



FINANCIAL STATEMENTS

2022



CITY OF VANCOUVER

BRITISH COLUMBIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022**

TABLE OF CONTENTS

Introduction

Mayor and Council	2
City of Vancouver Organizational Chart	3

Financial Statement Discussion and Analysis

Report of the Director of Finance	4
---	---

Consolidated Financial Statements

Auditors' Report	10
Consolidated Statement of Financial Position	12
Consolidated Statement of Operations	13
Consolidated Statement of Change in Net Financial Assets	14
Consolidated Statement of Cash Flows	15
Notes to Consolidated Financial Statements	16

Supplementary Financial Information

COVID-19 Safe Restart Grant.....	35
Revenue Fund – Schedule of Financial Activities.....	36
Revenue Fund – Fees and Recoveries.....	37
Property Endowment Fund – Statement of Operations	38
Schedule of Debts.....	39
Future Principal and Interest Payments on Debt.....	41

Statistical Review

Five Year – Consolidated Statement of Financial Position.....	43
Five Year – Consolidated Statement of Operations	44
Five Year – Consolidated Expenses by Object	45
Five Year – Acquisition of Tangible Capital Assets	45
Five Year – Reserves.....	46
Five Year Statistical Review - Debt.....	47
Five Year Statistical Review - Taxation	48

Task Force for Climate-Related Financial Disclosures (TCFD).....	50
--	----

VANCOUVER CITY COUNCIL

VANCOUVER CITY COUNCIL 2022 - 2026

City Council is made up of the Mayor and ten councillors who are elected at large for a four-year term.



