agreement for additional $478.9 million of Provincial relief funding was signed in March 2023, which is designed to help offset revenue losses and higher inflationary pressures and maintain service levels and planned operations through to the end of 2025. This funding will be received in 2024 and 2025 and is in addition to the previous Senior Government relief funding of $851.8 million received between 2020 and 2022 that has allowed TransLink to maintain service at near pre-pandemic levels and affordable fare rate increases through 2020-2024. It also provides a financial foundation for the Enterprise to support the region in the post-pandemic era while addressing the structural revenue gap. TransLink ended 2023 with $671.1 million in unrestricted cash and investments.

Ridership in 2020 and 2021 had fallen to below 50 per cent of pre pandemic volumes seen in 2019, resulting in a significant reversal of historical ridership growth. In the fall of 2022, ridership reached over 80 per cent of pre-COVID levels, despite disruptions caused by the Omicron variant in the initial months of the year. 2023 was a year of ridership stabilization and consistency, following expected seasonal trends throughout the year. Compared to pre-COVID levels, ridership saw slight growth in recovery rate as the year went on. Annual ridership for 2023 grew by 20.5 per cent compared to 2022 reaching 85.6 per cent of pre-COVID levels for the year. Population growth in Metro Vancouver in 2023 exceeded pre-COVID rates at 3.3 per cent compared to the average annual pre-COVID rate of 1.5 per cent. Ridership growth in 2024 is expected to be driven by long-term socio-economic factors such as population and economic growth.

Prior to the pandemic, the cost recovery ratio reached a high of 59.7 per cent in 2019, as service expansion was supported by strong growth in ridership, regular fare increases and effective service optimization initiatives. The collapse in the cost recovery ratio from 2019 to 2021 reflected the pandemic's dramatic impact on ridership and transit revenues, during which time service levels were maintained at largely pre-pandemic levels. In 2023, the cost recovery ratio increased to 46.0 per cent (2022: 41.8 per cent) driven by a continued increase in ridership and transit revenue. Increased ridership has a proportionately greater impact on operating revenues than on operating costs as a result of service levels being right sized to manage customer demand.

As the post-pandemic transportation model for the 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)	2019	2020	2021	2022	2023	COMPARISON TO 2022 [13] Fav / (Unfav)	 %	Compound Annual Growth Rate (CAGR) [13]
FINANCIAL INDICATORS								
Unrestricted cash and investments [1]	563.3	493.6	741.2	857.8	671.1	(186.7)	(21.8%)	4.5%
Tangible capital assets [2]	5,381.3	5,579.6	5,704.2	5,765.5	6,141.9	376.4	6.5%	3.4%
Net direct debt [3]	2,375.4	2,645.7	2,466.9	2,586.5	2,705.9	(119.3)	(4.6%)	3.3%
Indirect P3 debt [4]	1,512.6	1,480.2	1,445.7	1,408.9	1,369.5	39.4	2.8%	(2.5%)
Total net direct debt and indirect P3 debt	**3,888.0**	**4,125.9**	**3,912.6**	**3,995.4**	**4,075.4**	**(80.0)**	**(2.0%)**	**1.2%**
Gross interest cost as a % of operating revenue [5,6]	11.7%	14.4%	13.0%	11.2%	10.4%	0.8%	7.2%	(2.9%)
OPERATING INDICATORS								
Scheduled Transit Service								
Overall performance rating (out of 10)	7.8	8.2	8.2	8.0	8.0	-	-	0.6%
Service hours [7a]	7.0	6.9	7.0	7.0	7.1	0.1	1.4%	0.4%
Total cost recovery ratio [8,9]	59.7%	33.6%	33.5%	41.8%	46.0%	4.2%	10.1%	(6.3%)
Operating cost per capacity kilometre [*10]	$ 0.097	$ 0.097	$ 0.111	$ 0.108	$ 0.115	$ (0.01)	(6.5%)	4.3%
Complaints per million boarded passengers [*,7b, 11]	90.6	103.3	92.8	74.0	70.7	3.3	4.5%	(7.5%)
Access Transit Service								
Number of trips (thousands)	1,381.8	620.1	695.6	964.9	1,175.9	211.0	21.9%	(4.0%)
Operating cost per trip *	$ 39.26	$ 75.14	$ 69.70	$ 57.73	$ 54.79	$ 2.9	5.1%	8.7%
Number of trips denied (thousands)	1.4	0.4	0.1	0.9	1.1	$ (0.2)	(22.2%)	(5.9%)
Complaints per 100,000 boarded passengers *	201.8	178.6	209.7	255.2	242.9	$ 12.3	4.8%	4.7%
Ridership [11]								
Boarded passengers (system)	452.9	218.8	223.5	325.9	391.6	65.7	20.2%	(3.6%)
Journeys (system) [12]	271.0	128.0	130.9	193.6	233.2	39.6	20.5%	(3.7%)
Average fare per journey (scheduled)*	$ 2.42	$ 2.82	$ 2.93	$ 2.70	$ 2.69	$ (0.01)	(0.4%)	2.7%
REGIONAL INDICATORS [14]								
Population of Service Region	2.71	2.74	2.76	2.84	2.94	0.10	3.5%	2.1%
Employment of Service Region	1.51	1.39	1.51	1.55	1.58	0.03	1.9%	1.1%

* 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, Development Cost Charges, investment income, miscellaneous revenue, gain (loss) on disposal on tangible capital assets and amortization of deferred concessionaire credit.

[6] Operating revenue in 2019 through 2022 was restated to align with the methodology adopted in 2023.

[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 when 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] 2022 ratio has been restated to align with the methodology adopted in 2023.

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

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

[12] 2019 Journeys have been restated to include the HandyDART trips.

[13] Calculations based on whole numbers.

[14] The region's population and employment figures for 2019 through 2022 have been restated to reflect the latest information available.

Financial Indicators

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

TransLink's unrestricted cash and investments is a metric representing the accumulated funding resources as defined by the *South Coast British Columbia Transportation Authority Act* (the SCBCTA Act). This represents the amount of resources available to fund future operations. As operations continued to normalize in 2023, unrestricted cash and investments decreased by $186.7 million (21.8 per cent) mainly due to net outflows from operations.

Capital assets increased over the prior year by $376.4 million (6.5 per cent). Additions of $637.2 million included SkyTrain system and infrastructure upgrades, procurement of vehicle fleets, milestone payments for SkyTrain vehicles, and technology upgrade initiatives. These increases were partially offset by amortization expenses amounting to $259.7 million and $1.1 million of disposed assets.

Net direct debt has increased by $330.5 million since 2019, a 3.3 per cent Compounded Annual Growth Rate (CAGR). The increase in debt supports the capital investments for both expansion projects and maintaining assets in a state of good repair. Compared to 2022, net direct debt increased by $119.3 million (4.6 per cent). This was primarily the result of a TransLink bond issuance of $300.0 million, net of a discount of approximately $22.6 million, a $98.3 million increase to TransLink's self-administered sinking fund from contributions and fund income, and net reductions in Municipal Finance Authority of BC (MFABC) held debt of $59.8 million.

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 $143.1 million (2.5 per cent CAGR) since 2019. Compared to 2022, indirect P3 debt decreased by $39.4 million (2.8 per cent) mainly due to the amortization of the Canada Line deferred concessionaire credit and repayment of Golden Ears Bridge contractor liability.

Gross interest costs as a percentage of operating revenues, which had remained steady at around 12.0 per cent from 2017 to 2019, increased to 14.4 per cent in 2020 because of the impact of COVID-19 on 2020 operating revenues. By 2023, the ratio reverted back to historical levels at 10.4 per cent. 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 2023, 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 combined performance rating, which measures the average customer satisfaction across the entire system is holding steady with last year at an average annual rating of 8.0 for 2023. The ratings are also closely aligned with those seen in 2022, even with higher usage seen across the system; but lower than 2021 scores for Bus and Skytrain, likely due increase in ridership. The rating improved for West Coast Express due to increase in service as it returned to five trains in each direction.

Service hours increased by 1.4 per cent to 7.1 million hours in 2023. Since the onset of the pandemic, travel behaviours have evolved and began stabilizing in 2023. In response, TransLink has reallocated service to reduce crowding on busy travel routes and provide more frequent service to meet customer demand.

The total cost recovery ratio, measuring the percentage of direct operating costs covered by transit revenues, increased by 4.2 percentage points from 2022 to 2023 as a result of continued ridership and transit revenue recovery in 2023. The cost recovery ratio decreased by a CAGR of 6.3 per cent over the past five years due to lower transit revenue driven by lower ridership while maintaining capacity on the system to ensure essential and appropriate transportation services remained available throughout the pandemic.

Operating costs per capacity kilometre increased by a CAGR of 4.3 per cent over the five-year period. This metric improved by 3.1 per cent from $0.111 in 2021 to $0.108 in 2022 as a result of 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. Compared to 2022, however, operating cost per capacity kilometre increased by 6.5 per cent in 2023 as a result of higher labour and higher maintenance costs driven by inflation.

Complaints per million boarded passengers has improved by a CAGR of 7.5 per cent over the past five years. The improvement 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 passengers about all potential travel delays caused by weather and the single tracking maintenance program. The complaints per million boarded passenger indicators for 2020 and 2021 had incomplete complaints data from November 28, 2020 to September 1, 2021 due to the shutdown of multiple network systems which impairs comparative analysis. This metric improved by 4.8 per cent in 2023 over 2022 as ridership recovery stabilized in 2023.

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 2023 were 211.1 thousand (21.9 per cent) higher than 2022 but remained lower than pre-pandemic levels in 2019. The increase in 2023 is in line with the increase in ridership on other modes, as people became more comfortable travelling during a year with no public health restrictions. 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 $2.9 (5.1 per cent) from $57.7 in 2022 to $54.8 in 2023. As costs are largely fixed and relatively consistent with 2022, this change was mainly due to an increase in trip demand compared to 2022.

The number of trips denied increased compared to last year but remains lower than pre-pandemic as service capacity continues to exceed service demand. For 2023, the number of denials represents less than 0.1 per cent of the total trips delivered.

In 2023, complaints per one hundred thousand boarded passengers decreased by 4.8 per cent over 2022. The decrease in the number of Operator Behaviour Complaints is attributed to Transdev's deployment of a driver behaviour program introduced in November 2021 specifically targeting Operators behavior. The program was ongoing throughout 2023 and will continue in 2024. Other top contributors of total complaints were related to scheduling and clerk behaviour. To address these concerns, Transdev also deployed a clerk behavior program in October 2022. Transdev continues to focus on recruitment of drivers to meet scheduling demands.

To reduce taxi-related complaints, Transdev continues to support customer service training for taxi companies. Additionally, Transdev continues to improve taxi Service Level Agreement contracts in order to promote greater accountability from the taxi providers.

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 2023, total system boardings were 391.6 million, 20.2 per cent higher compared to 2022. Journeys represent a complete transit trip using Compass fare media or other proof of payment, regardless of the number of transfers. Compared to 2022, total system journeys in 2023 increased by 20.5 per cent to a total of 233.2 million.

Amidst record-setting population growth in the region of approximately 90,000 people, ridership patterns in 2023 became notably more stable and consistent, aligning with expected seasonal fluctuations throughout the year. January 2023 was the first month since the pandemic that journeys surpassed 80 per cent of pre-COVID (2019) levels. After January, journeys recovery settled at between 83 to 85 per cent from February to June, then saw an increase from 86 to 88 percent from July to December.

Average weekday ridership continued to lag behind average weekend and holiday ridership in terms of recovery compared to pre-COVID, but weekday ridership had higher growth than weekend and holiday ridership compared to 2022. Higher growth in average weekday ridership is in part due to a continued return to office work.

The average fare per journey was $2.69 for 2023, a decrease of $0.01 (0.4 per cent) relative to 2022. Despite the July 1st fare increase, average fare did not increase in 2023 due to changes in the product mix and the continued recovery of program ridership on a per rider basis. The average fare per journey was higher in 2022 due fewer journeys caused by the impact of key events in 2022 such as the Omicron wave of the pandemic in January 2022 and significant snowfall in December 2022.

3. Consolidated Statement of Operational Analysis

CONSOLIDATED REVENUES AND EXPENSES			YEAR OVER YEAR			ACTUAL TO BUDGET	
Year ended December 31	2023	2022	CHANGE		2023	CHANGE	
($ thousands)	ACTUAL	ACTUAL [2]	Fav/(Unfav)	%	BUDGET [3]	Fav/(Unfav)	%
Revenue							
Taxation	978,412	978,076	336	0.0%	988,405	(9,993)	(1.0%)
Transit	671,560	552,624	118,936	21.5%	629,998	41,562	6.6%
Government transfers	715,668	427,136	288,532	67.6%	354,718	360,950	101.8%
Amortization of deferred concessionaire credit	23,273	23,274	(1)	-	23,273	-	-
Investment income	192,228	109,064	83,164	76.3%	155,673	36,555	23.5%
Development Cost Charges	17,301	25,158	(7,857)	(31.2%)	23,597	(6,296)	(26.7%)
Miscellaneous revenue	19,966	17,427	2,539	14.6%	15,349	4,616	30.1%
Sub Total Continuing Operations	**2,618,408**	**2,132,759**	**485,649**	**22.8%**	**2,191,013**	**427,394**	**19.5%**
Gain (Loss) on disposal of tangible capital assets	8,085	1,748	6,337	> 200.0%	(358)	8,443	> (200.0%)
Total Revenue [1]	**2,626,493**	**2,134,507**	**491,986**	**23.0%**	**2,190,655**	**435,837**	**19.9%**
Expenses							
Bus Operations	945,537	860,510	(85,027)	(9.9%)	934,378	(11,159)	(1.2%)
Rail Operations	404,951	363,550	(41,401)	(11.4%)	408,186	3,235	0.8%
Transit Police	52,706	48,070	(4,636)	(9.6%)	52,821	115	0.2%
Corporate Operations	139,367	120,837	(18,530)	(15.3%)	140,036	669	0.5%
Roads and Bridges	151,116	109,415	(41,701)	(38.1%)	157,182	6,066	3.9%
Amortization of tangible capital assets [1]	259,680	250,019	(9,661)	(3.9%)	268,637	8,957	3.3%
Interest [1]	180,455	181,357	902	0.5%	188,393	7,938	4.2%
Sub Total Continuing Operations	**2,133,812**	**1,933,758**	**(200,054)**	**(10.3%)**	**2,149,633**	**15,821**	**0.7%**
Corporate One-time	19,778	71,143	51,365	72.2%	35,859	16,081	44.8%
Total Expenses	**2,153,590**	**2,004,901**	**(148,689)**	**(7.4%)**	**2,185,492**	**31,902**	**1.5%**
Surplus (Deficit) for the Year	**472,903**	**129,606**	**343,296**	**> 200.0%**	**5,163**	**467,739**	**> 200.0%**

[1] Amortization and interest are shown separately to facilitate analysis.
[2] 2022 Actuals have been reclassified to conform with the consolidated financial statement presentation adopted in 2023.
[3] 2023 Budget has been restated to conform with the consolidated financial statement presentation adopted for the current year and to reflect budget transfers during the year.

TransLink ended the 2023 year with a $472.9 million surplus based on Canadian public sector accounting standards, mainly due to additional Provincial relief funding of $478.9 million recognized in March 2023. This relief funding, designed to help offset revenue losses caused by the pandemic and higher inflationary pressures, is intended to support maintaining service levels and planned operations through to the end of 2025. The funding, which will be received in 2024 and 2025, was recognized in full upon signing the agreement in March 2023, in accordance with Canadian public sector accounting standards. Excluding Senior Government Relief Funding, TransLink recorded a deficit of $6.0 million which is $11.2 million unfavourable to budget. This is mainly due to lower than budget revenue recognized from Senior Government capital contributions, lower fuel tax revenue mainly due to a refund of previous fuel tax overpayment, and lower revenue recognized from the development cost charges, partially offset by higher transit revenue from higher than expected ridership recovery and investment income driven by higher interest rates, and higher cash and investment balances, and lower expenses.

Excluding Senior Government relief funding and a write-down of previously capitalized costs, TransLink’s 2023 deficit is $1.2 million lower than 2022 deficit of $7.2 million. Higher year-over-year transit revenue and investment income were almost completely offset by higher costs due to contractual and economic labour increases and higher inflationary pressures.

Details of the variances are provided in the following analysis.

Consolidated Revenues – Comparison to 2022

CONSOLIDATED REVENUES	YEAR OVER YEAR			
Year ended December 31	ACTUAL		CHANGE	
($ thousands)	2023	2022[1]	Fav/ (Unfav)	%
Taxation	978,412	978,076	336	0.0%
Transit	671,560	552,624	118,936	21.5%
Government transfers				
Senior Government Relief Funding	478,926	176,000	302,926	172.1%
Senior Government Funding	169,474	184,507	(15,033)	(8.1%)
Golden Ears Bridge Tolling Replacement Revenue	67,268	66,629	639	1.0%
Amortization of deferred concessionaire credit	23,273	23,274	(1)	(0.0%)
Investment income	192,228	109,064	83,164	76.3%
Development cost charges	17,301	25,158	(7,857)	(31.2%)
Miscellaneous revenue	19,966	17,427	2,539	14.6%
Sub Total Continuing Operations	**2,618,408**	**2,132,759**	**485,649**	**22.8%**
Gain (Loss) on disposal on tangible capital assets	8,085	1,748	6,337	> 200.0%
Total Revenue	**2,626,493**	**2,134,507**	**491,986**	**23.0%**

[1] 2022 Actuals have been reclassified to conform with the consolidated financial statement presentation adopted in 2023.

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.

