

**METRO VANCOUVER DISTRICTS
AND METRO VANCOUVER HOUSING CORPORATION**

(OPERATING AS METRO VANCOUVER)

Financial Statements

Year ended December 31, 2021

Consolidated Financial Statements of

**METRO VANCOUVER
REGIONAL DISTRICT**

(OPERATING AS METRO VANCOUVER)

Year ended December 31, 2021

METRO VANCOUVER REGIONAL DISTRICT

Index to Consolidated Financial Statements

December 31, 2021

	Exhibit
Management Report	
Independent Auditor's Report	
Consolidated Statement of Financial Position	A
Consolidated Statement of Operations	B
Consolidated Statement of Change in Net Debt	C
Consolidated Statement of Cash Flows	D
Notes to Consolidated Financial Statements	
COVID-19 Restart Grant (unaudited)	Schedule 1

**METRO VANCOUVER DISTRICTS
AND METRO VANCOUVER HOUSING CORPORATION
(Operating as Metro Vancouver)
MANAGEMENT REPORT**

The Consolidated Financial Statements contained in this report have been prepared by management in accordance with Canadian public sector accounting standards. The integrity and objectivity of these statements are management's responsibility. Management is responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Metro Vancouver Regional District's Board of Directors is responsible for approving the consolidated financial statements and for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Performance and Audit Committee of the Board.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian Auditing Standards, and express their opinion on the consolidated financial statements. Their examination does not relate to the other unaudited schedules attached to the financial statements and statements required by the *Financial Information Act*. The Independent Auditor's Report outlines the scope of the audit for the year ended December 31, 2021.

On behalf of the Metro Vancouver Regional District, Greater Vancouver Sewerage & Drainage District, Greater Vancouver Water District and Metro Vancouver Housing Corporation.



Dean Rear, Chief Financial Officer

Date: April 29, 2022



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Independent Auditor's Report

To the Members of the Board of Directors of the Metro Vancouver Regional District

Opinion

We have audited the consolidated financial statements of the Metro Vancouver Regional District (the "Consolidated Entity"), which comprise the consolidated Statement of Financial Position as at December 31, 2021, and the consolidated Statements of Operations, Change in Net Debt and Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Consolidated Entity as at December 31, 2021 and the results of its operations, change in net debt, and 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 Consolidated Financial Statements section of our report. We are independent of the Consolidated Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 Consolidated Entity'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 Consolidated Entity'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 consolidated 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 Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

Other Matter – Supplementary Information

We draw attention to the fact that the supplementary information included in Schedule 1 does not form part of the audited financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express any opinion, review conclusion or any other form of assurance on this supplementary information.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

May 5, 2022

METRO VANCOUVER REGIONAL DISTRICT

Exhibit A

Consolidated Statement of Financial Position

Year ended December 31, 2021

(in thousands of dollars)

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 738,303	\$ 271,510
Accounts receivable (note 2)	193,051	150,627
Due from TransLink and member municipalities (note 3)	1,094,140	1,000,799
Investments (note 4)	289,582	417,392
Debt reserve fund (note 5)	64,388	59,442
	2,379,464	1,899,770
Liabilities		
Accounts payable and accrued liabilities (note 6)	337,420	249,272
Employee future benefits (note 7)	13,907	13,369
Landfill closure and post-closure liability (note 8)	32,907	32,164
Deferred revenue and refundable deposits (note 9)	341,016	311,451
Debt reserve fund, member municipalities and TransLink (note 5)	35,179	35,603
Debt (net of sinking funds) (note 10)		
Metro Vancouver Districts and Housing Corporation	1,851,489	1,385,445
TransLink and member municipalities	1,083,106	990,009
Total debt	2,934,595	2,375,454
	3,695,024	3,017,313
Net Debt	(1,315,560)	(1,117,543)
Non-Financial Assets		
Tangible capital assets (note 11)	7,172,479	6,539,503
Inventories of supplies	10,938	10,017
Prepaid land leases (note 12)	5,062	5,257
Prepaid expenses	8,723	9,350
	7,197,202	6,564,127
Accumulated Surplus (note 13)	\$ 5,881,642	\$ 5,446,584

Contractual obligations and rights (note 14)


Contingencies (note 15)

Segmented Information (note 17)

COVID-19 Pandemic (note 18)

Subsequent event (note 19)

The accompanying notes are an integral part of these consolidated financial statements.



Chief Financial Officer



Board Chair

METRO VANCOUVER REGIONAL DISTRICT

Exhibit B

Consolidated Statement of Operations

Year ended December 31, 2021

(in thousands of dollars)

	2021 Budget (note 16)	2021 Actual	2020 Actual
Revenue (note 17)			
MVRD property tax requisitions	\$ 82,714	\$ 82,714	\$ 73,528
Metered sale of water	316,341	319,989	297,781
Sewerage and drainage levy	288,226	288,226	274,237
Tipping fees	108,517	112,610	100,880
Housing property rentals	41,303	42,416	41,607
BODTSS industrial charges	11,756	12,157	11,568
Development cost charges	88,145	42,204	81,653
Electricity sales	6,240	5,779	5,309
Grants and other contributions	263,811	76,174	184,641
User fees, recoveries and other revenue	26,619	37,124	33,425
Sinking fund and interest income	28,940	32,840	29,734
Sinking fund income, members and TransLink	28,698	28,222	28,078
	1,291,310	1,080,455	1,162,441
Expenses (note 17)			
Sewer operations	229,598	199,788	191,431
Waste disposal, recycling and regulatory services	111,370	103,102	95,274
Water operations	151,627	146,841	139,227
Housing rental operations	38,890	33,682	27,211
Regional parks	36,440	33,747	29,670
General government services	5,674	5,376	5,221
Air quality	11,178	9,198	9,374
Regional employers services	2,856	2,378	2,459
911 emergency telephone system	4,543	4,452	4,364
Regional planning	3,797	2,809	3,128
Invest Vancouver	1,500	1,526	206
Housing planning and policy	1,490	1,020	881
Electoral areas	436	423	515
Regional global positioning system	304	221	204
Sasamat volunteer fire department	849	238	195
Regional emergency management	218	67	125
Corporate program costs	64,440	55,343	51,473
Building operations	16,851	16,964	15,592
Sinking fund income attributed to members and TransLink	28,698	28,222	28,078
	710,759	645,397	604,628
Annual surplus	580,551	435,058	557,813
Accumulated surplus, beginning of year	5,446,584	5,446,584	4,888,771
Accumulated surplus, end of year (note 13)	\$ 6,027,135	\$ 5,881,642	\$ 5,446,584

The accompanying notes are an integral part of these consolidated financial statements.

METRO VANCOUVER REGIONAL DISTRICT

Exhibit C

Consolidated Statement of Change in Net Debt

Year ended December 31, 2021

(in thousands of dollars)

	2021 Budget (note 16)	2021 Actual	2020 Actual
Annual surplus	\$ 580,551	\$ 435,058	\$ 557,813
Change in tangible capital assets			
Acquisition of tangible capital assets	(1,527,441)	(720,501)	(881,579)
Amortization of tangible capital assets	86,233	86,415	82,429
Net book value of tangible capital assets disposed	-	1,110	98
	(1,441,208)	(632,976)	(799,052)
Change in other non-financial assets			
Acquisition of prepaid expenses	-	(8,723)	(9,350)
Use of prepaid expenses	-	9,350	7,176
Amortization of prepaid land leases	195	195	195
Acquisition of inventories of supplies	-	(10,938)	(10,017)
Consumption of inventories of supplies	-	10,017	7,499
	195	(99)	(4,497)
Change in net debt	(860,462)	(198,017)	(245,736)
Net debt, beginning of year	(1,117,543)	(1,117,543)	(871,807)
Net debt, end of year	\$ (1,978,005)	\$ (1,315,560)	\$ (1,117,543)

The accompanying notes are an integral part of these consolidated financial statements.

METRO VANCOUVER REGIONAL DISTRICT

Exhibit D

Consolidated Statement of Cash Flows

Year ended December 31, 2021

(in thousands of dollars)

	2021	2020
Cash provided by (used in):		
Operating transactions:		
Annual surplus	\$ 435,058	\$ 557,813
Items not involving cash		
Amortization of tangible capital assets	86,415	82,429
Amortization of prepaid land leases	195	195
Sinking fund income	(53,932)	(50,917)
Debt reserve fund income	(1,065)	(1,173)
Accrued interest and unamortized premium or discount	(2,029)	(1,135)
Gain on disposal of tangible capital assets and asset held for sale	743	(481)
Employee future benefit expense	2,868	2,929
Change in landfill closure and post-closure liability	743	(874)
Change in non-cash financial assets and liabilities		
Accounts receivable	(42,424)	4,872
Due from Translink and member municipalities	(93,341)	(6,091)
Accounts payable and accrued liabilities	88,148	(12,483)
Employee future benefits paid	(2,330)	(3,401)
Deferred revenue and refundable deposits	29,565	(78,594)
Debt reserve fund, member municipalities and TransLink	(424)	1,521
Inventories of supplies	(921)	(2,518)
Prepaid expenses	627	(2,174)
Net change in cash from operating transactions	447,896	489,918
Capital transactions:		
Proceeds on sale of tangible capital assets	367	579
Acquisition of tangible capital assets	(720,501)	(881,579)
Net change in cash from capital transactions	(720,134)	(881,000)
Investing transactions:		
Acquisition of investments	(160,752)	(424,726)
Investment maturities	290,591	781,046
Net change in cash from investing transactions	129,839	356,320
Financing transactions:		
Debenture debt and mortgages issued	779,600	367,455
Debt reserve fund issuances	(7,796)	(3,541)
Debt reserve fund maturity	3,915	139
Sinking fund payments	(158,391)	(139,563)
Principal repayments on housing mortgages and serial debt maturity	(8,136)	(14,268)
Sinking fund retirement	142,080	7,450
Debenture debt maturity	(142,080)	(7,450)
Net change in cash from financing transactions	609,192	210,222
Net change in cash and cash equivalents	466,793	175,460
Cash and cash equivalents, beginning of year	271,510	96,050
Cash and cash equivalents, end of year	\$ 738,303	\$ 271,510

The accompanying notes are an integral part of these consolidated financial statements.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 1

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

1. Significant Accounting Policies

The consolidated financial statements of the Metro Vancouver Regional District (the “District”) are prepared by management in accordance with Canadian public sector accounting standards (“PSAS”). Significant accounting policies adopted by the District are as follows:

Government Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of four legal entities: the Metro Vancouver Regional District (“MVRD”), the Greater Vancouver Sewerage and Drainage District (“GVS&DD”), the Greater Vancouver Water District (“GVWD”) and the Metro Vancouver Housing Corporation (“MVHC”).

The MVRD was established under the Local Government Act of British Columbia. It provides a number of specific and agreed upon services directly to the public and its member municipalities, the major one of which is the ownership and operation of a network of regional parks. Its Board of Directors comprises mayors and councilors from the member municipalities appointed for that purpose by the municipalities. The number of directors, and the number of votes each may cast, is based upon the population of the municipality. Under the legislation, all staff, even if their work is under the authority of the related legal entities, are employees of the MVRD.

The GVS&DD was established by an Act of the same name in 1956. Its two principal responsibilities are the collection, treatment and discharge of liquid waste for the municipalities of the MVRD, and the disposal of solid waste for the municipalities of the MVRD and the public. GVS&DD owns and operates wastewater treatment plants and a related collection network connected to the municipal collection systems, and several solid waste facilities including a waste to energy facility. Its Board of Directors comprises the same councilors and mayors as appointed to the MVRD Board by the participating municipalities.

The GVWD was established by an Act of the same name in 1924. Its primary responsibility is the supply of potable water to its member municipalities. Its Board of Directors comprises the same councilors and mayors as appointed to the MVRD Board by the participating municipalities. GVWD owns or holds under a 999 year lease from the Province, an extensive closed watershed network as its source of supply. It owns a series of dams, reservoirs, water treatment plants and a distribution network connecting to the municipal distribution systems. GVWD also owns and is responsible for operating and maintaining office buildings that are leased to MVRD and its related entities.

The MVHC is a wholly-owned subsidiary of the MVRD. The MVHC was incorporated under the Business Corporations Act (British Columbia) to own and operate housing sites within the Lower Mainland for the purpose of providing affordable rental housing on a non-profit basis.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 2

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

1. Significant Accounting Policies (continued)

Basis of Consolidation

The consolidated financial statements reflect the combined assets, liabilities, revenues and expenses of the reporting entity. The reporting entity comprises the MVRD, the GVS&DD, the GVWD and the MVHC. These organizations are controlled by the District. All transactions and balances between these entities have been eliminated on consolidation.

Basis of Accounting

The District follows the accrual method of accounting for revenue and expenses. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and/or the legal obligation to pay.

Government Transfers

Government transfers, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. The transfer of revenue is initially deferred and then recognized in the statement of operations as the stipulation liabilities are settled.

When the District is deemed the transferor, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.

Deferred Revenue and Refundable Deposits

Deferred revenue represents licenses, permits, development cost charges, security deposits, restricted contributions and other fees which have been collected, but for which the related services or obligations have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed or obligations and stipulations have been met.

Sinking Fund, Debt Retirement and Interest Income

Interest income is reported as revenue in the period earned. When required, based on external restrictions, interest income earned on deferred revenue is added to and forms part of the deferred revenue balance and is recognized into income when related stipulations are met. Any surpluses received from upon debt retirement are recorded in the year received.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 3

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

1. Significant Accounting Policies (continued)

Cash Equivalents Cash equivalents include highly liquid financial instruments with a term to maturity of ninety days or less at the date of acquisition. Cash equivalents are recorded at the lower of cost plus accrued interest and market value.

Investments Investments consist of both long and short-term instruments and are recorded at amortized cost using straight-line method.

Employee Future Benefits The District and its employees participate in the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. Payments made in the year are expensed.

Under the terms of various collective agreements and compensation policies, the District provides paid sick leave to eligible employees and in certain agreements allows unused sick days to accumulate. There are no payouts of unused sick days at termination. In addition, employees acquire certain employee benefits on termination and retirement. These include days for severance based on years of service, vacation based on years of service, Worker's Compensation top-up, and a full year's vacation entitlement in the year of retirement. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans is accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are amortized over the expected average remaining service period of the related employee group, commencing the year after the gain or loss arises.

Landfill Closure and Post-Closure Liability The estimated present value of landfill closure and post-closure costs is recognized as a liability. This liability is recognized based on estimated future expenses, including estimated inflation discounted to the current date and accrued based on the proportion of the total capacity of the landfill used as of the date of the statement of financial position. The change in this estimated liability during the year is recorded as an expense in operations. These estimates are reviewed and adjusted annually and any changes are recorded on a prospective basis.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 4

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

1. Significant Accounting Policies (continued)

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, except land, is amortized over their estimated useful lives. All assets are amortized on a straight line basis as follows:

Asset	Useful Life – Years
Buildings	
Housing	25 – 35
Parks	50
Watershed	25
Corporate – Head Office	40
Infrastructure	
Sewer	
Wastewater treatment, pumping stations	50
Interceptors and trunk sewer, drainage	100
Solid Waste	25 – 30
Water	
Dams, reservoirs	150
Supply mains	100
Distribution systems, drinking water treatment	50
Parks	
Bridges, culverts, fencing	20 – 40
Trails	100
Roads, erosion protection, water and sewer systems	100
Information technology systems and networks	5 – 10
Vehicles	5 – 20
Machinery, Equipment, Furniture and Fixtures	5 – 20

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 5

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

1. Significant Accounting Policies (continued)

Non-Financial Assets (continued)

Tangible

Capital Assets

a. Annual amortization

Annual amortization begins when the asset is put in service and is expensed over its useful life. Assets under construction are transferred to the appropriate asset class and are amortized from the date the asset is put into productive use.

b. Contributions of tangible capital assets

Contributions of tangible capital assets are recorded at their fair value at the date of receipt and as contribution revenue.

c. Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

d. Interest capitalization

The Districts do not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

Inventories of Supplies

Inventories of supplies held for consumption are recorded on a first-in, first-out basis.

Prepaid Land Leases

Prepaid land leases are recorded at historical cost less accumulated amortization. Upon expiration of the lease contract, the property will revert to the lessor. Prepaid land leases are amortized on a straight-line basis over the lease term.

Revenue Recognition

Property tax revenues and sewerage and drainage revenues from member municipalities are recognized in the year they are levied. Metered sale of water, tipping fees, permits, cost sharing and other revenue are recognized as revenue on an accrual basis according to the usage and rates approved and set by the Board. Housing property rental revenue is recognized over the rental period once the tenant commences occupancy, rent is due and collection is assured.

Segmented Information

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 standard. The District has provided definitions of the District's segments as well as presented financial information in segmented format in note 17.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 6

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

1. Significant Accounting Policies (continued)

Liability for Contaminated Sites

A liability for remediation of a contaminated site is recognized when the site is no longer in productive use and the following criteria are satisfied: an environmental standard exists; contamination exceeds the standard; the District is either directly responsible or has accepted responsibility for remediation; it is expected that future economic benefits will be given up and a reasonable estimate of the liability can be made. Liabilities for contaminated sites is reported in accounts payable and accrued liabilities (note 6).

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. These estimates and assumptions are based on management's best information and judgment and may differ from actual results. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

Significant areas requiring the use of management's judgment relate to the determination of contaminated sites liabilities, the employee future benefits liability, the estimate of accruals for projects in progress, amortization rates and useful lives for tangible capital assets, the landfill closure and post-closure liability, the assessment of the impairment of tangible capital assets and work in progress, and the assessment of the outcome of contingent liabilities.

2. Accounts Receivable

	2021	2020
GVWD	\$ 48,357	\$ 52,651
GVS&DD	139,016	85,458
MVHC	624	6,227
MVRD	5,054	6,291
	\$ 193,051	\$ 150,627

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 7

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

3. Due from TransLink and Member Municipalities

The District is reimbursed for amounts paid to the Municipal Finance Authority of British Columbia ("MFA") for the obligations incurred on behalf of its member municipalities and TransLink whose undertakings were financed out of the proceeds of these obligations (refer to note 10). The amount recoverable is net of sinking funds and includes accrued interest as follows:

	Net Debt Recoverable	Accrued Interest	2021	2020
TransLink	\$ 281,223	\$ 5,244	\$ 286,467	\$ 337,315
Member Municipalities	801,883	5,790	807,673	663,484
	\$ 1,083,106	\$ 11,034	\$ 1,094,140	\$ 1,000,799

4. Investments

	Yields	Maturity Dates	2021	2020
Bonds:				
Government	1.75 - 3.11%	February 2022 - March 2031	\$ 78,983	\$ 89,081
Corporate	1.97 - 4.81%	March 2022 - March 2028	51,172	95,513
Unamortized premium			3,927	1,898
			134,082	186,492
Term deposits	0.70 - 1.50%	January 2022 – November 2022	98,000	85,500
GICs	0.70 - 3.12%	February 2022 - August 2028	57,500	145,400
Total			\$ 289,582	\$ 417,392

Government bonds include debt securities issued by the federal and provincial governments of Canada, and the Municipal Finance Authority of British Columbia. Corporate bonds include Schedule I and II Chartered Banks of Canada.

Market value of investments at December 31, 2021 was \$294,798,145 (2020 - \$429,413,509).

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 8

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

5. Debt Reserve Fund

The MFA provides financing for regional districts and member municipalities. The MFA is required to establish a Debt Reserve Fund for each debenture issue equal to one-half the average annual installment of principal and interest. The debt reserve fund is comprised of cash deposits equal to 1% of the principal amount borrowed and a non-interest bearing demand note for the remaining requirement. Cash deposits held by the MFA are payable with interest to the ultimate borrower when the final obligations under the respective loan agreements have been made.

If, at any time, the District has insufficient funds to meet payments due on its obligations to the MFA, the payments will be made from the debt reserve fund. The demand notes are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund. At December 31, 2021, \$122,534,444 (2020 - \$105,080,232) in callable demand notes were outstanding and have not been recorded in the statement of financial position.

	2021	2020
Cash deposits held by MFA on behalf of:		
TransLink and member municipalities	\$ 35,179	\$ 35,603
Metro Vancouver Districts	29,209	23,839
	\$ 64,388	\$ 59,442

6. Accounts Payable and Accrued Liabilities

	2021	2020
Trade accounts	\$ 238,340	\$ 128,855
Construction holdbacks	65,180	78,736
Accrued interest on debt	23,429	22,098
Wage accruals	9,709	16,702
Contaminated sites (a)	762	2,881
	\$ 337,420	\$ 249,272

- (a) The District accrued \$761,557 (\$2,881,000 in 2020) for estimated costs to remediate contaminated soils at its properties within the GVS&DD and GVWD. The remediation work for one of the properties identified in 2020 was completed in 2021. It is expected that the work on the sites identified in 2021 will be completed by 2023.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 9

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

7. Employee Future Benefits

The employee future benefits have been based on the results of an actuarial valuation done by an independent actuarial firm. A full valuation was performed as of December 31, 2019, with results projected to December 31, 2021.