MAYOR KEN SIM



REBECCA BLIGH



CHRISTINE BOYLE



ADRIANE CARR



LISA DOMINATO



PETE FRY



SARAH KIRBY-YUNG



MIKE KLASSEN



PETER MEISZNER



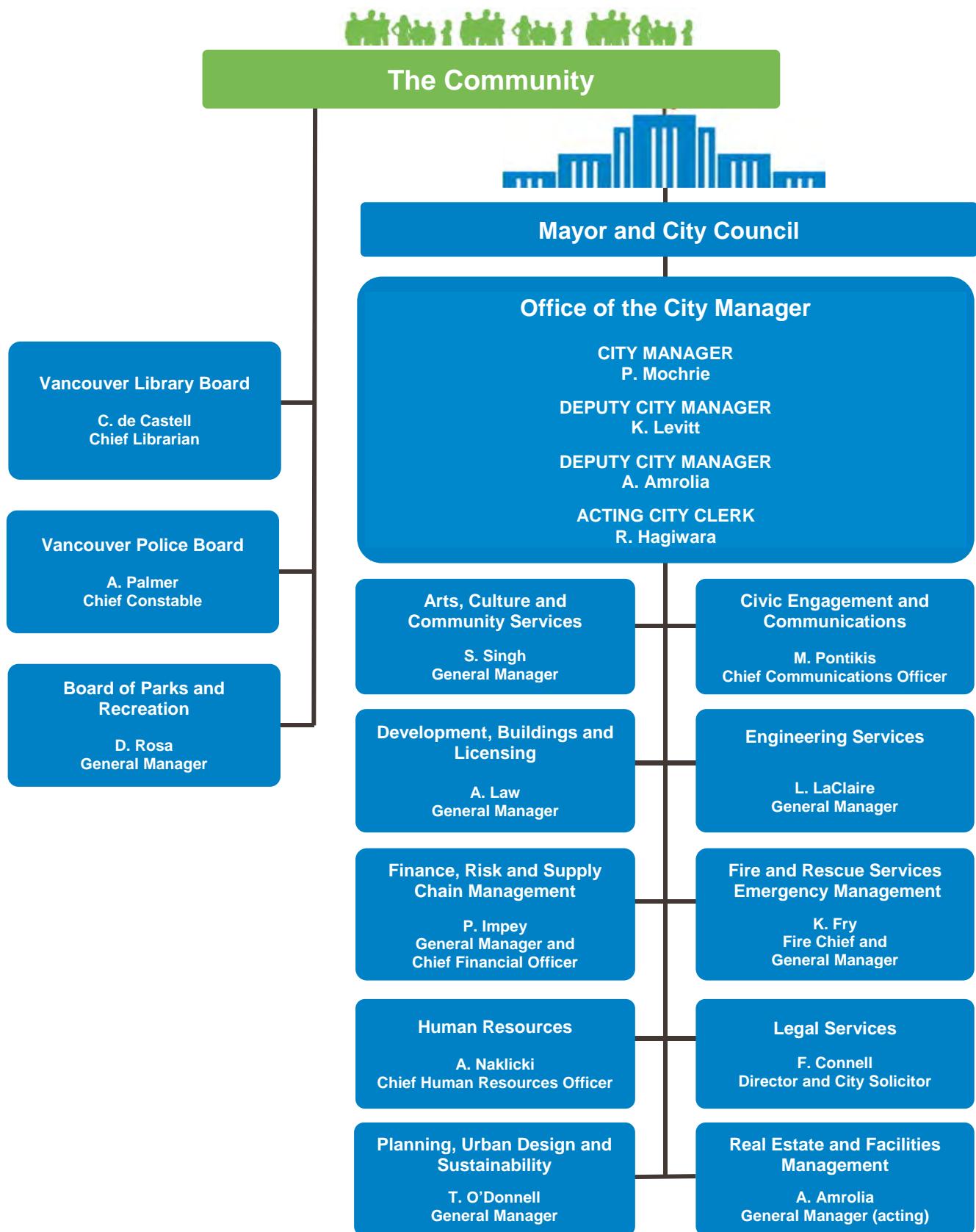
BRIAN MONTAGUE



LENNY ZHOU

CITY OF VANCOUVER ORGANIZATIONAL CHART

The City of Vancouver's organizational structure supports the community.



March 16, 2023**Mayor K. Sim and Members of Council**

It is our pleasure to submit the annual financial report for the City of Vancouver ("City") for the year ended December 31, 2022. The annual financial report provides an overview of the City's 2022 financial performance and includes the audited consolidated financial statements, Task Force for Climate- Related Financial Disclosures (TCFD) and Supplementary Financial Information. The consolidated financial statements include the financial position and results of operations of the City including its Boards and City-controlled entities.

The City is primarily governed by the Vancouver Charter; a statute enacted by the Legislature of British Columbia. The Vancouver Charter establishes the City of Vancouver as a municipal corporation, provides for its basic structure and operation, and sets out the City's main powers and responsibilities, including elections, public works, real property taxation and land use planning. In order to meet its responsibility for accountability and transparency, management maintains accounting, budgeting and other internal controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, and that assets are properly accounted for and safeguarded.

Budgeting: City staff prepare annual operating and capital budgets for Council's approval, and Council also considers an updated five-year financial plan each year. The annual budgets align with and reflect the long-term vision and mission of the City, Council's priorities, the four-year capital plan, established strategies and plans, and emerging issues. Council approved the 2022 annual operating and capital budget on December 7, 2021.

Internal Control Framework: In 2021, Council established the Office of the Auditor General to add additional oversight to the City's performance management and efficiency of business processes. The newly created office enhances the City's existing accountability framework, which includes the City's existing Internal Audit division – responsible for performing financial audits to assess the effectiveness of internal controls and the Finance, Risk, and Supply Chain Management department – responsible for developing financial policy and overseeing corporate functions including supply chain, risk management, financial planning, accounting and treasury.

The preparation of the Consolidated Financial Statements is the responsibility of management and they have been prepared in accordance with Canadian Generally Accepted Accounting Principles as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. As required by the Vancouver Charter, the Statement of Financial Position and Statement of Operations must be audited by an appointed chartered professional accountant firm and a report must be made available to Council on or before the thirtieth day of April. The 2022 annual report is scheduled to be presented to Council on March 29, 2023.

The City's consolidated financial statements consist of:

- Consolidated Statement of Financial Position – summary of financial and non-financial assets, liabilities and accumulated surplus at year-end.
- Consolidated Statement of Operations – summary of revenues, expenses and annual surplus for the year.
- Consolidated Statement of Change in Net Financial Assets – summary of changes in financial assets and liabilities.
- Consolidated Statement of Cash Flows – summary of the sources and uses of cash in the year.

The Consolidated Financial Statements have been audited by the independent firm of KPMG LLP and their report precedes the financial statements.

At the onset of COVID-19 outbreak, management took a conservative approach to the fiscal planning to mitigate the pandemic uncertainties through deferring projects, delaying hiring and implementing furloughs, drawing on the general revenue stabilization reserve, and looking for cost efficiencies to mitigate higher tax increase that would have been required in order to balance the operating budget. The lifting of restrictions early in 2023 allowed the City to resume operations and service levels to full capacity. Although most of the affected revenue streams have recovered including Parking and Recreation programs over the prior year, it has not recovered to pre-COVID

REPORT OF THE DIRECTOR OF FINANCE

levels. Furthermore, both local and global economies experienced pent up global demands exacerbated by supply chain disruptions, low employment levels and high interest rates creating significant inflationary cost pressures on the City's finances. Despite these challenges, the City remains optimistic of its financial position.

