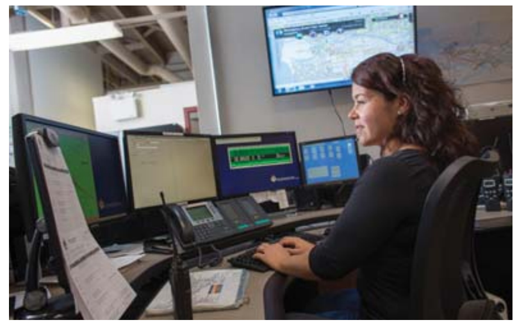
2012 Year-End Financial and Performance Report



TRANSLINK

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EXECUTIVE SUMMARY

The 2012 Supplemental Plan and Outlook (titled "Moving Forward") provided new funding to enable the region to move forward on the Evergreen Line and other priorities including bus and SeaBus service expansion, upgrades to SkyTrain stations and restoration of previous funding levels to road and cycling funding programs. Funding for these programs was to come from an additional two cents a litre fuel tax and from new long-term revenue source that would ideally be agreed upon by the Province and Mayors' Council in 2012. The new funding source was backstopped by a time-limited property tax in 2013 and 2014 expected to generate $29 million and $30 million respectively should a new source not be agreed upon by the end of 2012.

The additional fuel tax was implemented in April 2012; however, a new long-term revenue source was not identified, the Mayors' Council withdrew support for the time-limited property tax and the Regional Transportation Commissioner rejected a supplemental fare increase for 2013. As a result, not all the expansion anticipated in the Moving Forward Plan has been implemented.

During the year a number of risks were monitored which include fuel tax revenue, fuel prices, labour contracts, and uncertainty around the new revenue source. To manage these risks, a phased implementation approach of the 2012 Supplement was taken. New service was implemented only to the level that funding is committed. Capital programs were reviewed and a risk based approach was used to determine which programs to reduce or defer.

To minimize the impacts to service, TransLink reviewed all operating and capital expenditures to provide as much as possible of the plan with the resources available. These efforts were supplemented by two external reviews during the year: one by the Commissioner in the early part of the year with a follow up at the end of the year and one by the Province over the summer period. Both confirmed TransLink made significant gains in reducing costs and provided recommendations on further opportunities for savings.

Within this context and background TransLink achieved the following in 2012:

- Implemented 69,000 of the 130,000 annual service hours planned for 2012.
- Beat the budgeted funded deficit of $38.0 million by achieving a $7.1 million surplus for the year.
- Reduced budgeted expenditures by $34.1 million most notably at the Bus division, in part due to reduced service but also due to implementing efficiencies such as workforce adjustments, service scheduling and recovery time improvements and restructuring with further savings to come in 2013.
- Deferred and cancelled a number of capital projects including reducing bus replacements as CMBC is reducing its spare ratio to match existing services. After the 2010 Olympics CMBC held additional vehicles in anticipation of expansion that has now been delayed.
- Took advantage of historic low long-term interest rates and retired existing debt.
- Achieved its highest ever overall performance rating from customers (7.7); this has remained consistently high since the 2010 Olympics.
- Implemented the new Fare Bylaw infraction process pursuant to Bill 51 legislation.
- Reduced crime against people on the SkyTrain system by 17 per cent over 2011.
- Achieved a 10 per cent increase in Golden Ears Bridge crossing, resulting in a 15 per cent increase in toll revenue.

STRATEGIC CONTEXT

TransLink's balanced scorecard framework aligns the organization around five strategic goals that identify the critical success factors for the organization. These goals are as follows:

Customer	Enhance the customer experience by providing valued service and infrastructure to road and transit users through innovation and excellent customer service
Financial	Enhance the financial viability of the organization
Stakeholder	Secure stakeholder support to plan, fund, build, and operate a sustainable transportation network
Internal Effectiveness	Develop processes and infrastructure to support an integrated approach to the efficient and effective delivery of transportation services
People	Build an aligned, engaged, accountable and customer-focused team

In supporting these goals the business plan identified four strategic priorities for 2012.

Compass Card and Faregate (CCFG)

The Compass Card and Faregate project (CCFG) is an important project that will change the way we collect fares, interact with customers and plan service. Compass, a new electronic fare medium, will work with faregates to improve the transit system.

Change management activities continue to ensure that all areas of the organization are supported through multiple channels in order to maximize understanding and adoption of the Compass system as it is implemented. The initial main focus will be to highlight the benefits of the new system. The Business Process Team continues to focus on process development and procedural changes that will be impacted by the Compass Project.

The project is progressing with continued work around station construction, installation of faregates and ticket vending machines, bus equipment, and training to transit operators and maintainers.

Sustainable Funding

The Mayors' Council voted on October 18, 2012 to rescind the time limited property tax revenue for both 2013 and 2014, which is included in TransLink's 2013 three-year Base Plan and put the challenge to the Province and Mayors' Council to work together to identify a long-term funding model by February 28, 2013. TransLink will continue to work with all parties (Province and the Mayors' Council) to address long-term funding strategies.

People

Centralization of HR functions with the operating companies has been completed. Focus on the changes in practice/procedures with the operating companies will continue. The implementation of one enterprise exempt compensation system including a common exempt performance management process is complete.

A number of external and internal delivered leadership and employee development training programs have been completed and will continue to offer leadership training the following year. HR has delivered on successful corporate wellness initiatives across the enterprise.

Preparations are underway to begin bargaining a new collective agreement with COPE Local 378 for TransLink corporate employees.

Technology

With the passing of Bill 51 legislation, the fare evasion and fine collection system was successfully implemented for the effective date September 4, 2012.

Improvements to customer facing applications continue including the mobile website which supports the growing use of smartphones. The next bus real time transit information is averaging about 60,000 requests per day.

1. FINANCIAL AND PERFORMANCE SUMMARY

YEAR ENDING DECEMBER 31
(*all numbers in millions except per unit calculations*)

	Actual 2008	Actual 2009	Actual 2010	Actual 2011 [6]	Actual 2012	Year over Year Change	Year over Year %	Budget 2012	Budget Variance Fav/ (Unfav)	Budget Variance %	Compound Annual Growth Rate (CAGR) 2008-2012 [5]
FINANCIAL PERFORMANCE											
Revenue	1,028.3	1,045.6	1,303.3	1,316.1	1,421.5	105.4	8.0%	1,416.9	4.6	0.3%	8.4%
Expenditures	1,013.0	1,264.5	1,361.8	1,368.5	1,430.8	62.3	4.6%	1,465.0	34.1	2.3%	9.0%
Excess (deficiency) of revenue over expenses	15.3	(218.9)	(58.6)	(52.5)	(9.4)	167.7	(319.6%)	(48.0)	38.7	(80.5%)	
FINANCIAL INDICATORS											
Cumulative funded surplus [1]	379.6	312.3	322.0	287.7	294.8	7.1	2.5%	243.8	51.0	20.9%	(6.1%)
Capital assets	3,977.4	4,609.4	4,497.1	4,426.4	4,391.3	(35.1)	(0.8%)	4,719.8	(328.5)	(7.0%)	2.5%
Net debt (bonds, debentures, short-term debt) [2]	1,421.2	1,632.7	1,773.3	1,858.6	1,914.1	55.4	3.0%	1,889.7	(24.4)	(1.3%)	7.7%
Deferred concessionaire credits and GEB contractor liability [3]	1,344.9	1,673.9	1,685.5	1,685.7	1,675.0	(10.7)	(0.6%)	1,669.8	(5.2)	(0.3%)	5.6%
Total net debt [4]	2,766.1	3,306.6	3,458.7	3,544.3	3,589.0	44.7	1.3%	3,559.4	(29.6)	(0.8%)	6.7%
Total net debt as a % of operating revenue	300.7%	346.7%	298.9%	305.3%	295.7%	(9.7%)	(3.2%)	296.1%	0.4%	0.1%	(0.4%)
Gross interest cost as a % of operating revenue	6.9%	11.8%	13.8%	14.8%	14.6%	(0.1%)	(1.0%)	14.4%	(0.3%)	(1.8%)	20.7%

[1] The cumulative funded surplus as calculated under the SCBCTA Act is the amount of resources available to fund future operations.
[2] Balance net of debt reserve deposits and sinking funds.
[3] Includes deferred concessionaire credits and Golden Ears Bridge contractor liability
[4] Net debt + deferred concessionaire credits and GEB contractor liability.
[5] Compound annual growth rate (CAGR). For Items with no data in 2008, CAGR is based on annualized data from the first year of available information.
[6] Restatement of recoveries and gain on disposal from expenditures to revenue ($5.2 million) per PSAB guidelines

FINANCIAL PERFORMANCE AND INDICATORS

Revenues are $105.4 million (8.0 per cent) higher than 2011 largely due to the gain from sale of surplus properties, increased taxation revenue (includes a fuel tax rate increase of two cents per litre in April 2012) and increased transit revenue. Expenditures increased $62.3 million (4.6 per cent) over 2011. The cumulative funded surplus is $7.1 million (2.5 per cent) higher than 2011 year-end. Total net debt increased over 2011 by 1.3 per cent but decreased relative to the percentage of operating revenue.

The 2012 revenue was $4.6 million (0.3 per cent) higher than budget with small gains in most categories offsetting the sale of surplus property which was $14.3 million (25.6 per cent) below budget. Expenditures were $34.1 million (2.3 per cent) favourable to budget due to a portion of the planned service expansion put on hold, the realization of cost efficiency savings, and a budgeted contingency that was not accessed. The cumulative funded surplus is $51.0 million (20.9 per cent) favourable to the budget target. Total net debt was higher than budget largely due to early borrowings to refinance two MFA debt issues up for renewal in 2013.

OPERATING INDICATORS

YEAR ENDING DECEMBER 31
(*all numbers in millions except per unit calculations*)