2023 was a year of ridership stabilization and consistency, reaching 85.6 per cent of pre-COVID levels for the year as compared to 70.8 per cent in 2022. The increase in ridership resulted in a corresponding increase in transit revenue of $118.9 million (21.5 per cent) over 2022. Higher cash balances and interest rates resulted in an increase of $83.2 million (76.3 per cent) in investment income as compared to 2022.

Total revenue in 2023 was $2.6 billion, 23.0 per cent higher than 2022. This includes $478.9 million of Provincial relief funding recognized as revenue upon signing the agreement in March 2023. Excluding Senior Government relief funding, revenue was $189.1 million or 9.7 per cent higher than 2022.

Taxation

TAXATION REVENUES	YEAR OVER YEAR			
Year ended December 31	ACTUAL		CHANGE	
($ thousands)	2023	2022	Fav/ (Unfav)	%
Fuel tax	390,524	424,534	(34,010)	(8.0%)
Property tax	463,133	437,922	25,211	5.8%
Parking sales tax	83,757	74,970	8,787	11.7%
Hydro levy	23,080	22,657	423	1.9%
Replacement tax	17,918	17,993	(75)	(0.4%)
Total Taxation	**978,412**	**978,076**	**336**	**0.0%**

Total taxation revenues were $0.3 million higher than 2022 due to higher revenues from property tax and parking sales tax, offset by lower fuel tax revenues.

Fuel tax revenue was lower by $34.0 million (8.0 per cent) compared to 2022, mainly due to a refund of previous fuel tax overpayment in the first quarter of the year and lower gasoline volumes, partially offset by higher diesel volumes.

Parking sales tax was higher by $8.8 million (11.7 per cent) compared to 2022 mainly due to the continued return of workers to offices.

Property tax revenue increased by $25.2 million (5.8 per cent) compared to 2022 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)	2023	2022	Fav/ (Unfav)	%
Fares	493,006	395,450	97,556	24.7%
Program	135,571	127,292	8,279	6.5%
Total Fare and Program Revenue	**628,577**	**522,742**	**105,835**	**20.2%**
Other	42,983	29,882	13,101	43.8%
Total Transit	**671,560**	**552,624**	**118,936**	**21.5%**

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 2023 was $671.6 million, an increase of $118.9 million (21.5 per cent) over 2022, with ridership increasing 20.5 per cent over 2022.

Revenue from fares was $493.0 million, which is $97.6 million (24.7 per cent) higher than 2022 due to increased ridership. Future ridership growth is expected to be driven by long-term socio-economic factors such as population and economic growth as opposed to users returning in the aftermath of the COVID-19 pandemic. The ridership growth trend observed in the latter part of 2023 is expected to continue in 2024.

January 2023 was the first month since the pandemic that ridership surpassed 80 per cent of pre-Covid levels. After January, ridership recovery settled between 83 and 85 per cent from February to June, then saw an increase to between 86 and 88 percent from July to December. Average weekday ridership recovery compared to pre-COVID remained lower than average weekend and holiday ridership. However, weekday ridership saw higher levels of growth as compared to 2022 mainly due to the continued return of workers to offices. Overall, ridership reached 85.6 per cent of pre-COVID levels in 2023.

Program revenue includes revenue from the U-Pass BC and BC Government Bus Pass programs. In 2023, program revenue totalled $135.6 million, which is $8.3 million (6.5 per cent) higher than 2022, mainly due to higher U-Pass BC and BC Government Bus Pass volumes.

Other transit revenue totalled $43.0 million in 2023, a $13.1 million (43.8 per cent) increase compared to 2022, mainly due to higher carbon credit revenue. 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)	2023	2022	Fav/ (Unfav)	%
Senior Government Relief Funding	478,926	176,000	302,926	172.1%
Senior Government funding	169,474	184,507	(15,033)	(8.1%)
Golden Ears Bridge tolling replacement revenue	67,268	66,629	639	1.0%
Total Government Transfers	**715,668**	**427,136**	**288,532**	**67.6%**

For 2023, the government transfers were $715.7 million, which includes Senior Government relief funding, the Greater Vancouver Regional Fund (GVRF), Investing in Canada Infrastructure Program (ICIP), the Public Transit Infrastructure Fund (PTIF), Canada Line funding, Build Canada Fund and other miscellaneous programs. In addition, there is an annual portion of revenue recognized from funding provided by the Province of BC in lieu of tolling revenue on the Golden Ears Bridge, as bridge tolling was eliminated on September 1, 2017.

The total government transfers were $288.5 million higher than prior year due to the recognition of $478.9 million of Senior Government relief funding in March 2023 as required by Canadian public sector accounting standards. This was partially offset by lower revenue recognized from Senior Government capital funding – it was $15.0 million lower than prior year due to a higher number of vehicle deliveries funded through the Canada Community Building Fund in 2022.

Investment Income

Investment income increased by $83.2 million (76.3 per cent) from 2022 mainly due to full year interest earned on the $2.0 billion Golden Ears Bridge toll replacement upfront settlement funding compared to partial year in 2022, higher interest rates as a result of the Bank of Canada’s interest rate policy which included three increases in 2023, and overall higher cash and investment balances.

Development Cost Charges

The Development Cost Charges (DCC) program was established effective January 15, 2020, to help fund the construction and expansion of the regional transit system. DCCs are levied on new urban development in the region to support capital investment in transportation infrastructure required for the Metro Vancouver region. DCC revenue is recognized as expenditures on qualifying projects are incurred. DCC revenue of $17.3 million in 2023 is $7.9 million (31.2 per cent) lower than in 2022 mainly as a result of less expenditures on eligible projects during the year.

Miscellaneous Revenue

Miscellaneous revenue increased by $2.5 million (14.6 per cent) from 2022 due to additional funds received for projects in 2023, such as Burnaby Mountain Gondola feasibility study and a new connector for the Golden Ears Bridge.

Gain (Loss) on Disposal of Assets

In the current year, the gain on disposal of capital assets was $8.1 million, mainly related to the sale of a Park and Ride site during the year.

Consolidated Revenues – Comparison to Budget

CONSOLIDATED REVENUES			ACTUAL TO BUDGET	
Year ended December 31	ACTUAL	BUDGET	BUDGET VARIANCE	
($ thousands)	2023	2023[1]	Fav/ (Unfav)	%
Taxation	978,412	988,405	(9,993)	(1.0%)
Transit	671,560	629,998	41,562	6.6%
Government transfers				
Senior Government Relief Funding	478,926	-	478,926	100%
Senior Government Funding	169,474	287,451	(117,977)	(41.0%)
Golden Ears Bridge Tolling Replacement Revenue	67,268	67,267	1	0.0%
Amortization of deferred concessionaire credit	23,273	23,273	-	-
Investment income	192,228	155,673	36,555	23.5%
Development cost charges	17,301	23,597	(6,296)	(26.7%)
Miscellaneous revenue	19,966	15,349	4,616	30.1%
Sub Total Continuing Operations	**2,618,408**	**2,191,013**	**427,394**	**19.5%**
Gain (Loss) on disposal on tangible capital assets	8,085	(358)	8,443	> (200.0%)
Total Revenue	**2,626,493**	**2,190,655**	**435,837**	**19.9%**

[1] 2023 Budget has been restated to conform with the consolidated financial statement presentation adopted in 2023 and to reflect budget transfers during the year.

Total revenue of $2.6 billion was $435.8 million (19.9 per cent) favourable to budget, mainly due to $478.9 million of Provincial relief funding revenue recognized upon signing the agreement in March 2023. Excluding Senior Government relief funding, revenue was $43.1 million (2.0 per cent) unfavourable to budget due to lower revenue recognized from Senior Government capital funding of $118.0 million, due to project delays deferring revenue recognition, and lower fuel tax revenue, mainly due to a refund of previous fuel tax overpayment. This was partially offset by higher transit revenue and investment income.

Taxation

TAXATION REVENUES			ACTUAL TO BUDGET	
Year ended December 31	ACTUAL	BUDGET	BUDGET VARIANCE	
($ thousands)	2023	2023	Fav/ (Unfav)	%
Fuel tax	390,524	400,439	(9,915)	(2.5%)
Property tax	463,133	459,828	3,305	0.7%
Parking sales tax	83,757	87,073	(3,316)	(3.8%)
Hydro levy	23,080	23,065	15	0.1%
Replacement tax	17,918	18,000	(82)	(0.5%)
Total Taxation	**978,412**	**988,405**	**(9,993)**	**(1.0%)**

Taxation revenues are comprised of taxes collected on fuel, property and replacement taxes, parking sales tax and the hydro levy. Total taxation revenues were $10.0 million (1.0 per cent) unfavourable to the budget.

Fuel tax revenue was $9.9 million (2.5 per cent) unfavourable to budget mainly due to a refund of previous fuel tax overpayment in the first quarter of the year. Lower gasoline volumes were partially offset by higher than expected diesel volumes for the year.

Parking sales tax was $3.3 million (3.8 per cent) unfavourable to budget, mainly due to lower than budgeted parking usage.

Property tax revenue was favourable by $3.3 million (0.7 per cent) compared to budget mainly due to a higher-than-expected non-market change rate as a result of new construction and zoning.

Transit

TRANSIT REVENUES	ACTUAL TO BUDGET			
Year ended December 31	ACTUAL	BUDGET	BUDGET VARIANCE	
($ thousands)	2023	2023	Fav/ (Unfav)	%
Fares	493,006	461,453	31,553	6.8%
Program	135,571	132,544	3,027	2.3%
Total Fare and Program Revenue	**628,577**	**593,997**	**34,580**	**5.8%**
Other	42,983	36,001	6,982	19.4%
Total Transit	**671,560**	**629,998**	**41,562**	**6.6%**

Revenue from fares was $493.0 million, which is $31.6 million (6.8 per cent) favourable to budget due to higher than expected ridership, partially driven by population growth as well as a continued return to on-site work.

Program revenue was $3.0 million (2.3 per cent) favourable to budget, totalling $135.6 million. University enrollments and U-Pass BC uptake were higher than expected, along with higher than budgeted BC Government Bus Pass program registrations.

Other transit revenue was favourable to budget by $7.0 million (19.4 per cent) mainly due to higher than budgeted carbon credit revenue. Advertising, parking, and fare infraction revenue were also favourable to budget.

Government Transfers

GOVERNMENT TRANSFERS	ACTUAL TO BUDGET			
Year ended December 31	ACTUAL	BUDGET	BUDGET VARIANCE	
($ thousands)	2023	2023	Fav/ (Unfav)	%
Senior Government Relief Funding	478,926	-	478,926	100%
Senior Government funding	169,474	287,451	(117,977)	(41.0%)
Golden Ears Bridge tolling replacement revenue	67,268	67,267	1	-
Total Government Transfers	**715,668**	**354,718**	**360,950**	**101.8%**

Revenue recognized from government transfers was $715.7 million, which includes Senior Government relief funding, the Greater Vancouver Regional Fund (GVRF), Investing in Canada Infrastructure Program (ICIP), the Public Transit Infrastructure Fund (PTIF), Canada Line funding, Build Canada Fund, and other miscellaneous programs. In addition, there is an annual portion of revenue recognized from funding provided by the Province of BC in lieu of tolling revenue on the Golden Ears Bridge, as bridge tolling was eliminated on September 1, 2017.

The total government transfers were $361.0 million favourable to budget due to the recognition of $478.9 million of Senior Government relief funding in March 2023, as required by Canadian public sector accounting standards, which was unbudgeted. This was partially offset by lower than budgeted recognition of revenue from Senior Government capital funding which was $118.0 million unfavorable to budget, primarily due to timing of vehicle deliveries and construction delays. These delays have shifted the revenue recognition of Senior Government funding associated with those projects.

Investment Income

Investment Income was $36.6 million (23.5 per cent) favourable to budget primarily due to higher than budgeted interest rates driven by the Bank of Canada's policy activity, and higher cash and investment balances.

Development Cost Charges

The DCC program revenue was $6.3 million (26.7 per cent) unfavourable to budget due to delays in eligible capital projects, resulting in less revenue recognized than expected.

Miscellaneous Revenue

Miscellaneous revenue was $4.6 million (30.1 per cent) favourable to budget mainly due to higher revenue received for projects in 2023, along with favourable miscellaneous recoveries.

Gain (Loss) on Disposal of Assets

Gain on disposal of assets was $8.4 million favourable to budget mainly due to the unbudgeted sale of a Park and Ride site during the year.

Consolidated Expenses – Comparison to 2022

CONSOLIDATED EXPENSES (BY SEGMENT)			YEAR OVER YEAR	
Year ended December 31	ACTUAL		CHANGE	
($ thousands)	2023	2022[2]	Fav/ (Unfav)	%
Bus Operations	945,537	860,510	(85,027)	(9.9%)
Rail Operations	404,951	363,550	(41,401)	(11.4%)
Transit Police	52,706	48,070	(4,636)	(9.6%)
Corporate Operations	139,367	120,837	(18,530)	(15.3%)
Roads and Bridges	151,116	109,415	(41,701)	(38.1%)
Amortization of Capital Assets [1]	259,680	250,019	(9,661)	(3.9%)
Interest [1]	180,455	181,357	902	0.5%
Sub Total Continuing Operations	**2,133,812**	**1,933,758**	**(200,054)**	**(10.3%)**
Corporate One-time	19,778	71,143	51,365	72.2%
Total Expenses by Segment	**2,153,590**	**2,004,901**	**(148,689)**	**(7.4%)**

[1] Amortization and interest are shown separately to facilitate analysis.
[2] 2022 Actuals have been reclassified to conform with the consolidated financial statement presentation adopted in 2023.

TransLink's consolidated operating expenses were $148.7 million (7.4 per cent) higher than 2022 mainly due to contractual and economic labour increases, higher inflationary pressures, increased maintenance to keep assets in a state of good repair, higher capital infrastructure contributions due to timing of projects, and higher amortization. This was partially offset by lower year-over-year one-time costs.

Bus Operations operating expenses were $85.0 million (9.9 per cent) higher than 2022 mainly due to higher labour costs as a result of contractual increases, material, and maintenance costs due to continued inflation, and more maintenance work required due to fleet age. Access Transit costs were higher as a result of contract rate increases and higher demand; similarly, contracted services costs were higher due to contract rate increases and changes in service.

Rail Operations operating expenses were $41.4 million (11.4 per cent) higher than 2022 mainly due to economic and contractual increases, increased staffing to support state of good repair and other key initiatives, higher overtime for vacancy and absenteeism coverage, increased maintenance activities and higher inventory parts expenses.

Transit Police expenses were $4.6 million (9.6 per cent) higher than 2022 largely due to higher salary and benefit costs as a result of contractual wage increases, and additional headcount, as well as higher administrative costs mainly as a result of an increase in business technology costs.

Corporate Operations expenses were $18.5 million (15.3 per cent) higher than 2022, mainly due to higher labour costs, higher IT service and equipment costs, and higher professional fees for Transit Oriented Development projects. Higher expenditures were partially offset by lower rental expenses and property taxes.

Roads and Bridges expenses were $41.7 million (38.1 per cent) higher than 2022 mainly due to major progress of Rapid Bus R6 project in 2023, as well as more municipalities' projects being completed in 2023 which resulted in higher capital infrastructure contributions than in 2022.

Amortization in 2023 was $9.7 million (3.9 per cent) higher as compared to 2022 due to an adjustment to capture asset capitalization relating to prior periods.

Interest expense decreased by $0.9 million (0.5 per cent) compared to 2022 mainly due to higher interest capitalization driven by increased average rates in 2023 and higher capital spending, partially offset by higher long-term debt levels.

Corporate One-time expenses were $51.4 million (72.2 per cent) lower than 2022 which included a $44.9 million write-down of previously capitalized costs related to Surrey Newton Guilford (SNG) Light Rail Transit project, net of $14.6 million of deferred Senior Government funding related to this project, as well as a write-down of $8.9 million related to the descoping of the Burrard Station Upgrade Project.

Consolidated Expenses – Comparison to Budget

CONSOLIDATED EXPENSES (BY SEGMENT)	ACTUAL TO BUDGET			
Year ended December 31	ACTUAL	BUDGET	BUDGET VARIANCE	
($ thousands)	2023	2023[2]	Fav/ (Unfav)	%
Bus Operations	945,537	934,378	(11,159)	(1.2%)
Rail Operations	404,951	408,186	3,235	0.8%
Transit Police	52,706	52,821	115	0.2%
Corporate Operations	139,367	140,036	669	0.5%
Roads and Bridges	151,116	157,182	6,066	3.9%
Amortization of Capital Assets [1]	259,680	268,637	8,957	3.3%
Interest [1]	180,455	188,393	7,938	4.2%
Sub Total Continuing Operations	**2,133,812**	**2,149,633**	**15,821**	**0.7%**
Corporate One-time	19,778	35,859	16,081	44.8%
Total Expenses by Segment	**2,153,590**	**2,185,492**	**31,902**	**1.5%**

[1] Amortization and interest are shown separately to facilitate analysis.
[2] 2023 Budget has been restated to conform with the consolidated financial statement presentation adopted in 2023 and to reflect budget transfers during the year.

In 2023, 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. Excluding amortization and interest, expenses from continuing operations were $1.1 million unfavourable to budget. Savings derived during the year helped to manage global inflationary cost pressures, most notably in labour costs, fuel, and inventory parts and repairs.

Bus Operations operating expenses were $11.2 million (1.2 per cent) unfavourable to budget mainly due to higher labour costs from negotiated contractual increases, higher material and maintenance costs due to inflation and maintaining an aging fleet, and higher fuel and power cost due to inflationary pressure on natural gas prices and higher consumption rates than budgeted for diesel. The unfavourable variances were partially offset by lower Access Transit costs due to lower than expected demand.