Consolidated Financial Position

(\$Millions)	2022	2021	Change
Financial assets	\$ 3,777.6	\$ 3,286.6	\$ 491.0
Liabilities	<u>2,529.9</u>	<u>2,346.6</u>	<u>183.3</u>
Net financial assets	1,247.7	940.0	307.7
Non-financial assets	8,026.0	7,781.3	244.7
Accumulated Surplus	<u>\$ 9,273.7</u>	<u>\$ 8,721.3</u>	<u>\$ 552.4</u>

The City's consolidated financial position captures the total assets and liabilities of entities controlled by the City of Vancouver as at December 31 2022. The net financial assets, calculated as financial assets less liabilities, improved by \$307.7 million resulting in a net financial asset position of \$1,247.7 million (2021 - \$940.0 million) is primarily driven by revenue from developer contributions, empty homes tax revenue and government transfers received in advance of their intended use. A net financial asset position is an indicator of the funds available for future expenditures.

The City's non-financial assets increased in 2022 by \$244.7 million, bringing the total to \$8.0 billion. The increase is the net result of tangible capital asset additions in the year less disposals and amortization expense.

The City's overall consolidated financial position, represented by accumulated surplus, improved by \$552.4 million in 2022 resulting in an ending balance of \$9.3 billion (2021 - \$8.7 billion). Accumulated surplus is primarily comprised of investment in tangible capital assets of \$7.0 billion (2021 - \$6.8 billion), as well as reserve balances set aside for specific purposes of \$1.7 billion (2021 - \$1.5 billion) and fund balance of \$532.4 million (2021 - \$400.6 million).

Consolidated Results of Operations

(\$ Millions)	2022 Budget	2022	2021
Revenues	\$ 2,163.4	\$ 2,452.3	\$ 2,352.6
Expenses	<u>1,967.1</u>	<u>1,899.8</u>	<u>1,769.2</u>
Annual surplus	<u>\$ 196.3</u>	<u>\$ 552.4</u>	<u>\$ 583.4</u>

The City consolidated statement of operations is showing evidence of the City's recovery from the negative impacts of the pandemic is stable with results similar to prior year with continued improvements in program fees and parking. The year-over-year improvement in revenue due to the lifted COVID-restrictions aligned with the higher expenses as service and staffing levels increased from 2021 with the re-opening of facilities and programs at full capacity levels.

REPORT OF THE DIRECTOR OF FINANCE

Year over Year Change

Consolidated revenues of \$2.5 billion increased by \$99.7 million over 2021 primarily due to re-opening of facilities and programs, property taxes, Empty Homes Tax (EHT) and investment income offset by reduction in developer contributions. Significant year over year changes in revenues include the following:

- \$73.5 million increase in property taxes and utilities as part of annual rate increases.
- \$51.8 million increase in program fees as a result of the resumption of the Pacific National Exhibition annual fair, civic theaters' event bookings, parks admissions and community center activities.
- \$42.5 million increase in EHT rate increase.
- \$27.2 million increase in investment income due to favorable interest rate returns.
- \$12.5 million increase in parking revenue recovery.
- (\$75.0) million decrease in contributed assets for land and buildings from developers for childcare and affordable housing.
- (\$36.1) million decrease in government transfers including reduction in CMHC Rapid Housing Initiative grant for the purchase of hotels to be converted to affordable housing.

Consolidated expenses of \$1.9 billion increased by \$130.6 million over 2021 due primarily to the lifting of COVID-19 restrictions and facilities re-opening resulting in greater operational expenses. Significant year over year changes in expenses include the following:

- \$56.2 million increase in wages, salaries and benefits due to hires to support re-opening of facilities, over-time from higher attrition in Engineering and Fire, and retro wage settlement.
- \$60.4 million increase in supplies, materials and equipment to support facilities re-opening and increased costs for operations and utilities.
- \$15.5 million increase in contracted services due to re-opening of facilities and returning of pre-pandemic service levels.

The City's consolidated revenues exceeded expenses resulting in an annual surplus of \$552.4 million (2021- \$583.4 million). The surplus was primarily due to contributed tangible capital assets from developers totalling \$310.0 million, empty homes tax revenue to be invested into affordable housing initiatives of \$68.9 million, government transfers of \$94.5 million for capital related programs such as affordable housing and government operating program transfers in advance of their intended use. These amounts are restricted in their use.

Budget Variance

The Budget information presented in these consolidated financial statements is based upon the combined 2022 operating, capital and property endowment budgets as approved by Council on December 7, 2021 and adjusted to comply with Canadian public sector accounting standards for inclusion in the Consolidated Statement of Operations.