	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Year over Year Change	Year over Year %	Budget 2012	Budget Variance Fav/ (Unfav)	Budget Variance %	Compound Annual Growth Rate (CAGR) 2008-2012 [5]
OPERATING INDICATORS											
Scheduled Transit Service											
Overall Performance Rating (out of 10)	7.0	7.3	7.6	7.6	7.7	0.1	1.3%	7.7	-	-	2.4%
Revenue passengers	178.8	187.9	217.5	231.9	237.5	5.6	2.4%	238.0	(0.5)	(0.2%)	7.4%
Service hours	5.6	6.0	6.4	6.3	6.3	0.0	0.4%	6.4	(0.1)	(1.3%)	2.9%
Operating cost recovery	51.8%	48.1%	51.3%	52.5%	51.4%	(1.1%)	(2.1%)	48.7%	2.7%	5.5%	(0.2%)
Average fare per revenue passenger	$ 1.94	$ 1.89	$ 1.89	$ 1.86	$ 1.88	$ 0.02	1.1%	$ 1.86	$ (0.02)	(1.1%)	(0.8%)
Operating cost per revenue passenger	$ 3.85	$ 4.03	$ 3.90	$ 3.64	$ 3.76	$ 0.12	3.3%	$ 3.91	$ 0.15	3.8%	(0.6%)
Operating cost per service hour	$ 122.02	$ 126.11	$ 133.08	$ 133.64	$ 140.80	$ 7.16	5.4%	$ 145.08	$ 4.28	3.0%	3.6%
Boardings per service hour	53.58	52.12	54.40	56.21	57.08	0.9	1.5%	57.46	(0.4)	(0.7%)	1.6%
Complaints per 1 million boarded passengers	85.7	82.3	85.9	87.5	82.1	(5.4)	(6.2%)	74.3	(7.8)	(10.5%)	(1.1%)
Passenger kilometres [4]	-	2,209.0	2,616.1	2,751.2	2,803.8	52.6	1.9%	2,839.4	(35.6)	(1.3%)	8.3%
Operating cost per passenger kilometre [4]	$ -	$ 0.343	$ 0.325	$ 0.307	$ 0.318	$ 0.011	3.6%	$ 0.328	$ 0.010	3.0%	(2.5%)
Operating cost per passenger kilometre (excluding energy) [4]	$ -	$ 0.321	$ 0.303	$ 0.284	$ 0.294	$ 0.010	3.5%	$ 0.302	$ 0.008	2.6%	(2.9%)
Capacity kilometres [1]	-	-	-	10,636.2	10,703.1	66.9	0.6%	10,839.9	(136.8)	(1.3%)	0.6%
Operating cost per capacity kilometre [1]	-	-	-	$ 0.079	$ 0.083	$ 0.004	5.1%	$ 0.086	$ 0.003	3.5%	5.1%
Utilization (passenger kilometres per capacity kilometres) [2]	-	-	-	25.9%	26.2%	0.3%	1.2%	26.2%	-	-	1.2%
Access Transit Service											
Revenue passengers	1.4	1.2	1.3	1.4	1.4	(0.0)	(1.1%)	1.4	(0.0)	(0.4%)	0.3%
Service hours	0.6	0.5	0.6	0.6	0.6	(0.0)	(1.9%)	0.6	(0.0)	(1.1%)	(0.0%)
Operating cost per revenue passenger	$ 26.50	$ 33.17	$ 34.03	$ 33.35	$ 34.53	$ 1.18	3.5%	$ 34.80	$ 0.27	0.8%	6.8%
Operating cost per service hour	$ 61.09	$ 78.38	$ 76.39	$ 77.22	$ 80.61	$ 3.39	4.4%	$ 80.67	$ 0.06	0.1%	7.2%
Boardings per service hour	2.52	2.61	2.47	2.53	2.55	0.0	0.8%	2.54	0.0	0.4%	0.3%
Complaints per 1 million boarded passengers	154.7	1,221.8	883.5	913.4	1,037.8	124.4	13.6%	790.1	(247.7)	(31.4%)	60.9%
Passenger kilometres [3]	-	-	7.1	7.5	7.4	(0.0)	(0.2%)	7.5	7.5	100.2%	2.6%
Operating cost per passenger kilometre	-	-	$ 6.42	$ 6.24	$ 6.41	$ 0.17	2.7%	$ 6.41	$ -	-	(0.1%)
Operating cost per passenger kilometre (excluding energy)	-	-	$ 6.11	$ 5.87	$ 6.02	$ 0.15	2.6%	$ 6.02	$ -	-	(0.7%)
Golden Ears Bridge											
Crossings	-	3.5	8.7	9.8	10.8	1.0	10.2%	10.9	(0.1)	(0.9%)	45.6%
Average toll per crossing		$ 3.26	$ 3.40	$ 3.45	$ 3.60	$ 0.15	4.3%	$ 3.59	$ 0.01	0.3%	3.4%

[1] Capacity kilometres not reported until 2011
[2] Utilization measure not reported until 2011
[3] Passenger kilometres for Access Transit not reported before 2010
[4] Passenger kilometres for Conventional Transit not reported before 2009
[5] Compound annual growth rate (CAGR). For Items with no data in 2008, CAGR is based on annualized data from the first year of available information.

Scheduled Transit Service (Conventional)

In 2012, all cost measures were favourable to the budget target, showing the ongoing diligence in operating effectively and efficiently.

TransLink's overall performance rating from customers has been steadily increasing over the last five years reaching a high of 7.7 in 2012.

Revenue passenger results show a 2.4 per cent increase over 2011 with a compound annual average growth rate of 7.4 per cent since 2008.

The Bus Division added 42,000 service hours (69,000 annualized hours) from the 2012 Supplemental Plan. Due to funding uncertainties additional planned new service for June and September did not proceed. Since 2008 service hours have increased on average 2.9 per cent per year.

Operating cost per revenue passenger is showing a slight increase in 2012, however, this measure is 2.3 per cent lower than 2008. This is attributable to increasing productivity (boardings per service hour) and the result of cost containment and efficiency measures.

The operating cost per service hour increase over 2011 can be attributed in part to the increase in Canada Line contractual payments of $6.9 million. The impact of this increase is $1.09 per service hour.

Service optimization continued within the Bus Division which helps to reduce overcrowding, increase ridership and revenue and improve asset utilization. The utilization factor in 2012 increased 1.2 per cent compared to the same period in 2011. The utilization factor compared to 2012 budget year-to-date is also on target. [1]

Access Transit Service

Actual service hours provided were 1.1 per cent (6,400) less than budget – mainly the result of a few days in December where only essential services were provided due to poor weather conditions. Demand appears to be growing with approximately 47,000 trips denied or refused, which represents 3.8 per cent of total trips delivered. There were 15,000 fewer revenue passengers in 2012 due to the lower service hours.

Service availability related complaints continue to be high, as demand for HandyDART is growing without a corresponding increase in service. Numbers for other complaints have stayed fairly stable.

Costs year over year are up due to inflationary increases, mainly in operator wages. This results in increases in operating cost per service hour and per revenue passenger. In 2009, TransLink consolidated HandyDART services across the region and increased investment to improve the quality of service. The compound annual average growth rate for operating cost per revenue passenger and per service hour since 2009 has been 1.3 per cent and 0.9 per cent respectively.

[1] Ridership estimates for 2012 have been revised downwards from previously reported quarterly results on further analysis of fare audit survey data.

2. CONSOLIDATED STATEMENT OF OPERATIONS ANALYSIS

Consolidated Revenues

Consolidated Revenues	Actual	Actual	Actual	Actual	Actual	Year over Year		Budget	Budget Variance		Compound Annual Growth Rate
($millions)	2008	2009	2010	2011	2012	Change	%	2012	Fav./ (Unfav.)	%	(CAGR) 2008-2012
Taxation	560.1	575.8	689.8	682.4	714.4	32.1	4.7%	707.2	7.2	1.0%	6.3%
Transit	359.9	366.8	437.9	444.7	460.6	15.9	3.6%	456.2	4.4	1.0%	6.4%
Golden Ears Bridge Tolls	-	11.3	29.6	33.7	38.9	5.1	15.1%	39.0	(0.1)	(0.3%)	51.0%
Real estate	-	-	-	-	1.6	1.6	-	-	1.6	-	-
Emissions Testing	19.0	17.5	19.5	18.4	20.3	1.9	10.2%	20.6	(0.3)	(1.5%)	1.6%
Transfers from other governments *	64.8	43.0	83.4	82.3	85.2	2.9	3.5%	85.6	(0.4)	(0.5%)	7.1%
Amortization of deferred concessionaire credit	-	9.1	23.1	23.3	23.3	(0.0)	(0.0%)	23.1	0.3	1.1%	37.1%
Interest Income	24.4	22.2	19.9	26.1	31.7	5.6	21.5%	27.6	4.1	14.8%	6.7%
Miscellaneous revenue	-	-	-	5.0	4.0	(1.0)	(20.7%)	1.9	2.1	108.1%	(20.7%)
Gain on disposal	-	-	-	0.2	41.6	41.4	-	55.9	(14.3)	(25.6%)	-
PSAB/GAAP Total	1,028.274	1,045.560	1,303.26	1,316.1	1,421.5	105.4	8.0%	1,416.9	4.6	0.3%	8.4%
Funding Adjustments:											
Emissions Testing	(19.0)	(17.5)	(19.5)	(18.4)	(20.3)	(1.9)	(10.2%)	(20.6)	0.3	1.5%	1.6%
Transfers from other governments	(64.8)	(35.5)	(64.2)	(60.6)	(65.1)	(4.5)	(7.4%)	(65.9)	0.8	1.2%	0.1%
Amortization of deferred concessionaire credit	-	(9.1)	(23.1)	(23.3)	(23.3)	0.0	0.0%	(23.1)	(0.3)	(1.1%)	37.1%
Interest Income	(17.9)	(20.5)	(17.8)	(22.2)	(27.4)	(5.2)	(23.6%)	(25.4)	(2.0)	(7.7%)	11.2%
Funded Total	926.5	963.0	1,178.7	1,191.6	1,285.4	93.8	8.5%	1,281.9	3.5	(0.3%)	8.5%

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

Overview

Total revenues in 2012 were $105.4 million (8.0 per cent) greater than in 2011. The largest increases are from the gain of the sale of surplus properties, taxation revenue, and transit revenue.

Compared to budget, total revenues were $4.6 million (0.3 per cent) higher.

Taxation

Taxation Revenues	Actual	Actual	Actual	Actual	Actual	Year over Year		Budget	Budget Variance		Compound Annual Growth Rate
($millions)	2008	2009	2010	2011	2012	Change	%	2012	Fav./ (Unfav.)	%	(CAGR) 2008-2012
Fuel tax	262.3	259.8	323.2	311.8	335.3	23.5	7.5%	330.8	4.5	1.4%	6.3%
Property and replacement tax	264.5	282.1	289.6	298.1	306.7	8.6	2.9%	305.6	1.1	0.4%	3.8%
Parking rights tax	15.4	15.6	58.4	53.7	53.2	(0.5)	(0.9%)	51.6	1.6	3.1%	36.3%
Hydro levy	17.9	18.2	18.6	18.8	19.2	0.5	2.6%	19.2	0.0	0.0%	1.8%
Total taxation	560.1	575.8	689.8	682.4	714.4	32.1	4.7%	707.2	7.2	1.0%	6.3%

Under the *South Coast British Columbia Transportation Authority Act,* TransLink is permitted to raise revenues by means of taxes.

Year over Year

Fuel tax revenue in 2012 was $23.5 million (7.5 per cent) higher than 2011, due to the April 1st rate increase from $0.15 per litre to $0.17 per litre. However, actual 2012 net fuel volumes were 2.1 per cent lower than 2011. This decline in volume is consistent with retail sales data obtained from other sources, which showed a 1.6 per cent decline. Fuel sales volume trends continue to suggest future revenue risks for TransLink. Volumes on which fuel tax revenues are remitted to TransLink have been declining, on average, at approximately 2.0 per cent per year (since 2009). Higher fuel costs, increased fuel efficiency, increased use of transit (as supported by growth in ridership), and fuel leakage outside the SCBCTA region, are likely contributing to this decline.

Property tax increased by $8.6 million (2.9 per cent) compared to 2011, which is consistent with the 3 per cent annual increase per the legislated maximum. Replacement tax rates were set in 2012 to collect the permitted $18.0 million from all allowable property classes.

Actual vs. Budget

Fuel tax revenue for 2012, was $4.5 million (1.4 per cent) above budget, which was reflected in higher fuel volumes than expected.

Property and replacement tax was $1.1 million (0.4 per cent) above budget due to lower than expected adjustments from Municipalities.

Revenue from the collection and remittance of Parking Rights Tax was $1.6 million (3.1 per cent) greater than budget, due to the taxes remitted and the number of parking vendors both being higher than planned.

Transit Revenue

Transit Revenues ($millions)	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Year over Year Change	Year over Year %	Budget 2012	Budget Variance Fav./ (Unfav.)	Budget Variance %	Compound Annual Growth Rate (CAGR) 2008-2012
Transit - fares											
Farebox	89.9	88.5	107.8	109.4	109.2	(0.2)	(0.2%)	113.1	(3.8)	(3.4%)	5.0%
Prepaid fares	205.3	208.7	236.1	246.9	253.1	6.3	2.5%	243.0	10.1	4.2%	5.4%
Prepaid Contract	53.5	59.4	69.2	77.3	86.0	8.7	11.2%	88.7	(2.8)	(3.1%)	12.6%
Total transit fares	348.8	356.6	413.0	433.6	448.3	14.8	3.4%	444.9	3.5	0.8%	6.5%
Transit - other	11.2	10.1	24.9	11.2	12.3	1.1	9.7%	11.3	1.0	8.6%	2.2%
Total transit revenue	360.0	366.7	437.9	444.7	460.6	15.9	3.6%	456.2	4.4	1.0%	6.4%
Ridership											
Boarded passengers	303.9	314.6	348.66	356.2	363.2	6.9	1.9%	370.2	(7.0)	(1.9%)	4.6%
Revenue passengers	180.2	189.1	218.84	233.3	238.8	5.6	2.4%	239.4	(0.5)	(0.2%)	7.3%
Average fare/revenue passenger	$ 1.94	$ 1.89	$ 1.89	$ 1.86	$ 1.88	$ 0.02	1.0%	$ 1.86	$ 0.02	1.0%	(0.8%)

Year over Year

Transit revenue consists of transit fares and other transit-related revenues such as advertising and fare infractions.