Rail Operations operating expenses were $3.2 million (0.8 per cent) favourable to budget mainly due to savings from vacancies and lower benefits costs, lower professional fees, and lower contracted services costs for West Coast Express. The favourable variance was partially offset by higher maintenance expenses, mostly driven by higher inventory parts expenses and structural maintenance, higher labour costs from negotiated contractual increases, higher overtime to ensure adequate staff coverage, and higher Canada Line contract costs due to inflation.

Transit Police operating expenses were $0.1 million (0.2 per cent) favourable to budget mainly due to hiring delays of Community Safety Officers and unfilled vacancies, partly offset by higher than planned wage and benefit increases, increased fleet costs and higher radio equipment levies.

Corporate Operations operating expenditures were $0.7 million (0.5 per cent) favourable to budget primarily due to lower occupancy costs, lower professional fees for Transit Oriented Development projects, lower cloud services, radio and telecommunication equipment costs, partially offset by higher labour costs from contractual and economic increases, and higher credit card fees as a result of higher than expected ridership.

Roads and Bridges spending was $6.1 million (3.9 per cent) favourable to budget primarily due to timing of municipalities' work resulting in lower than anticipated capital infrastructure contributions.

Amortization was $9.0 million (3.3 per cent) favourable to budget due to delays in assets coming into service, largely attributed to project delays and delays in vehicle deliveries.

Interest expense for 2023 was $7.9 million (4.2 per cent) favourable to budget mainly due to timing of debt issuance and Commercial Paper program not being utilized, partially offset by lower than budgeted interest capitalization as a result of lower than budgeted capital spending.

Corporate One-time costs were $16.1 million (44.8 per cent) favourable to budget, mainly due to reduced expenditures in professional fees as a result of project deferrals, scope changes and timing across several projects, unused operating contingency, and cancellation of multiple feasibility studies.

Consolidated Expenses by Category – Comparison to 2022

CONSOLIDATED EXPENSES (BY CATEGORY) Year ended December 31 ($ thousands)	2023 Actual			2022 Actual [2]			Ongoing Expenses	
	Ongoing	One-time [1]	Total	Ongoing	One-time [1]	Total	Fav/ (Unfav)	%
Administration	65,183	175	65,358	54,491	302	54,793	(10,692)	(19.6%)
Amortization of tangible capital assets	259,680	-	259,680	250,019	-	250,019	(9,661)	(3.9%)
Capital infrastructure contributions	76,433	-	76,433	60,666	-	60,666	(15,767)	(26.0%)
Contracted services	257,653	-	257,653	236,583	-	236,583	(21,070)	(8.9%)
Fuel and power	89,420	-	89,420	89,996	-	89,996	576	0.6%
Insurance	24,484	-	24,484	25,290	-	25,290	806	3.2%
Interest	180,455	-	180,455	181,357	-	181,357	902	0.5%
Maintenance, materials and utilities	229,788	317	230,105	181,990	892	182,882	(47,798)	(26.3%)
Professional and legal	30,346	15,088	45,434	19,707	13,268	32,975	(10,639)	(54.0%)
Rentals, leases and property tax	37,677	-	37,677	38,590	-	38,590	913	2.4%
Salaries, wages and benefits	882,693	4,198	886,891	795,069	2,926	797,995	(87,624)	(11.0%)
Write-down of tangible capital assets	-	-	-	-	53,755	53,755	-	-
Total Expenses by Category	**2,133,812**	**19,778**	**2,153,590**	**1,933,758**	**71,143**	**2,004,901**	**(200,054)**	**(10.3%)**

[1] One-time expenses shown separately to facilitate analysis.
[2] 2022 Actuals have been reclassified to conform with the consolidated financial statement presentation adopted in 2023.

Ongoing Expenses

Administration costs were $10.7 million (19.6 per cent) higher than 2022 mainly due to higher Business Technology services costs, higher credit card fees and passes/faresavers costs due to increased ridership and transit usage, additional spend on ridership development and community outreach initiatives such as car free days, and higher training and recruitment fees.

Amortization expense was $9.7 million (3.9 per cent) higher as compared to 2022 due to an adjustment to capture asset capitalization relating to prior periods.

Capital infrastructure contributions increased by $15.8 million (26.0 per cent) compared to 2022 due to the timing of capital infrastructure contributions to municipalities.

Contracted services increased by $21.1 million (8.9 per cent) compared to 2022 mainly due to higher contractual costs for Canada Line due to inflation and Access Transit from increased demand for HandyDART, as well as cost associated with contractors for Langley detour needed for re-routing buses.

Fuel and power costs decreased slightly by $0.6 million (0.6 per cent) compared to 2022 mainly due to lower diesel prices.

Insurance costs decreased by $0.8 million (3.2 per cent) compared to 2022 due to a decrease in vehicle insurance rates.

Interest expense decreased by $0.9 million (0.5 per cent) compared to 2022 due to higher interest capitalization driven by increased average rates in 2023 and higher capital spending, partially offset by higher long-term debt levels.

Maintenance, materials, and utilities increased by $47.8 million (26.3 per cent) compared to 2022 mainly due to higher material parts prices as a result of global supply chain shortages and inflation, as well as higher maintenance to keep assets in a state of good repair and increased service.

Professional and legal fees increased by $10.6 million (54.0 per cent) compared to 2022 mainly due to higher IT security costs, higher professional fees for the Transit Oriented Development (TOD), organizational development, and compensation evaluation.

Rentals, leases, and property tax expenses decreased slightly by $0.9 million (2.4 per cent) compared to 2022 mainly due to lower rental costs.

Salaries and wages increased $87.6 million (11.0 per cent) compared to 2022 mainly due to negotiated contractual and economic labour increases and increase in headcount in 2023.

Consolidated Expenses by Category – Comparison to Budget

CONSOLIDATED EXPENSES (BY CATEGORY) Year ended December 31 ($ thousands)	2023 Actual			2023 Budget [2]			Ongoing Expenses	
	Ongoing	One-time [1]	Total	Ongoing	One-time [1]	Total	Fav/ (Unfav)	%
Administration	65,183	175	65,358	66,284	1,206	67,490	1,101	1.7%
Amortization of tangible capital assets	259,680	-	259,680	268,637	-	268,637	8,957	3.3%
Capital infrastructure contributions	76,433	-	76,433	84,577	-	84,577	8,144	9.6%
Contracted services	257,653	-	257,653	256,595	-	256,595	(1,058)	(0.4%)
Fuel and power	89,420	-	89,420	87,065	-	87,065	(2,355)	(2.7%)
Insurance	24,484	-	24,484	27,027	-	27,027	2,543	9.4%
Interest	180,455	-	180,455	188,393	-	188,393	7,938	4.2%
Maintenance, materials and utilities	229,788	317	230,105	222,151	5	222,156	(7,637)	(3.4%)
Professional and legal	30,346	15,088	45,434	30,026	25,881	55,907	(320)	(1.1%)
Rentals, leases and property tax	37,677	-	37,677	46,494	-	46,494	8,817	19.0%
Salaries, wages and benefits	882,693	4,198	886,891	872,384	8,767	881,151	(10,309)	(1.2%)
Total Expenses by Category	**2,133,812**	**19,778**	**2,153,590**	**2,149,633**	**35,859**	**2,185,492**	**15,821**	**0.7%**

[1] One-time expenses shown separately to facilitate analysis.
[2] 2023 Budget has been restated to conform with the consolidated financial statement presentation adopted for the current year and to reflect budget transfers during the year.

Ongoing Expenses

Administration expenses were $1.1 million (1.7 per cent) favourable to budget mainly due to lower training costs and lower software licensing, IT service costs and telecommunication costs.

Amortization was $9.0 million (3.3 per cent) favourable to budget due to lower-than-expected capitalization, largely attributed to project delays and delays in vehicle deliveries.

Capital infrastructure contributions were $8.1 million (9.6 per cent) favourable to budget mainly due to timing of municipal projects.

Contracted services costs were $1.1 million (0.4 per cent) unfavourable to budget mainly due to higher contracted rates driven by inflation, partly offset by lower Access Transit contracted services costs as a result of lower than budgeted demand for HandyDART, and lower contracted services for West Coast Express resulting from a contractual discount.

Fuel and power costs were $2.4 million (2.7 per cent) unfavourable to budget mainly due to inflationary pressure on fuel prices.

Insurance expense was $2.5 million (9.4 per cent) favourable to budget mainly due to lower service kilometers and lower insurance rates and premiums.

Interest expense for 2023 was $7.9 million (4.2 per cent) favourable to budget mainly due to timing of debt issuance and Commercial Paper program not being utilized, partially offset by lower than budgeted interest capitalization as a result of lower-than-expected capital spending.

Maintenance, materials and utilities expenses were $7.6 million (3.4 per cent) unfavourable to budget mainly due to higher material costs as a result of inflation.

Professional and legal fees were $0.3 million (1.1 per cent) unfavourable to budget mainly due to timing of projects and changes in planned work.

Rentals, leases, and property tax expenses were $8.8 million (19.0 per cent) favourable to budget mainly due to lower rental expenses mainly as a result of the reversal of prior year accrual, and lower property taxes than anticipated.

Salaries and wages were $10.3 million (1.2 per cent) unfavourable to budget mainly due to negotiated contractual and economic labour increases, partially offset by savings from vacancies.

4. Capital Program

TransLink's investment in capital assets continues to grow, with the focus of supporting enterprise priorities. The capital program is robust and managed with strong governance and oversight. As of December 31, 2023, TransLink's total approved capital program budget was $8.9 billion, which includes:

- $5.8 billion in active capital projects;
- $0.1 billion in Approved-In-Principle (AIP) capital projects;
- $2.4 billion in substantially complete capital projects; and
- $0.7 billion in capital infrastructure contributions to municipalities

SUMMARY OF CAPITAL PROGRAM As of December 31, 2023 ($ thousands)	Number of Projects	Total Current Budget	Final Forecast Cost	Forecast Variance to Current Budget Fav/(Unfav)	%	Senior Government Funding (Committed)
Capital Projects						
Active	154	5,789,991	5,774,314	15,677	0.3%	2,372,364
AIP	15	70,702	70,702	-	-	9,741
Substantially Complete	141	2,360,771	2,258,342	102,429	4.3%	925,759
Subtotal	**310**	**8,221,464**	**8,103,358**	**118,106**	**1.4%**	**3,307,864**
Capital Infrastructure Contributions						
Active	41	656,608	644,342	12,266	1.9%	-
Substantially Complete	1	10,062	9,576	486	4.8%	-
Subtotal	**42**	**666,670**	**653,918**	**12,752**	**1.9%**	**-**
Total Capital Program	**352**	**8,888,134**	**8,757,276**	**130,858**	**1.5%**	**3,307,864**

The capital program is supported in part by $3.3 billion in committed funding available to TransLink from the Canada Community Building Fund (formerly the Federal Gas Tax Fund), Public Transit Infrastructure Fund (PTIF), and Investing in Canada Infrastructure Program (ICIP). External funding programs apply to eligible projects within the capital program. For the Canada Community Building Fund, TransLink receives approval and funding in advance of project initiation. These funds are held in restricted cash and treated as deferred government transfers until costs are incurred in the approved projects, at which time funds are released to general operating funds and government transfers revenue is recognized. For PTIF and ICIP TransLink incurs the costs of the projects which are recovered through invoicing the Province for the portion that is funded per the respective agreements. Revenue for these programs is amortized based on the terms of the respective agreements.

Active and Substantially Complete Capital Projects

As of December 31, 2023, there were 295 active and substantially complete projects with a final forecasted cost of $8.0 billion. The total costs incurred for these projects during the year were $632.1 million.

SUMMARY OF ACTIVE PROJECTS As of December 31, 2023 ($ thousands)	Number of Projects	Current Budget	2023 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Forecast Variance to Current Budget Fav/(Unfav)	%	Senior Government Funding (Committed)
Active								
Equipment	19	139,575	17,295	68,138	136,172	3,403	2.4%	15,921
Infrastructure	60	770,842	139,950	231,518	765,561	5,281	0.7%	215,334
Major Construction	13	3,078,214	246,529	685,405	3,083,267	(5,053)	(0.2%)	884,664
Technology	24	176,860	28,937	74,380	164,479	12,381	7.0%	-
Vehicle	28	893,471	36,409	102,737	879,875	13,596	1.5%	818,123
Facilities	10	731,029	67,265	114,731	744,960	(13,931)	(1.9%)	438,322
Subtotal (Active Capital Projects)	**154**	**5,789,991**	**536,385**	**1,276,909**	**5,774,314**	**15,677**	**0.3%**	**2,372,364**
Substantially Complete	**141**	**2,360,771**	**95,706**	**2,222,877**	**2,258,342**	**102,429**	**4.3%**	**925,759**
Total Active Capital Projects	**295**	**8,150,762**	**632,091**	**3,499,786**	**8,032,656**	**118,106**	**1.4%**	**3,298,123**

Active Capital Projects

As of December 31, 2023, there were 154 active projects with expenditures of $536.4 million for the year and $1.3 billion in cumulative spending to date. A comparison of active project budgets against forecasted final costs shows a favorable variance of $15.7 million (0.3 per cent).

Infrastructure spending of $140.0 million for the year includes $32.7 million spent on the Investments in Transit Priority on Priority Rapid Bus Corridors and $21.2 million on the Edmonds Operations and Maintenance Centre (OMC) Capacity Upgrade.

Major Construction spending of $246.5 million for the year includes $91.7 million spent on a new Operations and Maintenance Centre for vehicle storage and maintenance, $81.0 million on the SkyTrain Operation Control Centre, and $25.5 million on the Expo and Millennium Fleet Acquisition Phase 2.

Vehicle spending of $36.4 million for the year includes $20.9 million spent on the 2020 Conventional Bus Expansion and $7.6 million on 2020 Conventional Bus Replacements.

Facilities spending of $67.3 million for the year includes $23.7 million spent on the Canada Line Capstan Station and $32.5 million on the Marpole Transit Centre project.

Substantially Complete Capital Projects

As of December 31, 2023, there were 141 projects with a total budget of $2.4 billion deemed substantially complete with $95.7 million spent during the year. These projects are in the final stages of project activity. The total expected favorable variance for these projects at completion is $102.4 million (4.3 per cent).

Notable projects that were substantially completed during the year include:

- BCRTC Enterprise Asset Management Implementation with total project cost to date of $59.1 million
- Finance and Supply Chain Enterprise Resource Planning (ERP) Implementation with total project cost to date of $43.8 million

- 2021 Community Shuttle Replacement with total project cost to date of $13.8 million
- 2022 Running Rail Replacement with total project cost to date of $11.4 million

Approved in Principle (AIP) Capital Projects

As of December 31, 2023, there were 15 AIP projects remaining to be initiated with a total budget of $70.7 million. Of the 15 projects, five projects with a budget of $13.7 million were carried forward from prior years and 10 projects with a budget of $57.0 million are new in 2023.

SUMMARY OF AIP PROJECTS				
As of December 31, 2023 ($ thousands)		Number of Projects	Current Budget	Senior Government Funding (Committed)
Capital Projects				
	Equipment	1	4,316	-
	Infrastructure	10	56,383	7,231
	Technology	3	7,350	-
	Vehicle	1	2,653	2,510
Total AIP Projects		**15**	**70,702**	**9,741**

Significant projects remaining in AIP include:

- SkyTrain Advanced Radio System – Phase 3 with a budget of $22.0 million
- Port Coquitlam Transit Centre Infrastructure to Support Battery Electric Buses – Phase 2 with a budget of $15.0 million
- BCRTC – System-wide HVAC Replacement with a budget of $5.5 million

Closed Capital Projects

During the year ended December 31, 2023, 28 projects with a final cost of $59.4 million and an approved budget of $66.5 million were completed and closed. Significant closed projects include the Richmond Transit Centre Facility Upgrades to accommodate double decker buses, 2019 Expo Line Running Rail Replacement Implementation and Scott Road Skytrain Station Accessibility Upgrades – Phase 2.

Cancelled Capital Projects

During the year ended December 31, 2023, four projects with budgets totalling $15.3 million were cancelled, including:

- Station Ground Switch Replacement ($7.5 million) project cancelled due to resource constraints and competing priorities from other projects;
- New SFU Exchange Contribution ($3.2 million) project cancelled due to uncertainty in scope, schedule and budget. Resubmission is expected at a future date; and
- Technical Drawings and Library Management Systems (TDLS) Phase 1 ($3.1 million) project cancelled due to substantial changes in scope. Resubmission is expected at a future date.

Capital Infrastructure Contributions

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

As of December 31, 2023, there were 42 active projects with a budget of $666.7 million. The majority of the $64.2 million in contributions in the year relate to the Pavement Rehabilitation Program funded under the Major Road Network Program.