Consolidated revenues of \$2.5 billion were higher than budgeted revenues by \$288.9 million due primarily to contributed assets received from developers and senior government transfers and unbudgeted Empty Homes Tax. Significant budget to actual variances include the following:

- \$81.3 million higher than budgeted in government transfers, grants and cost recoveries for COVID, non-market housing initiatives and capital infrastructure improvements.
- \$70.5 million higher than budgeted developer contributions due to community amenity contributions and development cost levies, which are not budgeted, and held in reserve until utilized.
- \$68.9 million higher than budgeted tax revenues due to unbudgeted Empty Homes Tax to be used for affordable housing initiatives.
- \$31.6 million higher than budgeted investment income due to favorable interest rate returns.
- \$20.9 million higher than budgeted license and development fees due to increase in volume of permit applications and service and inspection fees. Revenue recognized from license and development permits that are not yet processed have an offset in reserve.

Consolidated expenses of \$1.9 billion were \$67.3 million lower than budgeted expenses due primarily delays on capital projects. Significant budget to actual variances include the following:

- \$68.5 million lower than budgeted due to delay and timing difference in capital budget spend on affordable housing programs and grants.

REPORT OF THE DIRECTOR OF FINANCE

In total, the City's annual consolidated surplus of \$552.4 million exceeded the budgeted annual surplus of \$196.3 million by \$356.2 million. The annual consolidated surplus will be utilized and transferred to various reserves for debt repayments, restricted capital investments in affordable housing initiatives and community amenities, and continued investments in infrastructure assets to build a resilient City in a changing economic landscape.

Tangible Capital Assets

Consolidated capital additions totalled \$455.0 million in 2022 and are comprised of the following:

(\$Millions)	2022	
Land and improvements	\$	101.1
Buildings and leasehold improvements		112.7
Vehicles and other equipment		25.8
Computer systems		23.1
Infrastructure		
Streets and structures		75.7
Water system		27.7
Sewer system		60.7
Assets under construction		28.2
	<hr/>	<hr/>
	\$	455.0

Infrastructure replacement and improvements of \$164.1 million were added in 2022. Land and improvement additions include \$30.8 million in road dedications, \$22.3 million in properties acquired for social housing and \$3.4 million in park improvements. Building additions include \$96.8 million acquired for social housing, affordable housing and single room occupancy. Vehicle and other equipment additions primarily consisted of heavy truck and light duty truck. PNE rides and site improvements of \$0.4 million were also included in the equipment category. Computer system includes end of life replacement and additions of hardware of \$18.6 million and software applications of \$5.8 million.

Debt

During the year, the City issued \$2.0 million of debt, repaid \$0.8 million of debt and amortized \$0.7 million of debt premium resulting in a total outstanding debt of \$1,013.7 million. At the end of 2022, the City has sinking fund debt reserves of \$402.0 million for future repayments.

(\$Millions)	2022	2021	Change
Long term debt	\$ 1,013.7	\$ 1,013.2	\$ 0.5
Less: Sinking fund reserves	(402.0)	(423.2)	21.2
Net long term debt	<hr/>	<hr/>	<hr/>
	\$ 611.7	\$ 590.0	\$ 21.7

As part of the 2019-2022 Capital Plan, the City of Vancouver electorate had approved borrowing of up to \$495.0 million; \$300.0 million for the maintenance and replacement of existing and construction of new streets, parks and facilities infrastructure and \$195.0 million for sewer and neighborhood energy capital expenditures. The overall outstanding borrowing authority at the end of 2022 was \$197.1 million.

Reserves

Under legislative or Council authority, the City has established a number of specific purpose reserves, in addition to the sinking fund debt repayment reserve. At the end of 2022, these specific purpose reserves totalled \$1,691.8 million, a net increase of \$231.5 million over 2021. These increases were driven primarily by an increase in the Capital reserve and the amounts are committed for future housing projects and community amenities.

The City reserves are grouped into five main categories reflecting the purpose of the reserve, and highlights of the major changes in the year are as follows:

Financial Stabilization – provides for mitigation of risks to the City's financial stability and a buffer for impacts of unplanned events, unforeseen emergencies and short-term relief from revenue fluctuations.