Transit revenue totalled $460.6 million in 2012 compared to $444.7 million in 2011. This revenue increase can be attributed to increased ridership. In addition to growing ridership, the revenue increase from 2008 to 2012 reflected the fare increase that took place in April 2010, and the additional revenue and ridership generated by the

2010 Olympics. Revenue passenger is growing at a compound annual growth rate of 7.3 per cent, which is faster than the total transit revenue growth rate at 6.4 per cent. This shows in the reduction in average fare per revenue passenger from $1.94 in 2008 to $1.88 in 2012 which is the result of more customers participating in various discount programs. The service optimization initiative has helped to alleviate overcrowding and customer pass-ups thereby increasing ridership.

Farebox revenue includes cash fares on all transit services and the Mission subsidy. This revenue was $0.2 million (0.2 per cent) lower than 2011, which indicates that users are migrating to better value-for-money prepaid fares.

Prepaid fares include FareSavers, FareCards (Monthly Passes), Day Passes and Employer Passes; revenue was $6.3 million (2.5 per cent) higher than 2011.

Prepaid contract revenue primarily includes Government Bus Passes and U-Pass BC. Prepaid contract revenue was $8.7 million (11.2 per cent) higher than 2011, predominantly due to the full year impact of all ten participating post-secondary institutions (PSIs) being on the U-Pass program for 2012. In 2011, six PSIs participated in the U-Pass BC or former U-Pass program for the entire year while the remaining four PSIs joined the program in September. Participation in the Government Bus program grew by 5.3 per cent from 2011 to 2012.

Transit other revenue was $1.1 million (9.7 per cent) above 2011. This is predominantly due to new advertising and fare infraction revenues.

Actual vs. Budget

Total transit revenue was $4.4 million higher than budget, which was driven by a greater shift to prepaid fare discounted products.

Golden Ears Bridge Tolls

Year over Year

Revenues from tolls charged on the Golden Ears Bridge (GEB) were $5.1 million (15.1 per cent) higher than 2011. Traffic volumes in 2012 grew by 10.2 per cent over 2011, continuing the increasing trend since its opening. A public awareness campaign was launched at the beginning of the year to help increase revenue. During the year, TransLink implemented changes to its toll system to initiate interoperability between tolling operations on GEB and the new Port Mann Bridge, enabling the reading of new identification technology used on the new Port Mann Bridge. Lower growth was experienced in December, with customers likely trying different commuting options with the opening of the new Port Mann Bridge, among other factors relevant to the winter season. TransLink is continuing interoperability efforts with the Transportation Investment Corporation (TI Corp) to be able to provide customers with the convenience of a single invoice for tolls incurred on both GEB and the new Port Mann Bridge.

Emissions Testing

With a significant portion of the test fleet on a biennial test schedule, year over year revenues will vary. In 2012, revenues were $1.9 million (10.2 per cent) higher than 2011.

Government Transfers

With the adoption of the Public Sector Accounting Board (PSAB) guidelines in 2011, transfers from other governments were restated for 2010 and going forward. The recognition of revenue is now amortized over a period of time rather than recognized in the year funds are received. Three quarters of this funding is restricted to purchases of capital assets while the remainder is an operating contribution from the Province which includes $19.3 million to the Canada Line and $0.8 million for rapid transit studies and other planning projects. Continued support at senior government levels has enabled TransLink to grow the transit network significantly over the 2008-2012 period and continued support is needed to achieve our long range Transport 2040 goals.

Interest Income

Year over Year

Interest income increased $5.6 million (21.5 per cent) over 2011, due to higher sinking funds, both at the Municipal Funding Authority and in the restricted self-administered sinking funds.

Actual vs. Budget

Interest income was higher than budgeted as TransLink took advantage of the historic low long-term interest environment and borrowed $100 million earlier in the year than planned. This increased the cash holdings in the earlier part of 2012 above what was originally budgeted.

Gain on Disposal

Year over Year

Sales of surplus properties resulted in an increase in gain on disposal in 2012.

Actual vs. Budget

The variance between 2012 actual and budget of $14.3 million is largely due to the accounting treatment on a Canada Line obligation that had been anticipated as a gain in the budget. Other miscellaneous surplus properties sold were lower than forecasted.

Miscellaneous Revenues

Miscellaneous revenues consist mainly of recoveries for warranty repairs, salary recoveries and costs recovered from other parties. The actual amount was $2.1 million higher than budget mainly due to unbudgeted recoveries for the Expo and Millennium Lines and for Access Transit related costs.

Funding Adjustments

Funding adjustments are the changes required to the income statement to calculate the cumulative funded surplus under the SCBCTA Act, which is defined as the amount of resources available to fund future operations.

Consolidated Expenses by Segment

Consolidated Expenses by Segment ($millions)	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Year over Year Change	Year over Year %	Budget 2012	Budget Variance Fav./ (Unfav.)	Budget Variance %	Compound Annual Growth Rate (CAGR) 2008-2012
AirCare	17.4	17.8	18.5	18.7	17.4	(1.3)	(7.2%)	17.1	(0.3)	(1.7%)	(0.0%)
Bus division	546.1	580.5	593.3	607.1	624.1	17.0	2.8%	645.6	21.5	3.3%	3.4%
Corporate	56.4	59.8	68.3	55.7	61.2	5.6	10.0%	71.7	10.5	14.6%	2.1%
Rail division	114.9	149.1	208.4	225.7	239.5	13.8	6.1%	244.5	5.1	2.1%	20.2%
Roads & Bridges	104.3	194.3	120.9	97.9	118.5	20.6	21.0%	119.4	0.8	0.7%	3.3%
Transit Police	22.1	26.8	28.3	27.4	28.4	1.1	3.9%	29.8	1.3	4.5%	6.5%
Depreciation and Interest *	151.8	232.0	312.9	332.8	341.6	8.8	2.7%	336.9	(4.8)	(1.4%)	22.5%
Provision for Asset Valuation	-	4.1	11.3	3.2	-	(3.2)	-	-	-	-	-
PSAB/GAAP Total	1,012.9	1,264.6	1,361.9	1,368.5	1,430.8	62.3	4.6%	1,465.0	34.1	2.3%	9.0%
Funding Adjustments:											
AirCare	(17.4)	(17.8)	(18.5)	(18.7)	(17.4)	1.3	7.2%	(17.1)	0.3	1.7%	(0.0%)
Corporate	(0.2)	(5.2)	(1.1)	(0.0)	(0.0)	0.0	-	-	0.0	-	(46.4%)
Roads & Bridges	(64.7)	(148.6)	(74.6)	(48.8)	(66.3)	(17.6)	(36.0%)	(66.2)	0.1	0.2%	0.6%
Depreciation and Interest	(83.3)	(145.4)	(220.7)	(218.5)	(221.0)	(2.5)	(1.1%)	(217.5)	3.5	1.6%	27.6%
Debt Repayment	70.5	79.4	82.6	95.3	96.9	1.6	1.7%	101.0	4.2	4.1%	8.3%
GEB Capital Payments	-	4.4	30.4	47.5	54.3	6.8	14.3%	54.8	0.5	0.8%	131.3%
In-house insurance (TPCC)	0.5	(1.0)	3.0	0.6	1.0	0.5	-	-	(1.0)	-	-
Funded Total	918.3	1,030.4	1,163.1	1,225.8	1,278.3	52.5	4.3%	1,319.9	41.6	3.2%	8.6%

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

Year over Year

Overview

Expenditures for 2012 are $62.3 million (4.6 per cent) higher than the same period last year. The main drivers of the increase are a contractual increase in Canada Line payments which is reflected in the Rail division, increased service, and higher labour and energy costs.

In 2011, a decision was made to move the responsibility and accountability of the majority of shared services to a centralized model under TransLink. Starting in 2011, the responsibility for Business Technology at TransLink and Coast Mountain Bus Company was centralized within TransLink's Corporate Office. Human Resources advisory and administrative services were delivered to BCRTC, CMBC and TransLink effective May 1, 2012. These centralized Business Technology and Human Resources functions were partially allocated back to the subsidiaries based on operating usage and/or headcount. The consolidated expenditures by segment table are restated to reflect allocated costs in the appropriate segments.

AirCare

Contract costs in 2012 are lower due to a negotiated one-year contract extension with a significant fee reduction.

Bus Division

Operating expenditures were $17.0 million (2.8 percent) higher in 2012 over 2011. The increased costs in 2012 are partially due to the implementation of an additional 42,000 fiscal service hours in December 2011, April and December 2012. Fuel and power costs increased due to higher diesel fuel prices, electricity rates, and additional service kilometres. Labour costs were up from 2011 due to increased service, employer-paid benefit costs and workforce restructuring costs, offset by savings from staffing reductions through the year. Other contractual and economic increases were offset by cost containment initiatives including bus scheduling and recovery time efficiencies, cafeteria closures, and non-revenue fleet reductions.

Total expenditures have increased $74.0 million (13 percent) from 2008 to 2012 largely due to service hour expansion of 5.9 percent, economic and contractual labour increases, increased employer paid benefits, rising fuel costs, and general economic goods and services increases. Over this period CMBC has undertaken scheduling efficiency and service optimization initiatives to improve productivity and implemented cost containment initiatives to lower administrative costs, to reduce overall workforce levels, to improve vehicle fuel usage and to reduce facility utility costs.

Rail Division

Rail division operating expenditures were $13.8 million (6.1 per cent) higher compared to 2011. This increase was primarily a result of contractual Canada Line increases, the annualized impact from the ratified collective agreement, merit increases, maintenance costs due to aging infrastructure and fleet, and increased hydro rates.

The introduction of Canada Line service in 2009 significantly increased the Rail Division's operating cost over the last four years. Excluding Canada Line, rail services were further expanded in 2010 with the addition of 48 new MKII vehicles and seven new WCE bi-level train cars while operating costs per service hour increased marginally from $113 per hour in 2008 to $115 per hour in 2012.

Corporate

Operating expenditures were $5.6 million (10.0 per cent) higher than 2011. Factoring out the one-time costs would reduce corporate expenditures for 2012 to $57.2 million. This reduced the compound annual growth rate from 2.1 per cent to 0.4 per cent. These one-time costs include Compass Card ($1.4 million), loss on office sublease at Surrey Central ($1.7 million), and Sapperton lease ($0.9 million). Shared Services costs have been allocated between TransLink and the subsidiaries. Details of the allocations can be found in Appendix 3.

Transit Police

Overall expenditures increased by $1.1 million (3.9 per cent) from the prior year due to salary increases which included a full year of the three per cent wage increase awarded to COPE staff in 2011 being recognized in 2012, and length of service wage increases. Staffing levels have remained relatively unchanged since the opening of the Canada Line. Professional and legal costs have increased from $0.1 million in 2009 to $0.5 million in 2012, as a result of having to indemnify sworn members being investigated under the new Police Act. Administration costs are up from prior year due to the costs associated with replacing of older computer hardware and equipment.

Depreciation & Interest Expense

Depreciation expense increased by $2.8 million in 2012 of which depreciation for vehicles increased $2.0 million. Interest expense was $6.0 million higher than 2011. Gross debt, on which interest is calculated, rose by approximately $175 million year-over-year.

Actual vs. Budget

Overview

The favourable budget variance of $34.1 million (2.3 per cent) is attributed to less service expansion than was planned, unused contingency budget, and the realization of operating efficiency initiatives.

Bus Division

Operating expenditures were $21.5 million (3.3 percent) favourable to budget. Contributing to the variance was fewer service hours delivered than originally planned with the cancellation of the summer and fall supplemental expansion and cost savings from efficiency initiatives throughout the year. Fuel costs were favourable due to lower diesel prices than expected and less fuel consumed of which the anti-idling initiative was a contributing factor. Labour costs were lower due to fewer service hours, reduced operator hiring and training, lower overtime, temporary vacancies and permanent workforce adjustments offset by one-time restructuring costs.