SUMMARY OF INFRASTRUCTURE CONTRIBUTION PROGRAMS						Forecast Variance to Current Budget	
As of December 31, 2023 ($ thousands)	Number of Projects	Current Budget	2023 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Fav/ (Unfav)	%
MRN Structurers Funding Program	6	93,963	7,637	13,911	92,447	1,516	1.6%
Major Road Network and Bike Upgrades	12	274,264	16,036	167,140	268,809	5,455	2.0%
Pavement Rehabilitation Program	6	139,711	25,847	137,566	138,392	1,319	0.9%
Bicycle Infrastructure Capital Cost Share (BICCS)	6	98,748	11,753	27,381	97,326	1,422	1.4%
Bus, Speed, Reliability, and Infrastructure (BSRI)	5	24,507	502	3,766	23,170	1,337	5.5%
Walking Infrastructure to Transit (WITT)	7	35,477	2,460	11,739	33,774	1,703	4.8%
Grand Total	**42**	**666,670**	**64,235**	**361,503**	**653,918**	**12,752**	**1.9%**

Development Cost Charges (DCC) Program

The DCC Program was established as part of the funding strategy for investments included in the Mayors' 10-Year Vision. TransLink's 2018 Phase Two Investment Plan outlined the capital project categories that would be supported by the DCC program. The categories include New Major Projects, SkyTrain and West Coast Express Expansions, Bus Exchange/Depot Upgrades and SeaBus Expansions. The total capital cost of the select project categories is estimated at $3.6 billion, of which $2.3 billion is TransLink's direct capital cost net of senior government funding. During the year ended December 31, 2023, TransLink recognized $17.3 million in DCC revenue and the funds have been proportionately allocated to eligible projects as follows:

SUMMARY OF DCC PROGRAM				
As of December 31, 2023 ($ thousands)	Current Budget	External Funding	TransLink Capital Cost	Allocation of DCC Received
Bus Exchange/Depot and SeaBus Expansion	783,396	462,950	320,446	503
New Major Projects	311,936	11,870	300,066	1,880
SkyTrain and West Coast Express Expansion	2,458,144	762,580	1,695,564	14,918
Total DCC Program	**3,553,476**	**1,237,400**	**2,316,076**	**17,301**

Capital Program – Comparison to 2023 Business Plan

As stated in the 2023 Business Plan, TransLink's capital program is aligned with the organization's current priorities of rebuilding customer ridership and ensuring a state of good repair while continuing to work on implementing key prioritized programs. The current capital program continues to address the emerging state of good repair investments needed to ensure existing assets serve customers and stakeholders safely, effectively and efficiently while advancing key expansion projects. The planned gross cash flows for all projects in the 2023 Business Plan were $1,092.7 million; the actual gross cash flow for all projects in 2023 were $697.2 million, a variance from plan of $395.5 million.

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

- Municipal requirements and extended timeframes in securing permits resulting in delays to construction commencement.
- Resource shortages across the industry affecting both supplies of materials and human resources causing project initiation delays and longer than anticipated procurement timeframes.
- Amendments and complexities experienced in the design phase of key projects causing delays to project schedules.
- Cost escalations experienced widely across TransLink's capital program resulting in reassessments of project scope and additional value engineering.
- Adjustments to vehicle acceptance schedules due to vendor delays and vehicle deficiencies identified upon review.

Major Construction Projects

Lower than planned spending in major construction projects is largely a result of delays experienced across several projects which have shifted cash flow spending to future years. Key project delays include:

- Updates to the design of the Operations and Maintenance Centre 4 (OMC 4) project and longer than anticipated onboarding of the general contractor.
- Global supply chain impacts affecting spare parts supply and milestone completion in the Expo Millennium Line Upgrades Program (EMUP) – Fleet Acquisition Program.
- Permitting and resource constraints causing construction delays in several Rail Expansion projects, such as Edmond OMC Capacity Upgrade, EMUP Propulsion Power Upgrades, and Station Access and Safety.
- Subcontractor delays affecting TransLink's integration services for the Broadway Subway Project (BSP).

These underspend variances were partially offset by EMUP – Rail Expansion Program Management and SkyTrain Operation Control Centre projects overspend due to cost escalations, prior year activities being delayed into 2023, and changes to procurement activity schedules.

Project Name *($ thousands)*	2023 Planned Spending	2023 Actual Spending*	Variance Underspend / (Overspend)
Automatic Train Control (ATC) Existing Equipment Replacement Program	14,663	6,937	7,726
Broadway Subway Project (BSP)	26,357	6,770	19,587
Edmonds OMC Capacity Upgrade	36,299	22,544	13,755

Project Name *($ thousands)*	2023 Planned Spending	2023 Actual Spending*	Variance Underspend / (Overspend)
EMUP – Optical Transportation Network	429	-	429
EMUP – Rail Expansion Program Management	9,431	17,811	(8,380)
EMUP – Propulsion Power Upgrades Expo and Millennium Lines	26,212	10,957	15,255
EMUP – Fleet Acquisition	45,567	25,497	20,070
OMC 5 Project Development	7,062	1,114	5,948
OMC 4 – Design and Implementation	102,342	92,882	9,460
Safety Assurance for Rail Expansion	481	-	481
SkyTrain Advanced Radio System Phase 1&2	15,993	3,055	12,938
SkyTrain Customer and Operations Telecommunications Upgrade Phase One – Four	6,101	3,330	2,771
SkyTrain Operation Control Centre	72,116	80,965	(8,849)
Station Access and Safety Project	29,970	17,845	12,125
Surrey-Langley SkyTrain (SLS) Project	7,856	3,165	4,691
Projects not captured in Business Plan	-	362	(362)
Major Construction Total	**400,879**	**293,234**	**107,645**

* 2023 Actual Spending includes activity for projects that are substantially complete or closed as at December 31, 2023.

Infrastructure Projects

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

- The Expo Line Elevator Replacement program has experienced a longer than anticipated procurement phase due to a change in equipment vendor and updates to the equipment design to add benefits and increase capacity.
- Port Coquitlam Transit Centre Infrastructure to Support Battery Electric Buses (BEBs) experienced a longer than anticipated vendor selection process.
- The Trolley Overhead (TOH) Rectifier Station State of Good Repair program experienced delays in the evaluation of site rezoning permits and due to a withdrawal of architectural services.
- TransLink Owned Bicycle Infrastructure program experienced delays primarily due to a restructuring of the program into specific scopes and delays in construction commencement in prior phases of the program.

Planned spending for 2023 infrastructure projects also included $9.1 million for Capital Program Inflation Contingency which does not individually incur spend but rather its budget is distributed to projects across TransLink's Capital Program to offset inflationary pressures, as needed.

These underspend variances were partially offset by the Investments in Transit Priority on Priority Rapid Bus Corridors project which experienced cost escalations in 2023 caused by complexity in site conditions and changes in project design.

Project Name *($ thousands)*	2023 Planned Spending	2023 Actual Spending*	Variance Underspend / (Overspend)
2019 – 2022 Bus Speed and Reliability	1,624	502	1,122
2022 BCRTC Roof Replacement	4,240	3,643	597
2023 CMBC Pavement Rehabilitation Asset Renewal Program (ARPg)	94	-	94
2023 CMBC Roof Replacement Program	3,197	48	3,149
ATC System Recovery and Operation Improvements	264	53	211
BCRTC – Distributed Maintenance Sites – Remote Reports	23	49	(26)
BCRTC – System-wide HVAC (Heating, Ventilation and Air Conditioning) Replacement	248	-	248
BCRTC Rail Switch Machines and Turnout Replacement Program (2023-2025)	7,297	5,513	1,784
Bike Parkades – State of Good Repair	420	-	420
Braille and Tactile Information at Bus Stops	2,873	1,335	1,538
Brentwood SkyTrain Station Upgrades – Phase One and Two	15,525	13,221	2,304
Broadway Station Track Intrusion System Upgrade	271	1,247	(976)
BTC Retaining Walls – Seismic Stabilization	3,551	818	2,733
Burnaby Mountain Gondola – Design	815	-	815
Burnaby Transit Centre South (BTCS) PowerSmart Upgrades – Implementation	1,302	-	1,302
Burrard Expo Line Station Upgrade – Escalator Replacement	10,085	8,039	2,046
Catwalk Program – Year 1 of 3	2,034	24	2,010
CMBC – Burnaby Transit Centre South (BTCS) Emergency Generator Replacement	801	31	770
CMBC Hoist Asset Renewal Program (ARPg) 2023	851	-	851
Coquitlam Central Multimodal Reconfiguration	450	-	450
Elevating Devices Asset Renewal Program – Millennium Line Escalators 2022	949	7	942
Expo Line Elevator Replacement	22,504	1,393	21,111
Expo Line Linear Induction Motors (LIM) Rail Replacement	856	-	856
Expo Line Surrey Power Rail Replacement	5,457	3,127	2,330
Expo Line Tunnels Ventilation System Rehabilitation	2,522	1,001	1,521
HandyDART Norland Facility	2,505	5,705	(3,200)
Haro Rectifier Safety and Security Improvements	61	80	(19)
Investments in Transit Priority on Priority Rapid Bus Corridors – Phase One and Two	26,391	35,973	(9,582)
Knight Street Bridge – Deck & Sidewalk Rehab – Design and Implementation	19,131	18,368	763
Metro Vancouver Transit Police (MVTP) – Hub Office Card Access Upgrade	100	85	15
Metro Vancouver Transit Police (MVTP) Bridgeport Deployment Office Upgrade	410	83	327

Project Name *($ thousands)*	2023 Planned Spending	2023 Actual Spending*	Variance Underspend / (Overspend)
New Simon Fraser University Exchange Contribution	1,559	-	1,559
Noise Mitigation Solution	1,905	345	1,560
OMC 1 – Space Optimization Design and Early Works	1,024	-	1,024
OMC 1 Yard Track Reconditioning Remaining Switches and Power Rail Design	516	-	516
Pattullo Bridge Rehabilitation	2,300	58	2,242
Phibbs Exchange Upgrade	5,412	1,625	3,787
Port Coquitlam Transit Centre Infrastructure to Support Battery Electric Buses (BEBs)	17,200	740	16,460
PowerSmart Upgrades – BTCS – Design	5	148	(143)
Replace 3 Escalators	4,080	2,061	2,019
Running Rail Replacement – 2019 and 2023	10,465	8,301	2,164
SeaBus Facility and Seawall Rehabilitation Year 1 of 2	2,500	2,768	(268)
Skytrain Roof Asset Renewal Program (ARPg)	1,370	-	1,370
SkyTrain Station Power Capacity – Phase Two	204	-	204
Stadium-Chinatown Station Upgrade – Concept Confirmation	1,564	-	1,564
Steveston Bus Exchange Improvements	455	-	455
TOH On-Street Infrastructure State of Good Repair Program 2021-2022	6,066	2,335	3,731
TOH Rectifier Station State of Good Repair Program 2021-2022	11,731	1,249	10,482
TransLink Owned Bicycle Infrastructure	7,438	286	7,152
Waterfront Station Power Systems Upgrade	2,617	2,839	(222)
WCE Facilities LED Lighting Retrofit	1,378	-	1,378
WCE Locomotive Refurbishment	1,993	3,631	(1,638)
WCE Substations Equipment Replacement	197	343	(146)
Westham Island Bridge Rehabilitation	2,070	4,436	(2,366)
Capital Program Inflation Contingency	9,090	-	9,090
Projects not captured in Business Plan	-	5,202	(5,202)
Infrastructure Total	**229,990**	**136,712**	**93,278**

* 2023 Actual Spending includes activity for projects that are substantially complete or closed as at December 31, 2023.

Facilities Projects

Lower than planned spending in facilities projects is a result of delays experienced across several significant projects which have shifted cash flows to future years. The Marpole Transit Centre project noted a complex permit approval process, unforeseen site conditions, and supply chain constraints. The Burnaby Transit Centre (BTC) Facility Improvements project had several factors contributing to slower than anticipated spending, including a schedule extension caused by a longer than anticipated period to secure the lease and delays in obtaining permits. The lower spending on CMBC Trolley Overhead – Skeena Relocation was due to the delays in commencement for tenant improvements on newly acquired property. The Port Coquitlam Transit Center Facility Improvements project was delayed due to longer than expected City approval timelines, design development, and cost escalations from subcontractors causing the scope to the reviewed and value-engineered where possible.

Project Name *($ thousands)*	2023 Planned Spending	2023 Actual Spending*	Variance Underspend / (Overspend)
BCRTC OMC 1 and 2 – Space Optimization and Modernization	175	190	(15)
BTC Facility Improvements for Phase Two Expansion	10,450	2,281	8,169
BTC Fleet Overhaul Maintenance- Lunch room Upgrades	842	783	59
BTC Master Plan – Pre-Design	2,235	11	2,224
Canada Line Capstan Station Project	20,502	23,718	(3,216)
CMBC Transit Centres and SeaBus Fuel Tanks Relocation/Replacement	89	-	89
CMBC Trolley Overhead – Skeena Relocation	7,139	640	6,499
Columbia Station Lift Replacement	195	369	(174)
Customer Amenities Pilot	1,026	1	1,025
Facility Upgrades to Accommodate Double Decker Buses	1,136	2,134	(998)
Marpole Transit Centre (MTC) – Implementation	51,746	32,540	19,206
MVTP Metrotown Hub Office 2022	474	0	474
OMC 1 Receiving Area and Storage Upgrades	579	276	303
OMC 1 3rd Floor Server Room Upgrade	650	96	554
OMC Perimeter Security Upgrade	896	-	896
Port Coquitlam Transit Center Facility Improvements	8,364	2,625	5,739
PowerSmart Upgrades – SeaBus – Design	696	-	696
SeaBus Facility Upgrades – Design	3,999	3,798	201
SeaBus Terminal Passenger Counting System Update	1,110	30	1,080
SeaBus Terminals Interior Refurbishment	3,961	4,406	(445)
Projects not captured in Business Plan	-	1,443	(1,443)
Facilities Total	**116,264**	**75,341**	**40,923**

* 2023 Actual Spending includes activity for projects that are substantially complete or closed as at December 31, 2023.

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 Replacement of Hegenscheidt Underfloor Lathe project was delayed due to a change in scope and schedule re-baseline, resulting in lower spending in 2023. The Expo Line Traction Power Equipment Replacement program and Automatic Train Control (ATC) Existing Equipment Replacement Program had lower than expected spending due to delays in project initiation caused by reprioritizing efforts and ensuring cohesive strategy across TransLink's capital program. The Replacement of Rotary Grinder program experienced a delay in grinder acceptance due to fabrication defects and design issues which pushed back the delivery from 2022 to 2023.

Project Name *($ thousands)*	2023 Planned Spending	2023 Actual Spending*	Variance Underspend / (Overspend)
ATC Existing Equipment Replacement Program	4,366	94	4,272
CMBC Facilities Camera Replacement	1,097	304	793
CMBC Hoist Asset Renewal Program	2,563	1,094	1,469

Project Name *($ thousands)*	2023 Planned Spending	2023 Actual Spending*	Variance Underspend / (Overspend)
Expo Line Traction Power Equipment Replacement	11,178	5,905	5,273
Guideway Clearing Equipment Implementation	269	-	269
Millennium Line Linear Heat Detector Upgrade Project	951	-	951
MVTP Police Equipment Replacement	284	161	123
Onboard Technology Assets Program (OTAP)	3,075	5,141	(2,066)
Rail Switch Machine Test Bench	493	24	469
Rail-borne Equipment Replacement	2,741	252	2,489
Replacement of Hegenscheidt Underfloor Lathe	6,338	251	6,087
Replacement of Rotary Grinder	9,112	11,153	(2,041)
SkyTrain Physical Security System	1,457	1,218	239
SkyTrain Training Simulator	152	-	152
Station Ground Switch Replacement	811	-	811
Uninterruptible Power Supply (UPS) Replacement and Design Standardization	621	-	621
Projects not captured in Business Plan	-	207	(207)
Equipment Total	**45,508**	**25,804**	**19,704**

*2023 Actual Spending includes activity for projects that are substantially complete or closed as at December 31, 2023.

Technology Projects

Lower than planned spending in technology projects is a result of delays experienced across several significant projects which have deferred spending to future years. The IT Services Resiliency Program was delayed as a result of shortfalls in resource availability to build the program's core. The 2018-2022 IT Infrastructure Refresh project experienced global supply chain shortages and delivery delays which pushed the delivery of technology infrastructure into future periods.

These underspend variances were partially offset by the Enterprise Resource Planning (ERP) program which incurred higher than planned spending in 2023 due to prior year delays in several deployments caused by underlying complexities of the rollouts, which pushed its cash flows into 2023. The CMBC CloudSuite Enterprise Asset Management (EAM) program was subsequently impacted by the above delays which shifted its cashflow spending into 2024 and beyond.

Project Name *($ thousands)*	2023 Planned Spending	2023 Actual Spending*	Variance Underspend / (Overspend)
2018-2022 IT Infrastructure Refresh	10,434	6,642	3,792
2018-2019 TransLink Software Application Renewal Program	399	-	399
2022 TransLink Analytics Program (TAP)	1,885	1,836	49
Access Transit Trapeze PASS – Additional Modules	178	105	73
BCRTC Payroll, Scheduling and Timekeeping	666	1,481	(815)
BCRTC Software Application Renewal Program	1,487	-	1,487
Bus Daily Operations Management System (DOMS) Product Migration	9,596	7,117	2,479
CMBC Employee Scheduling Implementation Project	1,446	-	1,446

Project Name *($ thousands)*	2023 Planned Spending	2023 Actual Spending*	Variance Underspend / (Overspend)
Compass Card System Updates	473	4	469
Cyber Security and IT Services Resiliency Program	9,508	1,799	7,709
Enterprise Health and Safety System	2,632	1,814	818
CMBC CloudSuite EAM Design & Implementation	11,092	7,580	3,512
ERP/Boundary Systems Remediation	1,121	-	1,121
Enterprise Resource Planning (ERP) Program	16,140	25,064	(8,924)
Future of Work Technology Enablement	35	318	(283)
Longview Update – TransLink Software Application Renewal Program (TSARP) 2023	340	84	256
Open Payment Acceptance at Compass	36	-	36
PeopleSoft Update – TSARP 2023	350	421	(71)
Provincial Digital Evidence Management Solution Implementation	515	279	236
Rebuild Customer Ridership	428	171	257
Technical Drawings and Library Management System (TDLS)	1,992	-	1,992
Vulnerability Management System	208	3	205
Projects not captured in Business Plan	-	2,988	(2,988)
Technology Total	**70,961**	**57,706**	**13,255**

* 2023 Actual Spending includes activity for projects that are substantially complete or closed as at December 31, 2023.