Information about liabilities for the District's employee benefit plans is as follows:

	2021	2020
Accrued benefit obligation:		
Balance, beginning of year	\$ 20,362	\$ 20,844
Current service cost	1,656	1,493
Interest cost	376	514
Benefits paid	(2,330)	(3,401)
Workers compensation top-up	(120)	45
Actuarial loss	(936)	867
Accrued benefit obligation, end of year	19,008	20,362
Unamortized actuarial loss	(5,101)	(6,993)
Accrued benefit liability, end of year	\$ 13,907	\$ 13,369

	2021	2020
Employee future benefit expense:		
Current service cost	\$ 1,656	\$ 1,493
Interest cost	376	514
Workers compensation top-up	(120)	45
Amortization of the actuarial loss	956	877
	\$ 2,868	\$ 2,929

The significant actuarial assumptions adopted in measuring the District's accrued benefit obligation are as follows:

	2021	2020
Discount rate	2.40%	1.80%
Expected future inflation rate	2.00%	2.00%
Expected average remaining service period	11.3 years	11.3 years

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 10

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

8. Landfill Closure and Post-Closure Liability

The District is responsible for its share of closure and post-closure costs at landfill sites as detailed below.

- a) The Vancouver landfill is located in Delta, BC. In accordance with an agreement with the City of Vancouver, the District is responsible for its proportionate share of the closure and post-closure liability based on usage. The present value of the District's estimated future liability for these expenses is recognized as the landfill site's capacity is used and is as follows:

	2021	2020
Landfill closure and post closure liability	\$ 32,907	\$ 32,164

The closure and post-closure liability and annual expense is calculated based on the ratio of actual utilization to total expected utilization of the site's capacity at the date of closure. It is based on estimates and assumptions with respect to events extending over the remaining life of the Vancouver landfill, including provisions contained in Metro Vancouver's Integrated Solid Waste and Resource Management Plan. The significant estimates and assumptions adopted in measuring the District's share of the closure and post-closure liability are as follows:

	2021	2020
Current actual utilization (in 000's tonnes)	22,521	21,795
Expected utilization at closure (in 000's tonnes)	28,219	27,987
Expected remaining capacity (in 000's tonnes)	5,698	6,192
Permitted capacity (in 000's tonnes)	33,039	33,039
Future costs (in \$000's)	\$ 197,189	\$ 203,768
Present value of future costs (in \$000's)	\$ 115,934	\$ 120,497
Proportionate share of liability	35.57%	34.30%
Utilization of total capacity, end of year	79.81%	77.88%
Discount rate	2.73%	2.68%
Expected post-closure period	30 years	30 years
Expected closure date	December 31, 2037	December 31, 2037

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 11

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

8. Landfill Closure and Post-Closure Liability (continued)

- b) The Cache Creek landfill is located in the Village of Cache Creek, BC. The landfill permit obligates the Village of Cache Creek and a third party service provider to undertake closure and post-closure activities. The District, in accordance with an agreement with the Village, was required to contribute quarterly to a trust fund, held with the Province of British Columbia, to a Post Closure Maintenance and Repair Fund at rates consistent with the operational certificate for the landfill. The agreement indemnifies the Village for any post closure liabilities not covered by this fund. At December 31, 2021, the amortized book value of the trust was \$16,261,510 (2020 - \$15,519,407), which approximates the post-closure liability.

The Cache Creek landfill was closed December 2016. The actual utilization at closure was 10,319 thousand tonnes and the permitted capacity was 10,372 thousand tonnes. The post-closure period is expected to be 30 years. The present value of District's estimated future post-closure liability is sufficiently funded by the trust.

9. Deferred Revenue and Refundable Deposits

The deferred revenue consists of the following:

	2021	2020
MVHC externally restricted funds from BCHMC(a)		
i) Rental operations	\$ 47	\$ 46
ii) Replacement projects	3,376	3,246
	3,423	3,292
GVS&DD development cost charges (b)	258,634	213,143
Provincial grant to fund capital expenditures (c)	69,696	88,525
Facility rental security deposits	6,360	3,935
Other	2,903	2,556
Total	\$ 341,016	\$ 311,451

- (a) Amounts received under the following MVHC programs have been recorded as deferred revenue:

- i) Rental Operations: Under operating agreements entered into with Canada Mortgage and Housing Corporation ("CMHC") and administered by BCHMC (Homes BC and Seniors properties), a portion of the funds received from rental operations are restricted and can only be used by MVHC according to the terms of the agreements. Restricted amounts are recorded as deferred revenue and are used when expenditures exceed revenue in the program.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 12

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

9. Deferred Revenue and Refundable Deposits (continued)

- ii) Replacement Projects: Under operating agreements entered into with Canada Mortgage and Housing Corporation ("CMHC") and administered by BCHMC (Homes BC and Seniors properties), a portion of the funds received from rental operations are restricted for the replacement of equipment and specified building components. These funds are deferred until spent on approved items.
- (b) The GVS&DD Act restricts the District to applying money raised from development cost charges to funding sewer capital projects, including the repayment of debt raised to fund such projects.
- (c) In 2017, the GVS&DD received a grant from the Province of British Columbia in the amount of \$193.0 million for costs associated with the construction of the new North Shore Wastewater Treatment Plant Facility. During 2021, \$20.49 million (2020 - \$67.97 million) was applied against the project and recognized as revenue.

Continuity of deferred revenue and refundable deposits is as follows:

	2021	2020
Balance, beginning of year	\$ 311,451	\$ 390,045
Externally restricted contributions received:		
GVS&DD development cost charges	85,105	62,871
MVHC restricted funds	1,420	2,166
Interest earned	3,627	7,194
Total contributions received	90,152	72,231
Contributions used and recognized in revenue	(63,780)	(151,250)
Net change in externally restricted contributions	26,372	(79,019)
Change in deposits and other deferred revenues	3,193	425
	29,565	(78,594)
Balance, end of year	\$ 341,016	\$ 311,451

10. Debt

- a) The District serves as the borrowing conduit between member municipalities (excluding the City of Vancouver) and the Municipal Finance Authority of British Columbia (MFA). The GVS&DD and GVWD also access MFA through the MVRD. Prior to 2007, the District also served as the borrowing conduit for the Greater Vancouver Transportation Authority (GVTA), commonly referred to as "TransLink". The District, TransLink and the municipalities in the transportation service region are jointly and severally liable for obligations arising under a security issued by the District on behalf of TransLink.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 13

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

10. Debt (continued)

- b) All monies borrowed are upon the District's credit at large and, in the event of any default, would constitute an indebtedness for which its members are jointly and severally liable.
- c) Debt servicing requirements comprising sinking fund contributions, serial and mortgage principal repayments and interest are funded as incurred by revenue earned during the year.
- d) Sinking fund installments are invested by the MFA and earn income which, together with principal payments, are expected to be sufficient to retire the sinking fund debt at maturity. For sinking fund agreements, the MFA has established either a normal sinking fund or a capital repayment equalization fund.
- e) In addition to debt incurred directly by the District, the District has also incurred long-term debt on behalf of its member municipalities and TransLink through agreements with the MFA. Under the terms of these agreements, the District is required to provide for and pay to the MFA certain sums. Debt incurred on behalf of others is also presented as due from TransLink and member municipalities (note 3). Where the MFA has determined that sufficient resources exist to retire a debenture on its maturity date without further installments, debenture installments are suspended by the MFA. If the sums provided for are not sufficient, such deficiency shall be a liability of the District to the MFA until legally extinguished.

The District is reimbursed for amounts paid to the MFA for the obligations incurred on behalf of the member municipalities and TransLink whose undertakings were financed out of the proceeds of these obligations.

The following summarizes the debt incurred by the District as well as debt incurred on behalf of the member municipalities and TransLink.

	Mortgages and Debenture Debt	Less Sinking Funds	Debt, Net of Sinking Fund	
			2021	2020
GVS&DD	\$ 1,271,000	\$ 176,015	\$ 1,094,985	\$ 779,447
GVWD	1,262,631	551,468	711,163	557,737
MVHC	45,341	-	45,341	48,261
	2,578,972	727,483	1,851,489	1,385,445
TransLink	796,334	515,111	281,223	331,969
Member Municipalities	1,011,448	209,565	801,883	658,040
	1,807,782	724,676	1,083,106	990,009
	\$ 4,386,754	\$ 1,452,159	\$ 2,934,595	\$ 2,375,454

- f) Debt (net of sinking funds) reported on the statement of financial position is comprised of the following and includes varying maturities up to 2050, with interest rates ranging from 0.30% to 5.95%.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 14

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

10. Debt (continued)

Issue number	Interest rate - %	Maturity date	Authorized to be issued	Debt Outstanding	
				2021	2020
Sinking Fund Agreements					
67	0.70-1.75	November 5, 2022	15,000	\$ 15,000	\$ 15,000
74	1.75	June 1, 2021	168,123	-	54,000
75	1.75	December 1, 2021	62,405	-	18,080
77	0.65-1.75	June 1, 2022	100,100	84,100	84,100
78	2.25	December 3, 2022	89,252	1,252	1,252
79	5.95	June 3, 2023	74,025	225	225
85	2.25-5.47	December 2, 2024	69,760	22,760	22,760
86	5.44	December 2, 2024	50,000	50,000	50,000
95	1.80-4.77	October 13, 2025	10,900	2,300	2,300
96	4.61	April 2, 2026	50,000	50,000	50,000
97	1.53-4.93	April 19, 2036	175,000	153,000	173,000
99	1.75-4.99	October 19, 2026	66,300	16,300	66,300
100	4.59	October 19, 2026	200,000	180,000	180,000
102	2.25-5.09	December 1, 2027	436,395	369,395	369,395
103	2.65	April 23, 2023	40,000	40,000	40,000
104	2.90	November 20, 2028	56,281	56,281	56,281
105	2.25	June 3, 2029	68,300	68,300	68,300
106	2.25	October 13, 2039	140,600	125,000	125,000
110	1.28	April 8, 2030	60,730	60,730	60,730
112	1.28	October 6, 2035	74,775	74,775	74,775
116	1.47-4.2	April 4, 2036	152,292	152,292	152,292
118	3.40	April 11, 2042	96,000	96,000	96,000
120	0.30	June 29, 2022	2,000	2,000	2,000
121	2.90	October 4, 2037	74,961	72,286	72,286
124	3.15	April 8, 2043	3,000	3,000	3,000
126	3.85	September 26, 2043	155,209	155,209	155,209
127	3.30	April 7, 2034	115,415	115,415	115,415
130	3.00	October 14, 2029	50,000	50,000	50,000
131	2.20	April 8, 2035	121,500	121,500	121,500
137	2.60	April 19, 2046	149,772	149,772	149,772
139	2.10	October 5, 2031	55,000	55,000	55,000
141	2.80	April 7, 2047	152,463	152,463	152,463
142	3.15	October 4, 2047	77,983	77,983	77,983
145	3.15	April 23, 2048	122,275	122,275	122,275
146	3.20	September 19, 2048	282,500	282,500	282,500
147	2.66	April 9, 2034	62,000	62,000	62,000
149	2.24	October 9, 2049	140,095	140,095	140,095
150	1.99	April 9, 2050	168,133	168,133	168,133
151	1.28	June 1, 2050	185,987	185,987	185,987
153	2.41	April 15, 2046	129,000	129,000	-
154	2.41	May 28, 2036	500,000	500,000	-
156	2.58	September 27, 2046	150,600	150,600	-
Total sinking fund agreements (carried forward)			\$ 4,954,131	\$ 4,312,928	\$ 3,675,408

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 15

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

10. Debt (continued)

Issue number	Interest rate - %	Maturity date	Authorized to be issued	Debt Outstanding	
				2021	2020
Total sinking fund agreements (brought forward)			\$ 4,954,131	\$ 4,312,928	\$ 3,675,408
Serial Debt					
93	5.10 - 5.65	April 7, 2027	79,014	22,143	26,438
111	3.35	October 1, 2025	3,000	950	1,169
114	3.65	March 29, 2026	6,301	2,486	2,932
122	2.00	November 1, 2032	1,999	1,099	1,199
123	2.00	March 28, 2033	3,142	1,807	1,964
Total serial debt			93,456	28,485	33,702
Total debenture debt			\$ 5,047,587	\$ 4,341,413	\$ 3,709,110
MVHC Mortgages					
	1.30 - 4.87	January 2023 to December 2055		54,519	58,362
	Less MVRD financed mortgages			(9,178)	(10,102)
Total MVHC mortgages				45,341	48,260
Total debt				4,386,754	3,757,370
Less sinking funds				(1,452,159)	(1,381,916)
Total debt, net of sinking funds				\$ 2,934,595	\$ 2,375,454

- f) Principal payments and sinking fund installments due within the next five years and thereafter are as follows:

	Total Long-Term Debt Payments	Less Recoverable from TransLink and Member Municipalities	Net Debt Payments
2022	\$ 201,616	\$ 62,315	\$ 139,301
2023	194,444	59,709	134,735
2024	190,107	59,847	130,260
2025	175,396	53,061	122,335
2026	170,935	49,723	121,212
Thereafter	1,227,084	392,897	834,187
Total payments	2,159,582	677,552	1,482,030
Estimated sinking fund income	775,013	405,554	369,459
Total net debt	\$ 2,934,595	\$ 1,083,106	\$ 1,851,489

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 16

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

11. Tangible Capital Assets

METRO VANCOUVER REGIONAL DISTRICT

Note Disclosure

Tangible Capital Assets

Year ended December 31, 2021

	Cost			Accumulated Amortization				Net Book Value	
	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021	Balance at December 31, 2020	Disposals	Amortization Expense	Balance at December 31, 2021	December 31, 2021
Land									
Sewer and Drainage District	\$ 116,050	\$ 46,822	\$ -	\$ 162,872	\$ -	\$ -	\$ -	\$ -	\$ 162,872
Water District	44,704	8,960	-	53,664	-	-	-	-	53,664
Regional District	889,758	25,869	(1,110)	914,517	-	-	-	-	914,517
Metro Vancouver Housing Corporation	52,274	-	-	52,274	-	-	-	-	52,274
	1,102,786	81,651	(1,110)	1,183,327	-	-	-	-	1,183,327
Infrastructure									
Sewer and Drainage District	1,621,114	547,539	-	2,168,653	676,347	-	31,992	708,339	1,460,314
Water District	2,118,001	127,793	-	2,245,794	402,689	-	34,930	437,619	1,808,175
Regional District	125,581	4,734	(814)	129,501	63,766	(814)	5,182	68,134	61,367
	3,864,696	680,066	(814)	4,543,948	1,142,802	(814)	72,104	1,214,092	3,329,856
Buildings									
Water District	216,476	-	-	216,476	19,225	-	5,463	24,688	191,788
Regional District	26,880	-	-	26,880	9,818	-	540	10,358	16,522
Metro Vancouver Housing Corporation	220,575	(236)	-	220,339	174,054	-	2,491	176,545	43,794
	463,931	(236)	-	463,695	203,097	-	8,494	211,591	252,104
Vehicles									
Regional District	31,093	571	(1,043)	30,621	22,693	(1,043)	2,802	24,452	6,169
	31,093	571	(1,043)	30,621	22,693	(1,043)	2,802	24,452	6,169
Machinery, equipment, furniture & fixtures									
Sewer and Drainage District	8,799	19	-	8,818	7,390	-	485	7,875	943
Water District	13,198	-	-	13,198	6,395	-	1,030	7,424	5,774
Regional District	20,774	500	(106)	21,168	17,561	(106)	974	18,429	2,739
Metro Vancouver Housing Corporation	6,464	480	(504)	6,440	4,720	(504)	527	4,743	1,697
	49,235	999	(610)	49,624	36,066	(610)	3,015	38,471	11,153
Construction in progress									
Sewer and Drainage District	1,707,335	(127,395)	-	1,579,940	-	-	-	-	1,579,940
Water District	717,261	79,201	-	796,462	-	-	-	-	796,462
Regional District	4,939	452	-	5,391	-	-	-	-	5,391
Metro Vancouver Housing Corporation	2,885	5,192	-	8,077	-	-	-	-	8,077
	2,432,420	(42,550)	-	2,389,870	-	-	-	-	2,389,870
	\$ 7,944,161	\$ 720,501	\$ (3,577)	\$ 8,661,085	\$ 1,404,658	\$ (2,467)	\$ 86,415	\$ 1,488,606	\$ 7,172,479
Totals 2021									
Sewer and Drainage District	\$ 3,453,298	\$ 466,985	\$ -	\$ 3,920,283	683,737	\$ -	\$ 32,477	\$ 716,214	\$ 3,204,069
Water District	3,109,640	215,954	-	3,325,594	428,309	-	41,423	469,731	2,855,863
Regional District	1,099,025	32,126	(3,073)	1,128,078	113,838	(1,963)	9,497	121,373	1,006,705
Metro Vancouver Housing Corporation	282,198	5,436	(504)	287,130	178,774	(504)	3,018	181,288	105,842
	\$ 7,944,161	\$ 720,501	\$ (3,577)	\$ 8,661,085	\$ 1,404,658	\$ (2,467)	\$ 86,415	\$ 1,488,606	\$ 7,172,479

Write offs related to discontinued projects were \$nil in 2021 (2020 - \$nil).

Construction in progress includes \$495.7 million (2020 - \$363.9 million) related to the North Shore Wastewater Treatment Plant Project. (note 15)

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 17

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

11. Tangible Capital Assets (continued)

Year ended December 31, 2020

Year ended December 31, 2020									
	Cost			Balance at December 31, 2020	Accumulated Amortization			Balance at December 31, 2020	Net Book Value December 31, 2020
	Balance at December 31, 2019	Additions	Disposals		Balance at December 31, 2019	Disposals	Amortization Expense		
Land									
Sewer and Drainage District	\$ 89,790	\$ 26,260	\$ -	\$ 116,050	\$ -	\$ -	\$ -	\$ -	\$ 116,050
Water District	44,704	-	-	44,704	-	-	-	-	44,704
Regional District	886,258	3,500	-	889,758	-	-	-	-	889,758
Metro Vancouver Housing Corporation	52,274	-	-	52,274	-	-	-	-	52,274
	1,073,026	29,760	-	1,102,786	-	-	-	-	1,102,786
Infrastructure									
Sewer and Drainage District	1,541,087	80,027	-	1,621,114	646,804	-	29,543	676,347	944,767
Water District	2,116,289	1,712	-	2,118,001	369,121	-	33,568	402,689	1,715,312
Regional District	123,015	3,128	(562)	125,581	58,132	(562)	6,197	63,767	61,814
	3,780,391	84,867	(562)	3,864,696	1,074,057	(562)	69,308	1,142,803	2,721,893
Buildings									
Sewer and Drainage District	-	-	-	-	-	-	-	-	-
Water District	213,924	2,552	-	216,476	13,788	-	5,436	19,224	197,252
Regional District	26,880	-	-	26,880	9,277	-	540	9,817	17,063
Metro Vancouver Housing Corporation	192,173	28,402	-	220,575	172,633	-	1,420	174,053	46,522
	432,977	30,954	-	463,931	195,698	-	7,396	203,094	260,837
Vehicles									
Regional District	31,462	2,103	(2,472)	31,093	22,281	(2,381)	2,794	22,694	8,399
	31,462	2,103	(2,472)	31,093	22,281	(2,381)	2,794	22,694	8,399
Machinery, equipment, furniture & fixtures									
Sewer and Drainage District	8,310	489	-	8,799	6,928	-	462	7,390	1,409
Water District	12,730	468	-	13,198	5,379	-	1,016	6,395	6,803
Regional District	20,232	616	(74)	20,774	16,642	(67)	987	17,562	3,212
Metro Vancouver Housing Corporation	6,462	436	(434)	6,464	4,688	(434)	466	4,720	1,744
	47,734	2,009	(508)	49,235	33,637	(501)	2,931	36,067	13,168
Construction in progress									
Sewer and Drainage District	1,196,784	510,551	-	1,707,335	-	-	-	-	1,707,335
Water District	474,756	242,505	-	717,261	-	-	-	-	717,261
Regional District	3,696	1,243	-	4,939	-	-	-	-	4,939
Metro Vancouver Housing Corporation	25,298	(22,413)	-	2,885	-	-	-	-	2,885
	1,700,534	731,886	-	2,432,420	-	-	-	-	2,432,420
	\$ 7,066,124	\$ 881,579	\$ (3,542)	\$ 7,944,161	\$ 1,325,673	\$ (3,444)	\$ 82,429	\$ 1,404,658	\$ 6,539,503
Totals 2020									
Sewer and Drainage District	\$ 2,835,971	\$ 617,327	\$ -	\$ 3,453,298	\$ 653,732	\$ -	\$ 30,005	\$ 683,737	\$ 2,769,561
Water District	2,862,403	247,237	-	3,109,640	388,288	-	40,020	428,308	2,681,332
Regional District	1,091,543	10,590	(3,108)	1,099,025	106,332	(3,010)	10,518	113,840	985,185
Metro Vancouver Housing Corporation	276,207	6,425	(434)	282,198	177,321	(434)	1,886	178,773	103,425
	\$ 7,066,124	\$ 881,579	\$ (3,542)	\$ 7,944,161	\$ 1,325,673	\$ (3,444)	\$ 82,429	\$ 1,404,658	\$ 6,539,503

