METRO VANCOUVER DISTRICTS
AND METRO VANCOUVER HOUSING CORPORATION

(OPERATING AS METRO VANCOUVER)

Financial Statements

Year ended December 31, 2023

Consolidated Financial Statements of

METRO VANCOUVER REGIONAL DISTRICT

(OPERATING AS METRO VANCOUVER)

Year ended December 31, 2023

METRO VANCOUVER REGIONAL DISTRICT

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December 31, 2023

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 Finance Committee of the Board.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted 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, 2023.

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

Harji Varn, Chief Financial Officer

Date: April 26, 2024

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Independent Auditor's Report

To the Board of Directors of Metro Vancouver Regional District

Opinion

We have audited the consolidated financial statements of Metro Vancouver Regional District (the "Consolidated Entity"), which comprise the consolidated Statement of Financial Position as at December 31, 2023, 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, 2023 and the results of its operations, change in net debt, and cash flows or 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 Consolidated Entity 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 consolidated 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 3, 2024

METRO VANCOUVER REGIONAL DISTRICT

Exhibit A

Consolidated Statement of Financial Position

As at December 31, 2023
(in thousands of dollars)

	2023	2022
Financial Assets		
Cash and cash equivalents	$ 183,852	$ 388,043
Accounts receivable (note 4)	223,952	193,673
Due from TransLink and member municipalities (note 5)	1,153,855	1,260,527
Investments (note 6)	402,384	391,386
Debt reserve fund (note 7)	67,008	65,522
	2,031,051	2,299,151
Liabilities		
Accounts payable and accrued liabilities (note 8)	319,287	299,379
Employee future benefits (note 9)	14,277	14,602
Landfill closure and post-closure liability (note 10)	48,371	41,026
Asset retirement obligation (note 11)	55,332	—
Deferred revenue and refundable deposits (note 12)	400,547	343,047
Debt reserve fund, member municipalities, and TransLink (note 7)	36,147	35,231
Debt (net of sinking funds) (note 13)		
Metro Vancouver Districts and Housing Corporation	1,809,589	1,884,302
TransLink and member municipalities	1,140,126	1,246,714
Total debt	2,949,715	3,131,016
	3,823,676	3,864,301
Net Debt	(1,792,625)	(1,565,150)
Non-Financial Assets		
Tangible capital assets (note 14)	8,492,990	7,796,302
Inventories of supplies	12,594	11,864
Prepaid land leases (note 15)	4,673	4,868
Prepaid expenses	13,818	11,714
	8,524,075	7,824,748
Accumulated surplus (note 16)	**$ 6,731,450**	**$ 6,259,598**

Contractual obligations and rights (note 17)
Contingencies (note 18)

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

Chief Financial Officer

George V. Harvie

Board Chair

METRO VANCOUVER REGIONAL DISTRICT

Exhibit B

Consolidated Statement of Operations

Year ended December 31, 2023
(in thousands of dollars)

	2023 Budget (note 19)	2023 Actual	2022 Actual
Revenues (note 20)			
MVRD property tax requisitions	$ 102,550	$ 102,475	$ 91,708
Metered sale of water	338,337	344,789	329,678
Sewerage and drainage levy	324,266	324,219	301,425
Tipping fees	121,922	135,287	125,797
Housing property rentals	43,718	44,387	43,267
BODTSS industrial charges	12,496	12,286	12,431
Development cost charges	92,289	95,171	60,583
Grants and other contributions	80,512	108,812	35,594
User fees, recoveries, and other revenue	44,185	47,320	46,411
Sinking fund and interest income	37,284	56,695	40,353
Sinking fund income, members and TransLink	28,019	27,265	27,072
	1,225,578	1,298,706	1,114,319
Expenses (note 20)			
Liquid waste services	309,131	321,206	274,160
Solid waste services	129,514	152,615	142,930
Water operations	206,792	207,961	184,446
Housing rental operations	47,697	34,773	34,516
Regional parks	48,358	42,325	38,405
General government services	7,953	8,057	7,167
Air quality	15,774	12,820	11,101
Regional employers services	3,461	2,936	2,362
E911 emergency telephone system	5,773	5,748	5,269
Regional planning	5,166	4,328	4,140
Invest Vancouver	3,867	3,807	2,420
Housing planning and policy	2,190	1,356	1,031
Electoral area service	512	656	654
Regional global positioning system	354	340	169
Sasamat volunteer fire department	549	385	350
Regional emergency management	232	276	171
Sinking fund income attributed to members and TransLink	28,019	27,265	27,072
	815,342	826,854	736,363
Annual surplus	410,236	471,852	377,956
Accumulated surplus, beginning of year	6,259,598	6,259,598	5,881,642
Accumulated surplus, end of year (note 16)	**$ 6,669,834**	**$ 6,731,450**	**$ 6,259,598**

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, 2023
(in thousands of dollars)

	2023 Budget (note 19)	2023 Actual	2022 Actual
Annual surplus	$ 410,236	$ 471,852	$ 377,956
Change in tangible capital assets			
Acquisition of tangible capital assets	(1,263,197)	(807,090)	(723,206)
Amortization of tangible capital assets	100,560	108,337	99,142
Loss (gain) on disposal of tangible capital assets	—	1,594	(1,359)
Proceeds on disposal of tangible capital assets	—	471	1,600
	(1,162,637)	(696,688)	(623,823)
Change in other non-financial assets			
Acquisition of prepaid expenses	—	(13,818)	(11,714)
Use of prepaid expenses	—	11,714	8,723
Amortization of prepaid land leases	195	195	194
Acquisition of inventories of supplies	—	(12,594)	(11,864)
Consumption of inventories of supplies	—	11,864	10,938
	195	(2,639)	(3,723)
Change in net debt	(752,206)	(227,475)	(249,590)
Net debt, beginning of year	(1,565,150)	(1,565,150)	(1,315,560)
Net debt, end of year	**$ (2,317,356)**	**$ (1,792,625)**	**$ (1,565,150)**

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, 2023
(in thousands of dollars)

	2023	2022
Cash provided by (used in):		
Operating transactions:		
Annual surplus	$ 471,852	$ 377,956
Items not involving cash		
Amortization of tangible capital assets	108,337	99,142
Amortization of prepaid land leases	195	194
Accretion expense	2,231	—
Sinking fund income	(55,334)	(54,931)
Debt reserve fund income	(2,033)	(1,455)
Accrued interest and unamortized premium or discount	(407)	(718)
Loss (gain) on disposal of tangible capital assets	1,594	(1,359)
Employee future benefit expense	3,174	2,911
Change in landfill closure and post-closure liability	7,345	8,119
Change in non-cash financial assets and liabilities		
Accounts receivable	(30,279)	(622)
Due from TransLink and member municipalities	106,672	(166,387)
Accounts payable and accrued liabilities	19,908	(38,041)
Employee future benefits paid	(3,499)	(2,216)
Deferred revenue and refundable deposits	57,500	2,031
Debt reserve fund, member municipalities, and TransLink	916	52
Inventories of supplies	(730)	(926)
Prepaid expenses	(2,104)	(2,991)
Net change in cash from operating transactions	685,338	220,759
Capital transactions:		
Proceeds on sale of tangible capital assets	471	1,600
Acquisition of tangible capital assets (note 21(a))	(753,989)	(723,206)
Net change in cash from capital transactions	(753,518)	(721,606)
Investing transactions:		
Acquisition of investments	(203,467)	(403,818)
Investment maturities	192,876	302,732
Net change in cash from investing transactions	(10,591)	(101,086)
Financing transactions:		
Debenture debt and mortgages issued	102,500	452,970
Debt reserve fund issuances	(1,025)	(4,530)
Debt reserve fund maturity	1,572	4,851
Sinking fund payments	(220,368)	(193,570)
Principal repayments on long-term debt	(8,099)	(8,048)
Sinking fund retirement	106,291	182,352
Debenture debt maturity	(106,291)	(182,352)
Net change in cash from financing transactions	(125,420)	251,673
Net change in cash and cash equivalents	(204,191)	(350,260)
Cash and cash equivalents, beginning of year	388,043	738,303
Cash and cash equivalents, end of year	**$ 183,852**	**$ 388,043**

Supplementary cash flow information (note 21)

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

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. Significant accounting policies adopted by the District are as follows:

Government Reporting Entity

The consolidated financial statements include 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 councillors 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 councillors 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 councillors 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.

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 legal 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.

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.

Investments

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

Financial Instruments

The District's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, and amounts due to and from TransLink and member municipalities. Cash and cash equivalents are highly liquid financial instruments held at Canadian regulated financial institutions and are measured at cost. Accounts receivable and amounts due from government organizations are recorded at cost less any amount for valuation allowance. The District's investments include government bonds issued by the federal and provincial governments of Canada, the Municipal Finance Authority of British Columbia ("MFA") pooled investment funds, the MFA money market fund and the MFA government ultra-short bond. These financial instruments are initially recorded at fair market value and subsequently measured at cost, any gains or losses are recognized at the trade date. All debt and other financial liabilities are recorded using cost or amortized cost. Interest attributable to financial instruments are reported in the statement of operations.

The classification of financial instruments is determined upon inception and financial instruments are not reclassified into another measurement category for the duration of the period they are held. Financial instruments are measured at cost or amortized cost upon initial recognition. All financial assets are assessed for impairment on an annual basis and any such impairment is recorded in the statement of operations. A write-down of a financial asset to reflect a loss in value is not reversed for a subsequent increase in value.

1. Significant Accounting Policies (continued)

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.

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.

Landfill Closure and Post-Closure Liability

The District is obligated for its share of landfill closure and post-closure costs, in accordance with agreements (note 10). The District does not own or control the landfills and, therefore, has recorded its obligation as a liability, in accordance with PS 3200 - Liabilities, and not as an asset retirement obligation.

The estimated present value of the District's share in landfill closure and post-closure costs to be incurred on a landfill site owned and controlled by the City of Vancouver 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 and the District's proportionate usage thereof 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.

1. Significant Accounting Policies (continued)

Asset Retirement Obligation

Asset Retirement Obligations (AROs) are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the assets. The ARO liability is initially recorded at fair value, which is an amount that is the best estimate of the expenditure required to retire a tangible capital asset determined using present value calculation, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset. This ARO liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. The changes in the AROs for the passage of time are recorded as accretion expense in the consolidated statement of operations and all other changes are adjusted to the carrying value of the tangible capital asset. This cost is amortized on the same basis as the amortization expense of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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

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

(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, including asset retirement costs that are capitalized as part of the carrying amount of the related tangible capital 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 - 65
Parks	50 - 100
Watershed	25
Corporate – Head Office	40
Infrastructure	
Sewer	
Wastewater treatment, pumping stations	40 - 107
Interceptors and trunk sewer, drainage	100
Solid Waste	25-30
Water	
Dams, reservoirs	150
Supply mains	100
Distribution systems, drinking water treatment	50 - 101
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

1. Significant Accounting Policies (continued)

Non-Financial Assets (continued)

Tangible Capital Assets

a. Annual amortization

Annual amortization begins when the asset is available for use 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 available for use.

b. Contributions of tangible capital assets

Contributions of tangible capital assets are recorded at their estimated 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 or the lease will be renegotiated. 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 revenues 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.

1. Significant Accounting Policies (continued)

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 20.

Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of 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 consolidated 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, amounts to settle and expected timing of asset retirement obligations, 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. Adoption of Accounting Policies

a. In 2023, the District implemented the new Public Sector Accounting Handbook Standard, PS 3280 Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The District has elected to implement this standard prospectively for the year ended December 31, 2023. Results for the year ended December 31, 2022 have not been restated.

b. Metro Vancouver Regional District adopted Public Sector Accounting Standard PS 3450 Financial Instruments effective January 1, 2023. This new standard requires the remeasurement of gains and losses of financial instruments. Metro Vancouver Regional District has determined there are no remeasurement gains or losses for fiscal years 2022 or 2023 and as such no adjustment to prior year or the opening balances is required.

3. Financial Risk Management

Based on the financial instruments held, the District is potentially exposed to credit risk, market risk, interest rate risk, and liquidity risk.

Credit Risk is low and related to the possibility of failure to collect from another party and encompasses cash, investments, and accounts receivable. The risk exposure is limited to their carrying amounts as at the date of the statement of financial positions. The District's accounts receivable primarily consists of amounts due from member jurisdictions, which does not pose a high risk of uncollectable amounts. To mitigate credit risk, the District regularly reviews the collectability of its accounts receivable and if needed, will establish an allowance based on its best estimate of potentially uncollectible amounts. As at December 31, 2023, the amount of allowance deemed uncollectable is $nil (2022 - $nil).

Market risks and interest rate risks encompasses cash, investments, and debt instruments. The market is volatile and susceptible to change. To mitigate the risk, the District closely watches the Bank of Canada rates and reviews inflationary impacts. The District's cash is deposited in high-interest savings accounts at federally regulated banks. The District follows the Board approved investment policy and legislative requirements for the management of its investments, which requires low risk investment products, such as fixed income securities, such as cash, government bonds and MFA pooled investment funds. The investment gains or losses due to market interest rate changes are recognized at the trade date. To mitigate risks, the investment portfolio is managed regularly through cash forecasts and investments are made into low credit risk rating bonds and pools. The District's exposure to interest rate risk in relation to debt instruments is limited to long-term debt and temporary financing. The risk applies to long-term debt when amortization periods exceed the initial locked-in term. Temporary financing is subject to daily floating rates, which can result in variability over the course of short-term period. Interest rate risk related to debt instruments is managed through budget and cash forecasts. Interest rates have increased during the year, which primarily affects interest costs for new or refinanced debt and temporary borrowing, as well as, interest earnings on investments.

Liquidity risk is low and mitigated by regular monitoring of cash flows and forecasts. The District's cash is held in federally and provincially regulated banks with pooled accounts on behalf of its four legal entities: the Metro Vancouver Regional District, the Greater Vancouver Sewerage and Drainage District, the Greater Vancouver Water District, and the Metro Vancouver Housing Corporation. To meet financial obligations and mitigate liquidity risk a minimum of 25% of the District's pooled portfolio balance is held in high liquid cash in high interest savings accounts.

(tabular amounts in thousands of dollars)

4. Accounts Receivable

	2023	2022
GVWD	$ 72,544	$ 68,590
GVS&DD	134,184	108,083
MVHC	1,695	2,743
MVRD	15,529	14,257
	$ 223,952	$ 193,673

5. 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 13). The amount recoverable is net of sinking funds, held and invested by the MFA, and includes accrued interest as follows:

	Net Debt Recoverable	Accrued Interest	2023	2022
TransLink	$ 189,535	$ 5,136	$ 194,671	$ 239,493
Member municipalities	950,591	8,593	959,184	1,021,034
	$ 1,140,126	$ 13,729	$ 1,153,855	$ 1,260,527

6. Investments

	Yields - %	Maturity Dates	2023	2022
Bonds:				
Government	2.06 - 4.44	February 2024 - March 2031	$ 56,231	$ 60,657
Corporate	1.97 - 5.67	June 2024 - March 2028	77,605	47,583
Unamortized premium			5,052	4,646
			138,888	112,886
Term deposits	4.90 - 5.25	July 2024 - July 2025	15,000	63,500
GICs	1.35 - 6.25	January 2024 - April 2028	248,496	215,000
Total			$ 402,384	$ 391,386

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 as at December 31, 2023 was $409,430,305 (2022 - $393,365,298).

(tabular amounts in thousands of dollars)

7. 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, 2023, $130,591,793 (2022 - $130,539,983) in callable demand notes were outstanding and have not been recorded in the statement of financial position.

	2023	2022
Cash deposits held by MFA on behalf of:		
TransLink and member municipalities	$ 36,147	$ 35,231
Metro Vancouver Districts	30,861	30,291
	$ 67,008	$ 65,522

8. Accounts Payable and Accrued Liabilities

	2023	2022
Trade accounts	$ 175,935	$ 166,809
Construction holdbacks	98,568	79,654
Accrued interest on debt	27,965	27,606
Wage accruals	15,619	23,815
Contaminated sites (a)	1,200	1,495
	$ 319,287	$ 299,379

(a) In 2023, the District accrued $1,200,368 (2022 - $1,494,860) to remediate contaminated soils at two of its properties. The remediation work for the properties will be completed in 2024 and 2026.

(tabular amounts in thousands of dollars)

9. 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 31,2022, with results projected to December 31, 2023.

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

	2023	2022
Accrued benefit obligation:		
Balance, beginning of year	$ 18,627	$ 19,008
Current service cost	1,571	1,572
Interest cost	807	467
Benefits paid	(3,499)	(2,216)
Actuarial gain (loss)	63	(204)
Accrued benefit obligation, end of year	17,569	18,627
Unamortized actuarial loss	(3,292)	(4,025)
Accrued liability, end of year	$ 14,277	$ 14,602

	2023	2022
Employee future benefit expense:		
Current service cost	$ 1,571	$ 1,572
Interest cost	807	467
Amortization of the actuarial loss	796	872
	$ 3,174	$ 2,911

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

	2023	2022
Discount rate	4.2%	4.4%
Expected future inflation rate	2.5%	2.5%
Expected average remaining service period	12 years	12 years

10. 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.

The Vancouver Landfill is located in Delta, BC and is owned and controlled by the City of Vancouver. In accordance with a tripartite agreement with the City of Vancouver and the Corporation of Delta, 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:

	2023	2022
Landfill closure and post closure liability	$ 48,371	$ 41,026

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:

	2023	2022
Current actual utilization (in 000's tonnes)	23,919	23,196
Expected utilization at closure (in 000's tonnes)	28,300	28,300
Expected remaining capacity (in 000's tonnes)	4,381	5,104
Permitted capacity (in 000's tonnes)	33,039	33,039
Future costs (in $000's)	$ 243,644	$ 212,638
Present value of future costs (in $000's)	$ 151,242	$ 136,569
Proportionate share of liability	37.84%	36.65%
Utilization of total capacity, end of year	84.52%	81.97%
Discount rate	2.69%	2.58%
Expected post-closure period	30 years	30 years
Expected closure date	December 31, 2037	December 31, 2037

(tabular amounts in thousands of dollars)

11. Asset Retirement Obligation

The District's AROs consist of asbestos and lead obligations as well as decommissioning obligations.

a. Asbestos and lead obligations

The District owns and operates several buildings and infrastructure assets that are known or assumed to have asbestos and lead, which represent health hazards upon demolition, and the District has legal obligations to remove them. Following the adoption of PS 3280 – AROs, the District recognized the obligations relating to the removal and post-removal care of the asbestos and lead in these buildings and infrastructure assets as estimated as at January 1, 2023. These buildings and infrastructure assets have estimated useful lives ranging from 40 years to 107 years from the date of acquisition or completion of construction.

b. Contractual obligations

The District has contractual obligations to remove, decommission and restore infrastructure. Following the adoption of PS 3280 – AROs, the District recognized these obligations as estimated as at January 1, 2023.