Rail Division

Expenditures were $5.1 million (2.1 per cent) below budget. This was mainly due to delaying maintenance activities and refined truck overhaul scope, vacant positions and reduced overtime, reduced CP Rail and Canada Line contract payments, offset by increased inventory write-offs, and cost of joint management and labour pension task force.

Corporate

Corporate costs were $10.5 million (14.6 per cent) under budget. The favourable variance included delays in filling vacant positions, savings in discretionary costs, unused contingency budget, offset by charges for Sapperton lease starting in November, and the loss incurred from subleasing Surrey Central offices, and Fare Infraction administration costs.

Transit Police

Transit Police were $1.3 million (4.5 per cent) under budget for 2012 largely due to unfilled vacancies during the year and overtime savings. Other maintenance and administration cost savings were partially offset by increased professional and legal costs.

Depreciation & Interest Expense

Compared to the 2012 budget, actual results are $4.8 million (1.8 per cent) higher, due to higher than planned borrowing to take advantage of favourable interest rates.

Consolidated Expenses by Category

Consolidated Expenses by Category ($millions)	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Year over Year Change	Year over Year %	Budget 2012	Budget Variance Fav./ (Unfav.)	Budget Variance %	Compound Annual Growth Rate (CAGR) 2008-2012
AirCare	17.4	17.8	18.5	18.7	17.4	(1.3)	(7.2%)	17.1	(0.3)	(1.7%)	(0.0%)
Administration	26.5	29.8	24.8	22.5	24.2	1.7	7.5%	30.3	6.1	20.1%	(2.2%)
Amortization of Capital Assets	89.7	120.3	157.7	161.2	164.0	2.8	1.7%	164.0	0.1	0.1%	16.3%
Capital Infrastructure contributions	64.7	148.6	74.6	48.8	66.3	17.6	36.0%	66.2	(0.1)	(0.2%)	0.6%
Contracted Services	71.9	108.7	171.1	184.6	193.3	8.7	4.7%	199.8	6.5	3.3%	28.0%
Fuel and Power	60.7	48.2	55.3	60.5	66.9	6.3	10.5%	70.5	3.7	5.2%	2.5%
Insurance	13.9	18.0	15.7	17.1	17.9	0.8	4.4%	19.8	1.9	9.8%	6.5%
Interest	63.3	112.9	159.9	171.6	177.7	6.1	3.5%	172.8	(4.9)	(2.8%)	29.4%
Maintenance, Materials and Utilities	102.1	111.4	104.3	107.2	110.7	3.6	3.3%	114.9	4.1	3.6%	2.1%
Professional and Legal	21.9	15.7	13.9	19.3	18.7	(0.6)	(2.9%)	17.3	(1.4)	(7.9%)	(3.9%)
Rentals, Leases and Property Tax	29.4	31.4	38.5	34.6	38.3	3.7	10.7%	37.1	(1.2)	(3.3%)	6.8%
Salaries, Wages and Benefits	451.5	497.7	516.1	519.3	535.5	16.3	3.1%	555.1	19.6	3.5%	4.4%
Provision for Asset Valuation	-	4.1	11.3	3.2	-	(3.2)	-	-	-	-	-
PSAB/GAAP Total	1,012.9	1,264.6	1,361.9	1,368.5	1,430.8	62.3	4.6%	1,465.0	34.1	2.3%	9.0%
Funding Adjustments:											
AirCare	(17.4)	(17.8)	(18.5)	(18.7)	(17.4)	1.3	7.2%	(17.1)	0.3	1.7%	(0.0%)
Amortization of Capital Assets	(83.3)	(110.6)	(154.1)	(152.5)	(155.0)	(2.5)	(1.7%)	(150.8)	4.2	2.8%	16.8%
Government Funding Admin	(0.2)	(0.3)	(0.1)	(0.0)	(0.0)	(0.0)	(53.1%)	-	0.0	-	(46.4%)
Interest	-	(34.8)	(66.6)	(66.1)	(66.0)	0.1	0.1%	(66.8)	(0.7)	(1.1%)	23.8%
GEB Capital Payments	-	4.4	30.4	47.5	54.3	6.8	(14.3%)	54.8	0.5	(0.8%)	131.3%
MRN Capital Funding	(64.7)	(148.6)	(74.6)	(48.8)	(66.3)	(17.6)	(36.0%)	(66.2)	0.1	0.2%	0.6%
Principle Repayments	70.5	79.4	80.5	80.5	78.6	(1.9)	2.3%	101.0	22.4	(22.1%)	2.8%
Debt Repayment Reserves	-	-	2.2	14.8	18.2	3.4	(23.3%)	-	(18.2)	-	190.0%
Employee Future Benefits		(4.9)	(1.0)								
In-house insurance (TPCC)	0.5	(1.0)	3.0	0.6	1.0	0.5	(88.8%)	-	(1.0)	-	-
Funded Total	918.3	1,030.4	1,163.1	1,225.8	1,278.3	(52.5)	4.3%	1,319.9	41.6	(3.2%)	8.6%

Year over Year

Administration

Actual costs for 2012 are $1.7 million (7.5 per cent) higher than 2011. Costs include increased computer and systems costs of $1.7 million and higher marketing costs of $0.4 million; offset by lower other administration costs of $0.4 million. Administration costs are lower than in 2008 and 2009.

Amortization of Capital Assets

The amortization of capital assets for 2012 is $2.8 million (1.7 per cent) higher than 2011. This is due to the addition of capitalized assets including revenue service vehicles, the SkyTrain operating and maintenance facility, SkyTrain system upgrades, and Compass Card Faregates station package #1 completion. Additional capital leases, information systems and storage hardware additions also added to the increase. The SeaBus buildings became fully depreciated in 2012. The trend shows increasing depreciation year over year as our asset base continues to grow.

Capital Infrastructure contributions

Infrastructure payments were $17.6 million (36.0 per cent) higher than in 2011 and on budget for 2012. Municipalities have a four year period in which to complete the work depending on the nature and timing of the projects and these contributions can vary from year to year.

Contracted Services

This includes services contracted to other organizations in whole or in part such as the Golden Ears Bridge (GEB), Canada Line, HandyDART, West Vancouver transit service, some Community Shuttle services, and other vehicle and infrastructure maintenance. The increase of $8.7 million (4.7 per cent) over 2011 includes contractual increase for Canada Line service ($6.9 million), higher labour, insurance and fixed costs o ($0.8 million), costs related to GEB ($0.2 million), and Taxi Saver costs ($0.3 million), offset by a lower maintenance cost of $0.2 million. Contract services costs have increased over the years mainly due to the addition of the Canada Line, the consolidation of the HandyDART services across the region and increased investment to improve the quality of service.

Fuel and Power

Fuel and power costs have increased by $6.3 million (10.5 per cent) over 2011 with a rise in diesel prices and electricity rates and the additional service in 2012. Fuel and power have been trending upward over the last five years with approximately 700,000 additional service hours over this time period and generally higher prices for fuel and power.

Interest

Interest in 2012 is higher than 2011 due to increased overall borrowing to fund the capital program. Gross debt, on which interest is calculated, rose by approximately $175 million year-over-year.

Maintenance, Materials and Utilities

Maintenance, materials and utilities are $3.6 million (3.3 per cent) higher than 2011 due to increased service delivered by the Bus Division. The annual average compound growth rate is one per cent over the last five years, which signifies that measures have been taken to reduce maintenance costs.

Professional and Legal

Professional and legal fees are $0.6 million (2.9 per cent) lower than the same period in 2011, showing a reduction in the use of professional contractors. The five year trend shows an average compound reduction rate of 1.1 per cent, again reiterating the fact that professional contract costs have been reduced over the years.

Rentals, leases and property tax

Rentals, leases and property tax costs are $3.7 million (10.7 per cent) higher than 2011. The added rental cost in 2012 is the result of rent at Sapperton being included from date of substantial completion (November 1, 2012). Also losses from the sublease at Surrey Central offices were realized in 2012.

Salaries, Wages and Benefits

Salaries, wages and benefits increased by $16.3 million (3.1 per cent) over 2011. The increase can be attributed to merit, length of service, and contractual increases for COPE and BCRTC employees, higher employer paid benefit costs, workforce restructuring costs and increases in actuarial estimates for employee future benefit costs, offset by savings from staffing reductions throughout the year. The average compound growth rate since 2008 is 4.4 per cent due mainly to increase service, contractual wage increases and increases to benefit costs.

Actual vs. Budget

Administration

Actual costs are $6.1 million (20.1 per cent) under budget consisting of lower marketing costs ($2.7 million), computer and systems ($1.0 million), training and travel ($1.0 million), and other administration costs ($1.3 million).

Contracted Services

Compared to budget, actual contracted services costs are favourable by $6.5 million (3.3 per cent). This is mainly due to reduced Canada Line and CP Rail contract payments ($2.2 million), reduced maintenance cost in West Vancouver and contract Community Shuttle ($0.7 million), offset by additional costs for TaxiSaver of $0.5 million. The remaining difference is a re-class in the Rail Division of $4.1 million from contracted services to maintenance, materials and utilities.

Fuel and Power

Actual costs are $3.7 million (5.2 per cent) lower than budget due to lower diesel and hydro prices as well as less service expansion than planned.

Interest

Interest expense was $4.9 million (2.8 per cent) unfavourable to budget. Additional and earlier borrowing was completed in 2012 to take advantage of the favourable market conditions and pay down some Municipal Financing Authority debt that was coming up for renewal. The budget also assumed higher capital work-in-progress which attracts interest during construction that reduces the interest expense and was driven primarily from the expected start of the Evergreen Line project.

Maintenance, Materials and Utilities

The actual favourable variance of $4.1 million (3.6 per cent) to budget is due mainly to fewer bus service kilometres being provided compared to the target, delaying maintenance activities and refined truck overhaul scope in the Rail Division.

Professional and Legal

Actual costs are $1.4 million (7.9 per cent) unfavourable to budget due to feasibility costs related to the Pattullo Bridge not budgeted, offset by a reduction in professional contractor usage.

Rentals, leases and property tax

Rentals, leases and property tax costs are $1.2 million (3.3 per cent) unfavourable to budget due to the accounting of losses from the sublease at Surrey Central offices realized in 2012 and additional costs for Sapperton from the date of substantial completion (November 1, 2012).

Salaries, Wages and Benefits

Salaries, wages and benefits are $19.6 million (3.5 per cent) favourable to budget. Savings have been realized from delays in filling vacant positions throughout the entire organization and lower overtime particularly in the Bus and Police Divisions. Reduced operator hiring and training due to fewer service hours delivered than planned along with permanent workforce adjustments offset by one-time restructuring costs also contributed to the favourable variance.

3. INVESTMENT IN CAPITAL ASSETS

Capital Program summary – December 31, 2012
($ amounts in thousands)

		Budgets		Actual		Forecasts/Variances		
Description	Number of Projects	Original	Current	Prior to 2012	2012 Actual	2012 Forecasts	Final Forecast Total	Variance to Current Budget
Total of Active Projects and AiP Projects as at Jan 01 2012	**226**	**2,091,730**	**2,096,664**	**925,699**	**-**	**409,419**	**2,069,689**	**26,975**
Add: Adhoc Projects	6	2,659	2,659	-	175	-	2,324	335
Less: Projects Closed during 2012	(50)	(101,098)	(80,176)	(76,650)	2,942	-	(73,708)	(6,469)
AiP changes for activated projects (AIP to SPA budget changes for activated projects)	(5)	7,563	5,997	-	-	-	5,997	-
AiP projects cancelled in 2012*	(34)	(82,016)	(82,016)	-	-	(13,123)	(82,016)	-
Substantially Complete	(52)	(804,076)	(828,946)	(744,208)	(41,107)	-	(793,140)	(35,807)
Actual costs and Forecast Changes for Active Projects	-	-	-	300	153,422	(280,864)	(19,596)	19,596
Project Count Adjustments*	(3)	-	-	-	-	-	-	-
Total Capital Program (excl Substantially Complete)	**88**	**1,114,762**	**1,114,182**	**105,141**	**115,432**	**115,432**	**1,109,551**	**4,631**
Active Projects (excl Substantially Complete) (A)	61	1,086,578	1,085,998	105,141	115,432	-	1,081,367	4,631
AIP Projects as on Dec 31 2012 (B)	27	28,184	28,184	-	-	-	28,184	-
Total Capital Program (excl Substantially Complete) (A)+(B)	**88**	**1,114,762**	**1,114,182**	**105,141**	**115,432**	**-**	**1,109,551**	**4,631**

*Contribution type projects move out of AiP but not into Active; some project AiP to SPA are multiphased and counts have to be adjusted

** All numbers rounded to the thousands

Closed Projects

A total of 50 projects with a cost of $73.7 million and a related budget of $80.2 million were completed and closed up to December 31, 2012. These projects had a total favourable variance of $6.5 million. TransLink regularly monitors the budgeted contingencies to ensure levels are appropriate. Of the projects closed in 2012, contingency made up 12 per cent of the total budget and 8 per cent was utilized.