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 18

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

12. Prepaid Land Leases

	2021	2020
Balance, beginning of year	\$ 5,257	\$ 5,452
Amortization	(195)	(195)
Balance, end of year	\$ 5,062	\$ 5,257

The lease terms for the properties are as follows:

Asset	Lease Expiry Dates	Lease Term (Years)
Buildings		
Habitat Villa	February 2029	50
Walnut Gardens	May 2026	42
Other prepaid land leases	May 2036 to June 2062	60

13. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2021	2020
Reserves	\$ 394,831	\$ 325,079
Capital fund balance	165,821	(32,553)
Investment in tangible capital assets	5,320,990	5,154,058
Total	\$ 5,881,642	\$ 5,446,584

Capital fund balance represents the future expected level of funding required or accumulated.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 19

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

13. Accumulated Surplus (continued)

The reserves are classified as either operating, discretionary or statutory and are presented in the following schedules:

	December 31, 2020	Interest	Annual Operating Surplus	Transfers	Contributions from (to) Operations	Contributions to Capital	December 31, 2021
Reserve funds							
Operating Reserves							
Metro Vancouver Regional District							
Air Quality	\$ 1,203	\$ 14	\$ 881	\$ -	\$ -	\$ -	2,098
E911 Emergency Telephone Service	295	3	93	-	-	-	391
Electoral Area Services	22	-	-	-	-	-	22
General Government	3,822	35	3,586	(1,325)	-	-	6,118
Housing Planning and Policy	153	2	155	(112)	-	-	198
Invest Vancouver	-	-	-	20	-	-	20
Regional Employer Services	275	3	265	-	(80)	-	463
Regional Emergency Management	70	1	127	-	-	-	198
Regional Geospatial Reference System	96	1	130	-	-	-	227
Regional Parks	2,789	33	1,810	(1,258)	-	-	3,374
Regional Planning	381	4	480	-	-	-	865
Sasamat Fire Protection Service	68	1	36	-	-	-	105
West Nile Virus	362	4	-	-	-	-	366
MVRD operating reserves	9,536	101	7,563	(2,675)	(80)	-	14,445
Greater Vancouver Water District							
Water Services	19,943	234	8,425	-	-	-	28,602
GVWD operating reserves	19,943	234	8,425	-	-	-	28,602
Greater Vancouver Sewerage and Drainage District							
Liquid Waste Services	22,019	259	10,677	-	-	-	32,955
Solid Waste Services	21,599	254	17,360	-	-	-	39,213
GVS&DD operating reserves	43,618	513	28,037	-	-	-	72,168
MVHC Operating Reserves	32,062	39	15,291	(44,350)	(465)	-	2,577
Total Operating Reserves	105,159	887	59,316	(47,025)	(545)	-	117,792
Discretionary Reserves							
Metro Vancouver Regional District							
Air Quality	1,715	20	-	-	(373)	-	1,362
Electoral Area Service	1,568	19	139	-	(8)	-	1,718
E911 Emergency Telephone Service	594	7	-	-	-	-	601
General Government	7,188	84	-	-	(16)	-	7,256
Invest Vancouver	-	10	(26)	1,304	-	-	1,288
Regional Emergency Management	334	4	-	-	-	-	338
Regional Employer Services	2,296	27	-	-	-	-	2,323
Regional Planning	2,602	31	-	-	(50)	-	2,583
Regional Parks	200	2	-	-	-	-	202
Centralized Support	21,403	252	6,856	-	(3,612)	-	24,899
MVRD discretionary reserves	37,900	456	6,969	1,304	(4,059)	-	42,570
Greater Vancouver Sewerage and Drainage District							
Biosolids Inventory	14,908	175	-	-	4,947	-	20,030
Liquid Waste General Debt Reserve Func	2,098	25	-	-	-	-	2,123
Lions Gate Contingency	1,473	17	-	-	-	-	1,490
Drainage General	5,231	61	-	-	-	-	5,292
Solid Waste General	26,353	210	-	-	-	-	26,563
Landfill Post Closure	11,176	131	-	-	-	-	11,307
GVS&DD discretionary reserves	61,239	619	-	-	4,947	-	66,805
Metro Vancouver Housing Corporation							
MVHC Capital Development	14,751	461	-	33,417	-	(4,859)	43,770
MVHC Capital Replacement	642	35	-	10,934	(6,611)	-	5,000
MVHC discretionary reserves	15,393	496	-	44,351	(6,611)	(4,859)	48,770
Total Discretionary Reserves	114,532	1,571	6,969	45,655	(5,723)	(4,859)	158,145
Operating and Discretionary Reserves (carried forward)	\$ 219,691	\$ 2,458	\$ 66,285	\$ (1,370)	\$ (6,268)	\$ (4,859)	\$ 275,937

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 20

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

13. Accumulated Surplus (continued)

	December 31, 2020	Interest	Annual Operating Surplus	Transfers	Contributions from (to) Operations	Contributions to Capital	December 31, 2021
Operating and Discretionary Reserves							
Reserves (brought forward)	\$ 219,691	\$ 2,458	\$ 66,285	\$ (1,370)	\$ (6,268)	\$ (4,859)	\$ 275,937
Statutory Reserves							
Metro Vancouver Regional District							
Electoral Area Community Works	435	6	-	-	123	-	564
Electoral Area Election	30	-	-	-	30	-	60
MVRD Sustainability Innovation Fund	12,311	145	-	-	(84)	-	12,372
Grants Reserve Fund	2,232	77	-	-	(150)	-	2,159
Housing Planning and Policy	3,104	37	-	112	1,000	-	4,253
Housing Planning and Policy Development	4,000	47	-	-	4,000	-	8,047
Regional Geospatial Reference System	1,069	13	-	-	12	-	1,094
Regional Parks Infrastructure	5,551	69	-	1,258	1,438	(1,490)	6,826
Parkland Acquisition	8,269	108	-	-	-	1,110	9,487
Parkland Acquisition and Development	11,592	140	-	-	15,570	(15,980)	11,322
Delta Airpark	136	2	-	-	25	-	163
Regional Parks Legacy	2,691	32	-	-	(56)	-	2,667
Sasamat Fire Protection Services	951	13	-	-	260	-	1,224
Corporate Self Insurance	1,250	14	-	-	(76)	-	1,188
Corporate Fleet	18,086	212	4,356	-	-	(231)	22,423
MVRD statutory reserves	71,707	915	4,356	1,370	22,092	(16,591)	83,849
Greater Vancouver Water District							
Laboratory Equipment	750	9	-	-	26	-	785
Water Services Sustainability	-	-	-	-	-	-	-
Innovation Fund	13,901	166	-	-	243	-	14,310
GVWD statutory reserves	14,651	175	-	-	269	-	15,095
Greater Vancouver Sewerage and Drainage District							
Liquid Waste Laboratory Equipment	1,528	6	-	(1,028)	101	-	607
Liquid Waste Services Sustainability	-	-	-	-	-	-	-
Innovation Fund	17,502	222	-	1,028	591	-	19,343
GVS&DD statutory reserves	19,030	228	-	-	692	-	19,950
Total Statutory Reserves	105,388	1,318	4,356	1,370	23,053	(16,591)	118,894
Total Reserves	\$ 325,079	\$ 3,776	\$ 70,641	\$ -	\$ 16,785	\$ (21,450)	\$ 394,831

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 21

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

13. Accumulated Surplus (continued)

Investment in tangible capital assets is calculated as follows:

	2021	2020
Tangible capital assets	\$ 7,172,479	\$ 6,539,503
Amount financed by:		
Long-term debt, net of members, TransLink and sinking fund	(1,851,489)	(1,385,445)
	\$ 5,320,990	\$ 5,154,058
Change in the investment in tangible capital assets		
Acquisition of tangible capital assets	\$ 720,501	\$ 881,579
Amortization of tangible capital assets	(86,415)	(82,429)
Disposal of tangible capital assets (net of book value)	(1,110)	(98)
	632,976	799,052
Less financing (net of members and TransLink debt)		
Sinking fund debt maturity	10,000	-
Sinking fund and debt retirement	(105,326)	(89,746)
Sinking fund and debt retirement income	(25,710)	(22,859)
Debenture debt issued	600,000	278,335
Debenture debt maturity	(10,000)	-
Payment of long-term debt	(2,920)	(9,186)
	466,044	156,544
Change in investment in tangible capital assets	166,932	642,508
Investment in tangible capital assets, beginning of year	5,154,058	4,511,550
Investment in tangible capital assets, end of year	\$ 5,320,990	\$ 5,154,058

14. Contractual Obligations and Rights

a) Contractual Obligations

- i) As at December 31, 2021, the District had the following commitments relating to projects in progress.

	Authorized and Outstanding Projects	Expended at December 31	Total 2021	Total 2020
GVS&DD	\$ 4,040,767	\$ (2,283,629)	\$ 1,757,138	\$ 1,706,716
GVWD	2,541,412	(1,112,159)	1,429,253	1,395,101
MVRD	18,328	(5,482)	12,846	15,708
MVHC	354,400	(8,077)	346,323	79,815
Total	\$ 6,954,907	\$ (3,409,347)	\$ 3,545,560	\$ 3,197,340

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 22

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

14. Contractual Obligations and Rights (continued)

- ii) The District is committed under a number of lease and right-of-way agreements to make minimum annual payments. These agreements have varying terms, including two agreements, with annual payments to perpetuity, with adjustments annually for CPI. Estimated payments over the next ten years are as follows:

	Amount
2022	\$ 2,798
2023	2,708
2024	2,108
2025	2,083
2026	2,116
2027 - 2031	11,098
Total	\$ 22,911

b) Contractual Rights:

The District is party to several property lease agreements that are anticipated to provide it with future revenues. These agreements are with third parties with varying terms to 2027. Amounts anticipated to be received over the future years are as follows:

	Amount
2022	\$ 8,722
2023	8,697
2024	8,543
2025	6,685
2026	4,380
Thereafter	13,892
Total	\$ 50,919

15. Contingencies

Lawsuits

As at December 31, 2021, there were various lawsuits pending against the District arising in the ordinary course of business. The District has retained legal counsel to defend against these lawsuits. Where the outcomes or amounts cannot be reasonably determined, no liability has been recorded. None of these lawsuits are anticipated to result in a material loss to the District. Management is of the opinion that losses, if any, in connection with these lawsuits can be sufficiently funded by reserve funds or covered by insurance. Any expected losses will be accrued and recorded as expenses at the time they are considered likely and amounts are reasonably determinable.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 23

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

15. Contingencies (continued)

Municipal Pension Plan

The District and its employees contribute to the British Columbia Municipal Pension Plan (the Plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2021, the plan has about 220 thousand active members and approximately 112 thousand retired members. Active members include approximately 42 thousand contributors from local government.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as of December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The District paid \$15.8 million for employer contributions (2020 - \$14.3 million) while employees contributed \$13.8 million (2020 - \$12.6 million) to the Plan in fiscal 2021.

The next valuation will be as at December 31, 2021 with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 24

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

15. Contingencies (continued)

Self-Insurance Reserve	<p>A self-insurance reserve has been established within accumulated surplus to cover losses resulting from uninsured liability exposures of the District.</p> <p>Each year a review is undertaken to determine if it would be beneficial to purchase additional liability insurance. The District transfers amounts to the reserve depending on the reserve's adequacy to cover retained liability risk.</p> <p>An estimate is made for all costs of investigating and settlement of claims annually and an adjustment is made to the reserve to maintain an adequate balance to cover potential losses in excess of recorded liabilities. These estimates are changed as additional information becomes known during the course of claims settlement. Any likely losses would be expensed at the time the losses are known and the amounts are reasonably determinable.</p>
Debt Reserve Fund	<p>The MFA is required to establish a Debt Reserve Fund for each debenture which is comprised of cash deposits and a non-interest bearing demand note (refer to note 5). If, at any time, the District has insufficient funds to meet payments due on its obligations to MFA, the payments will be made from the debt reserve fund. The demand notes are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund, and therefore have not been recorded in the statement of financial position.</p>
BCHMC Grant Funding	<p>Prior to 2020, MVHC received funding of \$6.7 million from BCHMC relating to the re-development of Heather Place property. The conditions of the funding agreement stipulate that the property must be continuously used for the provision of housing for eligible occupants and there is no default under the loan or operating agreement over 35 years. Should a breach in the agreement occur, the outstanding balance of the funding would need to be repaid to BCHMC (\$6.7 million as at December 31, 2021). The contingent liability is reduced by 1/25th annually, commencing in the 11th year of the agreement. Payments of interest will not be required unless there is a default and consequently interest will be payable on the balance of the principal amount outstanding at prime plus 2% per annum, compounded semi-annually and not in advance.</p>
First Nations Negotiations	<p>The District is currently involved in negotiations with First Nations regarding compensation for the use of their land on which the District's assets reside. The compensation associated with these negotiations cannot be reasonably determined at this times and therefore no liabilities have been recorded at December 31, 2021.</p>

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 25

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

15. Contingencies (continued)

Letters of Credit

At December 31, 2021, the District is the named beneficiary of \$60.37 million (\$76.78 million – 2020) of irrevocable letters of credits from financial institutions related to construction projects and Solid Waste operations. These letters of credit are available under circumstances in which the service provider does not fulfil its obligation to the District and therefore the amount is not recorded as assets.

North Shore Wastewater Treatment Plant

The District is building a new tertiary wastewater treatment plant on a former industrial site in North Vancouver, to replace the primary-only Lions Gate Wastewater Treatment Plant. The deadline for completion of the project under federal regulation was December 31, 2020. On October 15, 2021, the District served notice to terminate its contract with the vendor hired to design, build and commission the future North Shore Wastewater Treatment Plant, having determined that the vendor was in breach of contract. As of December 31, 2021, the District has paid \$309.5 million, net of GST rebates, to the vendor for work completed, which has been recorded as construction in progress (note 11). Subsequent to year-end, the District drew on an irrevocable letter of credit posted by the vendor. Also subsequent to year-end, the vendor commenced legal action by filing a claim against the District in excess of \$250 million. The District intends to file a defence to the action together with a counter-claim against the vendor. The District is proceeding with the selection of a new contractor and designer to deliver the project. At December 31, 2021, the outcome of any legal proceedings related to the terminated contract and the potential consequences of not meeting the current deadline under the federal regulation is undeterminable.

Due to the nature of the contractual payments made to date under the terminated contract, the outstanding litigation and uncertainty surrounding the value of the new contract for completion of the project, the amount recorded as work in progress on the project represents management's best estimate. This amount may be subject to material change as new information becomes available.

16. Budget Information

The annual budget presented in these financial statements is based upon the 2021 operating and capital budgets approved by the District's Board in October 2020, with additional approval in November 2021 for adjustments to the budget as a result of the 2020 fiscal year end results. The budget is based on operational and capital expenditure requirements and their associated funding. Amortization is a non-cash item that is not funded for budget purposes. Also, contributions to or from reserves and debt principal repayments are removed from the approved budget for financial statement presentation. The schedule below reconciles the approved budget to the budget figures reported in these financial statements. Capital expenditures of \$1.53 billion were included in the capital budget approved by the Board.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 26

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

16. Budget Information (continued)

	2021 Budget	2020 Budget
Budgeted annual surplus per Exhibit B - Statement of Operations	\$ 580,551	\$ 509,662
Additional transfers from reserves, approved by Board	1,575	(1,993)
Adjusted annual surplus, based on October approved budget	582,126	507,669
Items not included in the operating budget		
Amortization of tangible capital assets	86,428	83,890
Contributions from deferred revenue	(251,932)	(188,400)
Sinking fund and debt retirement income	(23,044)	(19,380)
Development cost charge revenue	(45,000)	(53,240)
MVHC development grant	(8,500)	(8,500)
Reserve interest	(6,079)	(4,867)
Items included in budget but not in financial statements		
Sinking fund and debt retirement payments	(108,890)	(93,170)
Transfers to capital fund	(205,371)	(208,649)
Transfers from reserve funds	14,940	20,185
Transfer to reserve funds	(34,678)	(35,538)
Annual surplus per approved budget	-	-

17. Segmented Information and Expenses by Object

The District is a diversified municipal government organization that provides a wide range of services directly to the public and its member municipalities through its four legal entities: the MVRD, the GVS&DD, the GVWD and the MVHC. For management reporting purposes, the District's operations and activities are organized and reported by service areas within the legal entities.

The salaries and benefits reported in the segmented information below do not include \$16.22 million (2020 - \$17.63 million) directly attributable to the construction of tangible capital assets which have been capitalized and included in tangible capital assets in the Statement of Financial Position.

The legal entities disclosed in the segmented information, along with the service areas provided are as follows:

GVS&DD

Liquid Waste Services

The Liquid Waste Management Service is responsible for the collection, treatment and discharge of liquid waste for member municipalities. It operates a number of wastewater treatment plants and a related collection network connected to the member municipalities' systems.

Solid Waste Services

The Solid Waste Management Service is responsible for the disposal of solid waste both for the member municipalities and the public. It owns and operates several solid waste facilities including a waste to energy facility.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 27

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

17. Segmented Information and Expenses by Object (continued)

GVWD

Water Operations Water Operations is responsible for the supply of potable water to its member municipalities. It owns a series of dams, reservoirs, water treatment plants and a distribution network connected to the member municipalities' systems.

Building Operations Building Operations is responsible for operating and maintaining office buildings owned by GVWD. These facilities are leased to MVRD and its related entities for its head office operations as well as to external parties.

MVHC

Metro Vancouver Housing Corporation is a wholly-owned subsidiary of MVRD, which owns and operates housing sites within the Lower Mainland for the purpose of providing affordable rental housing on a non-profit basis through various housing programs, some federally and some provincially funded. MVHC's portfolio consists of "rent-g geared-to-income", partial rent assistance, and low-end-of-market units.

MVRD

Regional Parks

Regional Parks is responsible for managing, maintaining and protecting a diverse network of Regional Parks and an expanding land base of reserves, ecological conservancy areas and greenways, located throughout the Region.

General Government

General Government includes services responsible for overall direction and monitoring and regional initiatives. This area comprises the Regional Board & Committee Remuneration, Corporate Secretary's Office, Audit, Legal and Insurance costs, Innovation, Regional Emergency Management, Regional Cultural Strategy and External Contributions and Zero Waste Collaborative Initiatives.

Air Quality

Air Quality is responsible for monitoring air quality in the region, controlling industrial, commercial and some residential emissions, creating long-term plans and conducting emission inventories.

Regional Employee Services

Regional Employee Services provides collective bargaining, job evaluation, research and other related labour relations services to those MVRD municipalities who are members of the function.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 28

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

17. Segmented Information and Expenses by Object (continued)

MVRD (continued)

911 Emergency Telephone Service

The District contracts with E-Comm Corporation to provide 911 service for all municipalities within the region as well as the community of Whistler and the Sunshine Coast Regional District.

Regional Planning

Regional Planning's core responsibilities are focused on regional growth management, utility management and air quality management. Primary activities include development and implementation of a wide range of innovative policies and plans, extensive research, modeling and technical analysis, regulation, business demand management and community education.

Invest Vancouver

Invest Vancouver fosters regional and cross-sectoral collaboration on economic development issues, advises leaders on economic policy and strategy, promotes the region to a global audience, and attracts strategic investment

Housing Planning and Policy

Housing Planning and Policy contributes to processes and decisions related to the development of affordable housing projects, and in particular to the redevelopment of the MVHC portfolio of mixed-income housing complexes and the development of vacant lands owned by local government (including the MVRD).

Electoral Areas

The District is responsible for providing general and local services to one unincorporated area (Electoral Area A) of the regional district. General services provided include a variety of tax-supported, regional services such as 911 emergency telephone, air quality, labour relations, regional parks, strategic planning and general government.

Regional Global Positioning System

The District's Global Positioning System (GPS) Real-Time Service is offered to member municipalities and to the public in partnership with the B.C. Crown Registry and Geographic Base (CRGB) Branch.