Asset retirement obligation is as follows:

	GVS&DD	GVWD	MVHC	MVRD	2023
Balance, beginning of year	$ —	$ —	$ —	$ —	$ —
Additions					
Asbestos and lead obligations	6,291	834	9,540	1,243	17,908
Contractual obligations	17,204	17,989	—	—	35,193
Total additions	23,495	18,823	9,540	1,243	53,101
Accretion expense					—
Asbestos and lead obligations	264	35	401	52	752
Contractual obligations	723	756	—	—	1,479
Total accretion expense	987	791	401	52	2,231
Balance, end of year	$ 24,482	$ 19,614	$ 9,941	$ 1,295	$ 55,332

(tabular amounts in thousands of dollars)

11. Asset Retirement Obligation (continued)

The liability has been estimated using present value calculation with a discount rate for 2023 of 4.2% (2022 – not applicable, as new standard adopted in 2023). The estimated total undiscounted future expenditures and the number of years to expected settlement for the various obligations are as follows:

		Undiscounted asset retirement costs	Number of years to expected settlement
GVS&DD	$	46,463	1 - 57
GVWD		27,162	2 - 43
MVHC		26,763	18 - 44
MVRD		2,373	2 - 32
	$	**102,761**	1 - 57

(tabular amounts in thousands of dollars)

12. Deferred Revenue and Refundable Deposits

The deferred revenue consists of the following:

		2023		2022
MVHC externally restricted funds from BCHMC and CMHC (a)				
i) Rental operations	$	51	$	48
ii) Replacement projects		5,365		3,457
iii) Retrofit projects		5,600		—
		11,016		3,505
GVS&DD and GVWD development cost charges (b)		273,718		273,596
Provincial grant to fund capital expenditures (c)		100,029		56,496
Facility rental security deposits		6,320		6,414
Cost-sharing funding (d)		6,173		—
Other		3,291		3,036
Total	$	400,547	$	343,047

(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 British Columbia Housing Management Commission ("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.

ii. Replacement Projects: Under operating agreements entered into with 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.

iii. Retrofit Projects: Under agreement entered into with CMHC and in connection with the National Housing Co-Investment Fund, the $5.6 million funds received in 2023 are restricted for the repair of 560 affordable housing units (eight projects). These funds are deferred until conditions have been met.

(b) The *Greater Vancouver Sewerage and Drainage District Act* and *the Local Government Act* restrict the Districts in applying money raised from development cost charges to funding sewer and water 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.

(tabular amounts in thousands of dollars)

12. Deferred Revenue and Refundable Deposits (continued)

(c) Amounts received from the Province of British Columbia for the following construction projects have been recorded as deferred revenue:

i. 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 2023, $22.71 million (2022 - $13.72 million) was applied against the project and recognized as revenue. Remaining amount to be recognized in future years as capital expenditures are incurred is $32.65 million.

ii. In 2023, the GVS&DD entered into a three-year contribution agreement, with the Province of British Columbia, where the Province will provide $250 million representing one-third of the funding for Phase 1 of the Iona Wastewater Treatment Plant project. As of December 31, 2023, the District received $75.0 million of the grant, of which $14.63 million (2022 – $nil) was applied against the project and recognized as revenue. Remaining amount to be recognized in future years as capital expenditures are incurred is $60.37 million.

iii. In 2023, the MVRD received a grant from the Province of British Columbia in the amount of $5.25 million to fund Barnston Island Dike improvements for the duration of the term ending on March 15, 2026. As of December 31, 2023, $25,738 was applied against the project and recognized as revenue. Remaining amount to be applied in future years, including interest earned, is $5.39 million.

(d) In 2023, the GVWD received cost-sharing funds from member municipalities in accordance with the Water Supply Agreement in the amount of $6,173,164 for future costs associated with the construction of Phase 2 of the Jericho Reservoir project. As of December 31, 2023, no amount has been applied and recognized against the project as construction has not yet commenced.

Continuity of deferred revenue and refundable deposits is as follows:

	2023	2022
Balance, beginning of year	$ 343,047	$ 341,016
Externally restricted contributions received:		
GVS&DD and GVWD development cost charges	82,978	68,941
Provincial government grant	80,733	—
GVWD cost-sharing funds	6,173	—
MVHC restricted funds	7,688	1,035
Interest earned	12,315	6,604
Total contributions received	189,887	76,580
Contributions used and recognized in revenue	(133,157)	(75,604)
Net change in externally restricted contributions	56,730	976
Change in deposits and other deferred revenues	770	1,055
	57,500	2,031
Balance, end of year	$ 400,547	$ 343,047

13. Debt

The District serves as the borrowing conduit between member municipalities (excluding the City of Vancouver) and the MFA. The GVS&DD and GVWD also access the MFA through the MVRD. Prior to 2007, the District also served as the borrowing conduit for the Greater Vancouver Transportation Authority, 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.

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.

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

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.

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 5). 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.

(tabular amounts in thousands of dollars)

13. Debt (continued)

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 2023	Debt, Net of Sinking Fund 2022
GVS&DD	$ 1,481,000	$ 325,836	$ 1,155,164	$ 1,178,144
GVWD	1,167,000	552,617	614,383	663,511
MVHC	40,042	—	40,042	42,647
	2,688,042	878,453	1,809,589	1,884,302
TransLink	710,809	521,274	189,535	234,324
Member municipalities	1,238,584	287,993	950,591	1,012,390
	1,949,393	809,267	1,140,126	1,246,714
	$ 4,637,435	$ 1,687,720	$ 2,949,715	$ 3,131,016

Debt (net of sinking funds) reported on the statement of financial position is comprised of the following and includes varying maturities up to 2055, with interest rates ranging from 1.28% to 5.65%.

(tabular amounts in thousands of dollars)

13. Debt (continued)

Issue number	Interest rate - %	Maturity date	Authorized to be issued	Debt Outstanding 2023	Debt Outstanding 2022
Sinking Fund Agreements					
79	2.25	June 3, 2023	$ 74,025	$ —	$ 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	4.77	October 13, 2025	10,900	2,300	2,300
96	4.61	April 2, 2026	50,000	50,000	50,000
97	1.53-4.90	April 19, 2036	175,000	153,000	153,000
99	4.99	October 19, 2026	66,300	16,300	16,300
100	4.59	October 19, 2026	200,000	180,000	180,000
102	2.25-5.09	December 1, 2027	436,395	289,395	289,395
103	2.65	April 23, 2023	40,000	—	40,000
104	2.90	November 20, 2028	56,281	5,650	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	April 4, 2036	152,292	152,292	152,292
118	3.39	April 11, 2042	96,000	96,000	96,000
121	3.39	October 4, 2037	74,961	72,286	72,286
124	4.52	April 8, 2043	3,000	3,000	3,000
126	4.52	September 26, 2043	155,209	139,774	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	129,000
154	2.41	May 28, 2036	500,000	500,000	500,000
156	2.58	September 27, 2046	150,600	150,600	150,600
157	3.36	April 8, 2037	207,500	207,500	207,500
158	4.09	September 23, 2052	245,470	245,470	245,470
159	4.15	June 4, 2038	50,000	50,000	—
160	4.97	October 12, 2048	52,500	52,500	—
Total sinking fund agreements (carried forward)			**$ 5,072,721**	**$ 4,579,756**	**$ 4,583,546**

(tabular amounts in thousands of dollars)

13. Debt (continued)

Issue number	Interest rate - %	Maturity date	Authorized to be issued	Debt Outstanding 2023	Debt Outstanding 2022
Total sinking fund agreements (brought forward)			**$ 5,072,721**	**$ 4,579,756**	**$ 4,583,546**
Serial Debt					
93	5.10-5.65	April 7, 2027	79,014	13,209	17,735
111	3.35	October 1, 2025	3,000	491	724
114	3.65	March 29, 2026	6,301	1,545	2,024
122	2.00	November 1, 2032	1,999	900	1,000
123	2.00	March 28, 2033	3,142	1,492	1,649
Total serial debt			**93,456**	**17,637**	**23,132**
Total debenture debt			**$ 5,166,177**	**$ 4,597,393**	**$ 4,606,678**
MVHC Mortgages					
	1.30 - 4.87	January 2023 to December 2055		47,373	50,901
Less MVRD financed mortgages				(7,331)	(8,254)
Total MVHC mortgages				**40,042**	**42,647**
Total debt				**4,637,435**	**4,649,325**
Less sinking funds				**(1,687,720)**	**(1,518,309)**
Total debt, net of sinking funds				**$ 2,949,715**	**$ 3,131,016**

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
2024	$ 214,750	$ 69,818	$ 144,932
2025	199,972	63,031	136,941
2026	190,193	59,693	130,500
2027	176,101	48,286	127,815
2028	156,851	35,277	121,574
Thereafter	1,197,838	453,748	744,090
Total payments	2,135,705	729,853	1,405,852
Estimated sinking fund income	814,010	410,273	403,737
Total net debt	**$ 2,949,715**	**$ 1,140,126**	**$ 1,809,589**

(tabular amounts in thousands of dollars)

14. Tangible Capital Assets

Year ended December 31, 2023

	Cost				Accumulated Amortization				Net Book Value
	Balance at December 31, 2022	**Additions**	**Disposals**	**Balance at December 31, 2023**	**Balance at December 31, 2022**	**Disposals**	**Amortization Expense**	**Balance at December 31, 2023**	**Net Book Value December 31, 2023**
Land									
Sewer and Drainage District	$ 186,358	$ 511	$ —	$ 186,869	$ —	$ —	$ —	$ —	$ 186,869
Water District	132,714	700	—	133,414	—	—	—	—	133,414
Regional District	919,669	42,289	—	961,958	—	—	—	—	961,958
Metro Vancouver Housing Corporation	52,274	—	—	52,274	—	—	—	—	52,274
	1,291,015	43,500	—	1,334,515	—	—	—	—	1,334,515
Infrastructure									
Sewer and Drainage District	2,469,537	293,996	—	2,763,533	753,148	—	52,344	805,492	1,958,041
Water District	2,426,794	64,813	—	2,491,607	473,941	—	38,836	512,777	1,978,830
Regional District	131,749	10,760	(1,120)	141,389	71,638	(1,120)	4,790	75,308	66,081
	5,028,080	369,569	(1,120)	5,396,529	1,298,727	(1,120)	95,970	1,393,577	4,002,952
Buildings									
Water District	216,476	4,050	—	220,526	30,151	—	5,501	35,652	184,874
Regional District	26,880	1,243	—	28,123	10,897	—	692	11,589	16,534
Metro Vancouver Housing Corporation	223,589	9,612	—	233,201	178,834	—	1,172	180,006	53,195
	466,945	14,905	—	481,850	219,882	—	7,365	227,247	254,603
Vehicles									
Regional District	32,403	6,150	(2,184)	36,369	26,364	(2,184)	2,543	26,723	9,646
	32,403	6,150	(2,184)	36,369	26,364	(2,184)	2,543	26,723	9,646
Machinery, equipment, furniture & fixtures									
Sewer and Drainage District	8,989	179	(531)	8,637	8,235	(531)	286	7,990	647
Water District	13,622	137	(166)	13,593	8,467	(166)	1,061	9,362	4,231
Regional District	21,792	623	(170)	22,245	19,023	(170)	572	19,425	2,820
Metro Vancouver Housing Corporation	6,561	736	(785)	6,512	4,868	(657)	540	4,751	1,761
	50,964	1,675	(1,652)	50,987	40,593	(1,524)	2,459	41,528	9,459
Construction in progress									
Sewer and Drainage District	1,645,308	137,566	(1,333)	1,781,541	—	—	—	—	1,781,541
Water District	833,335	200,984	(604)	1,033,715	—	—	—	—	1,033,715
Regional District	9,116	(436)	—	8,680	—	—	—	—	8,680
Metro Vancouver Housing Corporation	24,702	33,177	—	57,879	—	—	—	—	57,879
	2,512,461	371,291	(1,937)	2,881,815	—	—	—	—	2,881,815
	$9,381,868	**$807,090**	**$ (6,893)**	**$10,182,065**	**$1,585,566**	**$ (4,828)**	**$ 108,337**	**$1,689,075**	**$ 8,492,990**
Totals 2023									
Sewer and Drainage District	$4,310,192	$432,252	$ (1,864)	$ 4,740,580	$ 761,383	$ (531)	$ 52,630	$ 813,482	$ 3,927,098
Water District	3,622,941	270,684	(770)	3,892,855	512,559	(166)	45,398	557,791	3,335,064
Regional District	1,141,609	60,629	(3,474)	1,198,764	127,922	(3,474)	8,597	133,045	1,065,719
Metro Vancouver Housing Corporation	307,126	43,525	(785)	349,866	183,702	(657)	1,712	184,757	165,109
	$9,381,868	**$807,090**	**$ (6,893)**	**$10,182,065**	**$1,585,566**	**$ (4,828)**	**$ 108,337**	**$1,689,075**	**$ 8,492,990**

Construction in progress includes $609.1 million (2022- $522.6 million) related to the North Shore Wastewater Treatment Plant Project (note 15).

Additions related to asset retirement costs were $53.1 million (2022- $nil).

Write-offs and disposals were $2.1 million in 2023 (2022 - $0.2 million).

(tabular amounts in thousands of dollars)

14. Tangible Capital Assets (continued)

Year ended December 31, 2022

	Cost				Accumulated Amortization				Net Book Value
	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022	Balance at December 31, 2021	Disposals	Amortization Expense	Balance at December 31, 2022	December 31, 2022
Land									
Sewer and Drainage District	$ 162,872	$ 23,590	$ (104)	$ 186,358	$ —	$ —	$ —	$ —	$ 186,358
Water District	53,664	79,050	—	132,714	—	—	—	—	132,714
Regional District	914,517	5,152	—	919,669	—	—	—	—	919,669
Metro Vancouver Housing Corporation	52,274	—	—	52,274	—	—	—	—	52,274
	1,183,327	107,792	(104)	1,291,015	—	—	—	—	1,291,015
Infrastructure									
Sewer and Drainage District	2,168,652	300,885	—	2,469,537	708,339	—	44,809	753,148	1,716,389
Water District	2,245,795	180,999	—	2,426,794	437,619	—	36,322	473,941	1,952,853
Regional District	129,501	3,505	(1,257)	131,749	68,134	(1,257)	4,761	71,638	60,111
	4,543,948	485,389	(1,257)	5,028,080	1,214,092	(1,257)	85,892	1,298,727	3,729,353
Buildings									
Water District	216,476	—	—	216,476	24,688	—	5,463	30,151	186,325
Regional District	26,880	—	—	26,880	10,357	—	540	10,897	15,983
Metro Vancouver Housing Corporation	220,339	3,250	—	223,589	176,544	—	2,290	178,834	44,755
	463,695	3,250	—	466,945	211,589	—	8,293	219,882	247,063
Vehicles									
Regional District	30,621	2,195	(413)	32,403	24,452	(413)	2,325	26,364	6,039
	30,621	2,195	(413)	32,403	24,452	(413)	2,325	26,364	6,039
Machinery, equipment, furniture & fixtures									
Sewer and Drainage District	8,818	171	—	8,989	7,875	—	360	8,235	754
Water District	13,197	425	—	13,622	7,425	—	1,042	8,467	5,155
Regional District	21,169	773	(150)	21,792	18,428	(148)	743	19,023	2,769
Metro Vancouver Housing Corporation	6,439	619	(497)	6,561	4,743	(362)	487	4,868	1,693
	49,623	1,988	(647)	50,964	38,471	(510)	2,632	40,593	10,371
Construction in progress									
Sewer and Drainage District	1,579,940	65,368	—	1,645,308	—	—	—	—	1,645,308
Water District	796,461	36,874	—	833,335	—	—	—	—	833,335
Regional District	5,391	3,725	—	9,116	—	—	—	—	9,116
Metro Vancouver Housing Corporation	8,077	16,625	—	24,702	—	—	—	—	24,702
	2,389,869	122,592	—	2,512,461	—	—	—	—	2,512,461
	$8,661,083	**$723,206**	**$ (2,421)**	**$ 9,381,868**	**$1,488,604**	**$ (2,180)**	**$ 99,142**	**$1,585,566**	**$ 7,796,302**
Totals 2022									
Sewer and Drainage District	$3,920,282	$390,014	$ (104)	$ 4,310,192	$ 716,214	$ —	$ 45,169	$ 761,383	$ 3,548,809
Water District	3,325,593	297,348	—	3,622,941	469,732	—	42,827	512,559	3,110,382
Regional District	1,128,079	15,350	(1,820)	1,141,609	121,371	(1,818)	8,369	127,922	1,013,687
Metro Vancouver Housing Corporation	287,129	20,494	(497)	307,126	181,287	(362)	2,777	183,702	123,424
	$8,661,083	**$723,206**	**$ (2,421)**	**$ 9,381,868**	**$1,488,604**	**$ (2,180)**	**$ 99,142**	**$1,585,566**	**$ 7,796,302**

(tabular amounts in thousands of dollars)

15. Prepaid Land Leases

	2023	2022
Balance, beginning of year	$ 4,868	$ 5,062
Amortization	(195)	(194)
Balance, end of year	**$ 4,673**	**$ 4,868**