Cancelled Projects

A total of 34 Approved in Principle (AiP) projects with a budget of $82 million have been cancelled from the 2012 program. A majority of these projects were reviewed, prioritized, and cancelled to proactively manage costs due to the drop in revenue forecasts for the Plan period. The cancelled projects included fleet procurement to reduce the spare ratios of 87 conventional bus replacements for a total budget of $66 million.

Substantially Complete Projects

A total of 52 projects with a total cost to December, 2012 of $793.1 million and a related budget of $828.9 million were deemed substantially complete and in the final stages of project activity, with approximately $7.8 million remaining to be spent. The total expected favourable variance for these projects is $35.8 million.

Approval in Principle Projects

At the period ending December 31, 2012, there were 27 projects that had not yet started with a total Approval in Principle (AiP) budget of $28.2 million. The largest project is the UBC Diesel Bus Loop project with a budget of $12.7 million.

The remainder includes TransLink projects such as IT enhancements and Pattullo Bridge short term rehabilitation totalling $4.8 million; $2.7 million for Rail Division projects such as vehicle refurbishment, and propulsion power and switch control replacements; and $8 million for other Bus Division projects such as facilities and infrastructure improvements, and technology equipment replacements.

Active Projects (excluding substantially complete) ($ amounts in thousands)								
		Budgets		Actuals		Forecasts/Variances		
	Number of Projects	Original	Current	Prior to 2012	2012 Actuals	Final Forecast Total	Variance to Current Budget	External Funding Forecast
Equipment	6	5,520	5,531	42	421	5,548	(17)	-
Facilities	17	218,471	219,521	47,995	30,053	219,418	103	93,282
Infrastructure	17	291,226	292,166	51,778	60,057	290,343	1,823	193,859
Major Construction	1	418,192	405,841	1,204	8,264	405,766	75	-
Minor Capital Account	1	700	6,808	102	(102)	6,808	(0)	-
Technology Applications	13	29,881	32,448	3,500	8,134	31,104	1,345	-
Vehicle - Other Revenue	3	20,890	21,986	103	2,902	20,555	1,431	5,562
Vehicle - Convention Revenue	3	101,698	101,698	418	5,702	101,826	(128)	94,658
Grand Total	**61**	**1,086,578**	**1,085,998**	**105,141**	**115,431**	**1,081,367**	**4,631**	**387,361**

*Decimal rounding differences may exist

Active Projects (excluding substantially complete)

As at December 31, 2012, there were 61 active projects with a current budget of $1.1 billion. The forecasted active project variance of $4.6 million or 0.4 per cent was primarily made up of the following projects:

Infrastructure: Variance of $1.8 million or 0.6 per cent of the current Infrastructure Budget.

The major components of this variance are:

- The SkyTrain Wayside Monitoring and Control System Project (0510) are expected to be under budget by $0.5 million primarily due to savings in consultant contract award.
- The Kingsway Trolley Overhead Rectifier Station Building Envelope Rehabilitation Project (1003) is expected to be under budget by $1.3 million due to savings in contract award, project management, and unused contingency.

Technology Applications: Variance of $1.3 million or 4.1 per cent of the current Technology Applications Budget.

The major component of this variance is the SkyTrain Fibre Optic System Upgrade Project (0905) being under budget due to savings from the competitive tender process, lower project management costs, and unused contingency.

Vehicle – Other Revenue: Variance of $1.4 million or 6.5 per cent of the current Vehicle – Other Revenue Budget

The major component of this variance is the 2012 Community Shuttle Replacement Project (112150) being under budget due to significant savings in procurement contracts from lower community shuttle unit costs, vehicle type, increasing strength of Canadian currency, and competitive pricing due to increased suppliers.

4. CHANGES IN FINANCIAL POSITION

Changes in Financial Position as at December 31, 2012
(in thousands of dollars)

	2012	2011	Change from 2011	% Change
Financial Assets				
Cash	187,093	94,290	92,803	98.4%
Accounts receivable	107,037	79,059	27,978	35.4%
Restricted cash and investments	359,896	308,933	50,963	16.5%
Investments	114,271	128,311	(14,040)	(10.9%)
Debt reserve deposits	41,263	42,250	(987)	(2.3%)
Liabilities				
Accounts payable and accrued liabilities	222,694	180,563	42,131	23.3%
Debt	2,042,039	1,913,896	128,143	6.7%
Deferred government transfer	1,137,878	1,179,353	(41,475)	(3.5%)
Employee future benefits	78,251	67,144	11,107	16.5%
Deferred concessionaire credits	642,215	665,552	(23,337)	(3.5%)
Golden Ears Bridge contractor liability	1,032,744	1,020,150	12,594	1.2%
Deferred lease inducements - net	1,650	446	1,204	270.0%
Non-Financial Assets				
Tangible capital assets	$ 4,391,311	$ 4,426,404	$ (35,093)	(0.8%)
Supplies inventory	$ 37,843	$ 39,434	$ (1,591)	(4.0%)
Prepaid expenses	$ 8,431	$ 7,452	$ 979	13.1%

Financial Assets

The movement in cash and investments are explained below under cash flows and liquidity.

Accounts receivable has increased $28.0 million primarily due to a large receivable from the Ministry of Transportation for Build Canada Funding. This funding is attributable to previous capital spending which has now been approved as eligible under this Federal program.

Restricted cash and investments are higher due to TransLink's self-administered sinking fund program. As at December 31, 2012, the self-administered sinking funds of $86.7 million related to:

- $55.5 million to repay the Municipal Finance Authority (MFA) in 2013 and
- $31.2 million to repay the Authority's self-administered bonds in accordance with TransLink's debt management policy.

Debt reserve deposit has decreased $1.0 million due to a refund relating to the repayment of MFA debt offset by interest earned on this fund.

Liablities

Accounts payable and accrued liabilities has increased $42.1 million primarily as a result of various capital and major road network projects accruals.

Change in debt has been explained below under the debt section.

Deferred government transfer has decreased $41.5 million primarily because $65.1 million was recognized as revenue during the year offset by $19.6 million of additional senior government contributions and $4.1 million of interest earned.

Employee future benefits, which represent post-retirement and post-employment benefits, has increased by $11.1 million due to the latest actuarial valuations. The post-retirement portion of this liability will draw upon retirement of the employees.

Deferred concession 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 Golden Ears Bridge contractor liability has increased as interest expense exceeds the payments in early years, due to the sculpted payment schedule. The liability is setup so that principal payments commence during 2015.

Deferred lease inducements primarily represent tenant inducements related to TransLink’s new head office. This balance is amortized as a reduction of rental expense over the lease term to 2033.

Non-Financial Assets

Tangible capital assets have decreased $35.1 million as a net result of the $178.8 million in additions, less the net book value of disposals of $49.9 million less the amortization of $164.0 million.

5. LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS AND LIQUIDITY

TransLink continues to have strong cash flows in 2012. The cash position increased primarily due to the following sources:

- Operating activities generated positive flows of $65.9 million.
- The net proceeds from disposal of capital assets generated $91.5 million primarily related to the sale of surplus land.
- Increase in net direct debt of $55.4 million (see Debt section below).

At year end, there remained multiple sources of liquidity. Unrestricted cash and near cash equivalents, i.e. money market funds which can be redeemed on one business day's notice and term deposits, most of which matured in January 2013, was as follows:

	2012	**2011**	**Change**
Cash	$187,093	$94,290	+$92,803
Near cash equivalent	$84,851	$108,053	-$23,202
	$271,944	$202,343	+$69,601

TransLink's strong liquidity position is further supported by a $500 million commercial paper program of which only $90 million has been issued, less prepaid fees of $0.8 million.

DEBT

TransLink currently has three main sources of funding of its assets, namely net direct debt, indirect P3 debt and senior government contributions. The latter is represented on the balance sheet as deferred government transfers.

	2012		**2011**		**Change**
Direct Debt	$2,042,039		$1,913,896		$128,143
Less: Self administered sinking funds	(86,710)		(13,007)		(73,703)
Less: MFA DRF	(41,263)		(42,250)		987
Net Direct Debt	$1,914,066	40.5%	$1,858,639	39.3%	$55,427
GEB	$1,032,744		$1,020,150		$12,594
DCC – Canada Line	642,215		665,552		(23,337)
Indirect P3 Debt	$1,674,959	35.4%	$1,685,702	35.7%	$(10,743)
Deferred government transfers	$1,137,878	24.1%	$1,179,353	25.0%	$(39,230)
Total	$4,726,903	100.0%	$4,723,694	100.0%	$3,209

During 2012 TransLink took advantage of the historic low long-term interest market by issuing an ultra-long 40-year bond. $100 million was issued in February 2012 and this issue was reopened in July 2012 for an additional $150 million. The coupon on this issue is 3.85 per cent. As can be seen from the above table the net direct debt increased by $55.4 million and constitutes just over 40 per cent of TransLink's capital resources.

Total net direct[1] and indirect P3 debt totalled $3,589 million (2011 - $3,544 million). This is 295 per cent (2011 – 305 per cent) of operating revenues. Gross interest cost as a percentage of operating revenue was 14.6 per cent (2011 – 14.8 per cent). Both these ratios are within the self imposed limits per TransLink's debt management policy of 350 per cent and 20 per cent respectively.

Maintaining a high-quality credit rating is essential to ensure that TransLink's ability to continue accessing capital markets in a most cost-effective basis when it needs to borrow to fund its capital program. The following table summarizes TransLink's current credit ratings and outlooks:

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

[1] Total net debt includes deferred concessionaire credit for Canada Line, Golden Ears Bridge contractor liability, debt reserve deposit and sinking funds.