Sasamat Volunteer Fire Department

The Sasamat Volunteer Fire Department provides volunteer fire department services to the Villages of Anmore and Belcarra. The cost to support this function is borne completely by the members who receive the service.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 29

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

17. Segmented Information and Expenses by Object (continued)

MVRD (continued)

Regional Emergency Management

Regional Emergency Management is an intergovernmental partnership between the Province of British Columbia and the District to coordinate regional emergency management planning activities and to engage all levels of government and private sector agencies in regional emergency planning initiatives for the Metro Vancouver region.

Corporate Programs

Corporate programs provide centralized support for Metro Vancouver's four legal entities, including financial services, human resources, external relations, legislative service, indigenous relations, project delivery, self-insurance and information technology.

Members and Translink Sinking Fund Income

The District serves as the borrowing conduit between member municipalities (excluding City of Vancouver) and Translink and the MFA. (Note 10). Sinking fund income earned on debenture issues held on behalf of members and Translink is recorded as revenue earned on the sinking fund with the offsetting expenditure owing to these organizations.

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 30

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

17. Segmented Information and Expenses by Object (continued)

a) Total Consolidated

	Other Districts (note 17(b))	Regional District (note 17(c))	Metro Vancouver Housing Corporation	Inter-district Adjustments	Consolidated Actual 2021	Consolidated Budget 2021	Consolidated Actual 2020
Revenue							
MVRD property tax requisitions	\$ -	\$ 82,714	\$ -	\$ -	\$ 82,714	\$ 82,714	\$ 73,528
Metered sale of water	319,989	-	-	-	319,989	316,341	297,781
Sewerage and drainage levy	288,226	-	-	-	288,226	288,226	274,237
Tipping fees	112,610	-	-	-	112,610	108,517	100,880
Housing property rentals	-	-	42,416	-	42,416	41,303	41,607
BODTSS industrial charges	12,157	-	-	-	12,157	11,756	11,568
Development cost charges	42,204	-	-	-	42,204	88,145	81,653
Electricity sales	5,779	-	-	-	5,779	6,240	5,309
Grants and other contributions	61,062	13,242	1,870	-	76,174	263,811	184,641
User fees, recoveries and other revenue	36,380	9,193	901	(9,717)	36,757	26,619	32,943
Gain on disposal of tangible capital assets	-	367	-	-	367	-	482
Sinking fund and interest income	27,945	4,359	655	(119)	32,840	28,940	29,734
Sinking fund income members and TransLink	-	28,222	-	-	28,222	28,698	28,078
	906,352	138,097	45,842	(9,836)	1,080,455	1,291,310	1,162,441
Expenses							
Salaries and benefits	110,364	91,330	6,411	-	208,105	213,901	190,396
Consulting, contracted and professional services	124,964	20,662	632	-	146,258	176,361	135,201
Asset repairs and maintenance	18,989	7,205	16,866	-	43,060	47,782	41,104
Materials and supplies	27,790	5,775	169	-	33,734	33,998	30,996
Utilities, permits and taxes	24,690	1,405	4,455	-	30,550	34,840	28,070
Other	26,451	40,031	779	(30,874)	36,387	55,683	43,898
Amortization of tangible capital assets and prepaid land leases	73,900	9,497	3,213	-	86,610	86,428	82,624
Interest on long-term debt	59,547	-	1,265	(119)	60,693	61,766	52,339
	466,695	175,905	33,790	(30,993)	645,397	710,759	604,628
Corporate costs (recovery)	57,798	(81,050)	2,095	21,157	-	-	-
	524,493	94,855	35,885	(9,836)	645,397	710,759	604,628
Annual surplus	\$ 381,859	\$ 43,242	\$ 9,957	\$ -	\$ 435,058	\$ 580,551	\$ 557,813

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 31

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

17. Segmented Information and Expenses by Object (continued)

b) Total Other Districts

	Liquid Waste Services	Solid Waste Services	Total Sewerage & Drainage District	Water Operations	Building Operations	Elimination Entry	Total Water District	Total Other Districts Actual 2021	Total Other Districts Budget 2021	Total Other Districts Actual 2020
Revenue										
Metered sale of water	\$ -	\$ -	\$ -	\$ 319,989	\$ -	\$ -	\$ 319,989	\$ 319,989	\$ 316,341	\$ 297,781
Sewerage and drainage levy	288,226	-	288,226	-	-	-	-	288,226	288,226	274,237
Tipping fees	-	112,610	112,610	-	-	-	-	112,610	108,517	100,880
BODTSS industrial charges	12,157	-	12,157	-	-	-	-	12,157	11,756	11,568
Development cost charges	42,204	-	42,204	-	-	-	-	42,204	88,146	81,653
Electricity sales	-	5,779	5,779	-	-	-	-	5,779	6,240	5,309
Grants and other contributions	61,062	-	61,062	-	-	-	-	61,062	251,932	173,536
User fees, recoveries and other revenue	4,755	4,713	9,468	10,390	21,586	(5,064)	26,912	36,380	25,792	36,055
Gain on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-
Sinking fund and interest income	5,821	759	6,580	19,577	1,788	-	21,365	27,945	25,798	26,099
	414,225	123,861	538,086	349,956	23,374	(5,064)	368,266	906,352	1,122,747	1,007,118
Expenses										
Salaries and benefits	61,566	6,088	67,654	42,181	529	-	42,710	110,364	115,956	109,180
Consulting, contracted and professional services	32,482	78,139	110,621	12,716	1,627	-	14,343	124,964	149,433	118,199
Asset repairs and maintenance	11,988	645	12,633	3,815	2,541	-	6,356	18,989	19,102	18,966
Materials and supplies	16,124	64	16,188	11,509	93	-	11,602	27,790	31,444	26,850
Utilities, permits and taxes	15,462	421	15,883	7,601	1,206	-	8,807	24,690	26,435	25,671
Other	8,096	9,682	17,778	7,325	1,348	-	8,673	26,451	22,783	22,592
Amortization of tangible capital assets	26,686	5,792	32,478	36,508	4,914	-	41,422	73,900	75,567	70,026
Interest on long-term debt	27,384	2,271	29,655	25,186	4,706	-	29,892	59,547	60,359	51,128
	199,788	103,102	302,890	146,841	16,964	-	163,805	466,695	501,079	442,612
Corporate costs	32,232	4,875	37,107	25,755	-	(5,064)	20,691	57,798	61,141	50,832
	232,020	107,977	339,997	172,596	16,964	(5,064)	184,496	524,493	562,220	493,444
Annual surplus	\$ 182,205	\$ 15,884	\$ 198,089	\$ 177,360	\$ 6,410	\$ -	\$ 183,770	\$ 381,859	\$ 560,527	\$ 513,674

c) Total Regional District

	Regional Parks	General Government	Air Quality	Regional Employee Services	911 Emergency Telephone Service	Regional Planning	Invest Vancouver	Housing Planning and Policy	Regional Sub-total 2021
Revenue									
MVRD property tax requisitions	\$ 51,870	\$ 5,225	\$ 6,483	\$ 2,423	\$ 4,556	\$ 3,511	\$ 1,530	\$ 6,031	\$ 81,629
Grants and other contributions	11,036	1,307	-	-	-	-	-	29	12,372
User fees, recoveries and other revenue	3,145	604	4,019	105	78	-	-	47	7,998
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-
Sinking fund and interest income	385	201	34	30	10	35	10	85	790
Sinking fund income, members and Translink	-	-	-	-	-	-	-	-	-
	66,436	7,337	10,536	2,558	4,644	3,546	1,540	6,192	102,789
Expenses									
Salaries and benefits	18,644	2,878	6,680	2,240	-	2,601	1,177	738	34,958
Consulting, contracted and professional services	7,000	1,225	887	98	4,428	130	232	272	14,272
Asset repairs and maintenance	859	35	105	-	-	2	7	-	1,008
Materials and supplies	1,944	7	266	3	-	6	4	-	2,230
Utilities, permits and taxes	622	3	105	10	22	1	6	-	769
Other	2,868	1,228	906	27	-	69	100	10	5,208
Amortization of tangible capital assets	1,810	-	249	-	2	-	-	-	2,061
	33,747	5,376	9,198	2,378	4,452	2,809	1,526	1,020	60,506
Corporate costs (recovery)	3,563	881	884	(35)	91	292	30	65	5,771
	37,310	6,257	10,082	2,343	4,543	3,101	1,556	1,085	66,277
Annual surplus	\$ 29,126	\$ 1,080	\$ 454	\$ 215	\$ 101	\$ 445	\$ (16)	\$ 5,107	\$ 36,512

METRO VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 32

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

17. Segmented Information and Expenses by Object (continued)

	Carried forward	Electoral Areas	Regional Global Positioning System	Sasamat Volunteer Fire Department	Regional Emergency Management	Corporate Programs	Members and TransLink, Sinking Fund Income	Regional District Actual 2021	Regional District Budget 2021	Regional District Actual 2020
Revenue										
MVRD property tax requisitions	\$ 81,629	\$ 389	\$ -	\$ 523	\$ 173	\$ -	\$ -	\$ 82,714	\$ 82,714	\$ 73,528
Grants and other contributions	12,372	344	-	-	-	526	-	13,242	1,030	3,349
User fees, recoveries and other revenue	7,998	6	384	15	-	790	-	9,193	7,933	3,720
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	367	-	367	-	482
Sinking fund and interest income	790	25	14	14	5	3,511	-	4,359	2,383	3,118
Sinking fund income, members and Translink	-	-	-	-	-	-	28,222	28,222	28,698	28,078
	102,789	764	398	552	178	5,194	28,222	138,097	122,758	112,275
Expenses										
Salaries and benefits	34,958	338	177	45	-	55,812	-	91,330	91,608	75,045
Consulting, contracted and professional services	14,272	56	-	59	35	6,240	-	20,662	25,919	16,341
Asset repairs and maintenance	1,008	18	31	34	-	6,114	-	7,205	8,948	7,165
Materials and supplies	2,230	1	-	41	-	3,503	-	5,775	2,365	3,958
Utilities, permits and taxes	769	2	10	21	-	603	-	1,405	1,620	1,315
Other	5,208	8	3	8	-	6,582	28,222	40,031	43,003	38,859
Amortization of tangible capital assets	2,061	-	-	30	32	7,374	-	9,497	8,753	10,517
	60,506	423	221	238	67	86,228	28,222	175,905	182,216	153,200
Corporate costs (recovery)	5,771	32	21	25	11	(86,910)	-	(81,050)	(66,743)	(63,628)
	66,277	455	242	263	78	(682)	28,222	94,855	115,473	89,572
Annual surplus	\$ 36,512	\$ 309	\$ 156	\$ 289	\$ 100	\$ 5,876	\$ -	\$ 43,242	\$ 7,285	\$ 22,703

18. COVID-19 Pandemic

The COVID-19 global pandemic, declared in 2020, continued to impact the global economy in 2021. Throughout the pandemic, the Corporation delivered key services to the Metro Vancouver region in line with its mandate. Management continues to monitor the impacts of the pandemic on taxpayers, suppliers and other third party business associates that could impact the timing and amounts realized on the Corporation's assets and ability to provide services to the region. However, to date, the pandemic has not materially impacted revenue streams, expenses, cash flows or caused significant asset impairments.

19. Subsequent Event

In January 2022, the District drew on an irrevocable letter of credit in the amount of \$50.0 million as a result of the cancellation of a vendor contract for the North Shore Wastewater Treatment Plant. This amount is included in the \$60.37 million disclosed in note 15.

20. Comparative Figures

Certain prior year figures have been reclassified to conform to the presentation of the current year.

METRO VANCOUVER REGIONAL DISTRICT

Schedule 1 (unaudited), page 33

Year ended December 31, 2021

(tabular amounts in thousands of dollars)

The Province of British Columbia, under the “COVID-19 Safe Restart Grant Program”, provided the District with a grant of \$1.476 million in 2021 (\$2.325 in 2020) for increased operating costs arising during the pandemic. The District recognized the grant into income and applied these funds to the programs impacted as follows:

	2021	2020
Balance, beginning of the year	\$ 588	\$ -
BC Restart Grant received	1,476	2,325
	2,064	2,325
Less Eligible Costs Incurred:		
Computer and Technology costs	226	1,300
External Relations	300	-
Head Office Building Operations	271	65
Liquid Waste Services	288	-
Cultural Grants	150	-
Regional Parks Services	32	103
Water Services	58	-
Metro Vancouver Housing Corporation	-	78
Corporate Safety	-	90
Emergency Operations Center, business continuity and PPE supplies	-	101
	1,325	1,737
Balance, end of year	\$ 739	\$ 588

Financial Statements of

**GREATER VANCOUVER SEWERAGE
AND DRAINAGE DISTRICT**

Year ended December 31, 2021

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Index to Financial Statements

December 31, 2021

	Exhibit
Management Report	
Independent Auditor's Report	
Statement of Financial Position	A
Statement of Operations	B
Statement of Change in Net Debt	C
Statement of Cash Flows	D
Notes to Financial Statements	

METRO VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

MANAGEMENT REPORT

The Financial Statements contained in this report have been prepared by management in accordance with Canadian public sector accounting standards. The integrity and objectivity of these statements are management's responsibility. Management is responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Greater Vancouver Sewerage and Drainage District's Board of Directors is responsible for approving the financial statements and for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Performance and Audit Committee of the Board.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian Auditing Standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the *Financial Information Act*. The Independent Auditor's Report outlines the scope of the audit for the year ended December 31, 2021.

On behalf of Greater Vancouver Sewerage and Drainage District.



Dean Rear, Chief Financial Officer

Date: April 29, 2022



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BDO Canada LLP
Unit 1100 - Royal Centre
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Independent Auditor's Report

To the Members of the Board of Directors of the Greater Vancouver Sewerage and Drainage District

Opinion

We have audited the financial statements of the Greater Vancouver Sewerage and Drainage District (the "District"), which comprise the Statement of Financial Position as at December 31, 2021, and the Statements of Operations, Change in Net Debt and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2021, and the results of its operations, change in net debt and 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 report. We are independent of the District 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.

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

Management is responsible for the preparation and fair presentation of these 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 District'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 District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District'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 these 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 District'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 District'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 District 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.

We 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.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 5, 2022

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Exhibit A

Statement of Financial Position

Year ended December 31, 2021

	2021	2020
Financial Assets		
Accounts receivable	\$ 139,016,130	\$ 85,458,193
Due from Metro Vancouver Regional District	630,865,561	509,626,566
Debt reserve fund (note 2)	13,562,273	9,811,757
	783,443,964	604,896,516
Liabilities		
Accounts payable and accrued liabilities (note 3)	228,313,571	155,777,532
Landfill closure and post-closure liability (note 4)	32,906,686	32,163,774
Deferred revenue and refundable deposits (note 5)	329,169,804	302,785,287
Debt (net of sinking funds) (note 6)	1,094,984,832	779,446,548
	1,685,374,893	1,270,173,141
Net Debt	(901,930,929)	(665,276,625)
Non-Financial Assets		
Tangible capital assets (note 7)	3,204,067,696	2,769,560,076
Inventories of supplies	6,582,165	5,704,961
Prepaid expenses	2,428,408	3,069,828
	3,213,078,269	2,778,334,865
Accumulated surplus (note 8)	\$ 2,311,147,340	\$ 2,113,058,240



Contractual obligations and rights (note 9)

Contingencies (note 10)

COVID-19 (note 13)

Subsequent Event (note 14)

The accompanying notes are an integral part of these financial statements.


 _____ Chief Financial Officer

 _____ Board Chair

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Exhibit B

Statement of Operations

Year ended December 31, 2021

	2021 Budget (note 11)	2021 Actual	2020 Actual
Revenue (note 12)			
Sewerage and drainage levy	\$ 288,225,540	\$ 288,225,540	\$ 274,237,112
Tipping fees	108,516,645	112,609,847	100,880,183
BODTSS Industrial Charges	11,756,424	12,157,191	11,567,862
Development cost charges (note 5)	88,145,119	42,204,285	81,652,979
Electricity sales	6,239,530	5,778,816	5,308,843
User fees, recoveries and other	7,718,634	9,467,977	9,022,842
Sinking fund, debt retirement and interest income	7,490,471	6,579,921	5,775,306
Grants and other contributions (note 5)	251,931,864	61,062,379	173,535,810
	770,024,227	538,085,956	661,980,937
Expenses (note 12)			
Liquid waste services	256,642,850	232,019,605	219,696,797
Solid waste services	116,109,558	107,977,251	99,964,857
	372,752,408	339,996,856	319,661,654
Annual surplus	397,271,819	198,089,100	342,319,283
Accumulated surplus, beginning of year	2,113,058,240	2,113,058,240	1,770,738,957
Accumulated surplus, end of year	\$ 2,510,330,059	\$ 2,311,147,340	\$ 2,113,058,240

The accompanying notes are an integral part of these financial statements.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Exhibit C

Statement of Change in Net Debt

Year ended December 31, 2021

	2021 Budget (note 11)	2021 Actual	2020 Actual
Annual surplus	\$ 397,271,819	\$ 198,089,100	\$ 342,319,283
Change in tangible capital assets:			
Acquisition of tangible capital assets	(1,030,778,000)	(466,984,864)	(617,326,606)
Amortization of tangible capital assets	35,014,719	32,477,244	30,005,732
	(995,763,281)	(434,507,620)	(587,320,874)
Change in other non-financial assets:			
Acquisition of prepaid expenses	-	(2,428,408)	(3,069,828)
Use of prepaid expenses	-	3,069,828	3,114,824
Acquisition of inventories of supplies	-	(6,582,165)	(5,704,961)
Consumption of inventories of supplies	-	5,704,961	4,637,990
	-	(235,784)	(1,021,975)
Changes in net debt	(598,491,462)	(236,654,304)	(246,023,566)
Net debt, beginning of year	(665,276,625)	(665,276,625)	(419,253,059)
Net debt, end of year	\$ (1,263,768,087)	\$ (901,930,929)	\$ (665,276,625)

The accompanying notes are an integral part of these financial statements.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Exhibit D

Statement of Cash Flows

Year ended December 31, 2021

	2021	2020
Cash provided by (used in):		
Operating transactions:		
Annual surplus	\$ 198,089,100	\$ 342,319,283
Items not involving cash:		
Amortization	32,477,244	30,005,732
Sinking fund income	(5,014,043)	(3,671,561)
Debt reserve fund income	(206,272)	(183,941)
Change in landfill closure and post-closure liability	742,912	(874,232)
Change in non-cash assets and liabilities:		
Accounts receivable	(53,557,937)	(4,448,307)
Prepaid expenses	641,420	44,996
Accounts payable and accrued liabilities	72,536,039	(6,722,326)
Deferred revenue	26,384,517	(79,618,522)
Inventories of supplies	(877,204)	(1,066,971)
Net change in cash from operating transactions	271,215,776	275,784,151
Capital transactions:		
Acquisition of tangible capital assets	(466,984,864)	(617,326,606)
Net change in cash from capital transactions	(466,984,864)	(617,326,606)
Financing transactions:		
Due from Metro Vancouver Regional District	(121,238,995)	186,586,507
Debenture debt issued	370,000,000	195,000,000
Debt reserve fund issuance	(3,700,001)	(1,950,000)
Debt reserve fund maturity	155,757	-
Sinking fund payments	(49,447,673)	(38,171,706)
Debenture debt maturity	(10,000,000)	-
Sinking fund retirement	10,000,000	-
Net change in cash from financing transactions	195,769,088	341,464,801
Net change in cash and cash equivalents	-	(77,654)
Cash and cash equivalents, beginning of year	-	77,654
Cash and cash equivalents, end of year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 1
Year ended December 31, 2021

1. Significant Accounting Policies

The Greater Vancouver Sewerage and Drainage District (the “District”) was established by an Act of the same name in 1956. Its two primary responsibilities are the collection, treatment and discharge of liquid waste for the municipalities of the Metro Vancouver Regional District (“MVRD”), and the disposal of solid waste both for the municipalities of the MVRD and the public.

The District owns and operates a number of wastewater treatment plants and a related collection network connected to the municipal collection systems, and several solid waste facilities including a waste to energy facility. Its Board of Directors comprises the same councilors and mayors as appointed to the MVRD Board by the participating municipalities. The member municipalities under the Act are jointly and severally liable for its debts.

The District’s financial statements are prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the District are as follows:

Basis of Accounting The District 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 legal obligation to pay.

Government Transfers Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. The transfer of revenue is initially deferred and then recognized in the statement of operations as the stipulation liabilities are settled.

When the District is deemed the transferor, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.

Deferred Revenue Deferred revenue represents development cost charges and a Provincial grant which have been collected, but for which the related services or obligations have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed or obligations and stipulations have been met.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 2
Year ended December 31, 2021

1. Significant Accounting Policies (continued)

Sinking Fund, Debt Retirement and Interest Income

Interest income is reported as revenue in the period earned. When required, based on external restrictions, interest income earned on deferred revenue is added to and forms part of the deferred revenue balance and is recognized into income when related stipulations are met. Any surpluses received from upon debt retirement are recorded in the year received.