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

16. Accumulated Surplus

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

	2023	2022
Reserves	$ 481,795	$ 441,040
Capital fund balance	(433,746)	(93,442)
Investment in tangible capital assets	6,683,401	5,912,000
Total	**$ 6,731,450**	**$ 6,259,598**

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

(tabular amounts in thousands of dollars)

16. Accumulated Surplus (continued)

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

	December 31, 2022	Interest	Annual Operating Surplus (Deficit)	Transfers	Contributions from (to) Operations	Contributions to Capital	December 31, 2023
Reserve funds							
Operating reserves							
Metro Vancouver Regional District							
Air Quality	$ 4,058	$ 176	$ 1,282	$ —	$ —	$ —	$ 5,516
E911 Emergency Telephone Service	474	21	27	—	—	—	522
Electoral Area Service	24	1		—	—	—	25
General Government	7,109	309	3,342	—	—	—	10,760
Housing Planning and Policy	426	18	24	—	—	—	468
Invest Vancouver	664	29	27	—	—	—	720
Regional Employer Services	807	35	(53)	—	—	—	789
Regional Emergency Management	265	11	(5)	—	—	—	271
Regional Geospatial Reference System	404	18	3	—	—	—	425
Regional Parks	3,944	171	554	—	—	—	4,669
Regional Planning	1,028	45	257	—	—	—	1,330
Sasamat Fire Protection Service	132	6	73	—	—	—	211
West Nile Virus	375	16	—	—	—	—	391
MVRD operating reserves	19,710	856	5,531	—	—	—	26,097
Greater Vancouver Water District							
Water Services	37,248	1,617	2,831	—	—	—	41,696
GVWD operating reserves	37,248	1,617	2,831	—	—	—	41,696
Greater Vancouver Sewerage and Drainage District							
Liquid Waste Services	44,442	1,930	(3,113)	—	—	—	43,259
Solid Waste Services	37,818	1,642	(3,475)	—	—	—	35,985
GVS&DD operating reserves	82,260	3,572	(6,588)	—	—	—	79,244
Metro Vancouver Housing Corporation							
MVHC operating Reserves	12,949	499	13,232	—	(1,451)	—	25,229
MVHC operating reserves	12,949	499	13,232	—	(1,451)	—	25,229
Total operating reserves	**152,167**	**6,544**	**15,006**	**—**	**(1,451)**	**—**	**172,266**
Discretionary reserves							
Metro Vancouver Regional District							
Air Quality	806	34		—	(506)	—	334
Electoral Area Service	1,652	73	16	—	(23)	—	1,718
E911 Emergency Telephone Service	32	1		—		—	33
General Government	7,431	2,299	—	—	50,780	—	60,510
Invest Vancouver	719	30		—	(441)	—	308
Regional Emergency Management	346	15		—	(61)	—	300
Regional Employer Services	2,379	103		—		—	2,482
Regional Planning	2,506	107		—	(252)	—	2,361
Regional Parks	208	9		—	—	—	217
Centralized Support	25,733	1,117	10,115	—	(2,339)	—	34,626
MVRD discretionary reserves	41,812	3,788	10,131	—	47,158	—	102,889
Greater Vancouver Sewerage and Drainage District							
Biosolids Inventory	15,809	687	—	—	(15,488)	—	1,008
Liquid Waste General Debt Reserve Fund	2,174	94	—	—	—	—	2,268
Lions Gate Contingency	1,526	66	—	—	—	—	1,592
Drainage General	5,420	235	—	—	—	—	5,655
Solid Waste General	26,998	803	—	—	—	—	27,801
Landfill Post Closure	11,580	1,116	—	—	(3,333)	—	9,363
GVS&DD discretionary reserves	63,507	3,001	—	—	(18,821)	—	47,687
Metro Vancouver Housing Corporation							
MVHC Capital Development	39,528	1,716	—	—		(7,675)	33,569
MVHC Capital Replacement	2,599	84	—	—	(2,895)	—	(212)
MVHC discretionary reserves	42,127	1,800	—	—	(2,895)	(7,675)	33,357
Total discretionary reserves	**147,446**	**8,589**	**10,131**	**—**	**25,442**	**(7,675)**	**183,933**
Operating and discretionary reserves (carried forward)	**$ 299,613**	**$ 15,133**	**$ 25,137**	**$ —**	**$ 23,991**	**$ (7,675)**	**$ 356,199**

(tabular amounts in thousands of dollars)

METRO VANCOUVER REGIONAL DISTRICT

16. Accumulated Surplus (continued)

	December 31, 2022	Interest	Annual Operating Surplus (Deficit)	Transfers	Contributions from (to) Operations	Contributions to Capital	December 31, 2023
Operating and discretionary reserves							
Reserves (brought forward)	**$ 299,613**	**$ 15,133**	**$ 25,137**	**$ —**	**$ 23,991**	**$ (7,675)**	**$ 356,199**
Statutory reserves							
Metro Vancouver Regional District							
Electoral Area Community Works	748	33	—	—	33	—	814
Electoral Area Election	14	1	2	—	30	—	47
MVRD Sustainability Innovation Fund	12,029	526	—	—	(1,232)	—	11,323
Grants Reserve Fund	2,112	173	—	—	(300)	—	1,985
Housing Planning and Policy	5,368	251	—	—	1,000	—	6,619
Housing Planning and Policy Development	12,294	603	—	—	4,000	—	16,897
Regional Geospatial Reference System	1,164	51	—	—	31	—	1,246
Regional Parks Infrastructure	6,246	298	—	—	2,495	(4,884)	4,155
Parkland Acquisition	9,717	422	—	—	—	—	10,139
Parkland Acquisition and Development	26,194	652	—	—	23,570	(42,289)	8,127
Delta Airpark	145	6	—	—	31	—	182
Regional Parks Legacy	2,680	116	—	—	(50)	—	2,746
Sasamat Fire Protection Services	1,598	76	—	—	(134)	—	1,540
Corporate Self Insurance	1,567	67	—	—	—	—	1,634
Corporate Fleet	24,070	1,036	618	—	—	(5,334)	20,390
MVRD statutory reserves	105,946	4,311	620	—	29,474	(52,507)	87,844
Greater Vancouver Water District							
Laboratory Equipment	804	35	—	—	—	—	839
Water Services Sustainability Innovation Fund	14,578	646	—	—	92	—	15,316
GVWD statutory reserves	15,382	681	—	—	92	—	16,155
Greater Vancouver Sewerage and Drainage District							
Liquid Waste Laboratory Equipment	725	34	—	—	106	—	865
Liquid Waste Services Sustainability Innovation Fund	19,374	861	—	—	497	—	20,732
GVS&DD statutory reserves	20,099	895	—	—	603	—	21,597
Total statutory reserves	**141,427**	**5,887**	**620**	**—**	**30,169**	**(52,507)**	**125,596**
Total reserves	**$ 441,040**	**$ 21,020**	**$ 25,757**	**$ —**	**$ 54,160**	**$ (60,182)**	**$ 481,795**

(tabular amounts in thousands of dollars)

16. Accumulated Surplus (continued)

Investment in tangible capital assets is calculated as follows:

	2023	2022
Tangible capital assets	$ 8,492,990	$ 7,796,302
Amount financed by:		
Long-term debt, net of members, TransLink, and sinking fund	(1,809,589)	(1,884,302)
	$ 6,683,401	$ 5,912,000
Change in the investment in tangible capital assets		
Acquisition of tangible capital assets	$ 807,090	$ 723,206
Amortization of tangible capital assets	(108,337)	(99,142)
Loss (gain) on disposal of tangible capital assets	(1,594)	1,359
Proceeds on disposal of tangible capital assets	(471)	(1,600)
	696,688	623,823
Less financing (net of members and TransLink debt)		
Sinking fund debt maturity	90,631	15,000
Sinking fund debt retirement	(144,033)	(136,608)
Sinking fund debt retirement income	(28,075)	(27,885)
Debenture debt issued	100,000	200,000
Debenture debt maturity	(90,631)	(15,000)
Payment of long-term debt	(2,605)	(2,694)
	(74,713)	32,813
Change in investment in tangible capital assets	771,401	591,010
Investment in tangible capital assets, beginning of year	5,912,000	5,320,990
Investment in tangible capital assets, end of year	$ 6,683,401	$ 5,912,000

(tabular amounts in thousands of dollars)

17. Contractual Obligations and Rights

a) Contractual Obligations

i) As at December 31, 2022, the District had the following commitments relating to projects in progress.

	Authorized and Outstanding Projects	Expended at December 31	Total 2023	Total 2022
GVS&DD	$ 5,865,550	$ (2,882,548)	$ 2,983,002	$ 2,586,217
GVWD	2,931,700	(1,239,943)	1,691,757	1,589,876
MVRD	92,631	(10,662)	81,969	37,027
MVHC	422,200	(57,032)	365,168	298,394
Total	**$ 9,312,081**	**$ (4,190,185)**	**$ 5,121,896**	**$ 4,511,514**

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 three agreements, with annual payments to perpetuity, with adjustments annually for CPI. Estimated payments over the next ten years are as follows:

	Amount
2024	$ 2,434
2025	2,276
2026	2,294
2027	2,330
2028	2,366
2029 - 2033	12,409
Total	$ 24,109

b) Contractual Rights

The District is party to several property lease agreements that are anticipated to provide future revenues. These agreements are with third parties with varying terms to 2035. Amounts anticipated to be received over the future years are as follows:

	Amount
2024	$ 5,483
2025	4,235
2026	2,800
2027	1,209
2028	721
Thereafter	4,799
Total	$ 19,247

18. Contingencies

Lawsuits

As at December 31, 2023, 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. 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.

North Shore Wastewater Treatment Plant

The GVS&DD 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. In 2021, the GVS&DD 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 the contract termination date, the GVS&DD has paid $309.5 million, net of GST rebates, to the vendor for work completed, which has been recorded as construction in progress (note 14). In 2022, the vendor commenced legal action by filing a claim against the GVS&DD in excess of $250 million to which the GVS&DD filed a counter-claim against the vendor in excess of $500 million. As at December 31, 2023, 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.

18. Contingencies (continued)

Municipal Pension Plan

The District and its employees contribute to the British Columbia Municipal Pension Plan (the Plan), a jointly trusteed 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, 2023, the Plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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, 2021, indicated a $3,761 million funding surplus for basic pension benefits on a going concern basis.

The District paid $17.6 million for employer contributions (2022 - $15.0 million) while employees contributed $16.0 million (2022 - $13.7 million) to the Plan in fiscal 2023.

The next valuation will be as at December 31, 2024 with results available in 2025.

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.

18. Contingencies (continued)

Self-Insurance Reserve

A self-insurance reserve has been established within accumulated surplus to cover losses resulting from uninsured liability exposures of the District.

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.

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.

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 7). 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.

BCHMC Grant Funding

In 2018 and 2019, MVHC received funding of $6.7 million in total 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, 2023). 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.

18. Contingencies (continued)

BCHMC Loan Funding - Kingston Gardens Redevelopment Project

In 2022, MVHC entered into a demand non-revolving construction loan agreement with BC Housing Management Commission for financing of the Kingston Gardens redevelopment project. The maximum approved construction loan amount is $44,642,752. Interest payable on the loan will be calculated based on variable rate of not more than the Royal Bank of Canada Prime Rate plus 1.00% compounded monthly, not in advance.

As of December 31 2023, $9,481,239 of eligible costs have been spent on the construction project of which no amounts have been financed from the construction loan in the year. Proceeds from the loan is expected to be received early 2024.

Amounts drawn from the loan must be repaid no later than August 1, 2024. At which time, it will be repaid by a BCHMC ownership interest of $8,300,000 and take out mortgage obtained through CMHC's National Housing Co-Investment Fund for $29,411,377. Any amounts remaining of up to $6,931,375 will be paid from MVHC's reserves. MVHC is currently seeking an extension on this repayment deadline.

BCHMC loan Funding - Salal Landing Redevelopment Project

In 2023 MVHC entered into a construction loan agreement with BC Housing Management Commission for funding for the Salal Landing Project, a 63 unit multi-family project located at 2481 Welcher Ave, Port Coquitlam BC. This project is to be financed by a repayable loan with the maximum approved of $20,305,079 and a forgivable loan in the amount of $7,925,000. To date, MVHC has not received any of the financing. Funding of eligible cost is expected to be received in 2024.

The forgivable loan term is 35 years and is forgivable in the amount of 1/25th of the final balance of $7,925,000 commencing on the 11th year after the commencement date. The loan will continue to be forgiven 1/25th each subsequent year until the loan is completely forgiven.

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.

18. Contingencies (continued)

CMHC Loan Funding - Heather Place B Redevelopment Project

In 2023, MVHC entered into a construction loan agreement with Canada Mortgage and Housing Corporation (CMHC) for financing of the Heather Place B Project, a 87 unit rental housing project located in Vancouver BC. The project is funded by a repayable loan with a maximum approved amount of $30,764,081 and a forgivable loan in the amount of $1,175,000. To date, MVHC has not received any of the financing. Funding of eligible cost is expected to be received in 2024.

The repayable loan has an amortization period of 50 years and principal repayment will commence upon the project achieving Stabilization, defined as annualized gross income of $2,035,539. The forgivable loan will have an equal portion of the principal amount forgiven on each anniversary of the date that the loan is fully funded.

Interest payable on the repayable loan will be calculated semi-annually in arrears commencing on the interest capitalization date or as CMHC may otherwise determine. The forgivable loan is interest free until Stabilization is achieved and provided the loan is not in default.

Letters of Credit

At December 31, 2023, the GVS&DD is the named beneficiary of $847,980 (2022 - $757,980) 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 GVS&DD and therefore the amount is not recorded as assets.

Cache Creek Landfill

Prior to 2016, the GVS&DD transported deposits to a landfill located in the Village of Cache Creek, BC and was required to contribute quarterly to a post-closure trust fund, held with the Province of British Columbia. The *GVS&DD – Village of Cache Creek: Village of Cache Creek – Agreement* dated November 25, 1987 indemnifies the Village of Cache Creek for any post-closure liabilities not covered by this fund and obligates the GVS&DD to pay any excess funding until the earlier of (i) the 20th anniversary of the landfill closure date or (ii) the date the Province terminates the post-closure trust fund. Therefore, the obligation expires at the latest July 2036. The Landfill Operational Certificate obligates the Village of Cache Creek and a third party service provider to undertake closure and post-closure activities. At December 31, 2023, the lower of amortized cost and market value of the trust was $15,289,144 (2022 - $15,403,059), which approximates the expected post-closure costs.

(tabular amounts in thousands of dollars)

19. Budget Information

The annual budget presented in these financial statements is based upon the 2023 operating and capital budgets originally approved by the District's Board in October 2022, with additional approval in March 2023 for adjustments to the budget as a result of the 2022 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 $1.26 billion were included in the capital budget approved by the Board.

	2023 Budget	2022 Budget
Budgeted annual surplus per Exhibit B - Statement of Operations	$ 410,236	$ 451,760
Additional transfers from reserves, approved by Board	1,753	3,634
Adjusted annual surplus, based on originally approved budget	411,989	455,394
Items not included in the operating budget		
Amortization of tangible capital assets and prepaid land leases	100,755	96,267
Contributions from deferred revenue	(65,846)	(110,665)
Sinking fund and debt retirement income	(30,622)	(25,566)
Development cost charge revenue	(28,716)	(42,329)
MVHC development grant	(15,575)	(17,536)
Reserve interest	(6,814)	(6,592)
Items included in budget but not in financial statements		
Sinking fund and debt retirement payments	(147,636)	(140,561)
Transfers to capital fund	(212,832)	(203,053)
Transfers from reserve funds	40,236	30,865
Transfer to reserve funds	(44,939)	(36,224)
Annual surplus per approved budget	—	—

20. 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 $31.88 million (2022 - $46.10 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.

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 legal 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-geared-to-income", partial rent assistance, and low-end-of-market units.

20. Segmented Information and Expenses by Object (continued)

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.
E911 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).

20. Segmented Information and Expenses by Object (continued)

MVRD (continued)

Electoral Area Service	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.
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 13). 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.