Major Road Network Projects

Lower than planned spending on Major Road Network (MRN) projects is 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 or longer through approved schedule extensions which has shifted cash flows into future years.

Project Name *($ thousands)*	2023 Planned Spending	2023 Actual Spending*	Variance Underspend / (Overspend)
2015-2022 Major Road Network and Bike Capital Program	32,353	16,036	16,317
2017-2022 Walking Infrastructure to Transit	3,706	2,460	1,246
2018-2022 Major Road Network Structures – Seismic Upgrades Upgrade Program	14,235	7,547	6,688
2018-2023 Bicycle Infrastructure Capital Cost	11,719	11,753	(34)
2019-2023 MRN Pavement Rehabilitation Program	28,660	27,007	1,653
MRN Total	**90,673**	**64,803**	**25,870**

* 2023 Actual Spending includes activity for projects that are substantially complete or closed as at December 31, 2023.

Vehicle Projects

Lower than planned spending on vehicle projects is largely a result of delivery delays caused by global supply chain shortages and extended vendor delivery timeframes. Several vehicle projects also initiated later than planned due to detailed evaluation of proposals and contract awards taking longer than anticipated. Additionally, deficiency issues identified upon vehicle delivery contributed to delays in bus acceptance. 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.

Project Name *($ thousands)*	2023 Planned Spending	2023 Actual Spending*	Variance Underspend / (Overspend)
2020 Community Shuttle Expansion (9 vehicles)	1,648	1,466	182
2020 Conventional Bus Expansion (68 buses)	45,902	20,926	24,976
2020 Conventional Bus Replacement (25 buses)	7,581	7,579	2
2020 HandyDART Expansion (10 vehicles)	24	-	24
2020 HandyDART Vehicle Replacement (42 vehicles)	120	46	74
2020 MK I Skytrain car Refurbishment (36 cars)	1,505	1,023	482
2021 BCRTC Service Support Vehicle Expansion (3 vehicles)	252	255	(3)
2021 Community Shuttle Expansion (9 vehicles)	-	9	(9)
2021 Community Shuttle Replacement (64 buses)	15,888	2,184	13,704
2021 Conventional Bus Expansion (25 buses)	3,429	528	2,901
2021 HandyDART Replacement (42 vehicles)	151	903	(752)
2021 Replacement of CMBC Service Support (22 vehicles)	64	174	(110)
2021 Replacement of HandyDART (44 vehicles)	1,159	3,279	(2,120)
2022 BCRTC SSV Replacement (2 vehicles)	164	151	13
2022 CMBC Service Support Vehicle Expansion (8 vehicles)	758	486	272
2022 CMBC Service Support Vehicle Replacement (23 vehicles)	1,676	952	724
2023 BCRTC Service Support Vehicles Replacement (4 vehicles)	8	-	8
2023 Community Shuttle Replacements (27 buses)	3,696	-	3,696
2023 HandyDART Vehicle Replacement (46 vehicles)	4,275	35	4,240
2023 MVTP Non-Revenue Vehicles Expansion (4 vehicles)	125	41	84
2023 MVTP Non-Revenue Vehicles Replacement (10 vehicles)	1,035	-	1,035
2024 Conventional Bus Replacement (50 compressed natural gas powered buses)	25,825	295	25,530
2024-2028 Conventional Bus Replacement (188 40’ trolleys)	108	647	(539)
Replacement of BCRTC Service Support Vehicles (6 vehicles)	350	297	53
Projects not captured in Business Plan	-	2,342	(2,342)
Vehicles Total	**115,743**	**43,618**	**72,125**

* 2023 Actual Spending includes activity for projects that are substantially complete or closed as at December 31, 2023.

5. Changes in Financial Position

Financial Assets

Financial Assets As at December 31 ($ thousands)	2023	2022	CHANGE	%
Cash and cash equivalents	276,248	622,558	(346,310)	(55.6%)
Accounts receivable	675,173	136,909	538,264	> 200.0%
Restricted cash and cash equivalents and investments	4,127,713	3,733,194	394,519	10.6%
Investments	394,831	235,289	159,542	67.8%
Debt reserve deposits	24,500	23,762	738	3.1%
Financial Assets	**5,498,465**	**4,751,712**	**746,753**	**15.7%**

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

- Cash and cash equivalents and investments
- Restricted cash and cash equivalents and investments

The increase in accounts receivable of $538.3 million was mainly due to Senior Government relief funding of $478.9 million and an increase in capital project funding outstanding from the Province.

Liabilities

Liabilities As at December 31 ($ thousands)	2023	2022	CHANGE	%
Accounts payable and accrued liabilities	615,595	400,206	215,389	53.8%
Debt	3,360,119	3,141,748	218,371	7.0%
Deferred government transfers	3,769,885	3,540,507	229,378	6.5%
Golden Ears Bridge contractor liability	983,403	999,512	(16,109)	(1.6%)
Deferred concessionaire credit	386,082	409,355	(23,273)	(5.7%)
Employee future benefits	140,093	141,202	(1,109)	(0.8%)
Deferred development cost charges	40,348	15,132	25,216	166.6%
Deferred revenue and deposits	82,745	73,646	9,099	12.4%
Deferred lease inducements	12,795	12,855	(60)	(0.5%)
Asset retirement obligation	26,952	-	26,952	100%
Liabilities	**9,418,017**	**8,734,163**	**683,854**	**7.8%**

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

Deferred government transfers liability increased by $229.4 million (6.5 per cent) primarily due to $329.6 million in funding received from the Canada Community Building Fund (formerly known as the Federal Gas Tax Fund), partially 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 change in employee future benefits, which represents post-retirement and post-employment benefits, was due to the amortization of actuarial gains offset by 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 $9.1 million (12.4 per cent) was mainly due to unearned transit fare revenue and Compass card deposits received.

Asset retirement obligations represent estimated future legal obligations requiring TransLink to remove or remediate certain tangible capital assets. Asset retirement obligations were recognized in 2023 pursuant to new Canadian public sector accounting standards requirements (*PSAS 3280 Asset Retirement Obligations*). TransLink adopted transitional provisions whereby comparative information was not restated. On initial recognition, an asset is recognized in the amount of the present value of future asset retirement obligation.

Non-Financial Assets

Non-Financial Assets As at December 31 ($ thousands)	2023	2022	CHANGE	%
Tangible capital assets	6,141,887	5,765,456	376,431	6.5%
Supplies inventory	128,609	97,310	31,299	32.2%
Property under development	20,102	19,599	503	2.6%
Prepaid capital	30,745	29,752	993	3.3%
Prepaid expenses	30,780	30,002	778	2.6%
Non-Financial Assets	**6,352,123**	**5,942,119**	**410,004**	**6.9%**

For the year ended December 31, 2023 tangible capital assets increased by a net amount of $376.4 million (6.5 per cent), which represents $637.2 million additions to capital assets, partially offset by $259.7 million in amortization and $1.1 million in asset disposals.

The additions of $637.2 million in 2023 were primarily composed of the following:

Additions to equipment of $170.2 million related to:

- $64.5 million for EAM / FSM ERP projects
- $44.7 million for Onboard Technology Assets Program Radio Replacement
- $16.0 million for assets related to asset retirement obligations with respect to equipment (see also Liabilities section)
- $7.4 million for replacement of Rotary Grinder #2

- $6.5 million for replacement of Rotary Grinder #1
- $31.1 million for other projects

Additions to other supporting systems of $102.9 million related to:

- $24.4 million for Power System Upgrades for Skytrain at OMC (SIR)
- $17.9 million for Skytrain Storage – Coquitlam VSF Expansion
- $16.2 million for Knight Street Bridge Sidewalk and Deck Rehabilitation
- $10.5 million for 2022 Running Rail Replacement
- $7.1 million for Waterfront Power Systems Upgrade
- $26.8 million for other projects

Additions to land, land improvements and buildings of $116.5 million related to:

- $45.9 million for purchase of the property at 2645 Skeena Street
- $24.4 million for purchase of the property at 3267 Norland Ave., Burnaby BC
- $5.6 million for SeaBus Maintenance and Storage Facilities Upgrades
- $4.9 million for assets related to asset retirement obligations with respect to buildings and land improvements (see also Liabilities section)
- $4.8 million for 2021 BCRTC Roof Replacement
- $4.1 million for SeaBus facility and Seawall SoGR
- $2.8 million for 2022 BCRTC Roof Replacement
- $2.6 million for tenant improvements on the new Waterfront Compass Service Centre
- $2.3 million for HTC Facility Upgrades for Double Decker Buses
- $19.1 million for other projects

Additions to vehicles of $42.4 million related to:

- $30.2 million for Conventional Buses
- $8.2 million for HandyDART vehicles
- $4.0 million for other projects

Net addition to work-in-progress of $205.2 million primarily related to:
Capital additions to work-in-progress of $526.0 million were partially offset by $322.0 million in transfers of completed projects into their respective asset classes, net of $1.2 million in completion of the PTIF Province owned assets. The movements in 2023 were mainly related to the following projects:

- Coquitlam OMC 4 (Storage & Maintenance Facility) - $70.7 million
- Skytrain Operation Control centre upgrades - $69.7 million
- Marpole Transit Centre (Pre-Design) - $27.2 million
- EMUP Fleet Acquisition Phase 2 - $21.1 million
- Other projects - $16.5 million

Supplies inventory increased by $31.3 million (32.2 per cent) from 2022, mainly due to inflationary price increases and longer delivery lead times necessitating more stock on hand.

Property under development represents TransLink's share of the real estate development costs. 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.

As the future operator of the future Surrey Langley SkyTrain (SLS) and lessee of assets related to the SLS, prepaid capital relates to TransLink's share of the SLS development costs.

6. Liquidity and Capital Resources

Cash Flows and Liquidity

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

Unrestricted Cash and Investments As at December 31 ($ thousands)	2023	2022	CHANGE	%
Cash and cash equivalents	276,248	622,558	(346,310)	(55.6%)
Investments	394,831	235,289	159,542	67.8%
Total	**671,079**	**857,847**	**(186,768)**	**(21.8%)**

TransLink's unrestricted cash and cash equivalents and investments balances reflect accumulated funding resources available for supporting operation. The balance decreased by $186.8 million (21.8 per cent) mainly due to net outflows from operations in 2023.

Restricted Funds

Restricted Cash and Cash Equivalents and Investments As at December 31 ($ thousands)	2023	2022	CHANGE	%
Government transfers for capital project funding	1,151,364	821,448	329,916	40.2%
GEB Restricted Funds[1]	2,019,966	2,000,420	19,546	1.0%
TPCC Cash and Investments	33,107	30,353	2,754	9.1%
Green Bond Proceeds	66	38	28	73.7%
Land reserve	281,780	349,494	(67,714)	(19.4%)
Development Cost Charges Funds	11,667	-	11,667	-
Sub-total	**3,497,950**	**3,201,753**	**296,197**	**9.3%**
Total Self-Administered Sinking Funds	629,763	531,441	98,322	18.5%
Total Restricted cash and investments	**4,127,713**	**3,733,194**	**394,519**	**10.6%**

[1] 2023 balance in GEB Restricted Funds Includes $148 million leveraged investment purchase which will settle on January 2, 2024.

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, Development Cost Charges funds to be spent on qualifying projects, and self-administered sinking funds. The purpose of the land reserve funds is to allow proceeds from the disposition of real property to be invested back into real property. The land reserve concept is consistent with the Mayors' Council 2012 resolution and the former TransLink Commissioner's comments that the supplemental plan (now known as the Investment Plan) should not liquidate capital assets to fund operations.

The increase in restricted cash and investments was $394.5 million (10.6 per cent) was mainly due to $325.8 million received for projects covered by the Canada Community Building Fund, net of releases on qualified capital projects. GEB restricted funds (excluding $148 million leverage investment purchase pending settlement) decreased by $128.5 million due to $170 million transfer of funds to eligible capital projects, partially offset by accrued investment income. TPCC's balance increase of $2.8 million (9.1 per cent) is mainly due to net investment income. The Green Bond Proceeds represent one day of interest from the bond issuance of $300.0 million in December 2023 prior to its release into unrestricted funds. The $67.7 million (19.4 per cent) decrease in the land reserve is mainly due to funds used for land purchases to prepare for current and future operations. $11.7 million of Development Cost Charges funds as of December 31, 2023 represent the balance that is yet to be spent on eligible capital projects. As of December 31, 2022 all Development Cost Charges funds received were deployed.

The $98.3 million (18.5 per cent) increase in self-administered sinking funds is due to regularly scheduled contributions to the fund combined with investment income from the fund.

Net Debt

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 (based on Canadian public sector accounting standards) 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)	2023	2022	CHANGE	%
Debt	3,360,119	3,141,748	218,371	7.0%
Less: Self-administered sinking funds	(629,763)	(531,441)	(98,322)	18.5%
Less: Debt reserve deposits	(24,500)	(23,762)	(738)	3.1%
Net Direct Debt	**2,705,856**	**2,586,545**	**119,311**	**4.6%**
Golden Ears Bridge contractor liability	983,403	999,512	(16,109)	(1.6%)
Deferred concessionaire credit	386,082	409,355	(23,273)	(5.7%)
Indirect P3 Debt	**1,369,485**	**1,408,867**	**(39,382)**	**(2.8%)**
Subtotal Net Direct Debt and Indirect P3 Debt	**4,075,341**	**3,995,412**	**79,929**	**2.0%**

Debt, which finances capital spending, increased by $218.4 million (7.0 per cent). This was the result of issuing a $300.0 million Green bond in December 2023, which included a $22.6 million discount, partially offset by contributions towards future MFABC debt maturities of $59.0 million.

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 2023, substantially all proceeds of TransLink's most recent green bond issuance have been spent on eligible projects.

Indirect P3 debt decreased by $39.4 million (2.8 per cent) due to the principal repayment of $16.1 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 $79.9 million (2.0 per cent), mainly due to direct borrowing net of sinking fund contributions and regular indirect debt amortization and repayment.

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	2023				2022			
As at December 31, 2023 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	Stable

Under the SCBCTA Act, TransLink's outstanding gross debt obligations cannot exceed TransLink's borrowing limit, which is currently $6.8 billion. Based on Section 31(1) under the "Borrowing by authority" of the SCBCTA Act, the debt limit can be increased on the basis of an amount proposed in an Investment Plan, "if the investment plan was approved by the Mayors' Council on regional transportation under section 204.1." This approval was received on May 26, 2022. 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.

As at December 31, 2023, TransLink's outstanding debt obligations, as defined above, were $4.04 billion, comprised of debt totaling $3.36 billion plus MFABC administered sinking funds of $0.68 billion and net of capital lease reductions since inception, unamortized issue costs and unamortized premiums/discounts of $2.4 million**.**

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, relief funding, capital project 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 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 2027 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, 2023, TransLink had sufficient liquid funds to meet its obligations and did not have amounts outstanding under commercial paper program.

In addition, TransLink's long-term debt is directly accessed through the Canadian public and private debt capital markets. Another important liquidity risk mitigation measure has been the establishment of a self-administered sinking fund program to provide dedicated and restricted funding. The sinking fund investment portfolio is being 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 risk 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 progressively become a much smaller component of TransLink's total operating expenses.

(d) Inflation Risk
TransLink is subject to inflation risk, i.e., the risk that price will rise faster than expected. Inflation risk continues to be considered moderate to high, with the December 2023 headline annual rate reported at 3.4 per cent, down from the peak of 8.1 per cent in May 2022. Recent high inflation has primarily been driven by price hikes in food (5.0 per cent) and shelter (6.0 per cent), but not by transportation (3.2 per cent) and gasoline (1.4 per cent). Inflation is expected to continue to decline from current levels but remain elevated throughout 2024 based on strong labour markets which would translate into higher wage growth. TransLink is actively monitoring its effects on procurement and project delivery.

Business Risk

As the region's multi-modal transportation system, TransLink is exposed to various business and operational risks, which represent the possibility of occurrence of an unfavorable event or inadequate internal process with the potential to impair the achievement of Enterprise priorities. TransLink manages these risks strategically through its Enterprise Risk Management (ERM) program.

Enterprise Risk Management (ERM) is a systematic process to identify, assess, and respond to risks that could negatively affect the achievement of TransLink's strategic priorities. TransLink's ERM Framework is used to ensure a consistent risk taxonomy structure across the Enterprise. Meetings are held with senior leaders and Executives to determine the material risks requiring Enterprise level attention. These risks are prioritized using a likelihood and impact matrix to determine the Top Enterprise risks for Board oversight. Treatment Plans are prepared by Risk Owners for purposes of periodic monitoring and reporting to the Board and Executives.

The ERM taxonomy structure broadly classifies risks into the following categories: Financial, Operational (Capital Infrastructure, Service Performance, Human Resources, Technology), Strategic (Reputation, Governance) and Compliance (Environment, Legal, Safety). The ERM program forms an integral part of the Enterprise's governance practices, through its integration with the annual business planning process. Further information on the key business risks currently being monitored can be found in the 2024 Business Plan.

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 January 2022, the Board of Directors, and the Mayors' Council for Regional Transportation approved the Climate Action Strategy and new greenhouse gas and climate targets for TransLink. This was followed in December 2022 with the Board's approval of the Climate Action Plan (CAP), which outlined seven strategies and 48 actions, over three years (2023-2025) on how TransLink was going to reduce its greenhouse gas emissions and ensure its operations and infrastructure are resilient the changing climate. Across the three-year Plan, 40 of 48 actions are on track (84 per cent). In 2023 (year one of the Plan), three actions have been completed, two have been incorporated with other actions (to improve effectiveness and efficiency), two have been bundled into work for 2024, and one has been delayed due to stakeholder engagement. As part of the Climate Action Plan, TransLink advanced the development of the Zero Emission Fleet Transition Plan which will supersede the Low Carbon Fleet Strategy (2021). The new Transition Plan will be completed in 2024 and will outline the high-level plan for TransLink to get to a zero-emission bus fleet by 2040 and reach its 2030 GHG reduction target of 45% against 2010 levels.