Cash and Investments

In order to improve cash management, Metro Vancouver Districts accumulate cash and investment transactions in pooled accounts held by the MVRD. GVS&DD's cash is therefore presented as due from Metro Vancouver Regional District. Investments held by the MVRD consist of bonds issued by governments and Canadian chartered banks, money market instruments and term deposits. Interest earned on GVS&DD's fund balances is included in the amount owing from MVRD and is recorded as interest income in the Statement of Operations.

Employee Future Benefits

Employees who provide services for the District are employees of the MVRD. Employee related costs are allocated by the MVRD to the District based on services rendered. These costs are shown as expenses in the financial statements and are included in amounts owing from MVRD.

Post-employment benefits of the MVRD, including accumulated banked sick and vacation pay, retirement severance and Worker's Compensation top-up benefits for employees pursuant to certain policies and union agreements, are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans is allocated to the District based on projected benefits as the employees render services necessary to earn the future benefits and included in amounts owing to MVRD.

Landfill Closure and Post-Closure Liability

The estimated present value of landfill closure and post-closure costs is recognized as a liability. This liability is recognized based on estimated future expenses, including estimated inflation discounted to the current date and accrued based on the proportion of the total capacity of the landfill used as of the date of the statement of financial position. The change in this estimated liability during the year is recorded as an expense in operations. These estimates are reviewed and adjusted annually and any changes are recorded on a prospective basis.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They generally have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 3
Year ended December 31, 2021

1. Significant Accounting Policies (continued)

Non-Financial Assets (continued)

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, except land, is amortized over their estimated useful lives. All assets are amortized on a straight line basis as follows:

Asset	Useful Life – Years
Infrastructure	
Interceptors and trunk sewers, drainage	100
Wastewater treatment, pumping stations	50
Solid Waste – incinerators, transfer stations	30
Solid Waste – landfills	25 - 30
Information technology systems and networks	5
Machinery, Equipment, Furniture and Fixtures	5 - 20

a. Annual amortization:

Annual amortization begins when the asset is put into service and is expensed over its useful life. Assets under construction are transferred to the appropriate asset class and are amortized from the date the asset is put into productive use.

b. Contributions of tangible capital assets:

Contributions of tangible capital assets are recorded at their fair value at the date of receipt and as contribution revenue.

c. Interest capitalization:

The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

Inventories of Supplies

Inventories of supplies held for consumption are recorded on a first-in-first-out basis.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 4
Year ended December 31, 2021

1. Significant Accounting Policies (continued)

Revenue Recognition

Tipping fees, levies, electricity sales, permits, user fees and other revenue are recognized as revenue on an accrual basis according to the usage and rates approved and set by the Board in various fees and charges bylaws.

Segmented Information

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 standard. Definitions of the District's segments and their related financial information are presented in note 12.

Liability for Contaminated Sites

A liability for remediation of a contaminated site is recognized when the site is no longer in productive use and the following criteria are satisfied: an environmental standard exists; contamination exceeds the standard; the District is either directly responsible or has accepted responsibility for remediation; it is expected that future economic benefits will be given up and a reasonable estimate of the liability can be made. Liabilities for contaminated sites are reported in accounts payable and accrued liabilities (note 3).

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. These estimates and assumptions are based on management's best information and judgment and may differ from actual results. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

Significant areas requiring the use of management's judgment relate to the determination of landfill closure and post closure liability, contaminated sites liabilities, the estimate of accruals for projects in progress, amortization rates and useful lives of tangible capital assets, the assessment of the impairment of tangible capital assets and work in progress, and the assessment of the outcome of contingent liabilities.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 5
Year ended December 31, 2021

2. Debt Reserve Fund

The Municipal Finance Authority of British Columbia ("MFA") provides financing for regional districts and member municipalities. The MFA is required to establish a Debt Reserve Fund for each debenture issue equal to one-half the average annual installment of principal and interest. The debt reserve fund is comprised of cash deposits equal to 1% of the principal amount borrowed and a non-interest bearing demand note for the remaining requirement. Cash deposits held by the MFA are payable with interest to the ultimate borrower when the final obligations under the respective loan agreements have been made.

If, at any time, the District has insufficient funds to meet payments due on its obligations to the MFA, the payments will be made from the debt reserve fund. The demand notes are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund. At December 31, 2021, \$39,493,543 (2020 - \$28,407,748) in callable demand notes were outstanding and have not been recorded in the statement of financial position.

3. Accounts Payable and Accrued Liabilities

	2021	2020
Trade accounts	\$ 182,682,467	\$ 91,353,577
Construction holdbacks	38,907,540	55,960,742
Accrued interest on debt	6,423,564	5,784,008
Contaminated Sites (a)	300,000	2,679,205
	\$ 228,313,571	\$ 155,777,532

(a) The District accrued \$2,679,205 in 2020 for work to be undertaken to remediate contaminated soils for two of its properties. As at December 31 2021, \$300,000 of the work remains to be completed in 2022.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 6
Year ended December 31, 2021

4. Landfill Closure and Post-Closure Liability

The District is responsible for its share of closure and post-closure costs at landfill sites as detailed below.

- a) The Vancouver landfill is located in Delta, BC. In accordance with an agreement with the City of Vancouver, the District is responsible for its proportionate share of the closure and post-closure liability based on usage. The present value of the District's estimated future liability for these expenses is recognized as the landfill site's capacity is used and is as follows:

	2021	2020
Landfill closure and post closure liability	\$ 32,906,686	\$ 32,163,774

The closure and post-closure liability and annual expense is calculated based on the ratio of actual utilization to total expected utilization of the site's capacity at the date of closure. It is based on estimates and assumptions with respect to events extending over the remaining life of the Vancouver landfill, including provisions contained in Metro Vancouver's Integrated Solid Waste and Resource Management Plan. The significant estimates and assumptions adopted in measuring the District's share of the closure and post-closure liability are as follows:

	2021	2020
Current actual utilization (in tonnes)	22,521,439	21,795,042
Expected utilization at closure (in tonnes)	28,219,409	27,987,102
Expected remaining capacity (in tonnes)	5,697,970	6,192,060
Permitted capacity (in tonnes)	33,039,183	33,039,183
Future costs	\$ 197,188,990	\$ 203,768,190
Present value of future costs	\$ 115,933,724	\$ 120,497,328
Proportionate share of liability	35.57%	34.28%
Utilization of total capacity, end of year	79.81%	77.88%
Discount rate	2.73%	2.68%
Expected post-closure period	30 years	30 years
Expected closure date	December 31, 2037	December 31, 2037

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 7
Year ended December 31, 2021

4. Landfill Closure and Post-Closure Liability (continued)

- b) The Cache Creek landfill is located in the Village of Cache Creek, BC. The landfill permit obligates the Village of Cache Creek and a third party service provider to undertake closure and post-closure activities. The District, in accordance with an agreement with the Village, was required to contribute quarterly to a trust fund, held with the Province of British Columbia, to a Post Closure Maintenance and Repair Fund at rates consistent with the operational certificate for the landfill. The agreement indemnifies the Village for any post closure liabilities not covered by this fund. At December 31, 2021, the amortized book value of the trust was \$16,261,510 (2020 - \$15,519,407), which approximates the post-closure liability.

The Cache Creek landfill was closed December 2016. The actual utilization at closure was 10,318,780 tonnes and the permitted capacity was 10,371,594 tonnes. The post-closure period is expected to be 30 years. The present value of District's estimated future post-closure liability is sufficiently funded by the trust.

5. Deferred Revenue and Refundable Deposits

Deferred revenue consists of the following:

	2021	2020
Development cost charges (a)	\$ 258,633,515	\$ 213,143,056
Provincial grant to fund capital expenditures (b)	69,074,393	88,525,295
Refundable deposits	1,461,896	1,116,936
Total	\$ 329,169,804	\$ 302,785,287

- a) The GVS&DD Act restricts the District to applying money raised from development cost charges to funding sewer capital projects, including the repayment of debt raised to fund such projects. The balance of these amounts is included in deferred revenue until spent on approved purposes.
- b) In 2017, the District received a grant from the Province of British Columbia in the amount of \$193,000,000 for future costs associated with the construction of the new North Shore Wastewater Treatment Plant Facility. During 2021, \$20,488,722 (2020 - \$67,970,020) was applied against the project and recognized as revenue. Interest earned on unspent funds in the amount of \$1,037,820 (2020 - \$2,861,912) has been recognized as grant revenue in the year.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 8
Year ended December 31, 2021

5. Deferred Revenue and Refundable Deposits (continued)

Continuity of deferred revenue is as follows:

	2021	2020
Balance, beginning of year	\$ 302,785,287	\$ 382,403,809
Development cost charges received	85,104,514	62,871,244
Interest earned	3,628,051	7,193,822
Change in refundable deposits	344,959	(60,589)
Amounts spent and recognized as revenue	(62,693,007)	(149,622,999)
Change in deferred revenue	41,804,896	(79,618,522)
Balance, end of year	\$ 329,169,804	\$ 302,785,287

6. Debt

- a) All borrowings for the District are obtained from MFA by the MVRD on the District's behalf, although the District maintains the right to finance debt without MFA involvement.

Debt, debentures or other security issued by the District is a direct, joint and several obligation and liability of the District and each and every member municipality.

Debt servicing requirements comprising sinking fund contributions, serial repayments and interest are funded as incurred by revenue earned during the year.

- b) Debt (net of sinking funds) reported on the statement of financial position comprises the following and includes varying maturities up to 2036 with interest rates ranging from 1.28% to 4.20%.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 9
Year ended December 31, 2021

6. Debt (continued)

Issue number	Interest rate - %	Maturity Date	Debentures authorized to be issued	Debenture debt outstanding	
				2021	2020
99	1.75	October 19, 2021	\$ 10,000,000	\$ -	\$ 10,000,000
104	2.90	November 20, 2023	15,000,000	15,000,000	15,000,000
106	2.25	October 13, 2024	20,000,000	20,000,000	20,000,000
116	1.47-4.2	April 4, 2026	20,000,000	20,000,000	20,000,000
118	3.40	April 11, 2027	20,000,000	20,000,000	20,000,000
139	2.10	October 5, 2031	55,000,000	55,000,000	55,000,000
141	2.80	April 7, 2032	50,000,000	50,000,000	50,000,000
142	3.15	October 4, 2032	50,000,000	50,000,000	50,000,000
145	3.15	April 23, 2033	120,000,000	120,000,000	120,000,000
146	3.20	September 19, 2033	270,000,000	270,000,000	270,000,000
147	2.66	April 9, 2034	40,000,000	40,000,000	40,000,000
149	2.24	October 9, 2034	46,000,000	46,000,000	46,000,000
150	1.99	April 9, 2035	125,000,000	125,000,000	125,000,000
151	1.28	June 1, 2035	70,000,000	70,000,000	70,000,000
154	2.41	May 28, 2036	370,000,000	370,000,000	-
Total debt			\$ 1,281,000,000	\$ 1,271,000,000	\$ 911,000,000
Less sinking funds				(176,015,168)	(131,553,452)
Total net debt				\$ 1,094,984,832	\$ 779,446,548

c) Sinking fund installments due within the next five years and thereafter are as follows:

2022	\$ 70,418,495
2023	70,418,495
2024	69,669,379
2025	68,670,558
2026	68,670,558
Thereafter	547,256,704
Total payments	895,104,189
Estimated sinking fund income	199,880,643
Total net debt	\$ 1,094,984,832

e) Sinking fund installments are invested by the MFA and earn income that, together with principal payments, are expected to be sufficient to retire the sinking fund debt at maturity. For sinking fund agreements, the MFA has established either a normal sinking fund or a capital repayment equalization fund.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 10
Year ended December 31, 2021

7. Tangible Capital Assets

Year ended December 31, 2021

	Cost		Balance at December 31, 2021	Accumulated Amortization		Balance at December 31, 2021	Net book value December 31, 2021
	Balance at December 31, 2020	Additions (Net of Transfers)		Balance at December 31, 2020	Amortization Expense		
Land	\$ 116,049,774	\$ 46,822,000	\$ 162,871,774	\$ -	\$ -	\$ -	\$ 162,871,774
Infrastructure							
Utilities	1,614,856,918	547,539,049	2,162,395,967	670,090,806	31,992,381	702,083,187	1,460,312,780
Information technology	6,256,159	-	6,256,159	6,256,159	-	6,256,159	-
Machinery, equipment, furniture & fixtures	8,798,644	19,051	8,817,695	7,389,879	484,863	7,874,742	942,953
Construction in progress	1,707,335,425	(127,395,236)	1,579,940,189	-	-	-	1,579,940,189
	\$ 3,453,296,920	\$ 466,984,864	\$ 3,920,281,784	\$ 683,736,844	\$ 32,477,244	\$ 716,214,088	\$ 3,204,067,696

Write-offs and disposals in 2021 were \$nil (2020 - \$nil).

Construction in progress includes \$495.7 million (2020 - \$363.9 million) related to the North Shore Wastewater Treatment Plant (note 10).

Year ended December 31, 2020

	Balance at December 31, 2019	Additions	Balance at December 31, 2020	Balance at December 31, 2019	Amortization Expense	Balance at December 31, 2020	Net book value December 31, 2020
Land	\$ 89,789,774	\$ 26,260,000	\$ 116,049,774	\$ -	\$ -	\$ -	\$ 116,049,774
Infrastructure							
Utilities	1,534,830,034	80,026,884	1,614,856,918	640,547,423	29,543,383	670,090,806	944,766,112
Information technology	6,256,159	-	6,256,159	6,256,159	-	6,256,159	-
Machinery, equipment, furniture & fixtures	8,310,141	488,503	8,798,644	6,927,530	462,349	7,389,879	1,408,765
Construction in progress	1,196,784,206	510,551,219	1,707,335,425	-	-	-	1,707,335,425
	\$ 2,835,970,314	\$ 617,326,606	\$ 3,453,296,920	\$ 653,731,112	\$ 30,005,732	\$ 683,736,844	\$ 2,769,560,076

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 11
Year ended December 31, 2021

8. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2021	2020
Reserves	\$ 158,922,150	\$ 123,885,687
Capital fund balance	43,142,326	(940,975)
Investment in tangible capital assets	2,109,082,864	1,990,113,528
Total	\$ 2,311,147,340	\$ 2,113,058,240

Capital fund balance represents the future expected level of funding required or accumulated.

Continuity of reserves is as follows:

	December 31, 2020	Interest	Annual Operating Surplus	Transfers (to)/from Reserves	Contributions from/ (to) operations	December 31, 2021
Operating Reserves						
Liquid Waste Services	\$ 22,019,279	\$ 258,636	\$ 10,677,197	\$ -	\$ -	\$ 32,955,112
Solid Waste Services	21,599,526	253,705	17,360,239	-	-	39,213,470
	\$ 43,618,805	\$ 512,341	\$ 28,037,436	\$ -	\$ -	\$ 72,168,582
Discretionary Reserves						
Biosolids Inventory	14,907,329	175,100	-	4,946,933	-	20,029,362
Liquid Waste General Debt Reserve Fund	2,098,699	24,651	-	-	-	2,123,350
Lions Gate Contingency	1,472,871	17,300	-	-	-	1,490,171
Drainage General	5,230,475	61,436	-	-	-	5,291,911
Solid Waste General	26,352,855	209,521	-	-	-	26,562,376
Landfill Post-Closure	11,176,002	131,272	-	-	-	11,307,274
	\$ 61,238,231	\$ 619,280	\$ -	\$ 4,946,933	\$ -	\$ 66,804,444
Statutory Reserves						
Liquid Waste Laboratory Equipment	500,262	6,399	-	101,285	-	607,946
Liquid Waste Services Sustainability Innovation Fund	18,528,389	221,586	-	1,127,000	(535,797)	19,341,178
	\$ 19,028,651	\$ 227,985	\$ -	\$ 1,228,285	\$ (535,797)	\$ 19,949,124
Total Reserves	\$ 123,885,687	\$ 1,359,606	\$ 28,037,436	\$ 6,175,218	\$ (535,797)	\$ 158,922,150

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 12
Year ended December 31, 2021

8. Accumulated Surplus (continued)

Investment in tangible capital assets is calculated as follows:

	2021	2020
Tangible capital assets	\$ 3,204,067,696	\$ 2,769,560,076
Amounts financed by:		
Long-term debt	(1,094,984,832)	(779,446,548)
	2,109,082,864	1,990,113,528
Change in the investment in tangible capital assets		
Acquisition of tangible capital assets	466,984,864	617,326,606
Amortization of tangible capital assets	(32,477,244)	(30,005,732)
	434,507,620	587,320,874
Less funding of tangible capital assets through debt		
Sinking fund debt maturity	10,000,000	-
Sinking fund and debt retirement	(49,447,673)	(38,171,706)
Sinking fund and debt retirement income	(5,014,043)	(3,671,561)
Debenture debt issued	370,000,000	195,000,000
Debenture debt maturity	(10,000,000)	-
	315,538,284	153,156,733
Change in investment in tangible capital assets	118,969,336	434,164,141
Investment in tangible capital assets, beginning of year	1,990,113,528	1,555,949,387
Investment in tangible capital assets, end of year	\$ 2,109,082,864	\$ 1,990,113,528

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 13
Year ended December 31, 2021

9. Contractual Obligations and Rights

a) Contractual Obligations

- i) As of December 31, 2021 the District had the following commitments outstanding related to capital projects in progress:

	2021	2020
Authorized for outstanding projects	\$ 4,040,767,000	\$ 3,534,847,000
Expended at December 31	(2,283,628,886)	(1,828,131,080)
Commitment remaining	\$ 1,757,138,115	\$ 1,706,715,920

- ii) The District is committed under lease and rights-of-way agreements to make minimum annual payments. These agreements have varying terms, including two agreements, with annual payments of \$451,000 to perpetuity, with adjustments annually for CPI.

	Amount
2022	\$ 1,880,621
2023	1,911,752
2024	1,943,505
2025	1,975,894
2026	2,008,930
2027 - 2031	10,563,786
Total	\$ 20,284,488

b) Contractual Rights

The District is party to lease agreements that are anticipated to provide it with future revenues. These agreements are with third parties with varying terms to 2026. Amounts anticipated to be received over the future years are as follows:

	Amount
2022	\$ 1,382,042
2023	1,312,287
2024	1,114,883
2025	710,899
2026	651,657
Total	\$ 5,171,768

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 14
Year ended December 31, 2021

10. Contingencies

Lawsuits

As at December 31, 2021, there were various lawsuits pending against the District arising in the ordinary course of business. The District has retained legal counsel to defend against these lawsuits. Where the outcomes or amounts cannot be reasonably determined, no liability has been recorded. None of these lawsuits are anticipated to result in a material loss to the District. Management is of the opinion that losses, if any, in connection with these lawsuits can be sufficiently funded by reserve funds or covered by insurance. Any expected losses will be accrued and recorded as expenses at the time they are considered likely and amounts are reasonably determinable.

Self Insurance Reserve

A self insurance reserve has been established within the MVRD to cover losses resulting from uninsured liability exposures of the District, other Metro Vancouver Districts and the MVHC.

Each year a review is undertaken to determine if it would be beneficial to purchase additional liability insurance. The District, other Metro Vancouver Districts and the MVHC transfer amounts to the reserve depending on the reserve's adequacy to cover retained liability risk.

An estimate is made for all costs of investigating and settlement of claims annually and an adjustment is made to the fund to maintain an adequate balance to cover potential losses in excess of recorded liabilities. These estimates are changed as additional information becomes known during the course of claims settlement. Any likely losses would be expensed at the time the losses are known and the amounts are reasonably determinable.

Debt Reserve Fund

The MFA is required to establish a Debt Reserve Fund for each debenture which is comprised of cash deposits and a non-interest bearing demand note (refer to note 2).

First Nations Negotiations

The District is currently involved in negotiations with First Nations regarding compensation for the use of their land on which the District's assets reside. The compensation associated with these negotiations cannot be reasonably determined at this times and therefore no liabilities have been recorded at December 31, 2021.