(tabular amounts in thousands of dollars)

20. Segmented Information and Expenses by Object (continued)

a) Total Consolidated

	Other Districts (note 20(b))	Regional District (note 20(c))	Metro Vancouver Housing Corporation	Inter-district Adjustments	Consolidated Actual 2023	Consolidated Budget 2023	Consolidated Actual 2022
Revenues							
MVRD property tax requisitions	$ —	$ 102,475	$ —	$ —	$ 102,475	$ 102,550	$ 91,708
Metered sale of water	344,789	—	—	—	344,789	338,337	329,678
Sewerage and drainage levy	324,219	—	—	—	324,219	324,266	301,425
Tipping fees	135,287	—	—	—	135,287	121,922	125,797
Housing property rentals	—	—	44,387	—	44,387	43,718	43,267
BODTSS industrial charges	12,286	—	—	—	12,286	12,496	12,431
Development cost charges	95,171	—	—	—	95,171	92,289	60,583
Grants and other contributions	56,353	52,944	(485)	—	108,812	80,512	35,594
User fees, recoveries, and other revenues	44,194	19,200	1,276	(17,350)	47,320	44,185	46,411
Sinking fund and interest income	42,628	11,193	3,175	(301)	56,695	37,284	40,353
Sinking fund income members and TransLink	—	27,265	—	—	27,265	28,019	27,072
	1,054,927	213,077	48,353	(17,651)	1,298,706	1,225,578	1,114,319
Expenses							
Salaries and benefits	134,596	120,454	7,460	(31,176)	231,334	246,265	213,969
Consulting, contracted and professional services	184,409	28,421	1,120	(1,943)	212,007	194,048	182,918
Asset repairs and maintenance	27,059	12,977	14,488	34	54,558	61,226	46,157
Materials and supplies	38,367	6,402	164	(21)	44,912	44,047	37,236
Utilities, permits, and taxes	29,227	2,054	4,568	(5)	35,844	35,386	32,341
Other	30,300	41,214	907	(15,810)	56,611	52,635	57,464
Amortization of tangible capital assets and prepaid land leases	98,028	8,597	1,907	—	108,532	100,755	99,336
Loss of disposal of tangible capital assets	1,937				1,937	—	—
Interest on long-term debt	79,390	—	2,030	(301)	81,119	80,980	66,942
	623,313	220,119	32,644	(49,222)	826,854	815,342	736,363
Corporate costs (recovery)	73,208	(107,138)	2,359	31,571	—	—	—
	696,521	112,981	35,003	(17,651)	826,854	815,342	736,363
Annual Surplus (deficit)	**$ 358,406**	**$ 100,096**	**$ 13,350**	**$ —**	**$ 471,852**	**$ 410,236**	**$ 377,956**

(tabular amounts in thousands of dollars)

20. Segmented Information and Expenses by Object (continued)

b) Total Other Districts

	Liquid Waste Services	Solid Waste Service	Total Sewerage & Drainage District	Water Operations	Building Operations	Elimination Entry	Total Water District	Total Other Districts Actual 2023	Total Other Districts Budget 2023	Total Other Districts Actual 2022
Revenues										
Metered sale of water	$ —	$ —	$ —	$ 344,789	$ —	$ —	$344,789	$344,789	$338,337	$329,678
Sewerage and drainage levy	324,219	—	324,219	—	—	—	—	324,219	324,266	301,425
Tipping fees	—	135,287	135,287	—	—	—	—	135,287	121,922	125,797
BODTSS industrial charges	12,286	—	12,286	—	—	—	—	12,286	12,496	12,431
Development cost charges	95,171	—	95,171	—	—	—	—	95,171	92,289	60,583
Grants and other contributions	56,353	—	56,353	—	—	—	—	56,353	62,646	29,870
User fees, recoveries, and other revenues	8,326	10,115	18,441	10,737	20,625	(5,609)	25,753	44,194	38,804	46,219
Sinking fund and interest income	16,247	4,046	20,293	20,299	2,036	—	22,335	42,628	34,110	33,247
	512,602	149,448	662,050	375,825	22,661	(5,609)	392,877	1,054,927	1,024,870	939,250
Expenses										
Salaries and benefits	73,303	7,344	80,647	53,447	502	—	53,949	134,596	141,027	117,428
Consulting, contracted, and professional services	51,891	115,973	167,864	14,323	2,222	—	16,545	184,409	154,227	160,078
Asset repairs and maintenance	16,680	976	17,656	6,926	2,477	—	9,403	27,059	19,359	21,113
Materials and supplies	21,100	23	21,123	17,159	85	—	17,244	38,367	38,061	31,610
Utilities, permits, and taxes	19,253	309	19,562	8,887	778	—	9,665	29,227	28,244	25,839
Other	8,960	11,340	20,300	9,230	770	—	10,000	30,300	28,062	34,195
Amortization of tangible capital assets	45,901	6,729	52,630	39,126	6,272	—	45,398	98,028	89,276	87,996
Loss on disposal of tangible capital assets	1,333	—	1,333	604	—	—	604	1,937	—	—
Interest on long-term debt	42,328	4,098	46,426	28,364	4,600	—	32,964	79,390	79,817	65,758
	280,749	146,792	427,541	178,066	17,706	—	195,772	623,313	578,073	544,017
Corporate costs (recovery)	42,665	5,700	48,365	30,452	—	(5,609)	24,843	73,208	71,988	67,762
	323,414	152,492	475,906	208,518	17,706	(5,609)	220,615	696,521	650,061	611,779
Annual surplus (deficit)	**$189,188**	**$ (3,044)**	**$ 186,144**	**$ 167,307**	**$ 4,955**	**$ —**	**$172,262**	**$358,406**	**$374,809**	**$327,471**

(tabular amounts in thousands of dollars)

20. Segmented Information and Expenses by Object (continued)

c) Total Regional District

	Regional Parks	General Government	Air Quality	Regional Employees Services	E911 Emergency Telephone Service	Regional Planning	Invest Vancouver	Housing Planning and Policy	Regional Sub-total 2023
Revenues									
MVRD property tax requisitions	$ 64,107	$ 7,249	$ 7,627	$ 2,688	$ 5,680	$ 4,131	$ 3,292	$ 6,281	$ 101,055
Grants and other contributions	724	52,019	100	—	—	—	26	—	52,869
User fees, recoveries, and other revenues	3,671	721	4,867	195	94	45	—	14	9,607
Gain (loss) on disposal of tangible capital assets	—	—	—	—	—	—	—	—	—
Sinking fund and interest income	1,675	2,797	210	138	22	152	59	872	5,925
Sinking fund income, members and TransLink	—	—	—	—	—	—	—	—	—
	70,177	62,786	12,804	3,021	5,796	4,328	3,377	7,167	169,456
Expenses									
Salaries and benefits	21,766	3,700	7,726	2,816	—	3,273	2,162	920	42,363
Consulting, contracted and professional services	3,503	1,215	2,460	64	5,607	573	636	300	14,358
Asset repairs and maintenance	4,269	36	58	2	—	3	3	—	4,371
Materials and supplies	1,899	25	317	5	—	4	12	—	2,262
Utilities, permits, and taxes	915	3	102	12	26	4	15	2	1,079
Other	3,902	2,065	100	74	—	104	735	17	6,997
Amortization of tangible capital assets	1,975	—	280	—	2	—	—	—	2,257
Loss of disposal of tangible capital assets									
	38,229	7,044	11,043	2,973	5,635	3,961	3,563	1,239	73,687
Corporate costs (recovery)	4,569	1,013	1,777	(37)	113	367	244	117	8,163
	42,798	8,057	12,820	2,936	5,748	4,328	3,807	1,356	81,850
Annual surplus (deficit)	**$ 27,379**	**$ 54,729**	**$ (16)**	**$ 85**	**$ 48**	**$ —**	**$ (430)**	**$ 5,811**	**$ 87,606**

(tabular amounts in thousands of dollars)

20. Segmented Information and Expenses by Object (continued)

c) Total Regional District (continued)

	Carried Forward	Electoral Area Service	Regional Global Positioning System	Sasamat Volunteer Fire Department	Regional Emergency Management	Corporate Programs	Members and TransLink, Sinking Fund Income	Regional Districts Actual 2023	Regional Districts Budget 2023	Regional Districts Actual 2022
Revenues										
MVRD property tax requisitions	$101,055	$ 407	$ —	$ 841	$ 172	$ —	$ —	$102,475	$102,549	$ 91,708
Grants and other contributions	52,869	301	—	—	—	(226)	—	52,944	1,037	3,965
User fees, recoveries, and other revenues	9,607	4	374	5	6	9,204	—	19,200	20,198	12,651
Gain (loss) on disposal of tangible capital assets	—	—	—	—	—	—	—	—	—	—
Sinking fund and interest income	5,925	107	68	82	26	4,985	—	11,193	2,276	4,098
Sinking fund income, members and TransLink	—	—	—	—	—	—	27,265	27,265	28,019	27,072
	169,456	819	442	928	204	13,963	27,265	213,077	154,079	139,494
Expenses										
Salaries and benefits	42,363	358	210	46	—	77,477	—	120,454	126,656	105,711
Consulting, contracted and professional services	14,358	127	—	58	232	13,646	—	28,421	40,715	21,905
Asset repairs and maintenance	4,371	1	66	38	—	8,501	—	12,977	18,381	10,447
Materials and supplies	2,262	1	4	33	—	4,102	—	6,402	5,741	5,421
Utilities, permits, and taxes	1,079	2	12	28	—	933	—	2,054	2,339	1,904
Other	6,997	126	—	91	1	6,734	27,265	41,214	42,329	40,885
Amortization of tangible capital assets	2,257	—	—	47	32	6,261	—	8,597	8,104	8,369
	73,687	615	292	341	265	117,654	27,265	220,119	244,265	194,642
Corporate costs (recovery)	8,163	41	48	44	11	(115,445)	—	(107,138)	(105,197)	(90,939)
	81,850	656	340	385	276	2,209	27,265	112,981	139,068	103,703
Annual surplus (deficit)	**$ 87,606**	**$ 163**	**$ 102**	**$ 543**	**$ (72)**	**$ 11,754**	**$ —**	**$100,096**	**$ 15,011**	**$ 35,791**

(tabular amounts in thousands of dollars)

21. Supplementary Cash Flow Information

The following non-cash transactions related to the initial adoption of PS 3280 Asset Retirement Obligation (note 2) are excluded from the statement of cash flows.

	2023	2022
Asset retirement cost (a)	$ 53,101	$ —
Increase to asset retirement obligation	(53,101)	—
	$ —	$ —

(a) Assets acquired through other non-cash transactions are excluded from the acquisition of tangible capital assets on the statement of cash flows.

	2023	2022
Acquisition of tangible capital assets	$ 753,989	$ 723,206
Asset retirement cost	53,101	—
Tangible capital asset additions (note 14)	$ 807,090	$ 723,206

22. Comparative Figures

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

The following information does not form part of the basic financial statements and is therefore unaudited.

(tabular amounts in thousands of dollars)

Growing Communities Fund Grant (unaudited)

The Province of British Columbia, under the Growing Communities Fund, provided the District with a grant of $50.78 million in 2023 for investments in community infrastructure and amenities to support the growth of the local housing supply. The District recognized the grant into income in 2023. No costs have been applied against the grant as of December 31, 2023.

	Allocated Funding	2023
Balance, beginning of the year	$ —	$ —
Growing Communities Fund Grant received	50,780	50,780
	50,780	50,780
Less eligible costs incurred:		
Unallocated	50,780	—
	50,780	—
Balance, end of year	**$ —**	**$ 50,780**

Financial Statements of

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Year ended December 31, 2023

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

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December 31, 2023

GREATER 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 Finance Committee of the Board.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted 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, 2023.

On behalf of Greater Vancouver Sewerage and Drainage District.

Harji Varn, Chief Financial Officer

Date: April 26, 2024

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Unit 1100 – Royal Centre
1055 West Georgia Street
Vancouver, BC V6E 3P3 Canada

Independent Auditor's Report

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

Opinion

We have audited the financial of Greater Vancouver Sewerage and Drainage District (the "District"), which comprise the Statement of Financial Position as at December 31, 2023, 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, 2023 and the results of its operations, change in net debt, and cash flows or 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 the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 3, 2024

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Exhibit A

Statement of Financial Position

As at December 31, 2023

	2023	2022
Financial Assets		
Cash	$ 198,071	$ 157,253
Accounts receivable	134,183,988	108,082,942
Due from Metro Vancouver Regional District	311,414,981	489,761,788
Debt reserve fund (note 4)	16,407,412	15,494,573
	462,204,452	613,496,556
Liabilities		
Accounts payable and accrued liabilities (note 5)	163,129,477	166,828,783
Landfill closure and post-closure liability (note 6)	48,370,889	41,025,735
Asset retirement obligation (note 7)	24,481,926	-
Deferred revenue and refundable deposits (note 8)	367,375,607	330,473,282
Debt (net of sinking funds) (note 9)	1,155,164,409	1,178,144,091
	1,758,522,308	1,716,471,891
Net Debt	(1,296,317,856)	(1,102,975,335)
Non-Financial Assets		
Tangible capital assets (note 10)	3,927,097,837	3,548,808,341
Inventories of supplies	7,544,156	7,061,586
Prepaid expenses	4,585,943	3,871,838
	3,939,227,936	3,559,741,765
Accumulated surplus (note 11)	**$ 2,642,910,080**	**$ 2,456,766,430**

Contractual obligations and rights (note 12)

Contingencies (note 13)

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

Chief Financial Officer

George V. Harvie

Board Chair

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Exhibit B

Statement of Operations

Year ended December 31, 2023

	2023 Budget (note 14)	2023 Actual	2022 Actual
Revenue (note 15)			
Sewerage and drainage levy	$ 324,265,595	$ 324,218,663	$ 301,424,687
Tipping fees	121,921,930	135,287,005	125,797,098
BODTSS industrial charges	12,495,626	12,286,099	12,431,402
Development cost charges (note 8)	92,288,619	95,170,609	60,582,644
User fees, recoveries, and other	20,795,304	18,442,158	20,789,665
Sinking fund, debt retirement, and interest income	14,773,105	20,292,948	12,079,013
Grants and other contributions (note 8)	62,646,000	56,352,889	28,199,591
	649,186,179	662,050,371	561,304,100
Expenses (note 15)			
Liquid waste services	305,821,232	323,414,438	272,755,299
Solid waste services	128,953,396	152,492,283	142,929,711
	434,774,628	475,906,721	415,685,010
Annual surplus	214,411,551	186,143,650	145,619,090
Accumulated surplus, beginning of year	2,456,766,430	2,456,766,430	2,311,147,340
Accumulated surplus, end of year	**$ 2,671,177,981**	**$ 2,642,910,080**	**$ 2,456,766,430**

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, 2023

	2023 Budget (note 14)	2023 Actual	2022 Actual
Annual surplus	$ 214,411,551	$ 186,143,650	$ 145,619,090
Change in tangible capital assets:			
Acquisition of tangible capital assets	(732,585,000)	(432,251,594)	(390,013,721)
Amortization of tangible capital assets	46,374,446	52,629,319	45,168,958
Loss (gain) on disposal of tangible capital assets	-	1,332,779	(1,346,378)
Proceeds on disposal of tangible capital assets	-	-	1,450,496
	(686,210,554)	(378,289,496)	(344,740,645)
Change in other non-financial assets:			
Acquistion of prepaid expenses	-	(4,585,943)	(3,871,838)
Use of prepaid expenses	-	3,871,838	2,428,408
Acquisition of inventories of supplies	-	(7,544,156)	(7,061,586)
Consumption of inventories of supplies	-	7,061,586	6,582,165
	-	(1,196,675)	(1,922,851)
Changes in net debt	(471,799,003)	(193,342,521)	(201,044,406)
Net debt, beginning of year	(1,102,975,335)	(1,102,975,335)	(901,930,929)
Net debt, end of year	**$ (1,574,774,338)**	**$ (1,296,317,856)**	**$ (1,102,975,335)**

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, 2023

	2023	2022
Cash provided by (used in):		
Operating transactions:		
Annual surplus	$ 186,143,650	$ 145,619,090
Items not involving cash:		
Amortization	52,629,319	45,168,958
Accretion expense	986,795	-
Sinking fund income	(8,488,784)	(6,422,245)
Debt reserve fund income	(489,153)	(332,300)
Loss (gain) on disposal of tangible capital assets	1,332,779	(1,346,378)
Change in landfill closure and post-closure liability	7,345,154	8,119,049
Change in non-cash assets and liabilities:		
Accounts receivable	(26,101,046)	30,933,188
Prepaid expenses	(714,105)	(1,443,430)
Accounts payable and accrued liabilities	(3,699,306)	(61,484,788)
Deferred revenue and refundable deposits	36,902,325	1,303,478
Inventories of supplies	(482,570)	(479,421)
Net change in cash from operating transactions	245,365,058	159,635,201
Capital transactions:		
Proceeds on sale of tangible capital assets	-	1,450,496
Acquisition of tangible capital assets (note 16(a))	(408,756,463)	(390,013,721)
Net change in cash from capital transactions	(408,756,463)	(388,563,225)
Financing transactions:		
Due from Metro Vancouver Regional District	178,346,807	141,103,773
Debenture debt issued	65,000,000	160,000,000
Debt reserve fund issuance	(650,000)	(1,600,000)
Debt reserve fund maturity	226,314	-
Sinking fund payments	(79,490,898)	(70,418,496)
Debenture debt maturity	(15,000,000)	-
Sinking fund retirement	15,000,000	-
Net change in cash from financing transactions	163,432,223	229,085,277
Net change in cash and cash equivalents	40,818	157,253
Cash and cash equivalents, beginning of year	157,253	-
Cash and cash equivalents, end of year	**$ 198,071**	**$ 157,253**

Supplementary cash flow information (note 16)

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

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 councillors 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 and Refundable Deposits

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.

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, the MVRD holds cash and investment transactions in pooled accounts on behalf of its four legal entities: the Metro Vancouver Regional District, the Greater Vancouver Sewerage and Drainage District, the Greater Vancouver Water District, and the Metro Vancouver Housing Corporation. The District's main cash is therefore presented as due from MVRD. 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 the District’s fund balances is included in the amount owing from MVRD and is recorded as interest income in the statement of operations.

Financial Instruments

The District’s financial instruments consist of accounts receivable, accounts payable and accrued liabilities, and amounts due to or from the MVRD. Cash and cash equivalents are pooled with all entities held by the MVRD. Accounts receivable and amounts due from government organizations are recorded at cost less any amount for valuation allowance. All debt and other financial liabilities are recorded using cost or amortized cost. Interest attributable to financial instruments are reported in the statement of operations.

The classification of financial instruments is determined upon inception and financial instruments are not reclassified into another measurement category for the duration of the period they are held. Financial instruments are measured at cost upon initial recognition. All financial assets are assessed for impairment on an annual basis and any such impairment is recorded in the statement of operations. A write-down of a financial asset to reflect a loss in value is not reversed for a subsequent increase in value.

1. Significant Accounting Policies (continued)

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.

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.

Landfill Closure and Post-Closure Liability

The District is obligated for its share of landfill closure and post-closure costs, in accordance with agreements (note 6). The District does not own or control the landfills and, therefore, has recorded its obligation as a liability, in accordance with PS 3200 - Liabilities, and not as an asset retirement obligation.

The estimated present value of the District's share in landfill closure and post-closure costs to be incurred on a landfill site owned and controlled by the City of Vancouver 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 and the District's proportionate usage thereof 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.

1. Significant Accounting Policies (continued)

Asset Retirement Obligation

Asset Retirement Obligations (AROs) are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the assets. The ARO liability is initially recorded at fair value, which is an amount that is the best estimate of the expenditure required to retire a tangible capital asset determined using present value calculation, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset. This ARO liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. The changes in the AROs for the passage of time are recorded as accretion expense in the statement of operations and all other changes are adjusted to the carrying value of the tangible capital asset. This cost is amortized on the same basis as the amortization expense of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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

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

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 generally 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, including asset retirement costs that are capitalized as part of the carrying amount of the related tangible capital 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 and pumping stations	40 - 107
Solid waste incinerators and 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 available for use 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 available for use.

b. Contributions of tangible capital assets:
Contributions of tangible capital assets are recorded at their estimated 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.