For 2024, the majority of actions under the Climate Action Plan are planned with approved budgets. These actions, together with TransLink's Emergency Management and Emergency Preparedness initiatives, will reduce the risk and vulnerabilities associated with climate change to infrastructure and operations. In December 2023, Climate Change Resilience was identified as a critical risk through TransLink's Enterprise Risk Management process. Additional work is being planned for 2024 and 2025 to address the physical and financial risks posed by climate change to the enterprise. Climate change is occurring at a rate faster than experts expected and Enterprise Sustainability and the Safety, Environment and Emergency Management division continue to monitor this and work across the enterprise to reduce the risk climate change poses to TransLink.

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 are expiration dates for bargaining unit agreements:

- CMBC's agreement with CUPE, Local 4500 – December 31, 2025;
- CMBC's agreements with Unifor, Local 111 and 2200 – March 31, 2026;
- CMBC's agreement with MoveUP – March 31, 2026;
- BCRTC's agreement with CUPE, Local 7000 – August 31, 2028;

- TSML's agreement with TPPA – December 31, 2025; and
- TransLink's agreement with MoveUP – March 31, 2026.

As result of all collective agreements being in place, the is no significant Labour Relations risk for 2024.

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 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. 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. High risk exceptions are escalated to the Board.

Appendix 1 – Audited Consolidated Financial Statements

The 2023 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)	2019	2020	2021	2022[1]	2023	Compound Annual Growth Rate (CAGR) 2019-2023
Taxation	907.0	850.0	899.4	978.1	978.4	1.9%
Transit	685.4	385.9	413.4	552.6	671.6	(0.5%)
Government transfers	398.5	149.8	172.0	251.1	236.7	(12.2%)
Amortization of deferred concessionaire credit	23.3	23.3	23.3	23.3	23.3	-
Investment income	58.0	53.8	52.9	109.1	192.2	34.9%
Development Cost Charges	-	19.7	44.8	25.2	17.3	n/a
Miscellaneous revenue	16.7	18.4	22.5	17.4	20.0	4.6%
Sub Total Continuing Operations	**2,089.0**	**1,500.9**	**1,628.3**	**1,956.8**	**2,139.5**	**0.5%**
Senior Government Relief Funding	-	644.0	31.8	176.0	478.9	n/a
Gain/loss on disposal of tangible capital assets	0.5	-	0.6	1.7	8.1	99.9%
Total Revenue	**2,089.4**	**2,144.9**	**1,660.6**	**2,134.5**	**2,626.5**	**4.7%**

[1] 2022 Actuals have been reclassified to conform with the consolidated financial statement presentation adopted in 2023.

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 0.5 per cent since 2019.

Taxation and transit revenues declined in 2020 due to impact of 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, and then increased significantly beyond pre-COVID levels in 2022, with a strong recovery in high fuel consumption, parking sales, and increased property taxes. Taxation revenue in 2023 remained consistent with 2022, with lower fuel taxation revenues offset by higher property tax and parking sales. Transit revenue in 2021 remained substantially below pre-pandemic levels despite a sustained recovery in ridership in the second half of 2021. Ridership continued its recovery in 2022 and 2023, reaching 70.8 per cent of pre-COVID levels in 2022 and 85.6 per cent of pre-COVID levels in 2023.

Government transfers excluding Senior Government relief funding decreased by 62.4 per cent from 2019 to 2020 as the replacement of conventional buses was significantly impacted by the production delays due to the COVID-19 pandemic and therefore resulted in lower government transfers revenue recognized. Government transfers increased in 2021 by 14.8 per cent and in 2022 by 46.0 per cent as delivery of buses ramped up. Additionally, in 2022 the revenue recognition of funds received under the Public Transit Infrastructure Fund (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. In 2023, the Government transfers decreased by 5.7 per cent compared to 2022, due to a greater volume of vehicle deliveries funded through the Canada Community Building Fund in 2022. Substantial decrease in revenue recognized from government contributions observed in 2020 was due to impacts of COVID, which slowed down construction and vehicle delivery. It resulted in a negative CAGR of 12.2 per cent over the five-year period. Excluding 2019, Government transfers have increased by a CAGR of 16.5 per cent from 2020 to 2023.

Investment income has grown at 34.9 per cent CAGR over the five-year period due to growing investment balances which include the sinking funds, interest earned on GEB toll replacement revenue funds, combined with increased interest rates driven by the Bank of Canada’s monetary policy.

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)	2019	2020	2021	2022[3]	2023	Compound Annual Growth Rate (CAGR) 2019-2023
Bus Operations [1]	766.6	760.6	806.3	860.5	945.5	5.4%
Rail Operations	324.2	316.5	346.7	363.6	405.0	5.7%
Transit Police	40.9	40.7	44.8	48.1	52.7	6.6%
Corporate operations	103.3	100.8	103.6	120.8	139.4	7.8%
Roads & Bridges	95.1	62.9	120.1	109.4	151.1	12.3%
Amortization of tangible capital assets [2]	212.9	229.4	233.8	250.0	259.7	5.1%
Interest [2]	195.0	189.3	182.0	181.4	180.5	(1.9%)
Sub Total Continuing Operations	**1,738.0**	**1,700.2**	**1,837.3**	**1,933.8**	**2,133.8**	**5.3%**
Corporate and Roads & Bridges One-time	18.2	15.1	21.8	71.1	19.8	2.2%
Total Expenses by Segment	**1,756.2**	**1,715.3**	**1,859.1**	**2,004.9**	**2,153.6**	**5.2%**

[1] Certain comparative information has been reclassified in 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.
[3] 2022 Actuals have been reclassified to conform with the consolidated financial statement presentation adopted in 2023.

Total expenses have grown by a CAGR of 5.2 per cent since 2019. Excluding One-time costs, the CAGR is 5.3 per cent, commensurate with service expansion, and rate of inflation.

Bus Operations costs have increased by a CAGR of 5.4 per cent, mainly due to increased labour costs as a result of negotiated contractual labour rate increases, and higher maintenance costs due to inflation and more maintenance work required for an aging fleet.

Rail Operations costs have increased by a CAGR of 5.7 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 6.6 per cent, mainly due to increased labour costs from contractual wage increases, additional headcount, higher property rental costs from expansion of head office space, and inflationary increases to materials and services.

Corporate Operations costs have increased by a CAGR of 7.8 per cent mainly due to increased labour costs, property tax increases as a result of higher property assessments, contractual increases and higher administration costs to support growing needs of the Enterprise.

Roads and Bridges costs have increased by a CAGR of 12.3 per cent, primarily due to increased capital infrastructure contributions to municipalities driven by a higher number of projects, major progress of the Rapid Bus R6 project in 2023, and cost inflation for MRN Operations and Maintenance work.

Amortization expense has increased by a CAGR of 5.1 per cent, mainly due to an increase in depreciable tangible capital assets.

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

5 YEAR CONSOLIDATED EXPENSES (BY CATEGORY) Year ended December 31 ($ millions)	2019	2020	2021	2022[2]	2023	Compound Annual Growth Rate (CAGR) 2019-2023
Administration	48.6	46.7	45.1	54.5	65.2	7.6%
Amortization of capital assets	212.9	229.4	233.8	250.0	259.7	5.1%
Capital infrastructure contributions	37.3	36.6	72.7	60.7	76.4	19.6%
Contracted services	222.5	215.4	223.0	236.6	257.7	3.7%
Fuel and power	67.8	55.9	67.2	90.0	89.4	7.2%
Insurance	28.4	29.3	24.6	25.3	24.5	(3.6%)
Interest	195.0	189.3	182.0	181.4	180.4	(1.9%)
Maintenance, materials and utilities [1]	180.2	148.2	171.5	182.0	229.8	6.3%
Professional and legal	18.3	14.7	15.8	19.7	30.3	13.4%
Rentals, leases and property tax	29.4	29.2	33.5	38.6	37.7	6.4%
Salaries, wages and benefits [1]	697.6	705.5	768.1	795.0	882.7	6.1%
Sub Total Continuing Operations	**1,738.0**	**1,700.2**	**1,837.3**	**1,933.8**	**2,133.8**	**5.3%**
Corporate and Roads & Bridges One-time	18.2	15.1	21.8	71.1	19.8	2.2%
Total Expenses by Category	**1,756.2**	**1,715.3**	**1,859.1**	**2,004.9**	**2,153.6**	**5.2%**

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

[2] 2022 Actuals have been reclassified to conform with the consolidated financial statement presentation adopted for 2023.

Administration costs have increased by a CAGR of 7.6 per cent since 2019, mainly due to an increase in telecommunications, network, IT security and software costs.

Amortization expense has increased by a CAGR of 5.1 per cent, mainly due to an increase in depreciable tangible capital assets.

Capital infrastructure contributions have increased by a CAGR of 19.6 per cent, mainly due to the progress on the existing projects alongside the addition of new project in 2023, thereby increasing the number of active projects.

Fuel and power have increased by a CAGR of 7.2 per cent, mainly due to an increase in fuel prices.

Maintenance, materials and utilities costs have increased by a CAGR of 6.3 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 increases in building maintenance, janitorial costs, hydro and snow removal costs.

Professional and legal costs have increased by a CAGR of 13.4 per cent, mainly due to higher professional fees for Transit Oriented Development projects and Rapid Bus.

The 6.4 per cent CAGR of rentals, leases and property tax costs is mainly due to new rental properties, increases in rental costs of existing properties and higher property taxes.

The CAGR for salaries, wages and benefits of 6.1 per cent is mainly due to increased labour costs as a result of negotiated contractual and economic labour increases.

Appendix 3 – Operating Indicators

OPERATING INDICATORS Year ended December 31	2019	2020	2021	2022	2023	Compound Annual Growth Rate (CAGR) 2019-2023 [16]
Safety: Customer Injuries (per 1 million boarded passengers) [1]						
Bus & SeaBus	3.9	4.4	4.9	3.7	3.8	(0.6%)
SkyTrain: Expo & Millennium Lines	0.9	1.0	1.1	0.9	1.0	2.7%
West Coast Express	0.4	-	1.9	-	-	-
HandyDART (per 100,000 boarded passengers)	0.7	1.3	3.0	0.9	1.4	18.9%
Safety: Employee Lost Time Frequency						
Bus & SeaBus (per 200,000 Hours Worked) [2, 2a]	8.1	7.4	7.9	8.5	8.4	0.9%
SkyTrain: Expo & Millennium Lines (per 200,000 Hours Worked) [3]	5.8	4.4	3.7	4.6	4.3	(7.2%)
West Coast Express (per 200,000 Hours Worked)	-	-	-	-	-	-
HandyDART (per 200,000 Hours Worked)	13.7	8.1	9.9	16.8	16.8	5.2%
Safety: Bus & SeaBus Operator Assaults (per 1 Million Service Hours) [2b]	16.5	12.2	12.8	11.8	11.8	(8.0%)
Ridership: Boarded Passengers (Thousands) [4]						
Bus & SeaBus	283,663	142,416	145,943	207,388	247,637	(3.3%)
SkyTrain: Expo & Millennium Lines	114,883	54,551	55,199	82,966	100,931	(3.2%)
SkyTrain: Canada Line	50,223	20,335	21,120	33,603	40,409	(5.3%)
West Coast Express	2,607	795	515	885	1,304	(15.9%)
HandyDART	1,560	698	767	1,060	1,306	(4.3%)
Ridership: Journeys (Thousands) [4,5]						
Overall System	271,040	128,021	130,857	193,552	233,240	(3.7%)
Vehicle Service Delivery: Percentage of Service Hours Delivered [6]						
Bus & SeaBus [2b]	98.5%	96.2%	97.8%	98.6%	99.3%	0.2%
SkyTrain: Expo & Millennium Lines	99.4%	99.2%	n/a	n/a	n/a	n/a
SkyTrain: Canada Line [7]	100.0%	100.0%	100.0%	100.0%	100.0%	-
West Coast Express	99.8%	98.4%	n/a	n/a	n/a	n/a
HandyDART	99.8%	99.7%	99.8%	99.5%	99.6%	(0.1%)
Vehicle Service Delivery: Percentage of Train Trips Delivered [6]						
SkyTrain: Expo & Millennium Lines	n/a	n/a	99.5%	99.3%	99.5%	n/a
West Coast Express	n/a	n/a	99.2%	99.3%	99.5%	n/a
Vehicle Punctuality: On-Time Performance						
Bus (3 minutes late < On-Time < 1 minute early) [2c]	80.5%	86.2%	83.9%	81.5%	79.7%	(0.2%)
SkyTrain: Expo & Millennium Lines (headway + 3 minutes) [8]	96.7%	96.5%	96.6%	95.9%	95.3%	(0.4%)
West Coast Express (headway + 5 minutes)	96.7%	93.1%	96.4%	94.7%	95.9%	(0.2%)
HandyDART (earlier than and within 15 minutes of Scheduled Pick-Up Time)	87.5%	94.7%	94.2%	91.7%	90.9%	1.0%
Vehicle Reliability: Mean Distance Between Failure						
Bus [2d]	24,055	27,368	18,231	23,481	29,587	5.3%
Vehicle Reliability: Mean Distance Between Service Removals						
SkyTrain: Expo & Millennium Lines [9]	455,335	235,377	177,275	186,907	144,931	(24.9%)
HandyDART Vehicle Productivity						
Trips per Service Hour (excludes Taxis)	2.3	1.4	1.6	1.8	1.6	(8.7%)
Trip Denials	1,430	405	119	906	1,112	(6.1%)
Environmental						
Bus & SeaBus (Spills per 1 Million Km) [2e]	2.1	1.5	2.3	2.4	2.0	(1.2%)
Bus & SeaBus (Revenue Vehicle Energy Consumption in Gigajoules) [10]	1,985,841	1,840,983	1,910,369	1,971,632	2,048,771	0.8%
Customer Service: Customer Satisfaction (overall score of 10) [11]						
Overall System	7.8	8.2	8.2	8.0	8.0	0.6%
Bus & SeaBus	7.9	8.2	8.3	8.1	8.0	0.3%
SkyTrain: Expo & Millennium Lines	8.2	8.5	8.5	8.3	8.3	0.3%
SkyTrain: Canada Line	8.5	8.7	8.9	8.6	8.6	0.3%
West Coast Express	9.0	8.9	8.9	8.8	8.8	(0.6%)
HandyDART	8.4	9.0	8.7	8.5	8.6	0.6%
Customer Service: Customer Complaints [2f]						
Overall System (per 1 million boarded passengers) [12]	90.6	103.3	92.8	74.0	70.7	(6.0%)
Corporate (per 1 million boarded passengers)	24.9	28.7	19.2	15.8	16.5	(9.8%)
Bus & SeaBus (per 1 million boarded passengers)	97.1	101.5	105.0	83.4	78.2	(5.3%)
SkyTrain: Expo & Millennium Lines (per 1 million boarded passengers)	13.8	25.1	17.8	15.4	13.5	(0.5%)
SkyTrain: Canada Line (per 1 million boarded passengers)	6.1	8.1	6.4	5.8	6.0	(0.4%)
West Coast Express (per 1 million boarded passengers)	89.0	358.1	191.8	143.5	124.2	8.7%
HandyDART (per 100,000 boarded passengers)	201.8	178.6	209.7	255.2	242.9	4.7%
Financial: Operating Costs						
Overall System (operating cost per capacity km) [12,13]	$ 0.097	$ 0.097	$ 0.111	$ 0.108	$ 0.115	4.4%
Bus & SeaBus (operating cost per capacity km)	$ 0.132	$ 0.128	$ 0.158	$ 0.141	$ 0.150	3.2%
SkyTrain: Expo & Millennium Lines (operating cost per capacity km)	$ 0.040	$ 0.040	$ 0.045	$ 0.047	$ 0.053	7.4%
SkyTrain: Canada Line (operating cost per capacity km)	$ 0.129	$ 0.137	$ 0.143	$ 0.145	$ 0.150	3.9%
West Coast Express (operating cost per capacity km)	$ 0.094	$ 0.165	$ 0.207	$ 0.184	$ 0.133	9.0%
HandyDART (operating cost per trip)	$ 39.26	$ 75.14	$ 69.70	$ 57.73	$ 54.79	8.7%
Financial: Operating Cost Recovery						
TransLink (conventional system) [14,15]	59.7%	33.6%	33.5%	41.8%	46.0%	(6.3%)

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] 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:

[2a] 2020 Bus and SeaBus Employee Lost Time Frequency has been restated as it was reported based on best estimate at the time of reporting.

[2b] CMBC Service hours estimated for November 2020 to December 2021 are best-estimate basis in order to maintain consistency within the reporting period.

[2c] The On-Time Performance for Bus excluded data not available for November 2020 to April 2021.

[2d] The Vehicle Reliability: Mean Distance Between Failure for Bus excludes data not available for November 2020 to March 2021.

[2e] 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.

[2f] TransLink was not able to capture complete complaint data from November 28, 2020 to August 18, 2021. To normalize the 2020 and 2021 metrics, boarded passenger totals are aligned with when the period's 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.

[3] Restated 2019 to align with WorkSafe BC figures.

[4] 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.

[5] 2019 Journeys have been restated to include the HandyDART trips.