6. APPENDICES AND CONSOLIDATED FINANCIAL STATEMENTS

Schedule 1 Consolidated Financial Statements

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Financial Position
(in thousands of dollars)

December 31, 2012, with December 31, 2011 comparative figures

	December 31 2012	December 31 2011
FINANCIAL ASSETS		
Cash	$ 187,093	$ 94,290
Accounts receivable	107,037	79,059
Restricted cash and investments	359,896	308,933
Investments	114,271	128,311
Debt reserve deposits	41,263	42,250
	809,560	652,843
LIABILITIES		
Accounts payable and accrued liabilities	222,694	180,563
Debt	2,042,039	1,913,896
Deferred government transfer	1,137,878	1,179,353
Employee future benefits	78,251	67,144
Deferred concessionaire credits	642,215	665,552
Golden Ears Bridge contractor liability	1,032,744	1,020,150
Deferred lease inducements	1,650	446
	5,157,471	5,027,104
NET DEBT	(4,347,911)	(4,374,261)
NON-FINANCIAL ASSETS		
Tangible capital assets	$ 4,391,311	$ 4,426,404
Supplies inventory	37,843	39,434
Prepaid expenses	8,431	7,452
	4,437,585	4,473,290
Accumulated Surplus (note 12)	$ 89,674	$ 99,029

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations and Changes in Fund Balances
(in thousands of dollars)

Year ended December 31, 2012 and 2011

	2012 Budget	2012 Actual	2011 Actual
Revenue:			
Taxation	$ 707,187	$ 714,414	$ 682,350
Transit	456,154	460,600	444,743
Golden Ears Bridge tollings	38,962	38,859	33,748
Emissions testing	20,551	20,253	18,371
Government transfers	82,870	85,164	82,263
Amortization of deferred concessionaire credit	23,078	23,337	23,345
Interest income	30,255	31,662	26,058
Miscellaneous revenue	1,909	5,581	4,984
Gain on disposal of tangible capital assets	55,942	41,600	171
	1,416,908	1,421,470	1,316,033
Expenses:			
Aircare	17,323	17,380	19,100
Bus division	784,842	765,892	749,215
Corporate	83,466	73,223	67,970
Rail division	332,565	329,070	310,040
Roads & Bridges	216,955	216,797	194,796
Transit Police	29,807	28,463	27,384
	1,464,958	1,430,825	1,368,505
Deficit for the year	(48,050)	(9,355)	(52,472)
Accumulated surplus, beginning of year	121,114	99,029	151,501
Accumulated surplus, end of year	$ 73,064	$ 89,674	$ 99,029

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

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

Year ended December 31, 2012 and 2011

	2012 Budget	2012 Actual	2011 Actual
Deficit for the year	$ (48,050)	$ (9,355)	$ (52,472)
Acquisition of tangible capital assets	(441,932)	(178,764)	(106,096)
Amortization of tangible capital assets	163,821	163,956	161,178
Gain on disposal of tangible capital assets	(55,942)	(41,600)	(171)
Net proceeds from disposal of capital assets	55,942	91,501	12,553
Write down of tangible capital assets	-	-	3,219
	(278,111)	35,093	70,683
Change in supplies inventory	(1,123)	1,591	(3,099)
Change in prepaid expenses	(268)	(979)	1,220
	(1,391)	612	(1,879)
Decrease (increase) in net debt	(327,552)	26,350	16,332
Net debt, beginning of year	(4,366,913)	(4,374,261)	(4,390,593)
Net debt, end of year	$ (4,694,465)	$ (4,347,911)	$ (4,374,261)

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows
(in thousands of dollars)

Year ended December 31, 2012 and 2011

	2012	2011
Cash provided by (used for):		
Operating Transactions:		
Deficit for the year	$ (9,355)	$ (52,472)
Non-cash charges to operations	49,167	102,418
Changes in non-cash operating working capital	26,048	(19,299)
Net change in cash from operating transactions	65,860	30,647
Capital Transactions:		
Purchase of capital assets	(132,795)	(90,486)
Purchase of capital assets funded by government transfers	(45,969)	(11,354)
Net proceeds from disposal of capital assets	91,501	12,553
Net change in cash from capital transactions	(87,263)	(89,287)
Investing Transactions:		
Increase in restricted cash and investments	(50,963)	(250,774)
Decrease (increase) in investments	14,040	(48,196)
Decrease (increase) in debt reserve deposits	987	(1,393)
Net change in cash from investing transactions	(35,936)	(300,363)
Financing Transactions:		
Debt proceeds	255,246	200,000
Premiums (issue costs) on financing	1,119	(2,947)
Repayments of debt	(131,116)	(100,095)
Government transfers received for capital additions	23,594	249,119
Lease inducements received	1,299	446
Net change in cash from financing transactions	150,142	346,523
Increase (decrease) in cash	92,803	(12,480)
Cash, beginning of year	94,290	106,770
Cash, end of year	$ 187,093	$ 94,290
Supplementary information:		
Interest paid	$ 162,738	$ 152,733
Canada Line concessionaire non-cash contribution	-	4,256

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

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

Year ended December 31, 2012 and 2011

	2012	2011
Non-cash charges to operations:		
Amortization of capital assets	$ 163,956	$ 161,178
Amortization of bond discount	1,643	1,820
Amortization of debt issue cost	1,075	1,005
Amortization of deferred concessionaire credits	(23,337)	(23,345)
Amortizaton of deferred government transfers	(65,069)	(60,593)
Amortizaton of deferred lease inducements	(95)	-
Interest accretion on contractor liability	12,594	19,305
Writedown of tangible capital assets	-	3,219
Gain on disposal of tangible capital assets	(41,600)	(171)
	$ 49,167	$ 102,418
Changes in non-cash operating working capital:		
Increase in accounts receivable	$ (27,978)	$ (4,072)
Decrease (increase) in supplies inventory	1,591	(3,099)
Decrease (increase) in prepaid expenses	(803)	1,220
Increase (decrease) in accounts payable and accrued liabilities	42,131	(23,095)
Employee future benefit payable	11,107	9,747
	$ 26,048	$ (19,299)

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY
Segment Report
Year ended December 31, 2012, with comparative figures for 2011
(in thousands of dollars)

	Aircare	Bus division	Corporate	Rail division	Road & Bridge	Transit Police	2012	2011
Revenues:								
Taxation	$ -	$ -	$ 714,414	$ -	$ -	$ -	$ 714,414	$ 682,350
Transit	-	-	460,600	-	-	-	460,600	444,743
Golden Ears Bridge tollings	-	-	-	-	38,859	-	38,859	33,748
Emissions testing	20,253	-	-	-	-	-	20,253	18,371
Government transfers	-	-	85,164	-	-	-	85,164	82,263
Amortization of deferred concessionaire credit	-	-	-	23,337	-	-	23,337	23,345
Interest income	-	-	31,662	-	-	-	31,662	26,058
Miscellaneous revenue	-	2,166	2,067	1,089	28	231	5,581	4,984
Gain (loss) on disposal of tangible capital assets	-	(737)	42,337	-	-	-	41,600	171
	20,253	1,429	1,336,244	24,426	38,887	231	1,421,470	1,316,033
Expenses								
Administration	252	10,047	9,409	2,302	301	2,127	24,438	22,713
Amortization of capital assets	-	84,598	7,151	53,477	18,716	14	163,956	161,178
Capital infrastructure contributions	-	-	-	-	66,338	-	66,338	48,767
Contracted services	14,906	64,447	-	118,269	10,591	-	208,213	201,872
Fuel and power	-	55,075	-	11,781	-	-	66,856	60,511
Insurance	2	12,365	163	4,151	1,142	33	17,856	17,106
Interest	-	57,153	4,830	36,137	79,540	11	177,671	171,614
Maintenance, materials and utilities	5	51,876	914	22,179	34,566	1,208	110,748	107,164
Professional & legal	77	2,008	10,626	2,161	3,381	513	18,766	19,349
Rentals, leases and property tax	133	15,706	8,435	13,213	51	902	38,440	34,744
Salaries, wages and benefits	2,005	412,617	31,695	65,400	2,171	23,655	537,543	520,268
Write-down of tangible capital assets	-	-	-	-	-	-	-	3,219
	17,380	765,892	73,223	329,070	216,797	28,463	1,430,825	1,368,505
Surplus (deficit) for the year	$ 2,873	$(764,463)	$ 1,263,021	$(304,644)	$ (177,910)	$ (28,232)	$ (9,355)	$ (52,472)

APPENDIX 1 - FINANCIAL RESULTS (continued)

Reconciliation: Audited Financial Statements with Revenues and Expenditures Report
Year Ending December 31, 2012
(thousands of dollars)

RECONCILIATION OF SURPLUS BETWEEN GAAP AND SCBCTA ACT

	2012	2011	Notes
(Deficit) surplus for the year (GAAP)	(9,355)	(52,472)	A
Adjustment:			
Debt services costs	(111,715)	(98,909)	B
Amortization of capital assets which are funded by long-term debt (> 5 years useful life) or government contributions	154,124	152,117	
Government funded capital contributions	(65,069)	(60,593)	
Capital infrastructure contributions	66,338	48,767	
Amortization of deferred concessionaire credit	(23,337)	(23,345)	
Remove effect of Aircare	(2,873)	729	C
Remove effect of TPCC	(1,039)	(550)	C
(Deficit) surplus for the year (SCBCTA Act)	7,074	(34,256)	

Notes:

A. As per the audited financial statements
B. These adjustments are necessary to arrive at the surplus in accordance with the SCBCTA Act. Increase mainly due to: $15 million Golden Ears Bridge payments and $13 million on the self- administered sinking funds.
C. Aircare and TPCC net income / loss are not determinants of accumulated surplus.

Reconciliation of Cumulative Funded Surplus:

	2012	2011
Opening cumulative funded surplus, as previously presented at December	287,720	321,976
Adjustment due to Change in Public Sector Accounting Standards: - employee future benefits		
(Deficit) surplus for the year (FUNDED)	7,074	(34,256)
Ending cumulative funded surplus, as at December 31	294,794	287,720

Schedule 2 Funded Statement of Operations

TransLink (Excluding AirCare)
2008 - 2012 Revenue and Expenditures
On a Funding Basis
$millions

	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	Year over Year Change	Year over Year %	2012 Budget	Budget Variance Fav./ (Unfav.)	Budget Variance %
A. Revenues and Expenditures										
Revenues										
Transit Revenues	359.9	366.8	437.9	444.7	460.6	15.9	3.6%	456.2	4.4	1.0%
Real estate	-	-	-	-	1.6	1.6	-	-	1.6	-
Golden Ears Bridge Toll Revenues	-	11.3	29.6	33.7	38.9	5.1	15.1%	39.0	(0.1)	(0.3%)
Taxation										
Fuel	262.3	259.8	323.2	311.8	335.3	23.5	7.5%	330.8	4.5	1.4%
Property and Replacement	264.5	282.1	289.6	298.1	306.7	8.6	2.9%	305.6	1.1	0.4%
Hydro Levy	17.9	18.2	18.6	18.8	19.2	0.5	2.6%	19.2	0.0	0.0%
Parking Sales	15.4	15.6	58.4	53.7	53.2	(0.5)	(0.9%)	51.6	1.6	3.1%
Total Taxation Revenue	**560.1**	**575.8**	**689.8**	**682.4**	**714.4**	**32.1**	**4.7%**	**707.2**	**7.2**	1.0%
Operating Contribution	-	7.5	19.3	21.7	20.1	(1.6)	(7.3%)	19.7	0.4	2.2%
Interest Income	6.5	1.7	2.1	3.9	4.3	0.4	9.3%	2.1	2.1	100.2%
Miscellaneous Revenue	-	-	-	5.0	4.0	(1.0)	(20.7%)	1.9	2.1	108.1%
Gain on disposal	-	-	-	0.2	41.6	41.4	-	55.9	(14.3)	(25.6%)
Total Revenues	**926.5**	**963.0**	**1,178.7**	**1,191.6**	**1,285.4**	**93.8**	**7.9%**	**1,281.9**	**3.5**	0.3%
Expenditures										
Roads & Bridges										
Major Road Network Operation	37.4	37.4	33.0	34.1	34.6	0.5	1.6%	35.7	1.1	3.1%
Golden Ears Bridge Operations	-	6.1	11.2	12.6	12.0	(0.6)	(4.9%)	13.2	1.2	9.0%
Admin	2.5	2.3	2.1	2.3	2.8	0.4	19.2%	3.2	0.4	13.6%
Total Roads & Bridges	**40.0**	**45.8**	**46.3**	**49.1**	**49.4**	**0.4**	**0.7%**	**52.1**	**2.7**	**5.2%**
Transit										
Bus Division										
Coast Mountain Bus Co.	495.6	522.6	533.4	541.2	556.9	15.7	2.9%	577.2	20.3	3.5%
Access Transit	36.2	40.4	45.4	47.9	49.2	1.3	2.8%	49.2	(0.0)	(0.1%)
Other Contractors	14.8	16.5	17.6	18.6	19.0	0.4	2.3%	19.2	0.2	1.0%
Total Bus Division	**546.6**	**579.5**	**596.3**	**607.7**	**625.2**	**17.5**	**2.9%**	**645.6**	**20.4**	**3.2%**
Rail Division										
Expo & Millennium Lines	85.7	90.0	91.9	98.1	102.3	4.2	4.3%	105.5	3.2	3.1%
West Coast Express	25.1	26.5	27.7	28.9	30.0	1.1	3.7%	30.1	0.1	0.4%
Canada Line	4.1	32.7	88.8	98.7	107.2	8.5	8.6%	108.9	1.7	1.6%
Total Rail Division	**114.9**	**149.1**	**208.4**	**225.7**	**239.5**	**13.8**	**6.1%**	**244.5**	**5.1**	**2.1%**
Total Transit	**661.5**	**728.6**	**804.7**	**833.4**	**864.6**	**31.3**	**3.8%**	**890.1**	**25.5**	**2.9%**
TransLink										
Board, Mayors'Council, Commissioner	1.7	1.6	1.4	1.3	1.2	(0.1)	(4.4%)	1.7	0.5	31.3%
Divisions	41.8	42.9	54.6	44.1	53.3	9.3	21.0%	48.3	(5.0)	(10.4%)
Studies and Other One-time Projects	11.1	8.9	7.4	10.4	9.5	(0.9)	(9.1%)	11.3	1.8	16.0%
Total TransLink	**54.6**	**53.4**	**63.5**	**55.7**	**64.0**	**8.3**	**14.8%**	**61.3**	**(2.7)**	**(4.4%)**
Transit Police	**22.1**	**26.8**	**28.3**	**27.4**	**28.4**	**1.1**	**3.9%**	**29.8**	**1.3**	**4.5%**
Provision for Contingencies and Reinvestments	**-**	**-**	**-**	**-**	**-**	**-**	-	**11.4**	**11.4**	**100.0%**
Interest Expense	**63.3**	**78.1**	**93.3**	**105.5**	**111.7**	**6.1**	**5.8%**	**106.1**	**(5.6)**	**(5.3%)**
Depreciation Expense	**6.4**	**13.8**	**14.9**	**11.9**	**9.0**	**(3.0)**	**(24.9%)**	**13.3**	**4.3**	**32.4%**
Debt Repayment	**70.5**	**79.4**	**82.6**	**95.3**	**96.9**	**1.6**	**1.7%**	**101.0**	**4.2**	**4.1%**
GEB Capital Payments	**-**	**4.4**	**30.4**	**47.5**	**54.3**	**6.8**	**14.3%**	**54.8**	**0.5**	**0.8%**
Total Expenditures	**918.3**	**1,030.4**	**1,164.1**	**1,225.8**	**1,278.3**	52.5	4.3%	**1,319.9**	41.6	3.2%
Annual Surplus/(Deficit) before AirCare	**8.2**	**(67.3)**	**14.6**	**(34.3)**	**7.1**	**41.3**	**120.7%**	**(38.0)**	**45.1**	**118.6%**
B. Cumulative Funded Surplus										
Opening Balance	**408.8**	**379.6**	**312.3**	**322.0**	**287.7**			**281.8**		
Prior Year Adjustments ****:**	**(37.3)**		**(4.9)**							
Surplus/(Deficit) for the year	8.2	(67.3)	14.6	(34.3)	7.1			(38.0)		
Closing Balance	**379.6**	**312.3**	**322.0**	**287.7**	**294.8**			**243.8**		