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 15.

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, amounts to settle and expected timing of asset retirement obligations, 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. Adoption of Accounting Policies

a. In 2023, the District implemented the new Public Sector Accounting Handbook Standard, PS 3280 Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The District has elected to implement this standard prospectively for the year ended December 31, 2023. Results for the year ended December 31, 2022 have not been restated.

b. The District adopted Public Sector Accounting Standard PS 3450 Financial Instruments effective January 1, 2023. This new standard requires the remeasurement of gains and losses of financial instruments. The District has determined there are no remeasurement of gains or losses for fiscal years 2022 or 2023 and as such no adjustment to prior year or the opening balances is required.

3. Financial Risk Management

Based on the financial instruments held, the District is potentially exposed to credit risk, market risk, interest rate risk, and liquidity risk.

Credit Risk is low and related to the possibility of failure to collect from another party and encompasses accounts receivable. The District's accounts receivable primarily consist of amounts due from customers who require the District's utility services to conduct their business. To mitigate any credit risk, the District regularly reviews the collectability of its accounts receivable and if needed, will establish an allowance based on its best estimate of potentially uncollectible amounts. As at December 31, 2023, the amount of allowance deemed uncollectable is $nil (2022 - $nil).

Market risks and interest rate risks encompasses cash, investments, and debt instruments. All cash and investments are pooled by the MVRD and therefore an inherent risk exists related to the consolidated pooled funds held by MVRD. To mitigate this risk, the MVRD closely watches the Bank of Canada rates and reviews inflationary impacts. The MVRD's cash is deposited in high-interest savings accounts at federally regulated banks. The MVRD follows the MVRD Board approved investment policy and legislative requirements for the management of its investments, which requires low risk investment products, such as fixed income securities, government bonds and MFA pooled investment funds. The investment gains or losses due to market interest rate changes are recognized at the trade date. To mitigate risks, the investment portfolio is managed regularly through cash forecasts and investments are made into low credit risk rating bonds and pools. The District's exposure to interest rate risk in relation to debt instruments is limited to long-term debt and temporary financing. The risk applies to long-term debt when amortization periods exceed the initial locked-in term. Temporary financing is subject to daily floating rates, which can result in variability over the course of short-term period. Interest rate risk related to debt instruments is managed through budget and cash forecasts. Interest rates have increased during the year, which primarily affects interest costs for new or refinanced debt and temporary borrowing, as well as, interest earnings on investments.

Liquidity risk is low and mitigated by regular monitoring of cash flows and forecasts. The District has pooled accounts with the MVRD and its other entities. All cash for MVRD is held in federally and provincially regulated banks. To meet financial obligations and mitigate liquidity risk a minimum of 25% of the pooled portfolio held by the MVRD is held in high liquid cash in high interest savings accounts.

4. 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, 2023, $46,971,489 (2022 - $45,042,860) in callable demand notes were outstanding and have not been recorded in the statement of financial position.

5. Accounts Payable and Accrued Liabilities

	2023	2022
Trade accounts	$ 106,476,506	$ 117,438,953
Construction holdbacks	48,533,058	41,729,494
Accrued interest on debt	8,119,913	7,660,336
	$ 163,129,477	$ 166,828,783

6. Landfill Closure and Post-Closure Liability

The Vancouver Landfill is located in Delta, BC and is owned and controlled by the City of Vancouver. In accordance with a tripartite agreement with the City of Vancouver and the Corporation of Delta, 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:

	2023	2022
Landfill closure and post closure liability	$ 48,370,889	$ 41,025,735

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:

	2023	2022
Current actual utilization (in tonnes)	23,918,871	23,195,905
Expected utilization at closure (in tonnes)	28,299,639	28,299,639
Expected remaining capacity (in tonnes)	4,380,768	5,103,734
Permitted capacity (in tonnes)	33,039,183	33,039,183
Future costs	$ 243,643,968	$ 212,638,152
Present value of future costs	$ 151,242,261	$ 136,568,950
Proportionate share of liability	37.84%	36.65%
Utilization of total capacity, end of year	84.52%	81.97%
Discount rate	2.69%	2.58%
Expected post-closure period	30 years	30 years
Expected closure date	December 31, 2037	December 31, 2037

7. Asset Retirement Obligation

The District's AROs consist of asbestos and lead obligations as well as decommissioning obligations.

a. Asbestos and lead obligations

The District owns and operates several infrastructure assets that are known or assumed to have asbestos and lead, which represent health hazards upon demolition, and the District has legal obligations to remove them. Following the adoption of PS 3280 – AROs, the District recognized the obligations relating to the removal and post-removal care of the asbestos and lead in these infrastructure assets as estimated as at January 1, 2023. These infrastructure assets have estimated useful lives ranging from 40 years to 107 years from the date of acquisition or completion of construction.

b. Contractual obligations

The District has contractual obligations to remove, decommission and restore infrastructure. Following the adoption of PS 3280 – AROs, the District recognized these obligations as estimated as at January 1, 2023.

Asset retirement obligation is as follows:

	Asbestos and Lead Obligations	Contractual Obligations	2023
Balance, beginning of year	$ —	$ —	$ —
Additions	6,290,967	17,204,164	23,495,131
Accretion expense	264,220	722,575	986,795
Balance, end of year	$ 6,555,187	$ 17,926,739	$ 24,481,926

The liability has been estimated using present value calculation with a discount rate for 2023 of 4.2% (2022 – not applicable, as new standard adopted in 2023). The estimated total undiscounted future expenditures are $46,462,814 (2022 – not applicable) and the number of years to expected settlement range from 1 to 57 years.

8. Deferred Revenue and Refundable Deposits

Deferred revenue consists of the following:

	2023	2022
Development cost charges (a)	$ 272,780,780	$ 273,595,957
Provincial grant to fund capital expenditures (b)	93,021,431	55,358,323
Refundable deposits	1,573,396	1,519,002
Total	$ 367,375,607	$ 330,473,282

a) The *Greater Vancouver Sewerage and Drainage District Act* restricts the District in 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) Amounts received from the Province of British Columbia for the following construction projects have been recorded as deferred revenue:

i. 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 2023, $22,706,883 (2022 – $13,716,070) was applied against the project and recognized as revenue. Remaining amount to be recognized in future years as capital expenditures are incurred is $32,651,440.

ii. In 2023, the District entered into a three-year contribution agreement, with the Province of British Columbia, where the Province will provide $250 million representing one-third of the funding for Phase 1 of the Iona Wastewater Treatment Plant project. As of December 31, 2023, the District received $75,000,000 of the grant, of which $14,630,009 (2022 – $nil) was applied against the project and recognized as revenue. Remaining amount to be recognized in future years as capital expenditures are incurred is $60,369,991.

8. Deferred Revenue and Refundable Deposits (continued)

Continuity of deferred revenue is as follows:

	2023	2022
Balance, beginning of year	$ 330,473,282	$ 329,169,804
Development cost charges received	82,040,895	68,940,747
Deferred grant received in the year	75,000,000	—
Interest earned	12,314,535	6,604,338
Change in refundable deposits	54,394	57,107
Amounts spent and recognized as revenue	(132,507,499)	(74,298,714)
Change in deferred revenue	36,902,325	1,303,478
Balance, end of year	$ 367,375,607	$ 330,473,282

9. Debt

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.

Debt (net of sinking funds) reported on the statement of financial position comprises the following and includes varying maturities up to 2038 with interest rates ranging from 1.28% to 4.97%.

9. Debt(continued)

Issue Number	Interest Rate - %	Maturity Date	Debentures authorized to be issued	Debenture debt outstanding 2023	Debenture debt outstanding 2022
104	2.90	November 20, 2023	$ 15,000,000	$ —	$ 15,000,000
106	2.25	October 13, 2024	20,000,000	20,000,000	20,000,000
116	1.47	April 4, 2026	20,000,000	20,000,000	20,000,000
118	3.39	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	370,000,000
157	3.36	April 8, 2037	160,000,000	160,000,000	160,000,000
159	4.15	June 5, 2038	25,000,000	25,000,000	—
160	4.97	October 12, 2038	40,000,000	40,000,000	—
Total debt			**$1,496,000,000**	**$ 1,481,000,000**	**$ 1,431,000,000**
Less sinking funds				**(325,835,591)**	**(252,855,909)**
Total net debt				**$ 1,155,164,409**	**$ 1,178,144,091**

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

	Amount
2024	$ 82,095,156
2025	81,096,334
2026	81,096,334
2027	80,022,703
2028	78,874,112
Thereafter	526,899,117
Total payments	930,083,756
Estimated sinking fund income	225,080,653
Total net debt	**$1,155,164,409**

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.

10. Tangible Capital Assets

Year ended December 31, 2023

	Cost				Accumulated Amortization				
	Balance at December 31, 2022	**Additions**	**Disposals**	**Balance at December 31, 2023**	**Balance at December 31, 2022**	**Disposals**	**Amortization Expense**	**Balance at December 31, 2023**	**Net Book Value December 31, 2023**
Land	$ 186,357,656	$ 510,645	$ —	$ 186,868,301	$ —	$ —	$ —	$ —	$ 186,868,301
Infrastructure	2,469,536,691	293,995,726		2,763,532,417	753,148,195	—	52,343,542	805,491,737	1,958,040,680
Machinery, equipment, furniture & fixtures	8,988,952	178,905	(530,751)	8,637,106	8,234,851	(530,751)	285,777	7,989,877	647,229
Construction in progress	1,645,308,088	137,566,318	(1,332,779)	1,781,541,627	—	—	—	—	1,781,541,627
	$4,310,191,387	**$432,251,594**	**$(1,863,530)**	**$4,740,579,451**	**$ 761,383,046**	**$(530,751)**	**$ 52,629,319**	**$ 813,481,614**	**$3,927,097,837**

Construction in progress includes $609.1 million (2022- $522.6 million) related to the North Shore Wastewater Treatment Plant (note 13).
Additions related to asset retirement costs were $23.5 million (2022- $nil).
Write-offs and disposals in 2023 were $1.33 million (2022 - $0.10 million).

Year ended December 31, 2022

	Cost				Accumulated Amortization				
	Balance at December 31, 2021	**Additions**	**Disposals**	**Balance at December 31, 2022**	**Balance at December 31, 2021**	**Disposals**	**Amortization Expense**	**Balance at December 31, 2022**	**Net Book Value December 31, 2022**
Land	$ 162,871,774	$ 23,590,000	$ (104,118)	$ 186,357,656	$ —	$ —	$ —	$ —	$ 186,357,656
Infrastructure	2,168,652,126	300,884,565	—	2,469,536,691	708,339,346	—	44,808,849	753,148,195	1,716,388,496
Machinery, equipment, furniture & fixtures	8,817,695	171,257	—	8,988,952	7,874,742	—	360,109	8,234,851	754,101
Construction in progress	1,579,940,189	65,367,899	—	1,645,308,088	—	—	—	—	1,645,308,088
	$3,920,281,784	**$390,013,721**	**$ (104,118)**	**$4,310,191,387**	**$ 716,214,088**	**$ —**	**$ 45,168,958**	**$ 761,383,046**	**$3,548,808,341**

11. Accumulated Surplus

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

	2023	2022
Reserves	$ 148,532,466	$ 165,870,733
Capital fund balance	(277,555,814)	(79,768,553)
Investment in tangible capital assets	2,771,933,428	2,370,664,250
Total	$ 2,642,910,080	$ 2,456,766,430

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

Continuity of reserves is as follows:

	December 31, 2022	Interest	Annual Operating Surplus (Deficit)	Contributions from/ (to) operations	December 31, 2023
Operating Reserves					
Liquid Waste Services	$ 44,442,299	$ 1,929,861	$ (3,113,432)	$ —	$ 43,258,728
Solid Waste Services	37,819,075	1,642,254	(3,475,151)	—	35,986,178
	82,261,374	3,572,115	(6,588,583)	—	79,244,906
Discretionary Reserves					
Biosolids Inventory	15,809,528	686,512	—	(15,487,967)	1,008,073
Liquid Waste General Debt					
Reserve Fund	2,174,703	94,434	—	—	2,269,137
Lions Gate Contingency	1,526,210	66,274	—	—	1,592,484
Drainage General	5,419,895	235,353	—	—	5,655,248
Solid Waste General	26,998,847	802,640	—	—	27,801,487
Landfill Post-Closure	11,580,738	1,115,569	—	(3,332,639)	9,363,668
	63,509,921	3,000,782	—	(18,820,606)	47,690,097
Statutory Reserves					
Liquid Waste Laboratory Equipment	725,450	33,864	—	106,282	865,596
Liquid Waste Services Sustainability					
Innovation Fund	19,373,988	860,884	—	496,995	20,731,867
	20,099,438	894,748	—	603,277	21,597,463
Total Reserves	**$ 165,870,733**	**$ 7,467,645**	**$ (6,588,583)**	**$ (18,217,329)**	**$ 148,532,466**

11. Accumulated Surplus (continued)

Investment in tangible capital assets is calculated as follows:

	2023	2022
Tangible capital assets	$ 3,927,097,837	$ 3,548,808,341
Amounts financed by:		
Long-term debt	(1,155,164,409)	(1,178,144,091)
	2,771,933,428	2,370,664,250
Change in the investment in tangible capital assets		
Acquisition of tangible capital assets	432,251,594	390,013,721
Amortization of tangible capital assets	(52,629,319)	(45,168,958)
Loss (gain) on disposal of tangible capital assets	(1,332,779)	1,346,378
Proceeds on disposal of tangible capital assets	—	(1,450,496)
	378,289,496	344,740,645
Less funding of tangible capital assets through debt		
Sinking fund debt maturity	15,000,000	—
Sinking fund and debt retirement	(79,490,898)	(70,418,496)
Sinking fund and debt retirement income	(8,488,784)	(6,422,245)
Debenture debt issued	65,000,000	160,000,000
Debenture debt maturity	(15,000,000)	—
	(22,979,682)	83,159,259
Change in investment in tangible capital assets	401,269,178	261,581,386
Investment in tangible capital assets, beginning of year	2,370,664,250	2,109,082,864
Investment in tangible capital assets, end of year	$ 2,771,933,428	$ 2,370,664,250

12. Contractual Obligations and Rights

a) Contractual Obligations

i) As of December 31, 2023 the District had the following commitments outstanding related to capital projects in progress:

	2023	2022
Authorized for outstanding projects	$ 5,865,550,000	$ 5,139,887,000
Expended at December 31	(2,882,547,982)	(2,553,669,802)
Commitment remaining	$ 2,983,002,018	$ 2,586,217,198

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 $463,000 to perpetuity, with adjustments annually for CPI. Estimated payments over the next ten years are as follows:

	Amount
2024	$ 2,106,267
2025	2,140,892
2026	2,176,210
2027	2,212,235
2028	2,248,979
2029 - 2033	11,822,308
Total	$ 22,706,891

b) Contractual Rights

The District is party to lease agreements that are anticipated to provide 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
2024	$ 1,123,523
2025	710,899
2026	651,657
Total	$ 2,486,079

13. Contingencies

Lawsuits

As at December 31, 2023, 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. 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.

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. In 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 the contract termination date, 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 10). In 2022, the vendor commenced legal action by filing a claim against the District in excess of $250 million to which the District filed a counter-claim against the vendor in excess of $500 million. As at December 31, 2023, 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.

13. Contingencies (continued)

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 Metro Vancouver Housing Corporation ("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 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.

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 4).

Letters of Credit

At December 31, 2023, the District is the named beneficiary of $847,980 (2022 - $757,980) 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.

Cache Creek Landfill

Prior to 2016, the District transported deposits to a landfill located in the Village of Cache Creek, BC and was required to contribute quarterly to a post-closure trust fund, held with the Province of British Columbia. The *GVS&DD – Village of Cache Creek: Village of Cache Creek – Agreement* dated November 25, 1987 indemnifies the Village of Cache Creek for any post-closure liabilities not covered by this fund and obligates the District to pay any excess funding until the earlier of (i) the 20th anniversary of the landfill closure date or (ii) the date the Province terminates the post-closure trust fund. Therefore, the obligation expires at the latest July 2036. The Landfill Operational Certificate obligates the Village of Cache Creek and a third party service provider to undertake closure and post-closure activities. At December 31, 2023, the lower of amortized cost and market value of the trust was $15,289,144 (2022 - $15,403,059), which approximates the expected post-closure costs.

14. Budget Information

The annual budget presented in these financial statements is based upon the 2023 operating and capital budgets originally approved by the District's Board in October 2022. 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 $724,595,000 were included in the capital budget approved by the Board.

	2023 Budget	2022 Budget
Budgeted annual surplus per Exhibit B- Statement of Operations	$ 214,411,551	$ 257,309,608
Additional transfers from reserves, approved by Board	—	210,000
Adjusted annual surplus, based on originally approved budget	214,411,551	257,519,608
Items not included in the approved operating budget		
Capital development cost charge revenue	(28,716,000)	(42,329,000)
Capital grants and contributions	(65,846,000)	(110,665,000)
Amortization of tangible capital assets	46,374,446	43,785,108
Sinking and debt retirement fund income	(12,159,795)	(7,398,610)
Reserve interest	(2,613,310)	(2,420,014)
Items included in the budget but not in financial statements		
Debt principal payments	(79,490,899)	(70,418,497)
Transfers to capital	(80,355,494)	(76,355,495)
Transfers from reserves	8,395,501	8,281,900
Annual surplus per approved budget	$ —	$ —

15. 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 $9,416,728 (2022 - $8,634,903) 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.