- The General Revenue Stabilization Reserve provides for operating contingency funds for events such as catastrophic events, environmental hazards, extraordinary public safety situations, economic downturns, unforeseen changes in revenues, and other risks and commitments. Due to the COVID-19 pandemic, the City has utilized this reserve to offset the financial impact to balance revenue shortfall in both 2020 and 2021. At the end of 2022, the balance in the reserve is \$199.4 million of which \$84.8 million of permit revenue was set aside for work in progress and another \$38.1 million in emerging risks and other commitments. This leaves the City with \$76.5 million of uncommitted reserve balance or 5.5% of non-utility budgeted revenue compared to a desired target of 16%.
- The Solid Waste Capital Reserve is being accumulated to fund closure and post-closure costs at the City's landfill. The present liability is calculated based on the ratio of utilization to the total capacity of the landfill site and the discounted value of future estimated cash flows associated with closure and post-closure activities. At year-end, the liability amounted to \$66.6 million, with the remaining capacity of 5.1 million tonnes (18.0% of total capacity) to be utilized by 2036. During the year the reserve increased by \$2.9 million to \$70.9 million as a result of operating surplus, interest revenue and recoveries from Metro Vancouver of \$11.8 million offset by closure and operating capital expenditures of \$8.9 million.

Asset Management – provides for renewal, replacement and major maintenance of tangible capital assets.

- The Plant and Equipment Reserves which fund the long-term equipment replacement plan increased by \$8.8 million to \$72.0 million. The reserves are primarily funded by internal equipment charges provided in the Operating and Capital Budgets and proceeds from equipment disposals, which amounted to \$33.6 million in 2022. Expenditures in 2022 were \$24.8 million related to fleet and equipment purchases.

Future Capital – provides for new capital asset additions to address City growth.

- The Affordable Housing Reserves increased by a net amount of \$52.3 million to \$284.3 million, due primarily to Empty Homes Tax revenues committed to planned affordable housing initiatives.
- Community Amenity contributions from developers totaled \$126.4 million (2021 - \$52.6 million). Transfers and expenditures of \$33.5 million (2021 - \$22.7 million) for capital projects brought the year-end Community Amenities Reserve balance to \$552.2 million.
- Capital Facilities and Infrastructure Reserves hold funds for future streets and transit infrastructure and building projects. The Capital Facilities and Infrastructure Reserves increased by \$20.8 million to \$116.2 million, due primarily to a transfer of \$27.6 million from Revenue Fund annual surplus and \$4.0 million from Gas Tax funding.

Special Revenue and Programs – holds funds received from external sources or designated for specific purposes.

- A net transfer of \$2.1 million comprises of transfers for insurance, public art, and social and cultural including Hastings Park. The balance for Special Revenue and Programs decreased to \$168.4 million.

Future Debt Repayment – for future debt repayments

- A net transfer of \$9.6 million to provide funding for future debt issues increased the Future Debt Repayment Reserves with a balance of \$36.5 million.

REPORT OF THE DIRECTOR OF FINANCE

Climate-Related Financial Disclosures

The City is continuing its commitment to support the voluntary recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD) by including climate-related financial disclosures in its annual financial report. This disclosure describes the City's governance, strategy, risk, management and metrics and targets related to climate adaptation and will evolve as both the field of climate-risk disclosure and the City's climate change planning and response matures. The disclosure can be found immediately following the audited financial statements.

Summary

The City's consolidated financial position improved in 2022 over 2021 as it continues to recover from the pandemic. Although the pandemic restrictions subsided in 2022, its implications on pent up demand, global supply chain disruptions and low employment level created inflationary pressures and increasing interest rates not seen for many years. The repercussions of inflationary pressures along with a constrained labor market resulted in cost escalations and delays of major capital projects. As such, the City continues to exercise prudent management and financial discipline in anticipation of budgetary pressures.

When developing its long-term financial plan, the City has maintained a commitment to strong financial discipline and strategic management of debt to ensure that capital investments will not unduly burden through debt servicing, operating costs and asset lifecycle costs. Identifying the financial and debt capacity up front ensures that capital planning is developed in a fiscally prudent manner that considers the City's long-term financial health, credit ratings and future impacts on tax and fee payers. Furthermore, The City has a broad range of long-term plans (e.g., community plans and public benefit strategies) and service strategies (e.g., affordable housing, transportation, climate mitigation and adaptation, healthy communities) that span 10-25 years. These plans and strategies serve to guide the City's 10-year Capital Strategic Outlook, which presents the long-term needs for strategic capital investment in critical infrastructure and amenities. They provide the foundation for the City's long-term service and financial planning.