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

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

[8] On-Time Performance was restated for 2019-2020 to reflect the service punctuality among the actual delivered trips.

[9] 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.

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

[11] 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.

[12] Excludes HandyDART

[13] Includes operating costs of Bus, Rail and Transit Police. Excludes amortization and interest expense.

[14] Excludes corporate one-time costs.

[15] 2022 ratio has been restated to align with the methodology and the consolidated financial statement presentation adopted in 2023.

[16] Calculations based on whole numbers.

Appendix 4 – Allocated Costs between Divisions

Allocated Cost Breakdown Year ended December 31 ($ thousands)	2019	2020	2021	2022	2023
Shared Services [1]					
Bus Operations	36,625	35,973	40,048	37,030	38,205
Access Transit	98	119	103	116	92
SkyTrain - Expo & Millennium Line	7,568	7,367	6,794	8,827	11,367
West Coast Express	162	106	264	227	382
Transit Police	3,418	2,988	2,566	1,878	2,538
Total Shared Services allocated	47,871	46,553	49,775	48,078	52,584
Costs Administered by TransLink and allocated to subsidiaries [2]					
Bus Operations	16,684	15,829	17,837	21,930	27,407
Access Transit	-	-	-	-	-
SkyTrain - Expo & Millennium Line	4,072	3,901	3,780	5,421	5,768
SkyTrain - Canada Line	2,313	2,438	2,824	3,078	3,753
West Coast Express	443	404	444	626	583
Transit Police	1,865	1,893	2,280	2,904	3,103
	25,377	24,465	27,165	33,959	40,614
Costs Administered by TransLink allocated					
Bus Operations	53,309	51,802	57,885	58,960	65,612
Access Transit	98	119	103	116	92
SkyTrain - Expo & Millennium Line	11,640	11,268	10,574	14,248	17,135
SkyTrain - Canada Line	2,313	2,438	2,824	3,078	3,753
West Coast Express	605	510	708	853	965
Transit Police	5,283	4,881	4,846	4,782	5,641
Total costs allocated to Subsidiaries from TransLink	73,248	71,018	76,940	82,037	93,198

[1] Includes Business Technology, Human Resources and Administration costs
[2] 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, fare media, rentals and leases, as well as information 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 2023 mainly due to increased property insurance premiums, higher property taxes, rental expenses and fare media costs from increased ridership.

Together all the way

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TRANSLINK

Consolidated Financial Statements
(Expressed in thousands of dollars)

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Tel 604-691-3000
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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, 2023
- 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, 2023, 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, included in the 2023 Annual Statutory Report, 2023 Year-End Financial and Performance Report, and 2023 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 2023 Annual Statutory Report, 2023 Year-End Financial and Performance Report, and 2023 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 27, 2024

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

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

December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets		
Cash and cash equivalents	$ 276,248	$ 622,558
Accounts receivable (note 6(k))	675,173	136,909
Restricted cash and cash equivalents and investments (note 3(a))	4,127,713	3,733,194
Investments (note 3(b))	394,831	235,289
Debt reserve deposits (note 4)	24,500	23,762
	5,498,465	4,751,712
Liabilities		
Accounts payable and accrued liabilities (note 6(k))	615,595	400,206
Debt (note 5)	3,360,119	3,141,748
Deferred government transfers (note 6(a))	3,769,885	3,540,507
Golden Ears Bridge contractor liability (note 7(a))	983,403	999,512
Deferred concessionaire credit (note 8(a))	386,082	409,355
Employee future benefits (note 9(b))	140,093	141,202
Deferred development cost charges (note 10)	40,348	15,132
Asset retirement obligations (note 11)	26,952	-
Deferred revenue and deposits	82,745	73,646
Deferred lease inducements	12,795	12,855
	9,418,017	8,734,163
Net debt	(3,919,552)	(3,982,451)
Non-financial assets		
Tangible capital assets (note 12)	6,141,887	5,765,456
Supplies inventory	128,609	97,310
Prepaid capital (note 13)	30,745	29,752
Property under development (note 14)	20,102	19,599
Prepaid expenses	30,780	30,002
	6,352,123	5,942,119
Commitments and contingencies (note 15)		
Accumulated surplus	$ 2,432,571	$ 1,959,668

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Lorraine Cunningham"
Chair

"Allan Seckel"
Director

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 2(v))	2023 Actual	2022 Actual
Revenues:			
Taxation (note 19)	$ 988,404	$ 978,412	$ 978,076
Transit (note 6(l))	629,998	671,560	552,624
Government transfers (note 6(a))	354,718	715,668	427,136
Investment income	155,673	192,228	109,064
Amortization of deferred concessionaire credit (note 8(a))	23,273	23,273	23,274
Development cost charges (note 10)	23,597	17,301	25,158
Miscellaneous revenue	15,384	19,966	17,427
Gain (loss) on disposal of tangible capital assets	(358)	8,085	1,748
	2,190,689	2,626,493	2,134,507
Expenses:			
Bus operations	1,112,159	1,114,059	1,041,321
Corporate operations	219,420	194,045	217,242
Rail operations	549,579	538,027	490,186
Roads and bridges	251,073	252,402	207,459
Transit Police	53,295	55,057	48,693
	2,185,526	2,153,590	2,004,901
Surplus for the year	5,163	472,903	129,606
Accumulated surplus, beginning of year	1,933,296	1,959,668	1,830,062
Accumulated surplus, end of year	$ 1,938,459	$ 2,432,571	$ 1,959,668

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, 2023, with comparative information for 2022

	2023 Budget (note 2(v))	2023 Actual	2022 Actual
Surplus for the year	$ 5,163	$ 472,903	$ 129,606
Acquisition of tangible capital assets	(932,152)	(637,162)	(413,490)
Amortization of tangible capital assets	268,637	259,680	250,019
Net proceeds from disposal of tangible capital assets	-	9,136	2,679
Loss (gain) on disposal of tangible capital assets	358	(8,085)	(1,748)
Write-down of tangible capital assets (note 12(d))	-	-	53,755
Tangible capital assets transfer to prepaid capital (note 13)	-	-	29,752
Land transfer to a partnership (note 14)	-	-	17,735
	(663,157)	(376,431)	(61,298)
Change in supplies inventory	(10,629)	(31,299)	(6,149)
Change in property under development	-	(503)	(19,599)
Change in prepaid expenses	(2,495)	(778)	38
Change in prepaid capital	-	(993)	-
Prepaid capital transferred from tangible capital assets	-	-	(29,752)
	(13,124)	(33,573)	(55,462)
Decrease (increase) in net debt	(671,118)	62,899	12,846
Net debt, beginning of year	(4,150,354)	(3,982,451)	(3,995,297)
Net debt, end of year	$ (4,821,472)	$ (3,919,552)	$ (3,982,451)

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, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used for):		
Operating transactions:		
Surplus for the year	$ 472,903	$ 129,606
Non-cash changes to operations (note 17)	52,479	101,696
Changes in non-cash operating working capital (note 17)	(323,242)	208,438
Cash provided by operating transactions	202,140	439,740
Capital transactions:		
Purchase of tangible capital assets	(611,227)	(413,490)
Net proceeds from disposal of tangible capital assets	9,136	2,679
Cash used for capital transactions	(602,091)	(410,811)
Investing transactions:		
Increase in restricted cash and cash equivalents and investments	(394,519)	(2,495,997)
Increase in investments	(159,542)	(69,673)
Decrease (increase) in debt reserve deposits	(738)	2,510
Cash used for investing transactions	(554,799)	(2,563,160)
Financing transactions:		
Debt proceeds	300,000	300,000
Discount and issuance costs on financing	(19,491)	(2,331)
Repayments of debt	(35,186)	(66,561)
Repayments of Golden Ears Bridge contractor liability	(83,547)	(79,833)
Government transfers received in lieu of foregone toll revenue (note 6(i)*(ii)*)	-	2,000,000
Government transfers received for tangible capital additions	446,532	429,891
Lease inducements received	132	-
Cash provided by financing transactions	608,440	2,581,166
Increase (decrease) in cash and cash equivalents	(346,310)	46,935
Cash and cash equivalents, beginning of year	622,558	575,623
Cash and cash equivalents, end of year	$ 276,248	$ 622,558
Supplementary information:		
Interest paid	$ 202,002	$ 189,181
Tangible capital asset additions related to asset retirement obligations (note 11)	25,935	-
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 improved since the COVID-19 outbreak in 2020. Changing commuting patterns, however, have adversely effected transit revenues. The short-term impact has been offset through relief funding provided by senior government to help the Authority maintain operations and service levels (note 6(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 ("PSAS") 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 3-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, 2023, 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 and accounts payable and accrued liabilities are measured at the amortized cost using the effective interest rate method. Valuation allowances are made when collection is in doubt.

(f) Supplies inventory:

Supplies inventory is valued at the lower of the average cost and net realizable value. Cost includes the 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 realizable 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.

(*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.

2. Significant accounting policies (continued):

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

(*ii*) Employee future benefits (continued):

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, 2023. 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 (2022 - 12 years) and post-employment plan is 6 years (2022 - 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.

(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.

2. Significant accounting policies (continued):

(o) Government transfers (continued):

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 the "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 organisms 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 operations, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(q) Asset retirement obligations:

On January 1, 2023, TransLink adopted Canadian public sector accounting standard 3280 *Asset Retirement Obligations.* The new accounting standard addresses the reporting of legal obligations associated with the retirement of tangible capital assets. The standard was adopted using the prospective transitional provisions.

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

2. Significant accounting policies (continued):

(q) Asset retirement obligations (continued):

The estimated asset retirement costs are capitalized only if the related tangible capital asset is in productive use and recognized in TransLink's books. The increase to the tangible capital asset is amortized in accordance with the amortization accounting policy outlined in note 2(h).

The obligation is measured based on the estimated future costs discounted based on TransLink's cost of borrowing. In subsequent fiscal years, the obligation will be adjusted annually to reflect changes in the timing of future cash flows and the accretion included in interest expense to reflect the passage of time.

(r) 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.

(s) 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 date. Foreign exchange gains and losses are included in income.

(t) Use of estimates:

The preparation of these 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 these consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(u) 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.

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

2. Significant accounting policies (continued):

(v) Budget data:

The budget data presented in these consolidated financial statements were approved by the Board of Directors on December 1, 2022.

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

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

(*i*) Cash, guaranteed investment certificates and bonds held at various financial institutions; and

(*ii*) Fund units managed by the British Columbia Investment Management Corporation ("BCI") that are invested in money market, government bonds, marketable corporate securities, private debt, public and private equity investments and real assets.

Investments are recorded at amortized cost.

Details of interest rates and maturity dates ranges of the guaranteed investment certificates are as follows:

	2023	2022
Interest rate range	1.01% - 6.25%	0.80% - 5.57%
Maturity date range	January 2024 - September 2028	January 2023 - June 2026

The bonds have an average initial term of 188-months (2022 - 187-months) and an average remaining term to maturity of 126-months (2022 -138-months). All bonds held by the Authority, as at December 31, 2023 and 2022, were rated A or higher.

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

	2023		2022	
	Effective rates	Coupon rates	Effective rates	Coupon rates
Weighted average rate	2.94%	2.79%	2.85%	2.79%
Interest rate range	0.93% - 5.56%	1.10% - 5.20%	1.05% - 5.37%	1.10% - 5.20%

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

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

(a) Restricted cash and cash equivalents and investments:

	2023	2022
Government transfers for capital project funding (*i*):		
Cash and cash equivalents	$ 226,156	$ 41,602
Investments:		
Guaranteed investment certificates	661,664	491,262
Bonds (note 18(b))	263,544	288,584
	1,151,364	821,448
Self-administered sinking funds:		
Cash and cash equivalents	14,380	5,164
Investments:		
Guaranteed investment certificates	118,908	39,391
Bonds (note 18(b))	496,475	486,886
	629,763	531,441
Land reserve:		
Cash and cash equivalents	74,904	75,810
Guaranteed investment certificates	206,876	273,684
	281,780	349,494
Green Bond proceeds:		
Cash and cash equivalents	66	38
Development cost charges:		
Cash and cash equivalents	11,667	-
TPCC (wholly-owned captive insurance subsidiary):		
Cash and cash equivalents	1,684	1,724
Bonds (note 18(b))	31,423	28,629
	33,107	30,353
Golden Ears Bridge forgone toll revenue funding (note 3(a)(*ii*) and note 6(i)(*ii*)):		
Cash and cash equivalents	652,683	250,420
Investments:		
Guaranteed investment certificates	500,000	1,750,000
Fund units (note 18(b)):		
Bond	436,409	-
Public equity	296,849	-
Mortgages	50,276	
Real estate	53,671	-
Private equity	851	-
Private debts	29,227	-
	2,019,966	2,000,420
Total restricted cash and cash equivalents and investments	$ 4,127,713	$ 3,733,194

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

(a) Restricted cash and cash equivalents and investments (continued):

(*i*) Unspent government transfers for capital project funding consist of $1,151,364,000 (2022 - $814,811,000) of Canada Community Building Fund (previously known as the "Gas Tax") funding (2022 - also included $6,637,000 of other funding)

(*ii*) Golden Ears Bridge forgone toll revenue funding includes a $148,000,000 purchase of investments managed by BCI which will settle on January 2, 2024.

(b) Unrestricted investments:

Unrestricted investments are comprised of guaranteed investment certificates of $394,831,000 (2022 - $235,289,000).

4. 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 (2022 - $25,649,000).

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

5. Debt:

	2023	2022
Unsecured sinking fund bonds held by the MFA, weighted average coupon rate of 4.44% (2022 - 4.29%) (effective rate 4.46% (2022 - 4.32%)), maturing at various dates from 2024 to 2036, original 20 to 30-year (2022 - 20 to 30-year) term	$ 954,344	$ 954,162
Less: accumulated payments to MFA administered debt sinking funds (including vested and accrued actuarial earnings)	(683,083)	(626,676)
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	5,809	8,606
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	198,828	198,790
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	251,314	251,348
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	390,349	391,184
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	469,011	471,769
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	198,842	198,813
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	398,823	398,612
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	198,711	198,678
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	398,943	398,792
Unsecured bullet maturity bond series TL-10 (Green), face value $600 million, interest rate 4.15% (effective rate 4.37%), maturing 2053, original 31-year term	578,228	297,669
Capital leases, 2022 weighted average implicit rate of 2.17%, fully matured during 2023	-	1
	$ 3,360,119	$ 3,141,748

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

5. 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, 2027. 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 requirements to maintain a specific credit rating and was not drawn upon in 2023.

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, 2023 and 2022, there was no outstanding commercial paper issued.

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 bonds held by MFA	Serial debenture held by MFA	Bullet maturity bonds	Total
Future payments:				
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
2028	10,178	-	400,000	410,178
Thereafter	19,301	-	2,215,000	2,234,301
	142,250	5,809	3,080,000	3,228,059
Future actuarial interest	129,666	-	-	129,666
	271,916	5,809	3,080,000	3,357,725
Unamortized premium (issue costs)	(655)	-	3,049	2,394
	$ 271,261	$ 5,809	$ 3,083,049	$ 3,360,119

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

6. Transfers from other governments:

(a) Deferred government transfers:

	Balance, January 1, 2023	Contributions received	Interest earned	Recognized as revenue	Balance, December 31, 2023
Capital project funding:					
Canada Community Building Fund (b)	$ 820,472	$ 329,577	$ 41,007	$ (72,487)	$ 1,118,569
Canada Line funding (c)	383,526	-	-	(23,244)	360,282
Public Transit Infrastructure Fund (d)	204,933	-	-	(48,469)	156,464
Investing in Canada Infrastructure Program (e)	122,718	75,515	-	-	198,233
Building Canada Fund (f)	48,697	-	-	(2,968)	45,729
Capstan Station funding (g)	1,863	-	-	(1,863)	-
Evergreen Line funding (h)	5,600	-	-	-	5,600
Transit Secure Fund	2,749	-	-	(422)	2,327
Miscellaneous programs	-	433	-	(433)	-
	1,590,558	405,525	41,007	(149,886)	1,887,204
Operating funding:					
Golden Ears Bridge forgone toll revenue (*iii*):	1,949,949	-	-	(67,268)	1,882,681
Pandemic Relief funding (j)	-	478,926	-	(478,926)	-
Canada Line Operating Fund (note 8(c))	-	19,219	-	(19,219)	-
Properties environmental program	-	95	-	(95)	-
Other cost sharing projects	-	274	-	(274)	-
	1,949,949	498,514	-	(565,782)	1,882,681
	$ 3,540,507	$ 904,039	$ 41,007	$ (715,668)	$ 3,769,885

The balance as at December 31, 2023 of $3,769,885,000 (2022 - $3,540,507,000) consists of:

(*i*) Unspent Canada Community Building Fund funding (formerly the “Gas Tax” funding) of $1,151,364,000 (2022 - $814,811,000) and unspent funding for various other projects of $6,637,000 in prior year;

(*ii*) Spent funding of $735,840,000 (2022 - $769,110,000) 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 $1,882,681,000 (2022 - $1,949,949,000) 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 the Gas Tax Funding Agreement between the Authority and the Union of British Columbia Municipalities (“UBCM”). The Authority is required to spend these 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)

6. 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:

	2023	2022
Opening balance, unspent funds	$ 814,811	$ 500,558
Amount received during the year	329,577	358,480
Interest earned	41,007	15,293
Amount spent on designated public transit projects	(34,031)	(59,520)
Closing balance, unspent funds	$ 1,151,364	$ 814,811

(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 of 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.

6. 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 of 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 the Canada Infrastructure Program:

The Investing in the 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)

6. 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. The 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 the 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 the CoR, which entitled the Authority to receive $3,000,000 to fund revised design elements of the 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 of 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 specified holding periods over the 25-year stipulation period.