	2023 Total Budget	Liquid Waste Services	Solid Waste Services	2023 Total Actual	2022 Total Actual
Revenues					
Sewerage and drainage levy	$ 324,265,595	$ 324,218,663	$ —	$ 324,218,663	$ 301,424,687
Tipping fees	121,921,930	—	135,287,005	135,287,005	125,797,098
BODTSS Industrial Charges	12,495,626	12,286,099	—	12,286,099	12,431,402
Development cost charges	92,288,619	95,170,609	—	95,170,609	60,582,644
User fees, recoveries, and other	20,795,304	8,326,829	10,115,329	18,442,158	22,460,213
Sinking fund, debt retirement and interest income	14,773,105	16,247,444	4,045,504	20,292,948	10,408,465
Grants and contributions	62,646,000	56,352,889	—	56,352,889	28,199,591
	649,186,179	512,602,533	149,447,838	662,050,371	561,304,100
Expenses					
Salaries and benefits	87,106,740	73,302,660	7,344,031	80,646,691	72,210,985
Consulting, contracted, and professional services	133,628,147	51,891,061	115,973,294	167,864,355	144,866,629
Asset repairs and maintenance	12,643,391	16,679,833	976,011	17,655,844	14,840,495
Materials and supplies	22,178,051	21,099,915	22,935	21,122,850	18,062,602
Utilities, permits, and taxes	19,178,675	19,253,070	308,842	19,561,912	17,297,820
Corporate costs	47,134,829	42,664,599	5,700,068	48,364,667	42,775,544
Other	19,616,315	8,962,649	11,340,084	20,302,733	25,903,232
Amortization of tangible capital assets	46,374,446	45,900,175	6,729,144	52,629,319	45,168,958
Loss on disposal of tangible capital assets	—	1,332,779	—	1,332,779	—
Interest on long-term debt	46,914,034	42,327,697	4,097,874	46,425,571	34,558,745
	434,774,628	323,414,438	152,492,283	475,906,721	415,685,010
Annual surplus (deficit)	**$ 214,411,551**	**$ 189,188,095**	**$ (3,044,445)**	**$ 186,143,650**	**$ 145,619,090**

16. Supplementary Cash Flow Information

The following non-cash transactions related to the initial adoption of PS 3280 Asset Retirement Obligation (note 2) are excluded from the statement of cash flows.

	2023	2022
Asset retirement cost (a)	$ 23,495,131	$ —
Increase to asset retirement obligation	(23,495,131)	—
	$ —	$ —

(a) Assets acquired through other non-cash transactions are excluded from the acquisition of tangible capital assets on the statement of cash flows.

	2023	2022
Acquisition of tangible capital assets	$ 408,756,463	$ 390,013,721
Asset retirement cost	23,495,131	—
Tangible capital asset additions (note 10)	$ 432,251,594	$ 390,013,721

17. Comparative Figures

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

Financial Statements of

GREATER VANCOUVER WATER DISTRICT

Year ended December 31, 2023

GREATER VANCOUVER WATER DISTRICT

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December 31, 2023

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 Finance Committee of the Board.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted 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 Inform*ation *Act*. The Independent Auditor's Report outlines the scope of the audit for the year ended December 31, 2023.

On behalf of Greater Vancouver Water District.

Harji Varn, Chief Financial Officer

Date: April 26, 2024

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BDO Canada LLP
Unit 1100 – Royal Centre
1055 West Georgia Street
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Independent Auditor's Report

To 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, 2023, 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, 2023 and the results of its operations, change in net debt, and cash flows or 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 the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 3, 2024

GREATER VANCOUVER WATER DISTRICT

Exhibit A

Statement of Financial Position

As at December 31, 2023

		2023		2022
Financial Assets				
Cash	$	2,592,123	$	2,203,332
Accounts receivable		72,544,464		68,590,081
Debt reserve fund (note 4)		14,453,194		14,795,936
		89,589,781		85,589,349
Liabilities				
Accounts payable and accrued liabilities (note 5)		97,212,067		75,339,995
Due to (from) Metro Vancouver Regional District		20,034,152		(37,192,659)
Deferred revenue (note 6)		7,496,507		410,664
Asset retirement obligation (note 7)		19,613,602		-
Debt (net of sinking funds) (note 8)		614,382,804		663,510,847
		758,739,132		702,068,847
Net Debt		(669,149,351)		(616,479,498)
Non-Financial Assets				
Tangible capital assets (note 9)		3,335,064,336		3,110,383,676
Inventories of supplies		5,049,663		4,802,826
Prepaid expenses		547,311		543,426
		3,340,661,310		3,115,729,928
Accumulated surplus (note 10)	**$**	**2,671,511,959**	**$**	**2,499,250,430**

Contractual obligations and rights (note 11)
Contingencies (note 12)

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

Chief Financial Officer

George V. Harvie

Board Chair

GREATER VANCOUVER WATER DISTRICT

Exhibit B

Statement of Operations

Year ended December 31, 2023

	2023 Budget (note 13)	2023 Actual	2022 Actual
Revenues (note 14)			
Metered sale of water	$ 338,337,102	$ 344,788,580	$ 329,678,422
Sinking fund, debt retirement, and interest income	19,337,244	22,334,687	22,838,139
Building income from Metro Vancouver Districts	9,675,185	9,206,003	9,551,771
Building income from external parties	5,757,620	5,810,255	5,567,080
Other revenue	2,576,682	10,737,243	10,309,539
	375,683,833	392,876,768	377,944,951
Expenses (note 14)			
Water operations	198,338,968	202,908,828	177,794,239
Building operations	16,947,144	17,706,411	16,088,362
	215,286,112	220,615,239	193,882,601
Annual surplus	160,397,721	172,261,529	184,062,350
Accumulated surplus, beginning of year	2,499,250,430	2,499,250,430	2,315,188,080
Accumulated surplus, end of year	**$ 2,659,648,151**	**$ 2,671,511,959**	**$ 2,499,250,430**

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, 2023

	2023 Budget (note 13)	2023 Actual	2022 Actual
Annual surplus	$ 160,397,721	$ 172,261,529	$ 184,062,350
Change in tangible capital assets:			
Acquisition of tangible capital assets	(399,935,000)	(270,682,893)	(297,348,541)
Amortization of tangible capital assets	42,902,096	45,398,258	42,826,909
Loss on disposal of tangible capital assets	-	603,975	-
	(357,032,904)	(224,680,660)	(254,521,632)
Change in other non-financial assets:			
Acquisition of prepaid expenses	-	(547,311)	(543,426)
Use of prepaid expenses	-	543,426	562,801
Acquisition of inventories of supplies	-	(5,049,663)	(4,802,826)
Consumption of inventories of supplies	-	4,802,826	4,356,061
	-	(250,722)	(427,390)
Changes in net debt	(196,635,183)	(52,669,853)	(70,886,672)
Net debt, beginning of year	(616,479,498)	(616,479,498)	(545,592,826)
Net debt, end of year	**$ (813,114,681)**	**$ (669,149,351)**	**$ (616,479,498)**

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, 2023

	2023	2022
Cash provided by (used in):		
Operating transactions:		
Annual surplus	$ 172,261,529	$ 184,062,350
Items not involving cash:		
Amortization	45,398,258	42,826,909
Accretion expense	790,567	-
Sinking fund income	(19,586,057)	(21,462,663)
Debt reserve fund income	(450,671)	(355,728)
Loss on disposal of tangible capital assets	603,975	-
Change in non-cash assets and liabilities:		
Accounts receivable	(3,954,383)	(20,232,815)
Prepaid expenses	(3,885)	19,375
Accounts payable and accrued liabilities	21,872,072	5,723,714
Deferred revenue	7,085,843	410,664
Inventories of supplies	(246,837)	(446,765)
Net change in cash from operating transactions	223,770,411	190,545,041
Capital transactions:		
Acquisition of tangible capital assets (note 15(a))	(251,859,858)	(297,348,541)
Net change in cash from capital transactions	(251,859,858)	(297,348,541)
Financing transactions:		
Due from Metro Vancouver Regional District	57,226,811	132,208,826
Debenture debt issued	35,000,000	40,000,000
Debt reserve fund issuance	(350,000)	(400,000)
Debt reserve fund maturity	1,143,413	1,606,798
Sinking fund payments	(64,541,986)	(66,189,780)
Debenture debt maturity	(75,630,930)	(95,000,000)
Sinking fund retirement	75,630,930	95,000,000
Net change in cash from financing transactions	28,478,238	107,225,844
Net change in cash and cash equivalents	388,791	422,344
Cash and cash equivalents, beginning of year	2,203,332	1,780,988
Cash and cash equivalents, end of year	**$ 2,592,123**	**$ 2,203,332**

Supplementary cash flow information (note 15)

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

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.

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.

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.

1. Significant Accounting Policies (continued)

Cash and Investments

In order to improve cash management, the MVRD holds cash and investment transactions in pooled accounts on behalf of its four legal entities: the Metro Vancouver Regional District, the Greater Vancouver Sewerage and Drainage District, the Greater Vancouver Water District, and the Metro Vancouver Housing Corporation. The District's main cash is therefore presented as due from MVRD. 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 the District's fund balances is included in the amount owing from MVRD and is recorded as interest income in the statement of operations.

Financial Instruments

The District's financial instruments consist of accounts receivable, accounts payable and accrued liabilities, and amounts due to or from the MVRD. Cash and cash equivalents are pooled with all entities held by the MVRD. Accounts receivable and amounts due from government organizations are recorded at cost less any amount for valuation allowance. All debt and other financial liabilities are recorded using cost or amortized cost. Interest attributable to financial instruments are reported in the statement of operations.

The classification of financial instruments is determined upon inception and financial instruments are not reclassified into another measurement category for the duration of the period they are held. Financial instruments are measured at cost upon initial recognition. All financial assets are assessed for impairment on an annual basis and any such impairment is recorded in the statement of operations. A write-down of a financial asset to reflect a loss in value is not reversed for a subsequent increase in value.

1. Significant Accounting Policies (continued)

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.

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.

1. Significant Accounting Policies (continued)

Asset Retirement Obligation

Asset Retirement Obligations (AROs) are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the assets. The ARO liability is initially recorded at fair value, which is an amount that is the best estimate of the expenditure required to retire a tangible capital asset determined using present value calculation, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset. This ARO liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. The changes in the AROs for the passage of time are recorded as accretion expense in the statement of operations and all other changes are adjusted to the carrying value of the tangible capital asset. This cost is amortized on the same basis as the amortization expense of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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

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

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, including asset retirement costs that are capitalized as part of the carrying amount of the related tangible capital 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	
Corporate head office	40
Watershed	25
Infrastructure	
Dams and reservoirs	150
Supply mains	100
Distribution systems, drinking water treatment	50 - 101
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.

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.

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 14).

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, amounts to settle and expected timing of asset retirement obligations, 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. Adoption of Accounting Policies

a. In 2023, the District implemented the new Public Sector Accounting Handbook Standard, PS 3280 Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The District has elected to implement this standard prospectively for the year ended December 31, 2023. Results for the year ended December 31, 2022 have not been restated.

b. The District adopted Public Sector Accounting Standard PS 3450 Financial Instruments effective January 1, 2023. This new standard requires the remeasurement of gains and losses of financial instruments. The District has determined there are no remeasurement of gains or losses for fiscal years 2022 or 2023 and as such no adjustment to prior year or the opening balances is required.

3. Financial Risk Management

Based on the financial instruments held, the District is potentially exposed to credit risk, market risk, interest rate risk, and liquidity risk.

Credit Risk is low and related to the possibility of failure to collect from another party and encompasses accounts receivable. The District’s accounts receivable primarily consist of amounts due from member jurisdictions, which does not pose a high risk of amounts uncollected. To mitigate any credit risk, the District regularly reviews the collectability of its accounts receivable and if needed, will establish an allowance based on its best estimate of potentially uncollectible amounts. As at December 31, 2023, the amount of allowance deemed uncollectable is $nil (2022 - $nil).

Market risks and interest rate risks encompasses cash, investments, and debt instruments. All cash and investments are pooled with the MVRD and therefore an inherent risk exists related to the consolidated pooled funds held by MVRD. To mitigate this risk, the MVRD closely watches the Bank of Canada rates and reviews inflationary impacts. The MVRD’s cash is deposited in high-interest savings accounts at federally regulated banks. The MVRD follows the MVRD Board approved investment policy and legislative requirements for the management of its investments, which requires low risk investment products, such as fixed income securities, government bonds and MFA pooled investment funds. The investment gains or losses due to market interest rate changes are recognized at the trade date. To mitigate risks, the investment portfolio is managed regularly through cash forecasts and investments are made into low credit risk rating bonds and pools. The District's exposure to interest rate risk in relation to debt instruments is limited to long-term debt and temporary financing. The risk applies to long-term debt when amortization periods exceed the initial locked-in term. Temporary financing is subject to daily floating rates, which can result in variability over the course of short-term period. Interest rate risk related to debt instruments is managed through budget and cash forecasts. Interest rates have increased during the year, which primarily affects interest costs for new or refinanced debt and temporary borrowing, as well as, interest earnings on investments.

Liquidity risk is low and mitigated by regular monitoring of cash flows and forecasts. The District has pooled accounts with the MVRD and its other entities. All cash for MVRD is held in federally and provincially regulated banks. To meet financial obligations and mitigate liquidity risk a minimum of 25% of the pooled portfolio held by the MVRD is held in high liquid cash in high interest savings accounts.

4. 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, 2023, $37,552,340 (2022 - $39,209,792) in callable demand notes were outstanding and have not been recorded in the statement of financial position.

5. Accounts Payable and Accrued Liabilities

	2023	2022
Trade accounts	$ 42,997,221	$ 31,183,033
Construction holdbacks	46,973,749	36,610,812
Accrued interest on debt	6,040,729	6,051,290
Contaminated sites (a)	1,200,368	1,494,860
	$ 97,212,067	$ 75,339,995

(a) In 2023, the District accrued $1,200,368 (2022 - $1,494,860) to remediate contaminated soils at two of its properties. The remediation work for the properties will be completed in 2024 and 2026.

6. Deferred Revenue and Refundable Deposits

Deferred revenue consists of the following:

	2023	2022
Development cost charges (a)	$ 937,001	$ —
Cost-sharing funds (b)	6,173,164	—
Refundable deposits	386,342	410,664
Total	$ 7,496,507	$ 410,664

a) The *Local Government Act* restricts the District in applying money raised from development cost charges to funding water 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 2023, the District received cost-sharing funds from member municipalities in accordance with the Water Supply Agreement in the amount of $6,173,164 for future costs associated with the construction of Phase 2 of the Jericho Reservoir project. As of December 31, 2023, no amount has been applied and recognized against the project as construction has not yet commenced.

Continuity of deferred revenue is as follows:

	2023	2022
Balance, beginning of year	$ 410,664	$ 89,416
Development cost charges received	936,730	—
Cost-sharing funds received	6,173,164	—
Change in refundable deposits	(24,322)	321,248
Interest earned	271	—
Change in deferred revenue	7,496,507	410,664
Balance, end of year	$ 7,496,507	$ 410,664

7. Asset Retirement Obligation

The District's AROs consist of asbestos and lead obligations as well as decommissioning obligations.

a. Asbestos and lead obligations

The District owns and operates several infrastructure assets that are known or assumed to have asbestos and lead, which represent health hazards upon demolition, and the District has legal obligations to remove them. Following the adoption of PS 3280 – AROs, the District recognized the obligations relating to the removal and post-removal care of the asbestos and lead in these infrastructure assets as estimated as at January 1, 2023. These infrastructure assets have estimated useful lives ranging from 50 years to 101 years from the date of acquisition or completion of construction.

b. Contractual obligations

The District has contractual obligations to remove, decommission and restore infrastructure. Following the adoption of PS 3280 – AROs, the District recognized these obligations as estimated as at January 1, 2023.

Asset retirement obligation is as follows:

	Asbestos and Lead Obligations	Contractual Obligations	2023
Balance, beginning of year	$ —	$ —	$ —
Additions	834,398	17,988,637	18,823,035
Accretion expense	35,044	755,523	790,567
Balance, end of year	$ 869,442	$ 18,744,160	$ 19,613,602

The liability has been estimated using present value calculation with a discount rate for 2023 of 4.2% (2022 – not applicable, as new standard adopted in 2023). The estimated total undiscounted future expenditures are $27,162,422 (2022 – not applicable) and the number of years to expected settlement range from 2 to 43 years.

8. Debt

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.

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

		Total Payments
2024	$	62,836,788
2025		55,845,034
2026		49,403,249
2027		47,792,803
2028		42,699,103
Thereafter		217,190,909
Total payments		475,767,886
Estimated sinking fund income		138,614,918
Total debt	**$**	**614,382,804**

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.

8. Debt (continued)

Debt (net of sinking funds) reported on the Statement of Financial Position comprises the following and includes varying maturities up to 2038 with interest rates ranging from 1.28% to 4.97%.