The City's 2022 financial position remains healthy and is reflected in recent credit ratings updates. In February 2023, S&P Global Ratings, and in December 2022, Moody's Investors Service reaffirmed the City's credit rating of AAA and Aaa with stable outlooks, respectively. Both AAA and Aaa credit ratings reflects the agencies' assessments of the City's solid governance and experienced financial management team, consistent positive fiscal outcomes, high levels of liquidity, strong economy and budgetary performance, and strong debt affordability. Strong credit ratings provide the City with the opportunity to borrow at more favourable interest rates.

As the economic conditions remain unsettled, the City keeps to its financial sustainability guiding principles:

- live within our means,
- consider long-term implications in all decisions,
- maintain stable and predictable revenue stream,
- keep debt at manageable level and
- build in flexibility and contingencies for emerging priorities and opportunities.

These guiding principles were strong pillars to support the City through the significant and unforeseen impacts of pandemic but also position the City to its achieve long-term goals and maintain ongoing financial sustainability and resilience to deliver on Council and Board (Park, Library, Police) priorities.

Respectfully submitted,



Patrice Impey, B.Sc. MBA
General Manager, Finance, Risk & Supply Chain Management
Chief Financial Officer
Director of Finance



Julia Aspinall, BA, CPA, CMA
Director, Financial Services
Deputy Director of Finance



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

INDEPENDENT AUDITORS' REPORT

To the Mayor and Councilors of the City of Vancouver

Report on the Audit of Financial Statements

Opinion

We have audited the consolidated financial statements of the City of Vancouver (the "City"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2022, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the City 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 City'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 City or to cease operations, or has no realistic alternative but to do so.

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



Auditors' 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 auditors' report that includes our opinion.

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Report on Other Legal and Regulatory Requirements

As required by the Vancouver Charter, we report that, in our opinion, the accounting policies applied in preparing and presenting financial statements in accordance with Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding period.

Chartered Professional Accountants

Vancouver, Canada
March 16, 2023

CITY OF VANCOUVER
Consolidated Statement of Financial Position
As at December 31
($\$000s$)

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 900,532	\$ 1,146,611
Investments (Note 3)	2,631,633	1,900,173
Accounts receivables (Note 4)	243,459	237,705
Lease agreement receivables (Note 5)	1,950	2,094
	<u>3,777,574</u>	<u>3,286,583</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	568,974	558,885
Deferred liabilities (Note 7)	167,920	164,695
Mortgage and loan agreement (Note 8)	5,911	7,801
Debt (Note 9)	1,013,687	1,013,163
Deferred revenue (Note 10)	773,452	602,028
	<u>2,529,944</u>	<u>2,346,572</u>
NET FINANCIAL ASSETS		
	<u>1,247,630</u>	<u>940,011</u>
NON-FINANCIAL ASSETS		
Inventory and prepaids	31,197	29,024
Tangible capital assets (Note 11)	7,994,880	7,752,224
	<u>8,026,077</u>	<u>7,781,248</u>
ACCUMULATED SURPLUS (Note 12)		
	<u>\$ 9,273,707</u>	<u>\$ 8,721,259</u>

Contractual rights, contingencies and commitments (Note 13)

See accompanying Notes to Consolidated Financial Statements

CITY OF VANCOUVER
Consolidated Statement of Operations
For the years ended December 31
($\$000s$)

	2022 Budget	2022	2021
	(Note 15)		
REVENUES			
Property taxes, penalties and interest (Notes 13(e) and (g))	\$ 1,008,086	\$ 1,082,144	\$ 982,108
Utility fees	356,385	362,571	338,501
Program fees	135,579	132,115	80,359
License and development fees	91,481	112,415	110,806
Parking	101,189	92,855	80,383
Government transfers (Note 16)	83,331	94,463	130,607
Cost recoveries and donations	38,352	108,498	116,830
Investment income	27,054	58,676	31,454
Rental, lease and other	60,850	74,347	66,561
Bylaw fines	21,577	23,137	25,427
Developer contributions	239,448	309,948	384,949
Gain on sale of real property	-	1,110	4,604
	2,163,332	2,452,279	2,352,589
EXPENSES			
Utilities	353,425	367,639	336,271
General government	319,336	221,908	204,029
Police protection	382,414	387,922	377,197
Fire protection	156,660	164,703	157,024
Engineering	232,238	227,141	218,991
Planning and development	77,524	80,845	78,909
Parks and recreation	239,326	236,028	195,825
Arts, culture and community services	144,450	153,010	141,495
Library	61,687	60,635	59,438
	1,967,060	1,899,831	1,769,179
ANNUAL SURPLUS	196,272	552,448	583,410
ACCUMULATED SURPLUS (Note 12)			
Beginning of year	8,721,259	8,721,259	8,137,849
End of year	\$ 8,917,531	\$ 9,273,707	\$ 8,721,259