Letters of Credit

At December 31, 2021, the District is the named beneficiary of \$60.37 million (\$76.78 million – 2020) of irrevocable letters of credits from financial institutions related to construction projects and Solid Waste operations. These letters of credit are available under circumstances in which the service provider does not fulfil its obligation to the District and therefore the amount is not recorded as assets.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 15
Year ended December 31, 2021

10. Contingencies (continued)

North Shore Wastewater Treatment Plant

The District is building a new tertiary wastewater treatment plant on a former industrial site in North Vancouver, to replace the primary-only Lions Gate Wastewater Treatment Plant. The deadline for completion of the project under federal regulation was December 31, 2020. On October 15, 2021, the District served notice to terminate its contract with the vendor hired to design, build and commission the future North Shore Wastewater Treatment Plant, having determined that the vendor was in breach of contract. As of December 31, 2021, the District has paid \$309.5 million, net of GST rebates, to the vendor for work completed, which has been recorded as construction in progress (note 7). Subsequent to year-end, the District drew on an irrevocable letter of credit posted by the vendor. Also subsequent to year-end, the vendor commenced legal action by filing a claim against the District in excess of \$250 million. The District intends to file a defence to the action together with a counter-claim against the vendor. The District is proceeding with the selection of a new contractor and designer to deliver the project. At December 31, 2021, the outcome of any legal proceedings related to the terminated contract and the potential consequences of not meeting the current deadline under the federal regulation is undeterminable.

Due to the nature of the contractual payments made to date under the terminated contract, the outstanding litigation and uncertainty surrounding the value of the new contract for completion of the project, the amount recorded as work in progress on the project represents management's best estimate. This amount may be subject to material change as new information becomes available.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 16
Year ended December 31, 2021

11. Budget Information

The annual budget presented in these financial statements is based upon the 2021 operating and capital budgets approved by the District's Board in October 2020, with additional approval in November 2021 for adjustments to the budget as a result of the 2020 fiscal year end results. The budget is based on operational and capital expenditure requirements and their associated funding. Amortization is a non-cash item that is not funded for budget purposes. Also, contributions to or from reserves and debt principal repayments are removed from the approved budget for financial statement presentation. The schedule below reconciles the approved budget to the budget figures reported in these financial statements. Capital expenditures of \$1,030,778,000 were included in the capital budget approved by the Board.

	2021 Budget
Budgeted annual surplus per Exhibit B - Statement of Operations	\$ 397,271,819
Additional transfers from reserves, approved by Board	1,049,675
Adjusted annual surplus, based on October approved budget	398,321,494
Items not included in the approved operating budget	
Capital development cost charge revenue	(45,000,000)
Capital grants and contributions	(251,931,864)
Amortization of tangible capital assets	35,014,719
Sinking and debt retirement fund income	(5,450,233)
Reserve interest	(2,040,238)
Items included in the budget but not in financial statements	
Debt principal payments	(49,447,674)
Transfers to capital	(80,068,136)
Transfers from reserves	601,932
Annual surplus per approved budget	\$ -

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 17
Year ended December 31, 2021

12. Segmented Information and Expenses by Object

The District's primary responsibilities are the collection, treatment and discharge of liquid waste for the municipalities of the MVRD and the disposal of solid waste both for the municipalities of the MVRD and the public. For management reporting purposes, the District's operations and activities are organized and reported by these two primary areas of service.

The information reported in the segmented information does not include \$9,052,489 (2020 - \$8,696,015) of salaries and benefits directly attributable to the construction of tangible capital assets which have been included in the cost of tangible capital assets in the Statement of Financial Position.

The services disclosed in the Segmented Information are as follows:

Liquid Waste Services

The Liquid Waste Services is responsible for the collection, treatment and discharge of liquid waste for member municipalities. It operates a number of wastewater treatment plants and a related collection network connected to the member municipalities' systems.

Solid Waste Services

The Solid Waste Services is responsible for the disposal of solid waste both for the member municipalities and the public. It owns and operates several solid waste facilities including a waste to energy facility.

	2021 Total Budget	Liquid Waste Services	Solid Waste Services	2021 Total Actual	2020 Total Actual
Revenue					
Sewerage and drainage levy	\$ 288,225,540	\$ 288,225,540	\$ -	\$ 288,225,540	\$ 274,237,112
Tipping fees	108,516,645	-	112,609,847	112,609,847	100,880,183
BODTSS Industrial Charges	11,756,424	12,157,191	-	12,157,191	11,567,862
Development cost charges	88,145,119	42,204,285	-	42,204,285	81,652,979
Electricity sales	6,239,530	-	5,778,816	5,778,816	5,308,843
User fees, recoveries and other	7,718,634	4,755,037	4,712,940	9,467,977	9,022,842
Sinking fund, debt retirement and interest income	7,490,471	5,821,143	758,778	6,579,921	5,775,306
Grants and contributions	251,931,864	61,062,379	-	61,062,379	173,535,810
	770,024,227	414,225,575	123,860,381	538,085,956	661,980,937
Expenses					
Salaries and benefits	69,974,171	61,566,341	6,087,815	67,654,156	67,315,251
Consulting, contracted and professional services	135,473,864	32,482,076	78,139,266	110,621,342	107,034,380
Asset repairs and maintenance	12,584,523	11,988,365	645,658	12,634,023	12,774,295
Materials and supplies	17,002,733	16,123,425	63,668	16,187,093	16,842,584
Utilities, permits and taxes	16,860,760	15,461,979	421,160	15,883,139	17,522,824
Corporate costs	37,262,082	32,232,100	4,875,176	37,107,276	31,866,164
Other	18,049,960	8,095,764	9,681,671	17,777,435	14,422,331
Amortization of tangible capital assets	35,014,719	26,685,646	5,791,598	32,477,244	30,005,732
Interest on long-term debt	30,529,596	27,383,909	2,271,239	29,655,148	21,878,093
	372,752,408	232,019,605	107,977,251	339,996,856	319,661,654
Annual surplus (deficit)	\$ 397,271,819	\$ 182,205,970	\$ 15,883,130	\$ 198,089,100	\$ 342,319,283

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 18
Year ended December 31, 2021

13. COVID-19 Pandemic

The COVID-19 global pandemic, declared in 2020, continued to impact the global economy in 2021. Throughout the pandemic, the Corporation delivered key services to the Metro Vancouver region in line with its mandate. Management continues to monitor the impacts of the pandemic on taxpayers, suppliers and other third party business associates that could impact the timing and amounts realized on the Corporation's assets and ability to provide services to the region. However, to date, the pandemic has not materially impacted revenue streams, expenses, cash flows or caused significant asset impairments.

14. Subsequent Event

In January 2022, the District drew on an irrevocable letter of credit in the amount of \$50.0 million as a result of the cancellation of a vendor contract for the North Shore Wastewater Treatment Plant. This amount is included in the \$60.37 million disclosed in note 10.

Financial Statements of

**GREATER VANCOUVER
WATER DISTRICT**

Year ended December 31, 2021

GREATER VANCOUVER WATER DISTRICT

Index to Financial Statements

December 31, 2021

Exhibit

Management Report

Independent Auditor's Report

Statement of Financial Position

A

Statement of Operations

B

Statement of Change in Net Debt

C

Statement of Cash Flows

D

Notes to Financial Statements

GREATER VANCOUVER WATER DISTRICT

MANAGEMENT REPORT

The Financial Statements contained in this report have been prepared by management in accordance with Canadian public sector accounting standards. The integrity and objectivity of these statements are management's responsibility. Management is responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Greater Vancouver Water District's Board of Directors is responsible for approving the financial statements and for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Performance and Audit Committee of the Board.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian Auditing Standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the *Financial Information Act*. The Independent Auditor's Report outlines the scope of the audit for the year ended December 31, 2021.

On behalf of Greater Vancouver Water District.



Dean Rear, Chief Financial Officer

Date: April 29, 2022



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Independent Auditor's Report

To the Members of the Board of Directors of the Greater Vancouver Water District

Opinion

We have audited the financial statements of the Greater Vancouver Water District (the "District"), which comprise the Statement of Financial Position as at December 31, 2021, and the Statements of Operations, Change in Net Debt and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2021, and the results of its operations, change in net debt and 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 report. We are independent of the District 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.

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

Management is responsible for the preparation and fair presentation of these 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 District'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 District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District'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 these 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 District'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 District'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 District 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.

We 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.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 5, 2022

GREATER VANCOUVER WATER DISTRICT

Exhibit A

Statement of Financial Position

Year ended December 31, 2021

	2021	2020
Financial Assets		
Cash	\$ 1,780,988	\$ 1,110,634
Accounts receivable	48,357,266	52,651,185
Due from (to) Metro Vancouver Regional District	169,401,485	(9,989,434)
Debt reserve fund (note 2)	15,647,006	14,026,840
	235,186,745	57,799,225
Liabilities		
Accounts payable and accrued liabilities (note 3)	69,616,281	54,903,222
Debt (net of sinking funds) (note 4)	711,163,290	557,737,244
	780,779,571	612,640,466
Net Debt	(545,592,826)	(554,841,241)
Non-Financial Assets		
Tangible capital assets (note 5)	2,855,862,044	2,681,331,071
Inventories of supplies	4,356,061	4,312,253
Prepaid expenses	562,801	617,268
	2,860,780,906	2,686,260,592
Accumulated surplus (note 6)	\$ 2,315,188,080	\$ 2,131,419,351

Contractual obligations and rights (note 7)

Contingencies (note 8)

COVID-19 (note 11)

The accompanying notes are an integral part of these financial statements.

 Chief Financial Officer

 Board Chair

GREATER VANCOUVER WATER DISTRICT

Exhibit B

Statement of Operations

Year ended December 31, 2021

	2021 Budget (note 9)	2021 Actual	2020 Actual
Revenue (note 10)			
Metered sale of water	\$ 316,341,192	\$ 319,989,323	\$ 297,780,794
Sinking fund, debt retirement and interest income	17,594,045	20,734,421	19,233,123
Interest income	713,060	630,564	1,091,295
Building income from Metro Vancouver Districts	9,650,613	9,616,135	12,227,786
Building income from external parties	6,747,794	6,634,971	6,133,979
Other revenue	1,674,556	10,660,566	8,670,769
	352,721,260	368,265,980	345,137,746
Expenses (note 10)			
Water operations	172,616,063	167,532,829	158,192,895
Building operations	16,850,926	16,964,422	15,591,928
	189,466,989	184,497,251	173,784,823
Annual surplus	163,254,271	183,768,729	171,352,923
Accumulated surplus, beginning of year	2,131,419,351	2,131,419,351	1,960,066,428
Accumulated surplus, end of year	\$ 2,294,673,622	\$ 2,315,188,080	\$ 2,131,419,351

The accompanying notes are an integral part of these financial statements.

GREATER VANCOUVER WATER DISTRICT

Exhibit C

Statement of Change in Net Debt

Year ended December 31, 2021

	2021 Budget (note 9)	2021 Actual	2020 Actual
Annual surplus	\$ 163,254,271	\$ 183,768,729	\$ 171,352,923
Change in tangible capital assets:			
Acquisition of tangible capital assets	(431,250,000)	(215,953,824)	(247,236,906)
Amortization of tangible capital assets	40,552,047	41,422,851	40,020,293
	(390,697,953)	(174,530,973)	(207,216,613)
Change in other non-financial assets:			
Acquisition of prepaid expenses	-	(562,801)	(617,268)
Use of prepaid expenses	-	617,268	528,445
Acquisition of inventories of supplies	-	(4,356,061)	(4,312,253)
Consumption of inventories of supplies	-	4,312,253	2,861,051
	-	10,659	(1,540,025)
Changes in net debt	(227,443,682)	9,248,415	(37,403,715)
Net debt, beginning of year	(554,841,241)	(554,841,241)	(517,437,526)
Net debt, end of year	\$ (782,284,923)	\$ (545,592,826)	\$ (554,841,241)

The accompanying notes are an integral part of these financial statements.

GREATER VANCOUVER WATER DISTRICT

Exhibit D

Statement of Cash Flows

Year ended December 31, 2021

	2021	2020
Cash provided by (used in):		
Operating transactions:		
Annual surplus	\$ 183,768,729	\$ 171,352,923
Items not involving cash:		
Amortization	41,422,851	40,020,293
Sinking fund income	(20,696,085)	(19,187,680)
Debt reserve fund income	(111,875)	(278,655)
Change in non-cash assets and liabilities:		
Accounts receivable	4,293,919	8,441,772
Prepaid expenses	54,467	(88,823)
Accounts payable and accrued liabilities	14,713,059	(8,728,293)
Inventories of supplies	(43,808)	(1,451,202)
Net change in cash from operating transactions	223,401,257	190,080,335
Capital transactions:		
Acquisition of tangible capital assets	(215,953,824)	(247,236,906)
Net change in cash from capital transactions	(215,953,824)	(247,236,906)
Financing transactions:		
Due from Metro Vancouver Regional District	(179,390,919)	38,717,502
Debenture debt issued	230,000,000	70,000,000
Debt reserve fund issuance	(2,300,000)	(700,000)
Debt reserve fund maturity	791,709	57,874
Sinking fund payments	(55,877,869)	(51,574,488)
Net change in cash from financing transactions	(6,777,079)	56,500,888
Net change in cash and cash equivalents	670,354	(655,683)
Cash and cash equivalents, beginning of year	1,110,634	1,766,317
Cash and cash equivalents, end of year	\$ 1,780,988	\$ 1,110,634

The accompanying notes are an integral part of these financial statements.

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 1

Year ended December 31, 2021

1. Significant Accounting Policies

The Greater Vancouver Water District (the “District”) was established by an Act of the same name in 1924. Its primary responsibility is the supply of potable water to its member municipalities. Its Board of Directors comprises the same councillors and mayors as appointed to the Metro Vancouver Regional District (“MVRD”) Board by the participating municipalities.

The District owns or holds under a 999-year lease from the Province an extensive closed watershed network as its source of supply. It owns a series of dams, reservoirs, water treatment plants and a distribution network connecting to the municipal distribution systems. The member municipalities under the Act are jointly and severally liable for its debts. The District also owns and is responsible for operating and maintaining office buildings that are leased to MVRD and its related entities.

The District’s financial statements are prepared by management in accordance with Canadian public sector accounting standards (“PSAS”). Significant accounting policies adopted by the District are as follows:

Basis of Accounting	The District 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 the receipt of goods or services and/or the legal obligation to pay.
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Government Transfers	Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. The transfer of revenue is initially deferred and then recognized in the statement of operations as the stipulation liabilities are settled.
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When the District is deemed the transferor, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.

Sinking Fund, Debt Retirement and Interest Income	Interest income is reported as revenue in the period earned. When required, based on external restrictions, interest income earned on deferred revenue is added to and forms part of the deferred revenue balance and is recognized into income when related stipulations are met. Any surpluses received from upon debt retirement are recorded in the year received.
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GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 2

Year ended December 31, 2021

1. Significant Accounting Policies (continued)

Cash and Investments

In order to improve cash management, Metro Vancouver Districts accumulate cash and investment transactions in pooled accounts held by the MVRD. GVWD's cash is therefore presented as due from Metro Vancouver Regional District. Investments held by the MVRD consist of bonds issued by governments and Canadian chartered banks, money market instruments and term deposits. Interest earned on GVWD's fund balances is included in the amount owing from the MVRD and is recorded as interest income in the Statement of Operations.

Employee Future Benefits

Employees who provide services for the District are employees of the MVRD. Employee related costs are allocated by the MVRD to the District based on services rendered. These costs are shown as expenses in the financial statements and are included in amounts owing to MVRD.

Post-employment benefits of the MVRD, including accumulated banked sick and vacation pay, retirement severance and Worker's Compensation top-up benefits for employees pursuant to certain policies and union agreements, are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans is allocated to the District based on projected benefits as the employees render services necessary to earn the future benefits and included in amounts owing to MVRD.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 3

Year ended December 31, 2021

1. Significant Accounting Policies (continued)

Non-Financial Assets (continued)

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight line basis over the estimated useful lives of the assets as follows:

Asset	Useful Life Years
Buildings	
Corporate head office	40
Watershed	25
Infrastructure	
Dams and reservoirs	150
Supply mains	100
Distribution systems, drinking water treatment	50
Bridges and roads	50
Vehicles	5 - 10
Machinery, Equipment, Furniture and Fixtures	5 - 20

a. Annual amortization:

Annual amortization begins when the asset is put into service and is expensed over its useful life. Assets under construction are transferred to the appropriate asset class and are amortized from the date the asset is put into productive use.

b. Contributions of tangible capital assets:

Contributions of tangible capital assets are recorded at their fair value at the date of receipt and as contribution revenue.

c. Interest capitalization:

The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

Inventories of Supplies

Inventories of supplies held for consumption are recorded on a first-in-first-out basis.

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 4

Year ended December 31, 2021

1. Significant Accounting Policies (continued)

Revenue Recognition

Metered sale of water, building income from external tenants, Metro Vancouver Districts and Housing Corporation, and other income are recognized as revenue on an accrual basis according to the usage and rates approved and set by the Board.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. These estimates and assumptions are based on management's best information and judgment and may differ from actual results. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

Significant areas requiring the use of management's judgment relates to the determination of contaminated sites liabilities, the amortization rates of tangible capital assets and the assessment of the outcome of contingent liabilities.

Segmented Information

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 standard. Definitions of the District's segments and their related financial information are presented in note 10.

Liabilities for Contaminated Sites

A liability for remediation of a contaminated site is recognized when the site is no longer in productive use and the following criteria are satisfied: an environmental standard exists; contamination exceeds the standard; the District is either directly responsible or has accepted responsibility for remediation; it is expected that future economic benefits will be given up and a reasonable estimate of the liability can be made. Liabilities for contaminated sites are reported in accounts payable and accrued liabilities (note 3).

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 5

Year ended December 31, 2021

2. Debt Reserve Fund

The Municipal Finance Authority of British Columbia ("MFA") provides financing for regional districts and member municipalities. The MFA is required to establish a Debt Reserve Fund for each debenture issue equal to one-half the average annual installment of principal and interest. The debt reserve fund is comprised of cash deposits equal to 1% of the principal amount borrowed and a non-interest bearing demand note for the remaining requirement. Cash deposits held by the MFA are payable with interest to the ultimate borrower when the final obligations under the respective loan agreements have been made.

If, at any time, the District has insufficient funds to meet payments due on its obligations to the MFA, the payments will be made from the debt reserve fund. The demand notes are callable only if there are additional requirements to be met in order to maintain the level of the debt reserve fund. At December 31, 2021, \$41,402,712 (2020 - \$36,580,208) in callable demand notes were outstanding and have not been recorded in the statement of financial position.

3. Accounts Payable and Accrued Liabilities

	2021	2020
Trade accounts	\$ 37,400,180	\$ 26,565,725
Construction holdbacks	25,870,577	22,502,301
Accrued interest on debt	5,883,967	5,523,920
Contaminated sites (a)	461,557	201,323
Other	-	109,953
	\$ 69,616,281	\$ 54,903,222

(a) The District accrued \$461,557 (2020 - \$201,323) to remediate contaminated soils at its properties. The remediation work for one property identified in 2020 was completed in 2021. It is expected that the work on the site identified in 2021 will be completed by 2023.

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 6

Year ended December 31, 2021

4. Debt

- a) All borrowings for the District are obtained from MFA by the MVRD on the District's behalf, although the District maintains the right to finance debt without MFA involvement.

Debt, debentures or other security issued by the District is a direct, joint and several obligation and liability of the District and each and every member municipality.

Debt servicing requirements comprising sinking fund contributions, serial repayments and interest are funded as incurred by revenue earned during the year.

- b) Principal payments and sinking fund installments due within the next five years and thereafter are as follows:

	Total Payments
2022	\$ 66,189,780
2023	61,712,326
2024	57,935,234
2025	50,943,480
2026	44,501,695
Thereafter	260,302,147
Total payments	541,584,662
Estimated sinking fund income	169,578,628
Total debt	\$ 711,163,290

- c) Sinking fund installments are invested by the MFA and earn income that, together with principal payments, are expected to be sufficient to retire the sinking fund debt at maturity. For sinking fund agreements, the MFA has established either a normal sinking fund or a capital repayment equalization fund.

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 7

Year ended December 31, 2021

4. Debt (continued)

- d) Debt (net of sinking funds) reported on the Statement of Financial Position comprises the following and includes varying maturities up to 2036 with interest rates ranging from 1.28% to 4.20%.