Issue number	Interest rate - %	Maturity date	Debentures authorized to be issued	Debenture debt outstanding 2023	Debenture debt outstanding 2022
103	2.65	April 23, 2023	$ 40,000,000	$ —	$ 40,000,000
104	2.90	November 20, 2023	35,630,930	—	35,630,930
105	2.25	June 3, 2024	60,000,000	60,000,000	60,000,000
106	2.25	October 13, 2024	80,000,000	80,000,000	80,000,000
110	1.28	April 8, 2025	50,000,000	50,000,000	50,000,000
112	1.28	October 6, 2025	70,000,000	70,000,000	70,000,000
116	1.47	April 4, 2026	30,000,000	30,000,000	30,000,000
118	3.39	April 11, 2027	70,000,000	70,000,000	70,000,000
121	3.39	October 4, 2027	20,000,000	20,000,000	20,000,000
126	3.85 - 4.52	September 26, 2028	70,000,000	70,000,000	70,000,000
127	3.30	April 7, 2029	60,000,000	60,000,000	60,000,000
130	3.00	October 14, 2029	50,000,000	50,000,000	50,000,000
131	2.20	April 8, 2030	60,000,000	60,000,000	60,000,000
137	2.60	April 19, 2031	100,000,000	100,000,000	100,000,000
141	2.80	April 7, 2032	50,000,000	50,000,000	50,000,000
147	2.66	April 9, 2034	22,000,000	22,000,000	22,000,000
150	1.99	April 9,2035	40,000,000	40,000,000	40,000,000
151	1.28	June 1, 2035	30,000,000	30,000,000	30,000,000
153	2.41	April 15, 2036	100,000,000	100,000,000	100,000,000
154	2.41	May 28, 2036	130,000,000	130,000,000	130,000,000
157	3.36	April 8, 2037	40,000,000	40,000,000	40,000,000
159	4.15	June 4, 2038	25,000,000	25,000,000	—
160	4.97	October 12, 2038	10,000,000	10,000,000	—
Debt			$ 1,242,630,930	$ 1,167,000,000	$ 1,207,630,930
Less sinking funds				(552,617,196)	(544,120,083)
Total debt (net of sinking funds)				**$ 614,382,804**	**$ 663,510,847**

9. Tangible Capital Assets

Year ended December 31, 2023

	Cost				Accumulated Amortization				
	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023	Balance at December 31, 2022	Disposals	Amortization Expense	Balance at December 31, 2023	Net Book Value December 31, 2023
Land	$ 132,714,152	$ 699,593	$ —	$ 133,413,745	$ —	$ —	$ —	$ —	$ 133,413,745
Infrastructure	2,426,794,406	64,812,774	—	2,491,607,180	473,941,382	—	38,835,787	512,777,169	1,978,830,011
Buildings	216,476,101	4,049,841	—	220,525,942	30,150,719	—	5,501,433	35,652,152	184,873,790
Machinery, equipment, furniture & fixtures	13,622,834	136,720	(166,140)	13,593,414	8,466,319	(166,140)	1,061,038	9,361,217	4,232,197
Construction in progress	833,334,603	200,983,965	(603,975)	1,033,714,593	—	—	—	—	1,033,714,593
	$3,622,942,096	**$270,682,893**	**$(770,115)**	**$3,892,854,874**	**$ 512,558,420**	**$(166,140)**	**$ 45,398,258**	**$ 557,790,538**	**$ 3,335,064,336**

Additions related to asset retirement costs were $18.8 million (2022- $nil).

Write-offs and disposals in 2023 were $603,975 (2022 - $nil).

Year ended December 31, 2022

	Cost				Accumulated Amortization				
	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022	Balance at December 31, 2021	Disposals	Amortization Expense	Balance at December 31, 2022	Net Book Value December 31, 2022
Land	$ 53,664,152	$ 79,050,000	$ —	$ 132,714,152	$ —	$ —	$ —	$ —	$ 132,714,152
Infrastructure	2,245,795,214	180,999,192	—	2,426,794,406	437,619,616	—	36,321,766	473,941,382	1,952,853,024
Buildings	216,476,101	—	—	216,476,101	24,687,670	—	5,463,049	30,150,719	186,325,382
Machinery, equipment, furniture & fixtures	13,197,425	425,409	—	13,622,834	7,424,225	—	1,042,094	8,466,319	5,156,515
Construction in progress	796,460,663	36,873,940	—	833,334,603	—	—	—	—	833,334,603
	$3,325,593,555	**$297,348,541**	**$ —**	**$3,622,942,096**	**$ 469,731,511**	**$ —**	**$ 42,826,909**	**$ 512,558,420**	**$ 3,110,383,676**

10. Accumulated Surplus

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

	2023	2022
Reserves	$ 57,850,966	$ 52,629,741
Capital fund balance	(107,020,539)	(252,140)
Investment in tangible capital assets	2,720,681,532	2,446,872,829
Accumulated surplus, end of year	$ 2,671,511,959	$ 2,499,250,430

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

10. Accumulated Surplus (continued)

Continuity of reserves is as follows:

	December 31, 2022	Interest	Annual Operating Surplus	Contributions from / (to) operations	December 31, 2023
Designated reserves					
Sustainability innovation fund	$ 14,577,609	$ 645,584	$ —	$ 91,812	$ 15,315,005
Laboratory equipment	803,712	34,900	—	—	838,612
	15,381,321	680,484	—	91,812	16,153,617
Non-designated reserves					
Operating reserve	37,248,420	1,617,475	2,831,454	—	41,697,349
Total reserves	$ 52,629,741	$ 2,297,959	$ 2,831,454	$ 91,812	$ 57,850,966

Investment in tangible capital assets is calculated as follows:

	2023	2022
Tangible capital assets	$ 3,335,064,336	$ 3,110,383,676
Amounts financed by:		
Long-term debt	(614,382,804)	(663,510,847)
	$ 2,720,681,532	$ 2,446,872,829

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

	2023	2022
Change in the investment in tangible capital assets		
Acquisition of tangible capital assets	$ 270,682,893	$ 297,348,541
Amortization of tangible capital assets	(45,398,258)	(42,826,909)
Loss on disposal of tangible capital assets	(603,975)	—
	224,680,660	254,521,632
Less funding of tangible capital assets		
Sinking fund and debt retirement	(64,541,986)	(66,189,780)
Sinking fund income	(19,586,057)	(21,462,663)
Debenture debt issued	35,000,000	40,000,000
	(49,128,043)	(47,652,443)
Change in investment in tangible capital assets	273,808,703	302,174,075
Investment in tangible capital assets, beginning of year	2,446,872,829	2,144,698,754
Investment in tangible capital assets, end of year	$ 2,720,681,532	$ 2,446,872,829

11. Contractual Obligations and Rights

a) Contractual Obligations:

i) As at December 31, 2023, the District had the following commitments outstanding related to capital projects in progress:

		2023		2022
Authorized for outstanding projects	$	2,931,700,000	$	2,620,217,000
Expended at December 31		(1,239,943,190)		(1,030,341,454)
Commitment remaining	$	1,691,756,810	$	1,589,875,546

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
2024	$	117,343
2025		117,343
2026		117,343
2027		117,343
2028		117,343
2029 - 2033		586,715
Total	$	1,173,430

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 2035. Amounts anticipated to be received over the future years are as follows:

		Amount
2024	$	4,359,140
2025		3,524,414
2026		2,148,834
2027		1,209,130
2028		721,060
Thereafter		4,799,313
Total	$	16,761,891

12. Contingencies

Lawsuits

As at December 31, 2023, 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. 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 Metro Vancouver Housing Corporation ("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 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.

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 4). 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.

13. Budget Information

The annual budget presented in these financial statements is based upon the 2023 operating and capital budgets approved by the District's Board in October 2022, with additional approval in March 2023 for adjustments to the budget as a result of the 2022 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 operating budget to the budget figures reported in these financial statements. Capital expenditures of $399,935,000 were included in the capital budget approved by the Board.

	2023 Budget	2022 Budget
Budgeted annual surplus per Exhibit B - Statement of Operations	$ 160,397,721	$ 161,067,416
Additional transfer from reserves, approved by Board	530,000	1,540,000
Adjusted annual surplus, based on originally approved budget	$ 160,927,721	$ 162,607,416
Items not included in the operating budget		
Amortization of tangible capital assets	42,902,096	41,245,313
Sinking and debt retirement fund income	(18,462,241)	(18,167,873)
Reserve interest	(875,003)	(875,003)
Items included in the budget but not in financial statements		
Debt principal payments	(64,616,946)	(66,189,780)
Transfers to capital	(123,769,143)	(123,769,144)
Transfers from reserve funds	4,616,516	7,412,071
Transfers to reserve funds	(723,000)	(2,263,000)
Annual surplus per approved budget	$ —	$ —

14. 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 $4,763,883 (2022 - $6,003,235) 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 member municipalities of MVRD. 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.

	2023 Budget	Water Operations	Building Operations	Inter-Program Adjustments	2023 Total	2022 Total
Revenues						
Metered sale of water	$ 338,337,102	$ 344,788,580	$ —	$ —	$ 344,788,580	$ 329,678,422
Sinking fund and debt retirement income	19,337,244	20,298,632	2,036,055	—	22,334,687	22,838,139
Building income from Metro Vancouver Districts	9,675,185	—	14,814,974	(5,608,971)	9,206,003	9,551,771
Building income from external parties	5,757,620	—	5,810,255	—	5,810,255	5,567,080
Other income	2,576,682	10,737,243	—	—	10,737,243	10,309,539
	375,683,833	375,824,455	22,661,284	(5,608,971)	392,876,768	377,944,951
Expenses						
Salaries and benefits	53,920,347	53,447,211	502,094	—	53,949,305	45,216,477
Consulting, contracted and professional services	20,599,348	14,323,167	2,222,047	—	16,545,214	15,210,980
Asset repairs and maintenance	6,715,500	6,925,697	2,477,317	—	9,403,014	6,272,340
Materials and supplies	15,883,383	17,158,972	84,633	—	17,243,605	13,546,837
Utilities, permits, and taxes	9,064,632	8,887,139	777,748	—	9,664,887	8,541,066
Corporate costs	24,853,322	30,452,017	—	(5,608,971)	24,843,046	22,776,497
Other	8,444,920	9,228,704	770,753	—	9,999,457	8,292,143
Amortization of tangible capital assets	42,902,096	39,126,655	6,271,603	—	45,398,258	42,826,909
Loss on disposal of tangible capital assets	—	603,975	—		603,975	—
Interest on long-term debt	32,902,564	28,364,262	4,600,216	—	32,964,478	31,199,352
	215,286,112	208,517,799	17,706,411	(5,608,971)	220,615,239	193,882,601
Annual surplus	**$ 160,397,721**	**$ 167,306,656**	**$ 4,954,873**	**$ —**	**$ 172,261,529**	**$ 184,062,350**

15. Supplementary Cash Flow Information

The following non-cash transactions related to the initial adoption of PS 3280 Asset Retirement Obligation (note 2) are excluded from the statement of cash flows.

	2023	2022
Asset retirement cost (a)	$ 18,823,035	$ —
Increase to asset retirement obligation	(18,823,035)	—
	$ —	$ —

(a) Assets acquired through other non-cash transactions are excluded from the acquisition of tangible capital assets on the statement of cash flows.

	2023	2022
Acquisition of tangible capital assets	$ 251,859,858	$ 297,348,541
Asset retirement cost	18,823,035	—
Tangible capital asset additions (note 9)	$ 270,682,893	$ 297,348,541

16. Comparative Figures

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

Financial Statements of

METRO VANCOUVER HOUSING CORPORATION

Year ended December 31, 2023

METRO VANCOUVER HOUSING CORPORATION

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December 31, 2023

METRO VANCOUVER HOUSING CORPORATION

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 Metro Vancouver Housing Corporation'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 Finance Committee of the Board.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted 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, 2023.

On behalf of Metro Vancouver Housing Corporation.

Harji Varn, Chief Financial Officer

Date: April 26, 2024

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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, 2023, 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, 2023, 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 3, 2024

METRO VANCOUVER HOUSING CORPORATION

Exhibit A

Statement of Financial Position

As at December 31, 2023

	2023	2022
Financial Assets		
Accounts receivable	$ 1,694,879	$ 2,742,766
Due from Metro Vancouver Regional District	47,231,182	55,984,565
	48,926,061	58,727,331
Liabilities		
Accounts payable and accrued liabilities (note 6)	11,425,412	7,458,181
Deferred revenue and refundable deposits (note 7)	15,272,055	7,163,751
Asset retirement obligation (note 8)	9,940,311	—
Mortgages and loans payable (note 9)	47,372,905	50,900,959
	84,010,683	65,522,891
Net Debt	(35,084,622)	(6,795,560)
Non-Financial Assets		
Tangible capital assets (note 10)	165,110,653	123,426,386
Prepaid land leases (note 11)	4,672,701	4,867,502
Prepaid expenses	1,079,128	930,027
	170,862,482	129,223,915
Accumulated surplus (note 12)	**$ 135,777,860**	**$ 122,428,355**

Contractual obligations (note 13)

Contingencies (note 14)

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, 2023

	2023 Budget (note 15)	2023 Actual	2022 Actual
Revenues			
Property rental	$ 43,718,193	$ 44,386,935	$ 43,266,817
Contributions:			
British Columbia Housing Management Commission	1,254,011	1,415,651	1,538,412
Grants and other contributions	15,575,000	9,601	1,891,423
Interest income	1,117,456	3,174,671	1,447,918
Other revenues	6,187,600	1,276,069	1,176,493
	67,852,260	50,262,927	49,321,063
Expenses			
Asset repairs and maintenance	25,851,084	14,487,901	14,597,085
Amortization of tangible assets and prepaid land leases	3,374,776	1,906,675	2,971,035
Utilities, permits, and taxes	4,810,337	4,567,573	4,601,247
Salaries and benefits	7,363,521	7,460,295	6,660,947
Interest and fees on long-term debt	1,382,737	2,029,941	1,294,759
Corporate costs	2,360,119	2,358,993	2,390,454
Consulting, contracted, and professional services	1,090,789	1,119,671	995,466
Other	957,494	2,818,214	911,773
Materials and supplies	245,365	164,159	204,931
	47,436,222	36,913,422	34,627,697
Annual surplus	20,416,038	13,349,505	14,693,366
Accumulated surplus, beginning of year	122,428,355	122,428,355	107,734,989
Accumulated surplus, end of year	**$ 142,844,393**	**$ 135,777,860**	**$ 122,428,355**

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, 2023

	2023 Budget (note 15)	2023 Actual	2022 Actual
Annual surplus	$ 20,416,038	$ 13,349,505	$ 14,693,366
Change in tangible capital assets			
Acquisition of tangible capital assets	(62,200,000)	(43,524,761)	(20,493,998)
Amortization of tangible capital assets	3,179,975	1,711,874	2,776,235
Loss on disposal of tangible capital assets	—	128,620	134,751
	(59,020,025)	(41,684,267)	(17,583,012)
Change in other non-financial assets			
Payment of prepaid expenses	—	(1,079,128)	(930,027)
Use of prepaid expenses	—	930,027	784,143
Amortization of prepaid land leases	194,801	194,801	194,800
	194,801	45,700	48,916
Change in net debt	(38,409,186)	(28,289,062)	(2,840,730)
Net debt, beginning of year	(6,795,560)	(6,795,560)	(3,954,830)
Net debt, end of year	**$(45,204,746)**	**$(35,084,622)**	**$ (6,795,560)**

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, 2023

	2023	2022
Cash provided by (used in):		
Operating transactions:		
Annual surplus	$ 13,349,505	$ 14,693,366
Items not involving cash		
Amortization of tangible capital assets	1,711,874	2,776,235
Amortization of prepaid land leases	194,801	194,800
Loss on disposal of tangible capital assets	128,620	134,751
Accretion expense	400,665	—
Change in non-cash assets and liabilities		
Accounts receivable	1,047,887	(2,119,339)
Accounts payable and accrued liabilities	3,967,231	2,406,622
Deferred revenue and refundable deposits	8,108,304	627,770
Prepaid expenses	(149,101)	(145,884)
Net change in cash from operating transactions	28,759,786	18,568,321
Capital transactions:		
Acquisition of tangible capital assets (note 16(a))	(33,985,115)	(20,493,998)
Net change in cash from capital transactions	(33,985,115)	(20,493,998)
Financing transactions:		
Due from Metro Vancouver Regional District	8,753,383	5,543,675
Principal repayments on mortgages and loans	(3,528,054)	(3,617,998)
Net change in cash from financing transactions	5,225,329	1,925,677
Net change in cash and cash equivalents	—	—
Cash and cash equivalents, beginning of year	—	—
Cash and cash equivalents, end of year	**$ —**	**$ —**

Supplementary cash flow information (note 16)

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

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. 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.

1. Significant Accounting Policies (continued)

Interest Income

Interest income is reported as revenue in the period earned if unrestricted. 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, the MVRD holds cash and investment transactions in pooled accounts on behalf of its four legal entities: the Metro Vancouver Regional District, the Greater Vancouver Sewerage and Drainage District, the Greater Vancouver Water District, and the Metro Vancouver Housing Corporation. The Corporation's cash is therefore presented as due from MVRD. 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 the Corporation's fund balances is included in the amount owing from MVRD and is recorded as interest income in the statement of operations.

1. Significant Accounting Policies (continued)

Financial Instruments

The Corporation's financial instruments consist of accounts receivable, accounts payable and accrued liabilities, and amounts due to or from the MVRD. Cash and cash equivalents are pooled with all entities held by the MVRD. Accounts receivable are recorded at cost less any amount for valuation allowance. All debt and other financial liabilities are recorded using cost or amortized cost. Interest attributable to financial instruments are reported in the statement of operations.

The classification of financial instruments is determined upon inception and financial instruments are not reclassified into another measurement category for the duration of the period they are held. Financial instruments are measured at cost or amortized cost upon initial recognition. All financial assets are assessed for impairment on an annual basis and any such impairment is recorded in the statement of operations. A write-down of a financial asset to reflect a loss in value is not reversed for a subsequent increase in value.

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.

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.

Asset Retirement Obligation

Asset Retirement Obligations (AROs) are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the assets. The ARO liability is initially recorded at fair value, which is an amount that is the best estimate of the expenditure required to retire a tangible capital asset determined using present value calculation, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset. This ARO liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. The changes in the AROs for the passage of time are recorded as accretion expense in the statement of operations and all other changes are adjusted to the carrying value of the tangible capital asset. This cost is amortized on the same basis as the amortization expense of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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

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

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, including asset retirement costs that are capitalized as part of the carrying amount of the related tangible capital 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	
Buildings	25 - 65
Furniture and fixtures	6 - 10

1) Annual amortization:
Annual amortization begins when the asset is available for use 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 available for use.

2) Interest capitalization:
The Corporation does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

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 or the lease will be renegotiated. Prepaid land leases are amortized on a straight-line basis over the lease term.

Revenue Recognition

Property rental income, contributions, and other revenues are recognized as revenue on an accrual basis. 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 5.

1. Significant Accounting Policies (continued)

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, amounts to settle and expected timing of asset retirement obligations, the estimate of accruals for projects in progress, amortization rates and useful lives for 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.