* The funded statement of operations does not include AirCare as it is a self-funded program

** Prior year adjustments are for employee future benefits. The 2010 adjustment was the result of reporting based on the Public Service Accounting Board (PSAB) guidelines.

Schedule 3 Golden Ears Bridge Funding Net Impact

Golden Ears Bridge
Net Impact on Funding

($000's)		2008 Actual		2009 Actual		2010 Actual		2011 Actual		2012 Actual		Year over Year Change	Year over Year %		2012 Budget		Budget Variance Fav./ (Unfav.)	Budget Variance %	Compound Annual Growth Rate (CAGR) 2008-2012
Revenues																			
Toll Revenue	$	-	$	11,293	$	29,580	$	33,748	$	38,859	$	5,111	15.1%	$	38,962	$	(103)	(0.3%)	51.0%
Interest		-		58		69		75		81		6	7.6%		81		-	-	11.6%
Total Revenues		0		11,351		29,649		33,823		38,940		5,117	15.1%		39,043		(103)	(0.3%)	50.8%
Expenditures																			
Tolling Concessionaire		-		2,466		5,843		6,012		6,105		94	1.6%		6,117		12	0.2%	35.3%
O&M payments to DBFO contra		-		2,446		3,747		4,229		4,489		261	6.2%		4,535		46	1.0%	22.4%
O&M Insurance		-		1,133		1,423		1,155		1,142		(12)	(1.1%)		1,155		13	1.1%	0.3%
Safety Payments to DBFO contra		-		0		0		162		(3)		(165)	(101.9%)		285		288	101.1%	(101.9%)
Others		-		101		190		446		278		(168)	(37.7%)		1,110		832	75.0%	40.3%
	$	-	$	6,145	$	11,203	$	12,002	$	12,011	$	9	0.1%	$	13,202	$	1,191	9.0%	25.0%
Interest on borrowings		0		2,873		6,127		7,152		7,485		333	4.7%		7,485		-	-	37.6%
Sinking fund payment		3,445		3,897		4,276		4,992		5,103		111	2.2%		5,103		-	-	9.4%
Debt Service Costs		3,445		6,770		10,403		12,144		12,588		444	3.7%		12,588		-	-	23.0%
Capital payments to DBFO cont		0		4,392		30,439		47,543		54,342		6,799	14.3%		54,807		465	0.8%	N/A
Total Expenditures	$	3,445	$	17,308	$	52,045	$	71,689	$	78,941	$	7,252	10.1%	$	80,597	$	1,656	2.1%	65.8%
Funded (Deficit)/Surplus	$	(3,445)	$	(5,957)	$	(22,395)	$	(37,866)	$	(40,001)	$	(2,135)	(5.6%)	$	(41,554)	$	(1,759)	(4.2%)	84.6%
Cummulative (Deficit)/Surplus	$	(6,451)	$	(12,408)	$	(34,803)	$	(72,669)	$	(112,671)	$	(40,001)	(55.0%)	$	(114,223)	$	1,553	1.4%	104.4%
Notional Albion Ferry Savings					$	6,100	$	6,200	$	6,400									
Actual Albion Ferry	$	6,318	$	6,152	$	385	$	404	$	404									

* Golden Ears Bridge commenced operations in 2009.

Appendix 1 Bus Operations

BUS DIVISION	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Fav./(Unfav.) Year over Year	Budget 2012	Fav./(Unfav.) Actual vs. Target
CONVENTIONAL TRANSIT (BUS)								
Customer								
Overall performance rating out of 10	7.4	7.6	7.6	7.7	7.7	-	7.6	0.1
Complaints per 1 m boarded passengers [1]	109.8	104.6	117.1	118.4	94.9	23.5	109.5	14.6
Preventable collisions per million kms.	11.1	10.0	9.2	8.3	8.3	-	8.9	0.6
Passenger injuries per 1 million boarded passengers	3.36	3.47	3.62	3.47	3.37	0.10	-	-
Perception of Safety (On-Board & At stops and exchanges) out of 10	8.1	8.2	8.3	8.4	8.4	-	8.5	(0.1)
Delivered service hours/scheduled	99.53%	99.85%	99.80%	99.71%	99.59%	(0.12%)	99.50%	0.09%
Internal Effectiveness								
Operating cost per passenger km.	$0.288	$0.437	$0.432	$0.384	$0.393	$(0.009)	$0.411	$0.018
Operating cost (excluding energy) per passenger km.	$0.259	$0.404	$0.396	$0.347	$0.354	$(0.007)	$0.369	$0.015
Operating Cost per capacity kilometre	$ -	$ -	$0.117	$0.113	$0.119	$(0.006)	$0.122	$0.003
Boardings per service hour	48.40	45.80	45.60	47.20	50.08	2.88	48.00	2.08
Utilization (Passenger Kms./Capacity Kms.)	-	-	27.2%	29.4%	30.3%	0.9%	29.7%	0.6%
Mean distance between vehicle failures	15,443	19,225	30,177	27,313	27,497	184	26,898	599
People								
Lost time frequency (per 200,000 hours worked)	8.93	6.73	7.26	6.58	6.14	0.44	6.00	(0.14)
Service Statistics								
Service Hours (thousands)	4,673	4,936	4,977	4,920	4,950	30	5,007	(57)
Service Kilometres (thousands)	13,063	14,205	14,293	14,515	96,498	81,983	97,507	(1,008)
Boarded Passengers (thousands)	226,196	226,208	226,742	232,303	238,340	6,037	240,510	(2,170)
CMBC								
Customer								
Overall performance rating out of 10	7.4	7.5	7.6	7.6	7.7	(0.1)	7.6	0.1
Complaints per 1 m boarded passengers [1]	114.3	107.6	120.6	120.3	95.4	24.9	113.9	18.5
Preventable collisions per million kms.	11.4	10.1	9.3	8.5	8.5	-	4.2	(4.3)
Passenger injuries per 1 million boarded passengers	3.47	3.62	3.69	3.51	3.43	0.08	-	-
Perception of Safety (On-Board & At stops and exchanges) out of 10	8.1	8.2	8.3	8.3	8.4	0.1	8.5	(0.1)
Delivered service hours/scheduled	99.52%	99.85%	99.80%	99.70%	99.57%	(0.13%)	99.50%	0.07%
Internal Effectiveness								
Operating cost per passenger km.	$0.292	$0.442	$0.438	$0.388	$0.396	$(0.008)	$0.416	$0.020
Operating cost (excluding energy) per passenger km.	$0.262	$0.408	$0.402	$0.351	$0.357	$(0.006)	$0.373	$0.016
Operating Cost per capacity kilometre	$ -	$ -	$0.119	$0.114	$0.120	$(0.006)	$0.135	$0.015
Boardings per service hour	48.30	45.90	45.40	47.50	50.66	3.16	48.30	2.36
Utilization (Passenger Kms./Capacity Kms.)	-	-	27.0%	29.3%	30.2%	0.9%	29.5%	0.7%
Mean distance between vehicle failures	16,519	21,422	28,935	30,625	29,745	(880)	56,897	(27,152)
People								
Lost time frequency (per 200,000 hours worked)	8.93	6.73	7.26	6.58	6.14	0.44	5.51	(0.63)
Service Statistics								
Service Hours (thousands)	4,482	4,719	4,752	4,700	4,731	31	4,788	(57)
Service Kilometres (thousands)	8,963	9,432	9,336	9,484	91,644	82,161	92,602	(957)
Boarded Passengers (thousands)	216,542	216,570	215,891	223,388	229,980	6,592	231,192	(1,212)
CONTRACTED SERVICES								
Customer								
Overall performance rating out of 10	8.0	8.0	7.7	8.1	8.2	0.1	-	-
Complaints per 1 m boarded passengers [1]	9.1	37.1	46.9	73.0	81.6	(8.6)	-	-
Preventable collisions per million kms.	5.4	8.8	6.9	5.0	6.0	1.0	-	-
Passenger injuries per 1 million boarded passengers	0.83	-	2.12	2.24	1.91	0.33	-	-
Perception of Safety (On-Board & At stops and exchanges) out of 10	8.5	8.5	8.8	9.0	8.9	(0.1)	-	-
Delivered service hours/scheduled	99.70%	99.88%	99.80%	99.94%	99.94%	-	99.95%	(0.01%)
Internal Effectiveness								
Operating cost per passenger km.	$0.190	$0.327	$0.305	$0.304	$0.324	$(0.020)	$0.311	$(0.013)
Operating cost (excluding energy) per passenger km.	$0.190	$0.288	$0.263	$0.257	$0.273	$(0.016)	$0.262	$(0.011)
Operating Cost per capacity kilometre	$ -	$ -	$0.092	$0.097	$0.102	$(0.005)	$0.102	$ -
Boardings per service hour	50.40	44.40	48.30	40.50	37.62	(2.88)	42.40	(4.78)
Utilization (Passenger Kms./Capacity Kms.)	-	-	30.3%	32.0%	31.5%	(0.5%)	32.9%	(1.4%)
Mean distance between vehicle failures	6,592	6,548	141,632	9,266	11,341	2,075	-	-
Service Statistics								
Service Hours (thousands)	191	217	225	220	219	(1)	220	(0)
Service Kilometres (thousands)	4,100	4,773	4,957	5,031	4,854	(177)	4,905	(51)
Boarded Passengers (thousands)	8,490	8,406	9,514	8,915	8,360	(556)	9,317	(958)
ACCESS TRANSIT								
Customer								
Overall performance rating out of 10	8.1	8.2	7.9	8.2	8.3	0.1	-	-
Complaints per 1 m boarded passengers [1]	154.7	1,221.8	883.5	913.4	1,037.8	(124.4)	790.1	(247.7)
Preventable collisions per million kms.	-	14.4	23.0	19.6	12.7	6.9	-	-
Passenger injuries per 1 million boarded passengers	6.71	10.42	45.71	20.97	28.46	(7.49)	17.79	(10.67)
Perception of Safety (On-Board & At stops and exchanges) out of 10	8.8	8.7	8.9	9.1	9.0	(0.1)	-	-
Delivered service hours/scheduled	-	-	-	100.00%	100.00%	-	100.00%	-
Internal Effectiveness								
Operating cost per passenger km.	$ -	$ -	$6.422	$6.240	$6.408	$(0.168)	$6.414	$0.006
Operating cost (excluding energy) per passenger km.	$ -	$ -	$6.110	$5.866	$6.021	$(0.155)	$6.019	$(0.002)
Boardings per service hour	2.52	2.61	2.47	2.53	2.55	0.02	2.54	0.01
Service Statistics								
Service Hours (thousands)	592	515	594	603	592	(11)	598	(6)
Service Kilometres (thousands)	9,308	8,667	9,865	10,148	9,865	(283)	9,934	(69)
Boarded Passengers (thousands)	1,490	1,343	1,466	1,526	1,511	(15)	1,518	(7)