See accompanying Notes to Consolidated Financial Statements

CITY OF VANCOUVER
Consolidated Statement of Change in Net Financial Assets
For the years ended December 31
(\$000s)

	2022 Budget <small>(Note 15)</small>	2022	2021
Annual surplus	\$ 196,272	\$ 552,448	\$ 583,410
Acquisition of tangible capital assets	(517,937)	(319,856)	(364,498)
Contributed tangible capital assets	-	(135,186)	(220,901)
Amortization of tangible capital assets	207,077	206,929	205,326
Loss (gain) on disposal of tangible capital assets	-	4,347	(2,239)
Proceeds on sale of tangible capital assets	-	1,110	4,606
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	(310,860)	(242,656)	(377,706)
Change in inventory and prepays	-	(2,173)	(3,648)
CHANGE IN NET FINANCIAL ASSETS	(114,588)	307,619	202,056
NET FINANCIAL ASSETS			
Beginning of year	940,011	940,011	737,955
End of year	<hr style="border-top: 1px solid black;"/> <hr style="border-top: 1px solid black;"/> \$ 825,423	<hr style="border-top: 1px solid black;"/> <hr style="border-top: 1px solid black;"/> \$ 1,247,630	<hr style="border-top: 1px solid black;"/> <hr style="border-top: 1px solid black;"/> \$ 940,011

See accompanying Notes to Consolidated Financial Statements

CITY OF VANCOUVER
Consolidated Statement of Cash Flows
For the years ended December 31
(\$000s)

	2022	2021
CASH PROVIDED BY (USED IN):		
Operating Transactions		
Annual surplus	\$ 552,448	\$ 583,410
Items not involving cash		
Amortization on tangible capital assets	206,929	205,326
Amortization of debt premium	(721)	(721)
Contributed tangible capital assets	(135,186)	(220,901)
Loss (gain) on sale of tangible capital assets and real property	4,347	(2,239)
Recognition of deferred revenue	(130,475)	(197,243)
Change in non-cash items		
Other financial assets and liabilities	4,479	(249,799)
Change in deferred liabilities	3,225	(339)
Change in inventory and prepaids	(2,173)	(3,648)
	502,873	113,846
Financing Transactions		
Debt, mortgage and loan issues	2,000	100,000
Debt, mortgage and loan repayments	(2,645)	(149,154)
Deferred revenue receipts	301,899	134,054
	301,254	84,900
Capital Transactions		
Acquisition of tangible capital assets	(319,856)	(364,498)
Proceeds of sale of tangible capital assets	1,110	4,606
	(318,746)	(359,892)
Investing Transactions		
Net sale (purchase) of investments	(731,460)	165,871
	(731,460)	165,871
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(246,079)	4,725
CASH AND CASH EQUIVALENTS		
Beginning of year	1,146,611	1,141,886
End of year	\$ 900,532	\$ 1,146,611

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

The City of Vancouver (the “City”) was incorporated in 1886 and is governed by the Vancouver Charter, a private bill consented to by the Legislative Assembly of the Province of British Columbia.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The consolidated financial statements of the City have been prepared in accordance with Canadian public sector accounting standards.

(b) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the organizations controlled by the City. Inter-fund and inter-corporate balances and transactions have been eliminated. The entities included are as follows:

Hastings Institute Inc.	Vancouver Civic Development Corporation
Harbour Park Development Ltd.	City of Vancouver Public Housing Corporation
Parking Corporation of Vancouver (EasyPark)	Pacific National Exhibition (PNE)
Vancouver Economic Commission	Vancouver Affordable Housing Agency

The resources and operations of the City are accounted for in the following funds:

- Capital Fund - Accounts for capital expenditures supporting civic infrastructure and holds all properties required for civic use and the related debt.
- Revenue Fund - Accounts for revenue and expenditures for the general operations of the City including sewer, solid waste, and water and neighbourhood energy utilities.
- Property Endowment Fund – Accounts for parkades and properties which are leased to third parties being developed or held for resale or lease.
- Sinking Fund - Accounts for the accumulation of instalments generated from tax levies in accordance with the actuarial requirements for the retirement of sinking fund debt at maturity.
- Capital Financing Fund - Accounts for funds designated for the financing of capital works, for the issuance of the City's debentures and for funds set aside for the City's solid waste disposal program.
- Vancouver Affordable Housing Endowment Fund – Accounts for City-owned, non-market housing assets.