Issue number	By-law number	Interest rate - %	Maturity date	Debentures authorized to be issued	Debenture debt outstanding	
					2021	2020
67	813	1.75	November 5, 2022	\$ 14,294,000	\$ 14,294,000	\$ 14,294,000
67	853	1.75	November 5, 2022	706,000	706,000	706,000
97	946	1.75	April 19, 2021	15,630,930	-	15,630,930
97	994	1.75	April 19, 2021	4,369,070	-	4,369,070
99	994	1.75	October 19, 2021	40,000,000	-	40,000,000
102	994	2.25	December 1, 2022	80,000,000	80,000,000	80,000,000
103	994	2.65	April 23, 2023	40,000,000	40,000,000	40,000,000
104	994	2.90	November 20, 2023	35,630,930	35,630,930	35,630,930
105	1073	2.25	June 3, 2024	60,000,000	60,000,000	60,000,000
106	1073	2.25	October 13, 2024	80,000,000	80,000,000	80,000,000
110	1073	1.28	April 8, 2025	50,000,000	50,000,000	50,000,000
112	1073	1.28	October 6, 2025	70,000,000	70,000,000	70,000,000
116	1073	4.20	April 4, 2026	30,000,000	30,000,000	30,000,000
118	1073	3.40	April 11, 2027	70,000,000	70,000,000	70,000,000
121	1073	2.90	October 4, 2027	20,000,000	20,000,000	20,000,000
126	1073	3.85	September 26, 2028	70,000,000	70,000,000	70,000,000
127	1073	3.30	April 7, 2029	60,000,000	60,000,000	60,000,000
130	1073	3.00	October 14, 2029	50,000,000	50,000,000	50,000,000
131	1073	2.20	April 8, 2030	60,000,000	60,000,000	60,000,000
137	1073	2.60	April 19, 2031	80,000,000	80,000,000	80,000,000
137	1224	2.60	April 19, 2031	20,000,000	20,000,000	20,000,000
141	1224	2.80	April 7, 2032	50,000,000	50,000,000	50,000,000
147	1224	2.66	April 9, 2034	22,000,000	22,000,000	22,000,000
150	1224	1.99	April 9, 2035	40,000,000	40,000,000	40,000,000
151	1224	1.28	June 1, 2035	30,000,000	30,000,000	30,000,000
153	1224	2.41	April 15, 2036	100,000,000	100,000,000	-
154	1224	2.41	May 28, 2036	130,000,000	130,000,000	-
Debt				\$ 1,322,630,930	\$ 1,262,630,930	\$ 1,092,630,930
Less sinking funds					(551,467,640)	(534,893,686)
Total debt (net of sinking funds)					\$ 711,163,290	\$ 557,737,244

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 8

Year ended December 31, 2021

5. Tangible Capital Assets

Year ended December 31, 2021

	Cost		Balance at December 31, 2021	Balance at December 31, 2021	Amortization Expense	Balance at December 31, 2021	Net book value December 31, 2021
	Balance at December 31, 2020	Additions					
Land	\$ 44,704,207	\$ 8,959,945	\$ 53,664,152	\$ -	\$ -	\$ -	\$ 53,664,152
Infrastructure	2,118,001,989	127,793,225	2,245,795,214	402,689,372	34,930,244	437,619,616	1,808,175,598
Buildings	216,476,101	-	216,476,101	19,224,621	5,463,049	24,687,670	191,788,431
Machinery, equipment furniture & fixtures	13,197,425	-	13,197,425	6,394,667	1,029,558	7,424,225	5,773,200
Assets under construction	717,260,009	79,200,654	796,460,663	-	-	-	796,460,663
	\$ 3,109,639,731	\$ 215,953,824	\$ 3,325,593,555	\$ 428,308,660	\$ 41,422,851	\$ 469,731,511	\$ 2,855,862,044

Write-offs and disposals in 2021 were \$nil (2020 - \$nil).

Year ended December 31, 2020

	Cost		Balance at December 31, 2020	Balance at December 31, 2019	Amortization Expense	Balance at December 31, 2020	Net book value December 31, 2020
	Balance at December 31, 2019	Additions					
Land	\$ 44,704,207	\$ -	\$ 44,704,207	\$ -	\$ -	\$ -	\$ 44,704,207
Infrastructure	2,116,289,696	1,712,293	2,118,001,989	369,121,481	33,567,891	402,689,372	1,715,312,617
Buildings	213,924,180	2,551,921	216,476,101	13,788,155	5,436,466	19,224,621	197,251,480
Machinery, equipment furniture & fixtures	12,729,772	467,653	13,197,425	5,378,731	1,015,936	6,394,667	6,802,758
Assets under construction	474,754,970	242,505,039	717,260,009	-	-	-	717,260,009
	\$ 2,862,402,825	\$ 247,236,906	\$ 3,109,639,731	\$ 388,288,367	\$ 40,020,293	\$ 428,308,660	\$ 2,681,331,071

6. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2021	2020
Reserves	\$ 43,696,639	\$ 34,595,530
Capital fund balance	126,792,687	(26,770,006)
Investment in tangible capital assets	2,144,698,754	2,123,593,827
Accumulated surplus, end of year	\$ 2,315,188,080	\$ 2,131,419,351

Capital fund balance represents the future expected level of funding required or accumulated.

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 9

Year ended December 31, 2021

6. Accumulated Surplus (continued)

Continuity of reserves is as follows:

	December 31, 2020	Interest	Annual Operating Surplus	Contributions from / (to) operations	December 31, 2021
Designated reserves					
Sustainability innovation fund	\$ 13,901,697	\$ 165,824	\$ -	\$ 242,046	\$ 14,309,567
Laboratory equipment	750,275	8,946	-	25,512	784,733
	14,651,972	174,770	-	267,558	15,094,300
Non-designated reserves					
Operating reserve	19,943,558	234,255	8,424,526	-	28,602,339
Total reserves	\$ 34,595,530	\$ 409,025	\$ 8,424,526	\$ 267,558	\$ 43,696,639

Investment in tangible capital assets is calculated as follows:

	2021	2020
Tangible capital assets	\$ 2,855,862,044	\$ 2,681,331,071
Amounts financed by:		
Long-term debt	(711,163,290)	(557,737,244)
	\$ 2,144,698,754	\$ 2,123,593,827

The change in the investment in tangible capital assets is as follows:

	2021	2020
Change in the investment in tangible capital assets		
Acquisition of tangible capital assets	\$ 215,953,824	\$ 247,236,906
Amortization of tangible capital assets	(41,422,851)	(40,020,293)
	174,530,973	207,216,613
Less funding of tangible capital assets		
Sinking fund and debt retirement	(55,877,869)	(51,574,488)
Sinking fund income	(20,696,085)	(19,187,680)
Debenture debt issued	230,000,000	70,000,000
	153,426,046	(762,168)
Change in investment in tangible capital assets	21,104,927	207,978,781
Investment in tangible capital assets, beginning of year	2,123,593,827	1,915,615,046
Investment in tangible capital assets, end of year	\$ 2,144,698,754	\$ 2,123,593,827

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 10

Year ended December 31, 2021

7. Contractual Obligations and Rights

a) Contractual Obligations:

- i) As at December 31, 2021, the District had the following commitments outstanding related to capital projects in progress:

	2021	2020
Authorized for outstanding projects	\$ 2,541,411,828	\$ 2,298,311,822
Expended at December 31	(1,112,159,228)	(903,211,367)
Commitment remaining	\$ 1,429,252,600	\$ 1,395,100,455

- ii) The District is committed under a number of lease and right-of-way agreements to make minimum annual payments. These agreements have varying terms, including one agreement with annual payments of \$107,000 to perpetuity, with adjustments annually for CPI.

	Amount
2022	\$ 228,572
2023	106,948
2024	106,948
2025	106,948
2026	106,948
2027 - 2031	534,740
Total	\$ 1,191,104

b) Contractual Rights:

The District is party to several property lease agreements that are anticipated to provide it with future revenues. These agreements are with third parties with varying terms to 2027. Amounts anticipated to be received over the future years are as follows:

	Amount
2022	\$ 6,570,773
2023	6,609,902
2024	6,647,784
2025	5,580,353
2026	3,728,260
Thereafter	13,891,808
Total	\$ 43,028,880

Year ended December 31, 2021

8. Contingencies

Lawsuits:

As at December 31, 2021, there were various lawsuits pending against the District arising in the ordinary course of business. The District has retained legal counsel to defend against these lawsuits. Where the outcomes or amounts cannot be reasonably determined, no liability has been recorded. None of these lawsuits are anticipated to result in a material loss to the District. Management is of the opinion that losses, if any, in connection with these lawsuits can be sufficiently funded by reserve funds or covered by insurance. Any expected losses will be accrued and recorded as expenses at the time they are considered likely and amounts are reasonably determinable.

Self Insurance Reserve:

A self insurance reserve has been established within the MVRD to cover losses resulting from uninsured liability exposures of the District, other MVRD Districts and Housing Corporation.

Each year a review is undertaken to determine if it would be beneficial to purchase additional liability insurance. The District, other Metro Vancouver Districts and the MVHC transfer amounts to the reserve depending on the reserve's adequacy to cover retained liability risk.

An estimate is made for all costs of investigating and settlement of claims annually and an adjustment is made to the fund to maintain an adequate balance to cover potential losses in excess of recorded liabilities. These estimates are changed as additional information becomes known during the course of claims settlement. Any likely losses would be expensed at the time the losses are known and the amounts are reasonably determinable.

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 12

Year ended December 31, 2021

8. Contingencies (continued)

Debt Reserve Fund: The MFA is required to establish a Debt Reserve Fund for each debenture which is comprised of cash deposits and a non-interest bearing demand note (refer to note 2). If, at any time, the District has insufficient funds to meet payments due on its obligations to MFA, the payments will be made from the debt reserve fund. The demand notes are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund, and therefore have not been recorded in the statement of financial position.

9. Budget Information

The annual budget presented in these financial statements is based upon the 2021 operating and capital budgets approved by the District's Board in October 2020. The budget is based on operational and capital expenditure requirements and their associated funding. Amortization is a non-cash item that is not funded for budget purposes. Also, contributions to or from reserves and debt principal repayments are removed from the approved budget for financial statement presentation. The schedule below reconciles the approved operating budget to the budget figures reported in these financial statements. Capital expenditures of \$431,250,000 were included in the capital budget approved by the Board.

	2021 Budget	2020 Budget
Budgeted annual surplus per Exhibit B - Statement of Operations	\$ 163,254,271	\$ 152,172,967
Items not included in the operating budget		
Amortization of tangible capital assets	40,552,047	40,277,716
Sinking and debt retirement fund income	(17,594,045)	(15,543,695)
Reserve interest	(713,060)	(675,592)
Items included in the budget but not in financial statements		
Debt principal payments	(55,877,869)	(51,574,488)
Transfers to capital	(130,975,759)	(127,075,627)
Transfers from reserve funds	2,102,934	3,187,719
Transfers to reserve funds	(748,519)	(769,000)
Annual surplus per approved budget	\$ -	\$ -

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 13

Year ended December 31, 2021

10. Segmented Information and Expenses by Object

The District's primary responsibilities are the supply of potable water to the municipalities of the MVRD and the property management of the office buildings owned by the District. For management reporting purposes, the District's operations and activities are organized and reported by these two primary areas of service. The information reported in the segmented information does not include \$7,168,137 (2020 - \$8,937,048) of salaries and benefits directly attributable to the construction of tangible capital assets which have been included in the cost of tangible capital assets in the Statement of Financial Position.

The services disclosed in the Segmented Information are as follows:

Water Operations Water Operations is responsible for the supply of potable water to the District's member municipalities. The District owns a series of dams, reservoirs, water treatment plants and a distribution network connected to the member municipalities' systems.

Building Operations Building Operations is responsible for operating and maintaining office buildings owned by the District. These facilities are leased to MVRD and its related entities for its head office operations as well as to external parties.

	2021 Budget	Water Operations	Building Operations	Inter-Program Adjustments	2021 Total	2020 Total
Revenue						
Metered sale of water	\$ 316,341,192	\$ 319,989,323	\$ -	\$ -	\$ 319,989,323	\$ 297,780,794
Sinking fund and debt retirement income	17,594,045	18,946,364	1,788,057	-	20,734,421	19,233,123
Interest income	713,060	630,564	-	-	630,564	1,091,295
Building income from Metro Vancouver Districts	9,650,613	-	14,679,881	(5,063,746)	9,616,135	12,227,786
Building income from external parties	6,747,794	-	6,634,971	-	6,634,971	6,133,979
Other income	1,674,556	10,389,769	270,797	-	10,660,566	8,670,769
	352,721,260	349,956,020	23,373,706	(5,063,746)	368,265,980	345,137,746
Expenses						
Salaries and benefits	45,981,808	42,181,362	529,297	-	42,710,659	41,863,753
Consulting, contracted and professional services	13,959,491	12,715,964	1,626,214	-	14,342,178	11,164,512
Asset repairs and maintenance	6,517,261	3,814,835	2,541,148	-	6,355,983	6,192,486
Materials and supplies	14,440,889	11,508,448	92,666	-	11,601,114	10,008,497
Utilities, permits and taxes	9,574,379	7,601,294	1,206,327	-	8,807,621	8,149,065
Corporate costs	23,878,450	25,755,210	-	(5,063,746)	20,691,464	18,965,912
Other	4,732,811	7,325,059	1,347,915	-	8,672,974	8,170,219
Amortization of tangible capital assets	40,552,047	36,508,211	4,914,640	-	41,422,851	40,020,293
Interest on long-term debt	29,829,853	25,186,192	4,706,215	-	29,892,407	29,250,086
	189,466,989	172,596,575	16,964,422	(5,063,746)	184,497,251	173,784,823
Annual surplus	\$ 163,254,271	\$ 177,359,445	\$ 6,409,284	\$ -	\$ 183,768,729	\$ 171,352,923

Year ended December 31, 2021

11. COVID-19

The COVID-19 global pandemic, declared in 2020, continued to impact the global economy in 2021. Throughout the pandemic, the District delivered key services to the Metro Vancouver region in line with its mandate. Management continues to monitor the impacts of the pandemic on taxpayers, suppliers and other third party business associates that could impact the timing and amounts realized on the Districts's assets and ability to provide services to the region. However, to date, the pandemic has not materially impacted revenue streams, expenses, cash flows or caused significant asset impairments.

Financial Statements of

**METRO VANCOUVER
HOUSING CORPORATION**

Year ended December 31, 2021

METRO VANCOUVER HOUSING CORPORATION

Index to Financial Statements

December 31, 2021

Exhibit

Management Report

Independent Auditor's Report

Statement of Financial Position

A

Statement of Operations

B

Statement of Change in Net Debt

C

Statement of Cash Flows

D

Notes to Financial Statements

METRO VANCOUVER HOUSING CORPORATION ("MVHC")

MANAGEMENT REPORT

The Financial Statements contained in this report have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The Board of Directors is responsible for approving the financial statements and for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian Auditing Standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the *Financial Information Act*. The Independent Auditor's Report outlines the scope of the audit for the year ended December 31, 2021.

On behalf of Metro Vancouver Housing Corporation.



Dean Rear, Chief Financial Officer

Date: April 29, 2022



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BDO Canada LLP
Unit 1100 - Royal Centre
1055 West Georgia Street
Vancouver, BC V6E 3P3 Canada

Independent Auditor's Report

To the Members of the Board of Directors of the Metro Vancouver Housing Corporation

Opinion

We have audited the financial statements of the Metro Vancouver Housing Corporation (the "Corporation"), which comprise the Statement of Financial Position as at December 31, 2021, and the Statements of Operations, Change in Net Debt and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2021, and the results of its operations, change in net debt and 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 report. We are independent of the Corporation 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.

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

Management is responsible for the preparation and fair presentation of these 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 these 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 Corporation'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 Corporation'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 Corporation 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.

We 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.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 5, 2022

METRO VANCOUVER HOUSING CORPORATION

Exhibit A

Statement of Financial Position

Year ended December 31, 2021

	2021	2020
Financial Assets		
Accounts receivable	\$ 623,427	\$ 6,225,698
Due from Metro Vancouver Regional District	61,528,240	50,049,682
	62,151,667	56,275,380
Liabilities		
Accounts payable and accrued liabilities (note 3)	5,051,559	3,889,696
Deferred revenue and refundable deposits (note 4)	6,535,981	5,650,394
Mortgages and loans payable (note 5)	54,518,957	58,362,487
	66,106,497	67,902,577
Net Debt	(3,954,830)	(11,627,197)
Non-Financial Assets		
Tangible capital assets (note 6)	105,843,374	103,424,964
Prepaid land leases (note 7)	5,062,302	5,257,101
Prepaid expenses	784,143	721,541
	111,689,819	109,403,606
Accumulated surplus (note 8)	\$ 107,734,989	\$ 97,776,409

Contractual obligations (note 9)

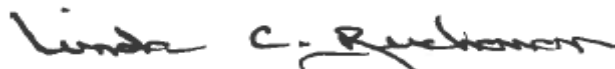
Contingencies (note 10)

COVID-19 (note 12)

The accompanying notes are an integral part of these financial statements.



Director



Director

METRO VANCOUVER HOUSING CORPORATION

Exhibit B

Statement of Operations

Year ended December 31, 2021

	2021 Budget (note 11)	2021 Actual	2020 Actual
Revenue			
Property rental	\$ 41,303,421	\$ 42,416,407	\$ 41,607,050
Contributions:			
Canada Mortgage and Housing Corporation	-	-	51,945
British Columbia Housing Management Commission	2,348,616	1,749,788	935,526
Grants and other contributions	8,500,000	120,703	6,768,542
Interest income	942,813	655,358	717,921
Other revenues	801,468	900,466	841,168
	53,896,318	45,842,722	50,922,152
Expenses			
Asset repairs and maintenance	19,731,520	16,866,033	14,973,808
Amortization of tangible assets and prepaid land leases	2,108,764	3,212,445	2,080,628
Utilities, permits and taxes	6,784,708	4,454,801	1,083,414
Salaries and benefits	6,337,498	6,411,113	6,170,660
Interest and fees on long-term debt	1,589,757	1,265,098	1,410,783
Corporate costs	2,482,827	2,095,291	2,080,032
Consulting, contracted and professional services	1,008,314	632,423	661,159
Other	923,675	778,431	835,314
Materials and supplies	189,306	168,507	188,639
	41,156,369	35,884,142	29,484,437
Annual surplus	12,739,949	9,958,580	21,437,715
Accumulated surplus, beginning of year	97,776,409	97,776,409	76,338,694
Accumulated surplus, end of year	\$ 110,516,358	\$ 107,734,989	\$ 97,776,409

The accompanying notes are an integral part of these financial statements.

METRO VANCOUVER HOUSING CORPORATION

Exhibit C

Statement of Change in Net Debt

Year ended December 31, 2021

	2021 Budget (note 11)	2021 Actual	2020 Actual
Annual surplus	\$ 12,739,949	\$ 9,958,580	\$ 21,437,715
Change in tangible capital assets			
Acquisition of tangible capital assets	(39,600,000)	(5,436,056)	(6,424,255)
Amortization of tangible capital assets	1,913,965	3,017,646	1,885,829
	(37,686,035)	(2,418,410)	(4,538,426)
Change in other non-financial assets			
Payment of prepaid expenses	-	(784,143)	(721,541)
Use of prepaid expenses	-	721,541	663,092
Amortization of prepaid land leases	194,799	194,799	194,799
	194,799	132,197	136,350
Change in net debt	(24,751,287)	7,672,367	17,035,639
Net debt, beginning of year	(11,627,197)	(11,627,197)	(28,662,836)
Net debt, end of year	\$ (36,378,484)	\$ (3,954,830)	\$ (11,627,197)

The accompanying notes are an integral part of these financial statements.

METRO VANCOUVER HOUSING CORPORATION

Exhibit D

Statement of Cash Flows

Year ended December 31, 2021

	2021	2020
Cash provided by (used in):		
Operating transactions:		
Annual surplus	\$ 9,958,580	\$ 21,437,715
Items not involving cash		
Amortization of tangible capital assets	3,017,646	1,885,829
Amortization of prepaid land leases	194,799	194,799
Change in non-cash assets and liabilities		
Accounts receivable	5,602,271	(5,808,602)
Accounts payable and accrued liabilities	1,161,863	(2,707,552)
Deferred revenue and refundable deposits	885,587	913,735
Prepaid expenses	(62,602)	(58,449)
Net change in cash from operating transactions	20,758,144	15,857,475
Capital transactions:		
Acquisition of tangible capital assets	(5,436,056)	(6,424,255)
Financing transactions:		
Due from Metro Vancouver Regional District	(11,478,558)	(12,658,329)
Mortgage issued	-	13,334,706
Reduction of forgivable loan	-	(6,685,520)
Principal repayments on mortgages and loans	(3,843,530)	(3,424,077)
Net change in cash from financing transactions	(15,322,088)	(9,433,220)
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 1

Year ended December 31, 2021

1. Significant Accounting Policies

The Metro Vancouver Housing Corporation ("MVHC" or the "Corporation") is a wholly-owned subsidiary of the Metro Vancouver Regional District ("MVRD").

The MVHC is incorporated under the Business Corporations Act (British Columbia) as a not-for-profit corporation for the purpose of supplying public rental accommodation, and is exempt from income taxes.

The Corporation's financial statements are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the MVHC are as follows:

Basis of Accounting

The Corporation follows the accrual method of accounting for revenue and expenses. Revenue is recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and/or the legal obligation to pay.

Government Transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. The transfer of revenue is initially deferred and then recognized in the statement of operations as the stipulation liabilities are settled.

When the Corporation is deemed the transferor, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.