6. 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 forgone 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 forgone 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 and capital projects (note 3(a)). The Authority recognizes the funding as revenue over the period of the forgone toll revenue.

(j) Pandemic Relief funding:

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

In 2023, another Contribution Agreement was entered into to provide TransLink with an additional $468,106,000 to offset 2023-2025 losses caused by the pandemic and higher than expected inflationary pressures and $10,820,000 to fund free transit for youth aged 12 and under, with payments to be made by the 2024 and 2025 fiscal years. These amounts have been included in accounts receivable as at December 31, 2023.

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

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

6. Transfers from other governments (continued):

(k) Working capital balances:

	2023	2022
Trade accounts receivable	$ 28,725	$ 27,566
Due from Government of Canada	15,092	6,414
Due from Province of British Columbia	595,848	66,183
Due from regional districts	33,352	34,059
Due from other authorities	2,156	2,687
Accounts receivable	$ 675,173	$ 136,909

	2023	2022
Trade accounts payable and accrued liabilities	$ 475,375	$ 272,122
Due to Government of Canada	6,304	5,811
Due to Province of British Columbia	8,815	5,511
Due to regional districts	116,957	108,752
Due to other authorities	8,144	8,010
Accounts payable and accrued liabilities	$ 615,595	$ 400,206

(l) Transit revenues:

Included in transit revenues is $17,425,000 (2022 - $16,850,000) of contributions from the Province, to assist with administering the U-Pass BC program and to offset forgone transit revenue.

7. 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 terminates in June 2041.

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

7. 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:

	2023	2022
Opening balance	$ 999,512	$ 1,013,077
Interest accretion on contractor liability to last payment date	67,438	66,268
Payments made	(83,547)	(79,833)
Ending balance	$ 983,403	$ 999,512

As the last monthly payment of the year was made on December 8, 2023, the interest accrual from December 9 to 31, 2023 of $4,178,000 (2022 - $4,153,000), 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
2024	$ 82,929
2025	84,663
2026	86,356
2027	88,083
2028	89,845

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

7. 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
2024	$ 5,587
2025	5,698
2026	5,812
2027	5,929
2028	6,047

8. 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.

	2023	2022
Opening balance	$ 409,355	$ 432,629
Less: amortization	(23,273)	(23,274)
Closing balance	$ 386,082	$ 409,355

(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 2024 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)

8. 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 5 years adjusted for certain operational metrics and estimated inflation, are as follows:

2024	$ 138,000
2025	140,000
2026	144,000
2027	147,000
2028	150,000

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 for each 28-day period to March 2040 related to the Canada Line operating expenses, which is approximately $19,200,000 per annum subject to quality and availability deductions. The funding received in 2023 was $19,219,000 (2022 - $19,205,000).

9. Pension plans and employee future benefits:

(a) Pension plans:

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

In addition to the PSPP, TSML contributes on behalf of its sworn members to the Municipal Pension Plan Group 5 (“MPP”), which is also a multi-employer defined benefit plan, together with other British Columbia public service employers, in accordance with the *Public Sector Pension Plans Act*.

The British Columbia Pension Corporation administers the PSPP and MPP pension benefits on behalf of the employers and the employees to whom the Act applies. The long-term funding of the PSPP and MPP is based on the level contribution method. Using this method, employer contribution rates are set out so that, in combination with member contributions, they will fully pay for benefits earned by the typical new entrants and will maintain the unfunded accrual liability (“UAL”) for funding purposes, if any, as a constant percentage of employer payroll.

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

(a) Pension plans (continued):

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, 2023 and resulted in a surplus of $4,491,000,000. 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, 2026, with results available in 2027, and for MPP will be as at December 31, 2024 with results available in 2025.

In 2023, the Authority recorded total expense for pension contributions of $64,643,000 (2022 - $58,286,000).

(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 2023, the total expense recorded in the consolidated financial statements for the post-retirement obligations under these plans amounts to $2,438,000 (2022 - $6,232,000).

(*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.

In 2023, the total expense recorded in these consolidated financial statements for the obligations under these plans amounts to $2,222,000 (2022 - $1,545,000).

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

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

(b) Employee future benefits (continued):

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

	Post-retirement benefits	Post-employment benefits	Total 2023	Total 2022
Accrued benefit obligation	$ 89,970	$ 23,773	$ 113,743	$ 87,656
Unamortized net actuarial gain	23,630	2,720	26,350	53,546
Accrued benefit liability	$ 113,600	$ 26,493	$ 140,093	$ 141,202

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 2023	Total 2022
Current period benefit cost	$ 3,433	$ 3,749	$ 7,182	$ 9,425
Plan amendment	-	-	-	23
Interest cost	3,242	923	4,165	3,131
Amortization of actuarial gains	(4,237)	(2,450)	(6,687)	(4,802)
Net expense	2,438	2,222	4,660	7,777
Actuarially determined payments	(1,869)	(3,900)	(5,769)	(4,799)
Change in accrued benefit liability	$ 569	$ (1,678)	$ (1,109)	$ 2,978

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

	2023	2022
Discount rates	4.03% - 4.41%	4.15% - 4.65%
Expected health care cost trend rates	4.04% - 5.74%	4.00% - 5.79%

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

10. 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.

	2023	2022
Opening balance	$ 15,132	$ -
Contributions	42,068	40,290
Interest earned	449	-
Revenue recognized	(17,301)	(25,158)
Ending balance	$ 40,348	$ 15,132

Development cost charges are comprised of restricted cash and cash equivalents of $11,667,000 (2022 - nil) and accrued receivables of $28,681,000 (2022 - $15,132,000).

11. Asset retirement obligations:

In the 2023 initial recognition year, asset retirement obligations of $25,935,000 were recognized of which tangible capital assets was increased by $23,615,000 and the remaining $2,320,000 was expensed.

	Leasehold improvement	Other	Total 2023
Opening balance	$ -	$ -	$ -
Initial recognition	24,156	1,779	25,935
Accretion expense	962	55	1,017
Ending balance	$ 25,118	1,834	$ 26,952

On initial recognition, the asset retirement obligation was measured at fair value, determined using the present value methodology with a discount rate of 4.03% and inflation rate of 2.00%. The estimated future settlement dates for the liabilities range from 1 to 86 years. The undiscounted liability at December 31, 2023 was $41,147,000. During the year ended December 31, 2023, accretion of $1,017,000 was recorded as interest expense.

The removal costs for certain leasehold improvements are not determinable as the amounts are subject to future negotiations.

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

12. Tangible capital assets:

Cost	Balance, January 1, 2023	Additions, net of transfers	Disposals	Balance, December 31, 2023
Land	$ 505,620	$ 70,538	$ (992)	$ 575,166
Land improvements	58,329	7,506	-	65,835
Buildings	407,125	38,429	-	445,554
Bridges, guideways, stations, and tunnels	2,372,044	-	-	2,372,044
Other supporting systems	1,338,117	102,957	-	1,441,074
Vehicles and SeaBus	2,161,694	42,390	(6,354)	2,197,730
Equipment	979,845	170,157	(30,382)	1,119,620
Tangible capital projects-in-progress	763,605	205,185	-	968,790
	$ 8,586,379	$ 637,162	$ (37,728)	$ 9,185,813

Accumulated amortization	Balance, January 1, 2023	Amortization expense	Disposals	Balance, December 31, 2023
Land	$ -	$ -	$ -	$ -
Land improvements	(28,349)	(2,680)	-	(31,029)
Buildings	(160,289)	(12,549)	-	(172,838)
Bridges, guideways, stations, and tunnels	(311,261)	(27,191)	-	(338,452)
Other supporting systems	(465,311)	(54,183)	-	(519,494)
Vehicles and SeaBus	(1,216,301)	(111,387)	6,354	(1,321,334)
Equipment	(639,412)	(51,690)	30,323	(660,779)
Tangible capital projects-in-progress	-	-	-	-
	$ (2,820,923)	$ (259,680)	$ 36,677	$ (3,043,926)

Net book value	Balance, January 1, 2023	Balance, December 31, 2023
Land	$ 505,620	$ 575,166
Land improvements	29,980	34,806
Buildings	246,836	272,716
Bridges, guideways, stations, and tunnels	2,060,783	2,033,592
Other supporting systems	872,806	921,580
Vehicles and SeaBus	945,393	876,396
Equipment	340,433	458,841
Tangible capital projects in progress	763,605	968,790
	$ 5,765,456	$ 6,141,887

12. Tangible capital assets (continued):

Included in tangible capital assets is capital leased equipment with a net book value of nil (2022 - $692,000).

Interest capitalized during the year amounted to $21,000,000 (2022 - $6,522,000).

(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, 2023, the Authority has made leasehold improvements on the Expo and Millennium Line guideways with a net book value totaling $385,672,000 (2022 - $340,213,000). The Expo and Millennium line leases expire on January 31, 2025 and have further extension provisions. 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, 2023, the net book value of West Coast Express improvements totaled $6,210,000 (2022 - $6,600,000).

(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, 2023, the net book value of Evergreen Line guideways and system owned by TransLink, excluding SkyTrain vehicles, totaled $289,997,000 (2022 - $296,755,000).

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

12. Tangible capital assets (continued):

(d) Write-downs:

In 2023 there were no write-downs of tangible capital assets. 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 has incurred $30,745,000 (2022 - $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 a 50% ownership of the Partnership through a wholly-owned subsidiary, TOD Investments Ltd. by way of land and cash contributions in exchange for Partnership units.

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		2023		2022
Assets:				
Cash	$	388	$	1,220
Receivables and prepaid expenses		21		32
Properties under development		40,204		39,198
Total assets	$	40,613	$	40,450
Liabilities:				
Payables and deposits	$	84	$	60
Partners' equity		40,529		40,390
Total liabilities and partners' equity	$	40,613	$	40,450

Statement of operations		Year ended December 31, 2023		For the period from inception to December 31, 2022
Revenues	$	262	$	120
Operating expenses		123		57
Net income	$	139	$	63

(b) Broadway and Arbutus GP Inc.:

There were no significant balances or transactions related to Broadway and Arbutus GP Inc. for the 2023 and 2022 fiscal years, 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:

2024	$ 26,068
2025	22,360
2026	20,241
2027	19,578
2028	19,625
	$ 107,872

Included in the payment schedule above are certain commitments that extend beyond 2028. Significant commitments beyond 2028 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 2028 ranges from $875,000 to $905,000, respectively.

(b) WCE - lease and operating commitments:

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

The following summarizes the WCE operating commitments:

2024	$ 17,253
2025	13,288
2026	1,191
	$ 31,732

(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. During the year, the Authority exercised its option to extend the contract with Cubic for an additional 5 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:

2024	$	17,208
2025		17,872
2026		18,453
2027		19,204
2028		19,906
	$	92,643

The fixed monthly base payments range from $1,686,000 to $1,754,000 for 2029 to 2030. Additionally, an amount of $9,812,000 is payable in 2030, the final year.

(d) MRN Capital Funding:

The Authority has signed several funding agreements with municipalities for major MRN projects. As at December 31, 2023, the MRN capital infrastructure contributions committed and not paid is $174,756,000 (2022 - $160,698,000). This amount will be paid to the municipalities upon completion of their projects.

(e) Lawsuits and claims:

As at December 31, 2023, 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 these 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 from the merchants are for damages in the tort of nuisance which 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 the 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):

(*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 was rendered in June 2023, denying certification of the class action. The plaintiffs appealed the decision and the appeal hearing occurred in January 2024. The Court of Appeal’s decision was reserved. 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, 2023, $1,174,330,000 (2022 - $1,039,891,000) has been contractually committed for other capital projects and inventory.

(g) Letters of credit:

As at December 31, 2023, the Authority has issued letters of credit to the Receiver General of Canada and several municipalities totaling $5,719,000 (2022 - $3,620,000) which expire in 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 and capital expansion. These include but are not limited to funding agreements for ICIP, 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:

2024	$ 403,336
2025	263,954
2026	57,931
2027	31,065
2028	24,093
	$ 780,379

The annual amounts beyond 2028 range from $1,843,000 to $20,217,000 until 2041.

17. Statement of cash flows:

	2023	2022
Non-cash changes to operations:		
Amortization of tangible capital assets	$ 259,680	$ 250,019
Amortization of bond premium	(2,933)	(2,961)
Amortization of deferred concessionaire credit	(23,273)	(23,274)
Amortization of deferred government transfers	(217,154)	(215,065)
Amortization of deferred lease inducements, net of additions	(192)	(1,035)
Interest accretion on contractor liability	67,438	66,268
Interest accretion on asset retirement obligations	1,017	-
Gain on disposal of tangible capital assets	(8,085)	(1,748)
Write-down of tangible capital assets	-	53,755
Sinking fund interest held by MFA	(24,019)	(24,263)
	$ 52,479	$ 101,696

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

17. Statement of cash flows (continued):

	2023	2022
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	$ (538,264)	$ 22,298
Decrease in loan receivable	-	131,060
Increase in supplies inventory	(31,299)	(6,149)
Increase in prepaid capital	(993)	-
Increase in property under development	(503)	(1,864)
Decrease (increase) in prepaid expenses	(778)	38
Increase in accounts payable and accrued liabilities	215,389	35,748
Increase in deferred development cost charges	25,216	15,132
Increase in deferred revenue and deposits	9,099	9,197
Increase (decrease) in employee future benefits	(1,109)	2,978
	$ (323,242)	$ 208,438

18. Financial instruments:

(a) Credit, interest, price and foreign exchange risk:

Unless otherwise noted, it is management's opinion that the Authority has not been exposed to any significant credit or interest rate risks 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 fair value of the Authority's restricted investments in fund units is impacted by changes in interest rates and changes in market prices. Risks related to the fund units is managed through the Authority's investment policy.

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 2023.

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

18. Financial instruments (continued):

(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.

2023	Fair values	Amortized cost
Restricted investments:		
Government transfers for capital projects - bonds	$ 250,385	$ 263,544
Self-administered sinking funds - bonds	455,190	496,475
TPCC - bonds	30,481	31,423
Fund units:		
Bond	443,139	436,409
Public equity	302,187	296,849
Mortgages	49,573	50,276
Real estate	44,585	53,671
Private equity	825	851
Private debts	32,014	29,227

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

19. Taxation revenue:

	2023	2022
Property tax	$ 463,133	$ 437,922
Fuel tax	390,524	424,534
Parking rights tax	83,757	74,970
Hydro levy	23,080	22,657
Replacement tax	17,918	17,993
	$ 978,412	$ 978,076

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):

	2023					
	Bus operations	Corporate operations	Rail operations	Roads and bridges	Transit Police	Total
Revenues:						
Taxation	$ -	$ 978,412	$ -	$ -	$ -	$ 978,412
Transit	-	671,560	-	-	-	671,560
Government transfers	-	715,668	-	-	-	715,668
Investment income	-	192,228	-	-	-	192,228
Amortization of deferred concessionaire credit	-	-	23,273	-	-	23,273
Development cost charges	-	17,301	-	-	-	17,301
Miscellaneous revenue	11,755	5,058	785	1,213	1,155	19,966
Gain (loss) on disposal of tangible capital assets	-	8,190	(105)	-	-	8,085
	11,755	2,588,417	23,953	1,213	1,155	2,626,493
Expenses:						
Administration	23,500	27,640	9,865	53	4,300	65,358
Capital infrastructure contributions	-	-	-	76,433	-	76,433
Contracted services	92,070	16,835	141,361	7,385	2	257,653
Fuel and power	72,373	-	17,047	-	-	89,420
Insurance	15,335	539	7,070	1,418	122	24,484
Maintenance, materials, and utilities	95,932	2,270	71,988	58,034	1,881	230,105
Professional and legal	4,096	30,755	3,931	6,221	431	45,434
Rentals, leases and property tax	23,036	9,879	1,828	97	2,837	37,677
Salaries, wages and benefits	619,195	71,227	151,861	1,475	43,133	886,891
Expenses before amortization and interest	945,537	159,145	404,951	151,116	52,706	1,713,455
Amortization of tangible capital assets	117,753	23,670	92,978	23,633	1,646	259,680
Interest	50,769	11,230	40,098	77,653	705	180,455
	168,522	34,900	133,076	101,286	2,351	440,135
	1,114,059	194,045	538,027	252,402	55,057	2,153,590
Surplus (deficit) for the year	$ (1,102,304)	$ 2,394,372	$ (514,074)	$ (251,189)	$ (53,902)	$ 472,903

(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
Investment income	-	109,064	-	-	-	109,064
Amortization of deferred concessionaire credit	-	-	23,274	-	-	23,274
Development cost charges	-	25,158	-	-	-	25,158
Miscellaneous revenue	9,015	6,250	839	20	1,303	17,427
Gain (loss) on disposal of tangible capital assets	-	1,832	(84)	-	-	1,748
	9,015	2,100,140	24,029	20	1,303	2,134,507
Expenses:						
Administration	21,986	22,436	7,195	27	3,149	54,793
Capital infrastructure contributions	-	-	-	60,666	-	60,666
Contracted services	78,890	15,903	135,830	5,960	-	236,583
Fuel and power	74,365	-	15,631	-	-	89,996
Insurance	16,555	446	6,843	1,358	88	25,290
Maintenance, materials, and utilities	83,458	3,384	56,289	38,137	1,614	182,882
Professional and legal	3,372	24,001	3,524	1,847	231	32,975
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	363,550	109,415	48,070	1,573,525
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	490,186	207,459	48,693	2,004,901
Surplus (deficit) for the year	$ (1,032,306)	$ 1,882,898	$ (466,157)	$ (207,439)	$ (47,390)	$ 129,606

21. Comparative information:

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