2. Adoption of Accounting Policies

a. In 2023, the Corporation implemented the new Public Sector Accounting Handbook Standard, PS 3280 Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The Corporation has elected to implement this standard prospectively for the year ended December 31, 2023. Results for the year ended December 31, 2022 have not been restated.

b. The Corporation adopted Public Sector Accounting Standard PS 3450 Financial Instruments effective January 1, 2023. This new standard requires the remeasurement of gains and losses of financial instruments. Metro Vancouver Housing Corporation has determined there are no remeasurement gains or losses for fiscal years 2022 or 2023 and as such no adjustment to prior year or the opening balances is required.

3. Change in Accounting Estimate

Effective January 1, 2023, the Corporation revised the estimated useful life of residential buildings from average 30 years to 65 years. This change in useful life, compared to amounts that would have been recorded under the previous estimated userful lives, was applied prospectively and prior year results have not been restated. For the year ended December 31, 2023, the change resulted in a decrease of $1,441,016 in accumulated amortization on the tangible capital assets and a decrease of $1,441,016 in amortization expense.

4. Financial Risk Management

Based on the financial instruments held, the Corporation is potentially exposed to credit risk, market risk, interest rate risk, and liquidity risk.

Credit Risk is moderate and related to the possibility of failure to collect from another party, encompassed of accounts receivable. The Corporation’s accounts receivable mainly consists of receivables from rental operations of affordable housing units. To mitigate credit risk, the Corporation regularly reviews the collectability of its accounts receivable and if needed, will establish an allowance based on its best estimate of potentially uncollectible amounts. As at December 31, 2023, the amount of allowance deemed uncollectable is $nil (2022 - $nil).

Market risks and interest rate risks encompasses cash, investments, and debt instruments. All cash and investments are pooled by the MVRD and therefore an inherent risk exists related to the consolidated pooled funds held by MVRD. To mitigate this risk, the MVRD closely watches the Bank of Canada rates and reviews inflationary impacts. The MVRD’s cash is deposited in high-interest savings accounts at federally regulated banks. The MVRD follows the MVRD Board approved investment policy and legislative requirements for the management of its investments, which requires low risk investment products, such as fixed income securities, government bonds and MFA pooled investment funds. The investment gains or losses due to market interest rate changes are recognized at the trade date. To mitigate risks, the investment portfolio is managed regularly through cash forecasts and investments are made into low credit risk rating bonds and pools. The Corporation's exposure to interest rate risk in relation to debt instruments is limited to long-term debt and temporary financing. The risk applies to long-term debt when amortization periods exceed the initial locked-in term. Temporary financing is subject to daily floating rates, which can result in variability over the course of short-term period. Interest rate risk related to debt instruments is managed through budget and cash forecasts. Interest rates have increased during the year, which primarily affects interest costs for new or refinanced debt and temporary borrowing, as well as, interest earnings on investments.

Liquidity risk is low and mitigated by regular monitoring of cash flows and forecasts. The Corporation has pooled accounts with the MVRD and its other entities. All cash is held in federally and provincially regulated banks. To meet financial obligations and mitigate liquidity risk a minimum of 25% of the pooled portfolio held by the MVRD is held in high liquid cash in high interest savings accounts.

5. 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, Seniors, and Investment in Housing Innovation properties). 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 *National Housing Act* ("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.

6. Accounts Payable and Accrued Liabilities

	2023	2022
Trade accounts	$ 8,330,454	$ 6,185,191
Construction holdbacks	3,018,518	1,191,181
Accrued interest on mortgages and debenture debt	76,440	81,809
	$ 11,425,412	$ 7,458,181

7. Deferred Revenue and Refundable Deposits

Deferred revenue consists of the following:

		2023		2022
Externally restricted funds for programs under BCHMC and CMHC Agreements (a)				
i) Rental operations	$	50,569	$	48,464
ii) Replacement provisions		5,364,740		3,456,305
iii) Retrofit projects		5,600,000		—
		11,015,309		3,504,769
MVHC tenant security deposits		2,221,723		2,156,638
Rent and subsidies received in advance		414,863		365,561
Provincial grants received in advance		1,620,160		1,136,783
Total	$	15,272,055	$	7,163,751

		2023		2022
Balance, beginning of year	$	7,163,751	$	6,535,981
Contributions received		8,171,537		1,034,628
Contributions earned		(177,620)		(436,788)
Change in security deposits and prepaid rents		114,387		29,930
		8,108,304		627,770
Balance, end of year	$	15,272,055	$	7,163,751

(a) 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 BC Housing Management Commission (“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.

ii. Replacement Projects: Under operating agreements entered into with 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.

iii. Retrofit Projects: Under agreement entered into with CMHC and in connection with the National Housing Co-Investment Fund, the $5.6 million funds received in 2023 are restricted for the repair of 560 affordable housing units (eight projects). These funds are deferred until funds related to the projects have been spent.

8. Asset Retirement Obligation

The Corporation's AROs consist of costs related to the future remediation of asbestos and lead.

The Corporation owns and operates several buildings and infrastructure assets that are known or assumed to have asbestos and lead, which represent health hazards upon demolition, and the Corporation has legal obligations to remove them. Following the adoption of PS 3280 – AROs, the Corporation recognized the obligations relating to the removal and post-removal care of the asbestos and lead in residential buildings as estimated as at January 1, 2023. These residential buildings have estimated useful lives of 65 years from the date of acquisition or completion of construction.

Asset retirement obligation is as follows:

	2023
Balance, beginning of year	$ —
Additions	9,539,646
Accretion expense	400,665
Balance, end of year	$ 9,940,311

The liability has been estimated using present value calculation with a discount rate for 2023 of 4.2% (2022 – not applicable, as new standard adopted in 2023). The estimated total undiscounted future expenditures are $26,762,741 (2022 – not applicable) and the number of years to expected settlement range from 18 to 44 years.

9. Mortgages and Loans Payable

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 4.10% in 2023 (2022 - 1.70%). 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.

Mortgages and loans outstanding 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
2024	$ 923,583	$ 2,654,964	$ 3,578,547
2025	923,583	2,721,853	3,645,436
2026	923,583	2,743,519	3,667,102
2027	923,582	2,562,546	3,486,128
2028	332,673	2,450,003	2,782,676
Thereafter	3,303,846	26,909,170	30,213,016
Total	**$ 7,330,850**	**$ 40,042,055**	**$ 47,372,905**

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.

Mortgages and loans are comprised of the following and includes varying maturities up to 2055 with interest rates ranging from 1.44% to 4.87%.

9. Mortgages and Loans Payable (continued)

Rental Property	Financed by	Interest Rate - %	Renewal Date	Expected Maturity Date	2023	2022
Investment in Housing Innovation Projects:						
Heather Place A	Other	1.44	December 1, 2030	December 1, 2055	$ 12,435,440	$ 12,739,503
Total Investment in Housing Innovation projects					12,435,440	12,739,503
Seniors projects:						
Alderwood Place	CHMC	2.55	—	July 1, 2027	978,751	1,236,421
Cedarwood Place	CHMC	2.39	—	January 1, 2023	—	14,037
Cedarwood Place	MVRD	4.10	July 1, 2024	July 1, 2038	3,095,965	3,302,389
Total Seniors projects					4,074,716	4,552,847
Homes BC projects:						
Chateau de Ville	Other	4.87	July 1, 2027	July 1, 2035	6,085,230	6,471,833
Claude Douglas	Other	2.56	November 1, 2029	November 1, 2036	1,638,419	1,744,214
Fraserwood	Other	1.44	December 1, 2030	December 1, 2035	2,677,081	2,880,070
Inlet Centre	Other	1.58	October 1, 2030	October 1, 2038	4,632,727	4,907,839
Maplewood	Other	2.62	May 1, 2027	May 1, 2037	2,077,571	2,205,283
Odlinwood	Other	2.03	August 1, 2026	August 1, 2036	3,836,233	4,099,335
Total Homes BC projects					20,947,261	22,308,574
MVHC projects:						
Crown Manor	MVRD	4.10	July 15, 2024	July 15, 2038	571,860	610,534
Earle Adams Village	MVRD	4.10	June 1, 2022	June 1, 2027	1,060,298	1,325,352
Euclid Square	MVRD	4.10	June 1, 2022	June 1, 2027	311,458	389,321
Grandview Gardens	MVRD	4.10	June 1, 2022	June 1, 2027	222,280	277,849
Kelly Court	MVRD	4.10	June 1, 2022	June 1, 2027	441,110	551,387
Manor House	MVRD	4.10	March 15, 2024	March 15, 2038	958,924	1,023,571
Meridian Village	Other	2.46	September 1, 2026	July 1, 2031	3,567,630	3,990,636
Minato West	Other	2.22	October 1, 2021	October 1, 2031	2,112,973	2,357,354
Regal Place Hotel	MVRD	4.10	March 15, 2024	March 15, 2038	340,463	363,415
Semlin Terrace	MVRD	4.10	June 1, 2022	June 1, 2027	328,492	410,616
Total MVHC projects					9,915,488	11,300,035
Total mortgages and loans payable					$ 47,372,905	$ 50,900,959
Mortgages and loans payable consists of:						
Loans payable to MVRD					$ 7,330,850	$ 8,254,434
Mortgages payable to CMHC and financial institutions					40,042,055	42,646,525
Total mortgages and loans payable					**$ 47,372,905**	**$ 50,900,959**

10. Tangible Capital Assets

Year ended December 31, 2023

	Cost				Accumulated Amortization				Net Book Value December 31, 2023
	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023	Balance at December 31, 2022	Disposals	Amortization Expense	Balance at December 31, 2023	
Land	$ 52,274,381	$ —	$ —	$ 52,274,381	$ —	$ —	$ —	$ —	$ 52,274,381
Buildings	223,589,739	9,611,614	—	233,201,353	178,834,186	—	1,172,232	180,006,418	53,194,935
Furniture & fixtures	6,561,114	735,728	(785,384)	6,511,458	4,867,072	(656,764)	539,642	4,749,950	1,761,508
Construction in progress	24,702,410	33,177,419	—	57,879,829	—	—	—	—	57,879,829
	$ 307,127,644	**$43,524,761**	**$ (785,384)**	**$ 349,867,021**	**$ 183,701,258**	**$ (656,764)**	**$ 1,711,874**	**$ 184,756,368**	**$ 165,110,653**

Additions related to asset retirement costs were $9.5 million (2022- $nil).

Year ended December 31, 2022

	Cost				Accumulated Amortization				Net Book Value December 31, 2022
	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022	Balance at December 31, 2021	Disposals	Amortization Expense	Balance at December 31, 2022	
Land	$ 52,274,381	$ —	$ —	$ 52,274,381	$ —	$ —	$ —	$ —	$ 52,274,381
Buildings	220,339,606	3,250,133	—	223,589,739	176,544,478	—	2,289,708	178,834,186	44,755,553
Furniture & fixtures	6,439,458	618,571	(496,915)	6,561,114	4,742,709	(362,164)	486,527	4,867,072	1,694,042
Construction in progress	8,077,116	16,625,294	—	24,702,410	—	—	—	—	24,702,410
	$ 287,130,561	**$20,493,998**	**$ (496,915)**	**$ 307,127,644**	**$ 181,287,187**	**$ (362,164)**	**$ 2,776,235**	**$ 183,701,258**	**$ 123,426,386**

11. Prepaid Land Leases

	2023	2022
Balance, beginning of year	$ 4,867,502	$ 5,062,302
Amortization	(194,801)	(194,800)
Balance, end of year	$ 4,672,701	$ 4,867,502

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

12. 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:

	2023	2022
Reserves	$ 58,587,044	$ 55,075,513
Capital fund	(40,548,932)	(5,174,585)
Investment in tangible capital assets	117,737,748	72,525,427
Share capital	2,000	2,000
	$ 135,777,860	$ 122,428,355

Continuity of reserves is as follows:

	2023	2022
Balance, beginning of year	$ 55,075,513	$ 51,346,270
Interest	2,300,056	1,133,900
Contribution to operations	(4,345,795)	(2,414,053)
Contribution to capital	(7,675,000)	(5,300,000)
Annual operating surplus	13,232,270	10,309,396
	$ 58,587,044	$ 55,075,513

12. Accumulated Surplus (continued)

Investment in tangible capital assets is calculated as follows:

	2023	2022
Tangible capital assets	$ 165,110,653	$ 123,426,386
Amounts financed by:		
Long-term debt	(47,372,905)	(50,900,959)
	$ 117,737,748	$ 72,525,427

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

	2023	2022
Change in the investment in tangible capital assets		
Acquisition of tangible capital assets	$ 43,524,761	$ 20,493,998
Amortization of tangible capital assets	(1,711,874)	(2,776,235)
Loss on disposal of tangible capital assets	(128,620)	(134,751)
	41,684,267	17,583,012
Less financing of tangible capital assets through debt		
Payment of mortgages and loans payable	(3,528,054)	(3,617,998)
	(3,528,054)	(3,617,998)
Change in investment in tangible capital assets	45,212,321	21,201,010
Investment in tangible capital assets, beginning of year	72,525,427	51,324,417
Investment in tangible capital assets, end of year	$ 117,737,748	$ 72,525,427

13. Contractual Obligations

As at December 31, 2023, the Corporation had the following commitments relating to projects in progress.

Authorized and Outstanding Projects	Expended at December 31	Total 2023	Total 2022
$ 422,200,000	$ (57,031,798)	$ 365,168,202	$ 298,393,780

14. Contingencies

Lawsuits

As at December 31, 2023, 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. 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 reserve 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, 2023 is $nil (2022 - $nil). However, the balance will be reconciled and finalized once BCHMC completes the financial review for the fiscal year ended December 31, 2023.

14. 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.

CMHC Grant Funding

In 2022 MVHC entered into an agreement with the Canada Mortgage and Housing Corporation for funding for the repair of the Kelly Court Facility, totalling $1,321,824. As of December 31, 2023, $1,171,038 of the grant was expended and recorded as grant revenue. Stipulations of the grant agreement requires that MVHC maintain the affordability of the building for eligible occupants, that the project meets minimum energy efficiency requirements and that there is no default under the funding agreement. Should a breach in the agreement occur, the contribution, in whole or part, would be repayable to CMHC immediately. As management does not consider it likely that the amount will be repaid, no liability is recorded in the financial statements.

14. Contingencies (continued)

BCHMC Loan Funding - Kingston Gardens Redevelopment Project

In 2022, MVHC entered into a demand non-revolving construction loan agreement with BC Housing Management Commission for financing of the Kingston Gardens redevelopment project. The maximum approved construction loan amount is $44,642,752. Interest payable on the loan will be calculated based on variable rate of not more than the Royal Bank of Canada Prime Rate plus 1.00% compounded monthly, not in advance.

As of December 31 2023, $9,481,239 of eligible costs have been spent on the construction project of which no amounts have been financed from the construction loan in the year. Proceeds from the loan is expected to be received early 2024.

Amounts drawn from the loan must be repaid no later than August 1, 2024. At which time, it will be repaid by a BCHMC ownership interest of $8,300,000 and take out mortgage obtained through CMHC's National Housing Co-Investment Fund for $29,411,377. Any amounts remaining of up to $6,931,375 will be paid from MVHC's reserves. MVHC is currently seeking an extension on this repayment deadline.

BCHMC loan Funding - Salal Landing Redevelopment Project

In 2023 MVHC entered into a construction loan agreement with BC Housing Management Commission for funding for the Salal Landing Project, a 63 unit multi-family project located at 2481 Welcher Ave, Port Coquitlam BC. This project is to be financed by a repayable loan with the maximum approved of $20,305,079 and a forgivable loan in the amount of $7,925,000. To date, MVHC has not received any of the financing. Funding of eligible cost is expected to be received in 2024.

The forgivable loan term is 35 years and is forgivable in the amount of 1/25th of the final balance of $7,925,000 commencing on the 11th year after the commencement date. The loan will continue to be forgiven 1/25th each subsequent year until the loan is completely forgiven.

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.

14. Contingencies (continued)

CMHC Loan Funding - Heather Place B Redevelopment Project

In 2023, MVHC entered into a construction loan agreement with Canada Mortgage and Housing Corporation (CMHC) for financing of the Heather Place B Project, a 87 unit rental housing project located in Vancouver BC. The project is funded by a repayable loan with a maximum approved amount of $30,764,081 and a forgivable loan in the amount of $1,175,000. To date, MVHC has not received any of the financing. Funding of eligible cost is expected to be received in 2024.

The repayable loan has an amortization period of 50 years and principal repayment will commence upon the project achieving Stabilization, defined as annualized gross income of $2,035,539. The forgivable loan will have an equal portion of the principal amount forgiven on each anniversary of the date that the loan is fully funded.

Interest payable on the repayable loan will be calculated semi-annually in arrears commencing on the interest capitalization date or as CMHC may otherwise determine. The forgivable loan is interest free until Stabilization is achieved and provided the loan is not in default.

15. Budget Information

The annual budget presented in these financial statements is based upon the 2023 operating and capital budgets approved by the Corporation's Board in October 2022. 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 $62,200,000 were included in the Capital Budget approved by the Board.

	2023 Budget	2022 Budget
Budgeted annual surplus per Exhibit B	$ 20,416,038	$ 27,977,927
Items not included in the operating budget		
Amortization of tangible capital assets and prepaid land leases	3,374,776	2,902,673
Reserve interest	(1,050,456)	(1,007,075)
Development grant	(15,575,000)	(17,535,892)
Items included in the budget but not in financial statements		
Debt principal payments	(3,528,058)	(3,952,669)
Transfers to reserves	(3,637,300)	(8,384,964)
Annual surplus per approved budget	$ —	$ —

16. Supplementary Cash Flow Information

The following non-cash transactions related to the initial adoption of PS 3280 Asset Retirement Obligation (note 2) are excluded from the statement of cash flows.

	2023	2022
Asset retirement cost (a)	$ 9,539,646	$ —
Increase to asset retirement obligation	(9,539,646)	—
	$ —	$ —

(a) Assets acquired through other non-cash transactions are excluded from the acquisition of tangible capital assets on the statement of cash flows.

	2023	2022
Acquisition of tangible capital assets	$ 33,985,115	$ 20,493,998
Asset retirement cost	9,539,646	—
Tangible capital asset additions (note 10)	$ 43,524,761	$ 20,493,998

17. Comparative Figures

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