Deferred Revenue and Refundable Deposits

Deferred revenues represent tenant security deposits, restricted contributions and revenues, and rental income which have been collected, but which the related services or obligations have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed or obligations have been met.

Amounts received under the following programs have been recorded as deferred revenue:

- i) Rental Operations: Under operating agreements entered into with Canada Mortgage and Housing Corporation ("CMHC") and administered by BCHMC (Homes BC, Seniors and Investment in Housing Innovation properties), a portion of the funds received from rental operations are restricted and can only be used by MVHC according to the terms of the agreements. Restricted amounts are recorded as deferred revenue and are used when expenditures exceed revenue in the program.

METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 2

Year ended December 31, 2021

1. Significant Accounting Policies (continued)

Deferred Revenue and Refundable Deposits (continued)

ii) Replacement Projects: Under operating agreements entered into with Canada Mortgage and Housing Corporation ("CMHC") and administered by BCHMC (Homes BC, Seniors and Investment in Housing Innovation properties), a portion of the funds received from rental operations are restricted for the replacement of equipment and specified building components. These funds are deferred until spent on approved items.

Interest Income

Interest income is reported as revenue in the period earned. When required, based on external requirements, interest income earned on deferred revenue and refundable deposits is added to and forms part of the deferred revenue and refundable deposit balance.

Cash and Investments

In order to improve cash management, Metro Vancouver Districts and MVHC accumulate cash and investment transactions in pooled accounts held by the MVRD. MVHC's cash is therefore presented as due from Metro Vancouver Regional District. Investments held by the MVRD consist of bonds issued by governments and Canadian chartered banks, money market instruments, guaranteed investment certificates and term deposits. Interest earned on MVHC's fund balances is included in the amount owing from MVRD and is recorded as interest income in the Statement of Operations.

Employee Future Benefits

Employees who provide services for MVHC are employees of the MVRD. Employee related costs are allocated by the MVRD to MVHC based on services rendered. These costs are shown as expenses in the financial statements and are included in amounts owing from MVRD.

Post-employment benefits of the MVRD, including accumulated banked sick and vacation pay, retirement severance and Worker's Compensation top-up benefits for employees pursuant to certain policies and union agreements, are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans is allocated to MVHC based on projected benefits as the employees render services necessary to earn the future benefits and included in amounts owing to the MVRD.

METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 3

Year ended December 31, 2021

1. Significant Accounting Policies (continued)

Non-financial assets Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible Capital Assets Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Useful Life - Years
Buildings	
Manor House and Regal Hotel	25
Other buildings	35
Furniture and fixtures	6 - 10

1) Annual amortization:

Annual amortization begins when the asset is put into service and is expensed over its useful life. Assets under construction are transferred to the appropriate asset class and are amortized from the date the asset is put into productive use.

2) Interest capitalization:

The MVHC capitalizes interest and property taxes incurred to the date of completion of the project.

Prepaid Land Leases Prepaid land leases are recorded at historical cost less accumulated amortization. Upon expiration of the lease contract, the property will revert to the lessor. Prepaid land leases are amortized on a straight-line basis over the lease term.

METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 4

Year ended December 31, 2021

1. Significant Accounting Policies (continued)

Financial Instruments

Financial instruments are recorded at fair value on initial recognition.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations and any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses.

When the asset is sold, the unrealized gains and losses previously recognized in the Statement of Remeasurement Gains and Losses are reversed and recognized in the Statement of Operations.

There are no financial instruments carried at fair value as at year end and as a result, the Statement of Remeasurement Gains and Losses has not been prepared.

Functional and Segmented Presentation of Revenue and Expenses

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 standard. Management believes that MVHC's activities are comprised of only one segment and hence no additional disclosure is required. Furthermore, as the operations of MVHC are comprised of a single function, supply of public rental accommodation, the Statement of Operations presents revenue and expenses by object.

Revenue Recognition

Property rental income, contributions and other revenues are recognized as revenue on an accrual basis. Housing property rental revenue is recognized over the rental period once the tenant commences occupancy, rent is due and collection is assured. Annual property rental increases are based on rates established by provincial tenancy legislation. Contributions from CMHC and BCHMC are based on provisions set in agreements and outlined in note 2.

METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 5

Year ended December 31, 2021

1. Significant Accounting Policies (continued)

Liability for Contaminated Sites A liability for remediation of a contaminated site is recognized when the site is no longer in productive use and the following criteria are satisfied; an environmental standard exists; contamination exceeds the standard; MVHC is either directly responsible or has accepted responsibility for remediation; it is expected that future economic benefits will be given up and a reasonable estimate of the liability can be made.

Use of Estimates The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosure of contingent liabilities, in the financial statements. These estimates and assumptions are based on management's best information and judgment and may differ from actual results. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

Significant areas requiring the use of management's judgment relate to the determination of contaminated sites liabilities, the amortization rates of tangible capital assets and the assessment of the outcome of contingent liabilities.

2. Senior Government Assistance

BCHMC is the administrator and provides the related government assistance for all of MVHC's Federal programs and Provincial operating agreements (Homes BC and Seniors programs). In 2007, CMHC devolved its operations relating to the MVHC's federal programs to BCHMC, which provides BCHMC with the authority to manage MVHC's federal programs.

Details of senior government assistance are as follows:

CMHC mortgage insurance Pursuant to Section 6 of the NHA, CMHC has undertaken to insure mortgages payable by the MVHC.

NHA Section 82.1(a) and 82.1(b) subsidy Rental supplements are authorized under Section 82.1(a) and 82.1(b) of the NHA and are funded jointly by BCHMC on behalf of the both the Federal Government and the Province of British Columbia.

METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 6

Year ended December 31, 2021

3. Accounts Payable and Accrued Liabilities

	2021	2020
Trade accounts	\$ 4,649,286	\$ 3,518,905
Construction holdbacks	314,806	272,599
Accrued interest on mortgages and debenture debt	87,467	98,192
	\$ 5,051,559	\$ 3,889,696

4. Deferred Revenue and Refundable Deposits

	2021	2020
Externally restricted funds for programs under BCHMC Agreements:		
Rental operations	\$ 47,320	\$ 46,771
Replacement provisions	3,375,308	3,245,157
	3,422,628	3,291,928
MVHC tenant security deposits	2,097,391	2,041,598
Rent and subsidies received in advance	394,878	316,868
Grant received in advance	621,084	-
Total	\$ 6,535,981	\$ 5,650,394

	2021	2020
Balance, beginning of year	\$ 5,650,394	\$ 4,736,659
Contributions received	1,419,568	2,165,983
Contributions earned	(667,784)	(1,379,056)
Change in security deposits and prepaid rents	133,803	126,808
Change in deferred revenue	885,587	913,735
Balance, end of year	\$ 6,535,981	\$ 5,650,394

METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 7

Year ended December 31, 2021

5. Mortgages and Loans Payable

- a) MVHC's loans for Cedarwood, Crown Manor, Earle Adams, Euclid Square, Grandview Gardens, Kelly Court, Manor House, Regal Hotel and Semlin Terrace are financed through the MVRD at MVRD's internal variable rate which was 1.30% in 2021 (2020 - 2.00%). Financing arrangements are approved through the Boards of MVRD and MVHC and renewed every 5 years. There are no charges or liens on these properties.
- b) Mortgages and loans outstanding (see note 5(d)) are expected to be renegotiated on a long-term basis. Annual principal repayments assuming extension to maturity are as follows:

	Payments for MVRD Loans		Payments for Mortgages		Total Payments
2022	\$	923,583	\$	2,693,154	\$ 3,616,737
2023		923,583		2,604,578	3,528,161
2024		923,583		2,654,963	3,578,546
2025		923,583		2,721,853	3,645,436
2026		923,583		2,790,528	3,714,111
Thereafter		4,560,081		31,875,885	36,435,966
Total	\$	9,177,996	\$	45,340,961	\$ 54,518,957

- c) Properties funded by BCHMC mortgages are collateralized by a general assignment of rents and the benefit of all covenants and agreements included in any lease.
- d) Mortgages and loans are comprised of the following and includes varying maturities up to 2055 with interest rates ranging from 1.30% to 4.87%.

METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 8

Year ended December 31, 2021

5. Mortgages and Loans Payable (continued)

Rental Property	Financed by	Interest Rate - %	Renewal Date	Expected Maturity Date	2021	2020
Investment in Housing Innovation Projects:						
Heather Place A	Other	1.44	December 1, 2030	December 1, 2055	\$ 13,039,238	\$ 13,334,706
Total Investment in Housing Innovation projects					13,039,238	13,334,706
Seniors projects:						
Alderwood Place	CHMC	2.55	-	July 1, 2027	1,487,817	1,732,592
Cedarwood Place	CHMC	2.39	-	January 1, 2023	179,732	341,327
Cedarwood Place	MVRD	1.30	July 1, 2024	July 1, 2038	3,508,789	3,715,165
Total Seniors projects					5,176,338	5,789,084
Homes BC projects:						
Chateau de Ville	Other	4.87	July 1, 2027	July 1, 2035	6,840,730	7,191,408
Claude Douglas	Other	2.56	November 1, 2029	November 1, 2036	1,847,421	1,947,898
Fraserwood	Other	1.44	December 1, 2030	December 1, 2035	3,080,169	3,277,419
Inlet Centre Residences	Other	1.58	October 1, 2030	October 1, 2038	5,178,448	5,445,241
Maplewood	Other	2.62	May 1, 2027	May 1, 2037	2,329,800	2,450,947
Odlinwood	Other	2.03	August 1, 2026	August 1, 2036	4,357,318	4,609,865
Total Homes BC projects					23,633,886	24,922,778
MVHC projects:						
Crown Manor	MVRD	1.30	July 15, 2024	July 15, 2038	649,208	687,882
Earle Adams Village	MVRD	1.30	June 1, 2022	June 1, 2027	1,590,405	1,855,503
Euclid Square	MVRD	1.30	June 1, 2022	June 1, 2027	467,186	545,051
Grandview Gardens	MVRD	1.30	June 1, 2022	June 1, 2027	333,419	388,989
Kelly Court	MVRD	1.30	June 1, 2022	June 1, 2027	661,665	771,943
Manor House	MVRD	1.30	March 15, 2024	March 15, 2038	1,088,218	1,152,865
Meridian Village	Other	2.46	September 1, 2026	July 1, 2031	4,403,694	4,806,243
Minato West	Other	2.22	October 1, 2021	October 1, 2031	2,596,594	2,819,042
Regal Place Hotel	MVRD	1.30	March 15, 2024	March 15, 2038	386,367	409,319
Semlin Terrace	MVRD	1.30	June 1, 2022	June 1, 2027	492,739	574,862
St. Andrews Place	Other	3.29	-	October 1, 2021	-	304,220
Total MVHC projects					12,669,495	14,315,919
Total mortgages and loans payable					\$ 54,518,957	\$ 58,362,487
Mortgages and loans payable consists of:						
Loans payable to MVRD					\$ 9,177,996	\$ 10,101,579
Mortgages payable to CMHC and financial institutions					45,340,961	48,260,908
Total mortgages and loans payable					\$ 54,518,957	\$ 58,362,487

METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 9

Year ended December 31, 2021

6. Tangible Capital Assets

Year ended December 31, 2021									
	Cost			Balance at December 31, 2021	Accumulated Amortization				Net book value December 31, 2021
	Balance at December 31, 2020	Additions	Disposals		Balance at December 31, 2020	Disposals	Amortization Expense	Balance at December 31, 2021	
Land	\$ 52,274,381	\$ -	\$ -	\$ 52,274,381	\$ -	\$ -	\$ -	\$ -	\$ 52,274,381
Buildings	220,575,387	(235,781)	-	220,339,606	174,053,428	-	2,491,050	176,544,478	43,795,128
Furniture & fixtures	6,463,268	479,849	(503,659)	6,439,458	4,719,772	(503,659)	526,596	4,742,709	1,696,749
Construction in progress	2,885,128	5,191,988	-	8,077,116	-	-	-	-	8,077,116
	\$ 282,198,164	\$ 5,436,056	\$ (503,659)	\$ 287,130,561	\$ 178,773,200	\$ (503,659)	\$ 3,017,646	\$ 181,287,187	\$ 105,843,374
Year ended December 31, 2020									
	Cost			Balance at December 31, 2020	Accumulated Amortization				Net book value December 31, 2020
	Balance at December 31, 2019	Additions	Disposals		Balance at December 31, 2019	Disposals	Amortization Expense	Balance at December 31, 2020	
Land	\$ 52,274,381	\$ -	\$ -	\$ 52,274,381	\$ -	\$ -	\$ -	\$ -	\$ 52,274,381
Buildings	192,173,219	28,402,168	-	220,575,387	172,633,282	-	1,420,146	174,053,428	46,521,959
Furniture & fixtures	6,462,008	435,582	(434,322)	6,463,268	4,688,411	(434,322)	465,683	4,719,772	1,743,496
Construction in progress	25,298,623	(22,413,495)	-	2,885,128	-	-	-	-	2,885,128
	\$ 276,208,231	\$ 6,424,255	\$ (434,322)	\$ 282,198,164	\$ 177,321,693	\$ (434,322)	\$ 1,885,829	\$ 178,773,200	\$ 103,424,964

There was no write-down of tangible capital assets during the year (2020 - \$nil).

METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 10

Year ended December 31, 2021

7. Prepaid Land Leases

	2021	2020
Balance, beginning of year	\$ 5,257,101	\$ 5,451,900
Amortization	(194,799)	(194,799)
Balance, end of year	\$ 5,062,302	\$ 5,257,101

The lease terms for the properties are as follows:

Asset	Lease Expiry Dates	Lease Term (Years)
Buildings		
Habitat Villa	February 2029	50
Walnut Gardens	May 2026	42
Other prepaid land leases	May 2036 to June 2062	60

8. Accumulated Surplus

Accumulated surplus consists of authorized and issued 2,000 common shares with a par value of \$1 per share and individual fund surplus and reserves as follows:

	2021	2020
Reserves	\$ 51,346,270	\$ 47,454,831
Capital fund	5,062,302	5,257,101
Investment in tangible capital assets	51,324,417	45,062,477
Share capital	2,000	2,000
	\$ 107,734,989	\$ 97,776,409

Continuity of reserves is as follows:

	2021	2020
Balance, beginning of year	\$ 47,454,831	\$ 27,135,634
Interest	535,652	533,299
Contribution (to) from operations	(7,075,873)	(3,935,249)
Contribution from (to) capital	(4,859,212)	7,346,033
Annual operating surplus	15,290,872	16,375,114
	\$ 51,346,270	\$ 47,454,831

METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 11

Year ended December 31, 2021

8. Accumulated Surplus (continued)

Investment in tangible capital assets is calculated as follows:

	2021	2020
Tangible capital assets	\$ 105,843,374	\$ 103,424,964
Amounts financed by:		
Long-term debt	(54,518,957)	(58,362,487)
	\$ 51,324,417	\$ 45,062,477

The change in investment in tangible capital assets is as follows:

	2021	2020
Change in the investment in tangible capital assets		
Acquisition of tangible capital assets	\$ 5,436,056	\$ 6,424,255
Amortization of tangible capital assets	(3,017,646)	(1,885,829)
	2,418,410	4,538,426
Less financing of tangible capital assets through debt		
Payment of long-term debt	(3,843,530)	(3,424,077)
Reduction of forgivable loan	-	(6,685,520)
External mortgage	-	13,334,706
	(3,843,530)	3,225,109
Change in investment in tangible capital assets	6,261,940	1,313,317
Investment in tangible capital assets, beginning of year	45,062,477	43,749,160
Investment in tangible capital assets, end of year	\$ 51,324,417	\$ 45,062,477

9. Contractual Obligations

a) Contractual Obligations

- i) As at December 31, 2021, the Corporation had the following commitments relating to projects in progress.

Authorized and Outstanding Projects	Expended at December 31	Total 2021	Total 2020
\$ 354,400,000	\$ (8,077,115)	\$ 346,322,885	\$ 79,814,872

METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 12

Year ended December 31, 2021

10. Contingencies

Lawsuits

As at December 31, 2021, there were various lawsuits pending against the Corporation arising in the ordinary course of business. The Corporation has retained legal counsel to defend against these lawsuits. Where the outcomes or amounts cannot be reasonably determined, no liability has been recorded. None of these lawsuits are anticipated to result in a material loss to the Corporation. Management is of the opinion that losses, if any, in connection with these lawsuits can be sufficiently funded by reserve funds or covered by insurance. Any expected losses will be accrued and recorded as expenses at the time they are considered likely and amounts are reasonably determinable.

Self Insurance Reserve

A self insurance reserve has been established within the MVRD to cover losses resulting from uninsured liability exposures of the Metro Vancouver Districts and the MVHC.

Each year a review is undertaken to determine if it would be beneficial to purchase liability insurance. The MVRD, its related Districts and the MVHC transfer amounts to the reserve depending on the reserve's adequacy to cover retained liability risk.

An estimate is made for all costs of investigating and settlement of claims incurred annually and an adjustment is made to the fund to maintain an adequate balance to cover potential losses in excess of recorded liabilities. These adjustments are changed as additional information becomes known during the course of claims settlement. Any likely losses would be expensed by at the time the losses are known and the amounts are reasonably determinable.

BC Homes Repayable Assistance

Under the operating agreements, the cumulative Non-Rent Geared to Income (Non-RGI) assistance is contingently repayable to BCHMC in the event that BCHMC's unit rent contribution for any unit exceeds the economic or breakeven rent of the units occupied by Non-RGI tenants in any year. MVHC is required to commence repayment of the cumulative Non-RGI assistance on the first day of the fiscal year following the fiscal year in which the preceding event occurs. The balance then bears interest at bank prime and the required monthly payments are set annually based upon the amount by which Non-RGI BCHMC's unit rent contributions exceed economic rent for these units in the prior year. Currently the estimated total Repayable Assistance at December 31, 2021 is \$nil (2020 - \$nil). However, the balance will be reconciled and finalized once BCHMC completes the financial review for the fiscal year ended December 31, 2021.

METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 13

Year ended December 31, 2021

10. Contingencies (continued)

BCHMC Grant Funding

In 2018 MVHC entered into a forgivable loan agreement (the "Agreement") with BC Housing Management Commission for funding for the Heather Place Facility. MVHC received funding in the amounts of \$5,137,797 and \$1,547,723 in 2018 and 2019, respectively. The loan term is 35 years and is forgivable in the amount of 1/25th of the final balance of \$6,685,520 commencing in the 11th year after completion of construction and commencement of operations, which occurred in 2020. Upon commencement of operations of the facility, the amount of funding received was recorded as revenue from government transfer as the remaining stipulation of continuing to operate the facility in accordance with the Agreement is not considered to create a liability.

Forgiveness of the loan under the Agreement requires that the property must be continuously used for the provision of housing for eligible occupants and there is no default under the loan or operating agreement. Should a breach in the agreement occur, the outstanding balance of the funding not previously forgiven would need to be repaid to BCHMC immediately. Payments of interest will not be required unless there is a default, which would result in interest being payable on the unforgiven balance of the principal amount then outstanding at prime plus 2% per annum, compounded semi-annually and not in advance. As management does not consider it likely that the amount will be repaid, no liability is recorded in the financial statements.

METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 14

Year ended December 31, 2021

11. Budget Information

The annual budget presented in these financial statements is based upon the 2021 operating and capital budgets approved by the Corporation's Board in October 2020. The budget is based on operational and capital expenditure requirements and their associated funding. Amortization is a non-cash item that is not funded for budget purposes. Contributions to or from reserves and debt principal repayments are removed from the approved budget for financial statement presentation. The schedule below reconciles the approved budget to the budget figures reported in these financial statements. Capital expenditures of \$39,600,000 were included in the Capital Budget approved by the Board.

	2021 Budget	2020 Budget
Budgeted annual surplus per Exhibit B	\$ 12,739,949	\$ 16,660,714
Items not included in the operating budget		
Amortization of tangible capital assets and prepaid land lease	2,108,764	2,471,594
Reserve interest	(942,813)	(314,325)
Development grant	(8,500,000)	(8,500,000)
Items included in the budget but not in financial statements		
Debt principal payments	(3,564,408)	(3,424,100)
Transfers to reserves	(1,841,492)	(6,893,883)
Annual surplus per approved budget	\$ -	\$ -

12. COVID-19

The COVID-19 global pandemic, declared in 2020, continued to impact the global economy in 2021. Throughout the pandemic, the Corporation delivered key services to the Metro Vancouver region in line with its mandate. Management continues to monitor the impacts of the pandemic on taxpayers, suppliers and other third party business associates that could impact the timing and amounts realized on the Corporation's assets and ability to provide services to the region. However, to date, the pandemic has not materially impacted revenue streams, expenses, cash flows or caused significant asset impairments.