Appendix 2 Rail Operations

RAIL DIVISION	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Fav./(Unfav.) Year over Year	Budget 2012	Fav./(Unfav.) Actual vs. Target
TOTAL RAIL								
Customer								
Overall performance rating out of 10	7.9	8.0	8.3	8.4	8.4	-	8.3	0.1
Complaints per 1 m boarded passengers [1]	3.3	7.7	13.2	12.3	10.1	2.2	8.3	(1.8)
On-time performance % (within 2 minutes) Expo/Millenium	94.70%	95.30%	95.30%	95.10%	95.50%	0.40%	94.50%	1.00%
On-time performance % (within 5 minutes) WCE	97.70%	97.90%	97.20%	97.50%	96.90%	(0.60%)	97.70%	(0.80%)
Collisions and derailments per million kms.	0.27	0.05	0.04	0.02	0.02	-	-	-
Passenger injuries per 1 million boarded passengers	1.05	1.08	0.79	0.92	0.77	0.15	-	-
Perception of Safety (On-Board & At stops and exchanges) out of 10	7.1	7.4	7.9	8.0	8.2	0.2	7.5	0.7
Internal Effectiveness								
Operating cost per passenger km.	$0.123	$0.147	$0.154	$0.162	$0.169	$(0.007)	$0.168	(0.00)
Operating cost (excluding energy) per passenger km.	$0.116	$0.139	$0.147	$0.154	$0.161	$(0.007)	$0.160	(0.00)
Operating Cost per capacity kilometre			$0.953	$0.037	$0.039	$(0.002)	$0.039	$ -
Boardings per service hour	78.5	81.0	85.7	88.0	89.0	1.0	91.0	(2.0)
Utilization (Passenger Kms./Capacity Kms.)				22.9%	22.8%	(0.1%)	23.4%	(0.6%)
Mean distance between vehicle failures		376,774	558,372	642,884	857,579	214,695	529,600	327,979
Overall mystery shopper score	85.5%	88.5%	92.3%	93.6%	92.1%	(1.5%)	93.2%	(1.1%)
People								
Lost time frequency (per 200,000 hours worked)		3.22	2.43	3.58	4.43	(0.85)	2.80	(1.63)
Service Statistics								
Service Hours	971,190	1,075,114	1,404,907	1,390,536	1,385,644	(4,892)	1,408,704	(23,060)
Service Kilometres	38,958,891	42,786,764	55,461,655	54,859,355	54,618,669	(240,686)	55,536,869	(918,200)
Boarded Passengers	76,211,374	87,082,551	120,452,556	122,390,527	123,312,310	921,783	128,133,720	(4,821,410)
West Coast Express								
Customer								
Overall performance rating out of 10	8.9	8.9	8.7	8.6	8.6	-	-	-
Complaints per 1 m boarded passengers [1]	92.8	114.0	159.9	188.4	196.0	(7.6)	153.4	(42.6)
Service reliability (% service hours delivered)	100.6%	100.0%	99.9%	99.8%	100.0%	0.2%	99.9%	0.1%
On-time performance within 5 minutes	97.7%	97.9%	97.2%	97.5%	96.9%	(0.6%)	97.7%	(0.8%)
Passenger injuries per 1 million boarded passengers	5.22	-	2.16	-	0.70	(0.70)	1.00	0.30
Internal Effectiveness								
Operating cost per passenger km.	$0.203	$0.191	$0.190	$0.190	$0.185	$0.005	$0.194	$0.009
Operating cost (excluding energy) per passenger km.	$0.203	$0.183	$0.179	$0.176	$0.172	$0.004	$0.178	$0.006
Operating Cost per capacity kilometre			$0.087	$0.085	$0.085	$ -	$0.088	$0.003
Boardings per service hour	71.0	67.5	66.5	66.4	69.4	3.0	68.4	1.0
Utilization (Passenger Kms./Capacity Kms.)			45.9%	44.9%	45.7%	0.8%	45.4%	0.3%
Mean distance between vehicle failures	-	151,805	189,350	230,518	197,503	(33,015)	229,600	(32,097)
Overall mystery shopper score	84.8%	86.1%	89.2%	90.4%	86.4%	(4.0%)	90.0%	(3.6%)
People								
Lost time frequency (per 200,000 hours worked)	-	-	-	-	-	-	-	-
Service Statistics								
Service Hours	37,781	38,893	41,828	42,295	41,399	(896)	41,915	(516)
Service Kilometres	1,342,499	1,365,076	1,476,010	1,499,204	1,486,686	(12,518)	1,491,252	(4,566)
Boarded Passengers	2,682,561	2,623,806	2,782,434	2,807,547	2,872,461	64,914	2,867,720	4,741
Expo & Millenium Line								
Customer								
Overall performance rating out of 10	7.8	7.8	8.1	8.2	8.2	-	8.3	(0.1)
Complaints per 1 m boarded passengers [1]	-	5.1	5.1	4.8	5.5	(0.7)	5.0	(0.5)
Service reliability (% service hours delivered)	99.3%	99.5%	99.6%	99.5%	99.6%	0.1%	99.8%	(0.2%)
On-time performance %	94.7%	95.3%	95.3%	95.1%	95.5%	0.4%	94.5%	1.0%
Collisions & Derailments per million kms.	0.27	0.05	0.04	0.02	0.02	-	-	-
Passenger injuries per 1 million boarded passengers	1.09	1.29	1.20	1.41	1.12	0.29	1.20	0.08
Perception of Safety (On-Board & At stops and exchanges) out of 10	7.1	7.3	7.6	7.8	7.9	0.1	7.5	0.4
Internal Effectiveness								
Operating cost per passenger km.	$0.115	$0.121	$0.116	$0.118	$0.124	$(0.006)	$0.122	(0.00)
Operating cost (excluding energy) per passenger km.	$0.107	$0.112	$0.106	$0.108	$0.112	$(0.004)	$0.111	$(0.001)
Operating Cost per capacity kilometre				$0.022	$0.022	$ -	$0.023	$0.001
Boardings per service hour	78.8	75.1	66.8	68.5	69.3	0.8	71.4	(2.1)
Utilization (Passenger Kms./Capacity Kms.)				18.2%	18.2%	-	18.8%	(0.6%)
Mean distance between vehicle failures		224,969	369,022	412,365	660,076	247,711	300,000	360,076
Overall mystery shopper score	86.1%	90.9%	91.9%	94.3%	94.2%	(0.1%)	91.0%	3.2%
People								
Lost time frequency (per 200,000 hours worked)		3.22	2.43	3.58	4.43	(0.85)	2.80	(1.63)
Service Statistics								
Service Hours	933,409	973,117	1,185,748	1,165,828	1,148,649	(17,179)	1,171,321	(22,672)
Service Kilometres	37,616,392	39,216,604	47,785,650	46,982,871	46,290,603	(692,268)	47,204,237	(913,634)
Boarded Passengers	73,528,813	73,067,374	79,222,397	79,914,207	79,607,111	(307,096)	83,644,000	(4,036,889)
Canada Line								
Customer								
Overall performance rating out of 10	-	8.5	8.5	8.6	8.7	0.1	8.3	0.4
Complaints per 1 m boarded passengers [1]		-	19.2	15.0	6.0	9.0	5.0	1.0
Perception of Safety (On-Board & At stops and exchanges) out of 10	-	8.4	8.6	8.5	8.7	0.2	8.5	0.2
Internal Effectiveness								
Operating cost per passenger km.	$ -	$0.279	$0.224	$0.242	$0.255	$(0.013)	$0.254	$(0.001)
Operating cost (excluding energy) per passenger km.	$ -	$0.279	$0.224	$0.242	$0.255	$(0.013)	$0.254	$(0.001)
Operating Cost per capacity kilometre				$0.093	$0.094	$(0.001)	$0.095	$0.001
Boardings per service hour	-	180.5	216.8	217.5	208.8	(8.7)	212.9	(4.1)
Utilization (Passenger Kms./Capacity Kms.)				38.4%	36.8%	(1.6%)	37.5%	(0.7%)
Contract adherence monitoring	-	-	95.7%	96.0%	95.7%	(0.3%)	98.5%	(2.8%)
Service Statistics								
Service Hours	-	63,104	177,331	182,413	195,596	13,183	195,468	128
Service Kilometres	-	2,205,084	6,199,995	6,377,280	6,841,380	464,100	6,841,380	-
Boarded Passengers	-	11,391,371	38,447,725	39,668,773	40,832,738	1,163,965	41,622,000	(789,262)

Appendix 3 Allocated Costs between Divisions

Allocated Cost Breakdown
2008-2012

($ thousands)	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2012	Variance to Budget
Costs transferred between divisions[1]:							
CMBC	(3,937)	(4,281)	(4,212)	13,846	16,553	18,803	2,250
BCRTC	-	-	-	-	349	304	(45)
WCE	12	15	14	18	26	26	0
Police	52	62	70	8	69	84	16
TransLink	3,874	4,204	4,129	(13,872)	(16,996)	(19,218)	(2,221)
Total	-	-	-	-	-	-	-
Costs administered by TransLink and allocated to subsidiaries[2]:							
CMBC	16,216	16,098	17,016	17,685	16,460	19,063	2,604
BCRTC	3,945	4,098	4,126	4,042	3,838	4,429	590
WCE	8,462	9,414	10,151	10,963	11,853	11,241	(613)
Canada Line	-	988	5,233	160	1,786	1,754	(33)
Total	28,622	30,598	36,526	32,851	33,938	36,486	2,548
Total Allocated costs to Subsidiaries (excluding Police) from TransLink:							
CMBC	12,278	11,817	12,804	31,531	33,013	37,867	4,854
BCRTC	3,945	4,098	4,126	4,042	4,187	4,733	546
WCE	8,474	9,429	10,165	10,981	11,879	11,267	(613)
Canada Line	-	988	5,233	160	1,786	1,754	(33)
Total	24,697	26,333	32,327	46,714	50,866	55,619	4,754

[1] Includes Business Technology & Human Resources costs
[2] Includes property tax, building leases, insurance, and fare media costs
* Negatives represent allocations out, positives represent allocations in

Some costs incurred by the Business Technology group and the Human Resources Division are directly related to the operation of the subsidiaries. As a result, it was decided in late 2012 that these costs would be allocated back to the appropriate divisions. Human resources costs are allocated based on headcounts whereas Business Technology costs are allocated based on direct operating usage. In order to obtain appropriate comparisons, allocations were estimated going back to 2008. For 2008-2010, functions resided at CMBC and beginning in 2011, the functions were transferred to TransLink. The Human Resources advisory and administrative services were delivered to BCRTC beginning in 2012.

Caution Regarding Forward-Looking Statements

From time to time, TransLink makes written and/or oral forward looking statements, including 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.