(c) Revenues

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

The Vancouver Charter provides the City with the ability to collect, enforce collection and to introduce penalties. Property taxes are calculated based on the British Columbia Assessment Authority (BCAA)'s assessment value and annually approved mill rates by Council. Tax revenues are recognized when they meet the definition of an asset, have been authorized, and the taxable event occurs. Annual property tax levies and payments-in-lieu of taxes are recorded as taxes for municipal services in the year which they are levied. The City establishes a provision annually based on estimates for properties that have appealed their assessed value. The BCAA's appeal process may affect current year property assessments by supplementary roll adjustments. Adjustments on taxes are recognized in the year when the appeals are settled. The Empty Home tax was introduced in 2017. Properties deemed, determined, or declared empty are subject to a tax of 3.0% in the 2022 tax reference year (2021 – 3.00%) based on the property's assessed value. Revenue is recognized within the fiscal year when collectability is assured.

(d) Expenses

Expenses are recognized in the period when the City receives goods or services.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(e) Cash, Cash Equivalents, and Investments

Cash and cash equivalents include short-term investments with maturity dates within 90 days of acquisition. Investments are comprised of money market instruments, term deposits, banker's acceptances and corporate, federal and provincial bonds with maturity dates greater than 90 days after acquisition. Investments are recorded at cost and adjusted for amortization of premiums or discounts. Investment income is recognized as revenue the period it is earned.

(f) Receivables

Accounts receivable and other receivables are initially recognized at the cost of the loan and are annually re-assessed to determine whether a provision should be established to determine the net recoverable value. Provisions and changes due to revaluation of the receivables are recognized in the Consolidated Statement of Operations.

(g) Non-financial Assets

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

(i) 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 assets. The cost, less residual value of the tangible capital assets, is amortized on a straight-line basis over their estimated useful lives as follows:

	Years
Landfill and land improvements	15 to 60
Buildings and building improvements	25 to 100
Leasehold improvements	5 to 20
Vehicles, equipment and furniture	3 to 25
Computer systems	5 to 10
Library books and materials	10
Infrastructure	
Streets and structures	25 to 80
Water system	20 to 100
Sewer system	40 to 100

Annual amortization is charged commencing when the asset is acquired or available for use. Assets under construction are not amortized until the asset is available for productive use. The City does not capitalize interest associated with the acquisition or construction of a tangible capital asset. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also recorded as revenue. The City manages and controls various works of art and non-operational historical cultural assets including artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized. Costs for public art are expensed in the period they are incurred.

(ii) Inventory and prepaids

Inventory and prepaid expenses held for consumption are recorded at the lower of cost and replacement cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(h) Pension Plan and Deferred Employee Benefit Liabilities

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

Employees are entitled to earned benefits related to non-vesting accumulating sick leave, sick leave gratuity and full vacation entitlement at retirement. Employees may also defer current vacation entitlements. The cost of post-employment benefits is actuarially determined based on service provided, a best estimate of retirement ages, and expected future salary and wage increases. The liability under these benefit plans is accrued based on projected benefits as the employees render service necessary to earn the future benefits.

Certain employees are entitled to income continuation benefits under long term disability plans. The City recognizes a liability and expense for these post-employment benefits in the period when the event occurs that obligates the City to provide the benefit.

(i) Landfill Closure and Post-Closure Costs

The Ministry of Environment and Climate Change Strategy establishes certain requirements in order for the City to obtain an Operating Certificate for its landfill site. Those obligations include closure and post-closure activities. The present value of the City's estimated future liability for these expenditures is recognized as the landfill site's capacity is used. This liability and annual expense is calculated based on the ratio of utilization to total capacity of the site.

(j) Loan Guarantees

Loan guarantees are considered contingent liabilities and are not recognized as a liability by the City until it is determined that it is likely that the borrower will default and a reasonable estimate of the amount can be made.

(k) Liabilities for Contaminated Sites

The City recognizes a liability for remediation of a contaminated site when the site is no longer in productive use or an unexpected event resulting in contamination has occurred and the following criteria are satisfied: contamination exceeds an environmental standard, the City is either directly responsible or has accepted responsibility for remediation, it is expected future economic benefits will be given up and a reasonable estimate of the amount can be made. Future economic benefits are expected to be given up if the City has an external obligation to remediate a site or has commenced remediation on its own accord.

(l) Deferred Revenue

(i) Development cost levies (DCL's):

The City collects development cost levies in accordance with Council-approved bylaws to finance growth-related projects including parks, childcare facilities, replacement housing, and engineering infrastructure. DCL's must be spent on projects within defined area boundaries and are recognized as revenue as Council approved expenditures are incurred.

(ii) Prepaid leases

The City has land leases with terms ranging from 3 to 99 years, some of which have been prepaid. These amounts are recognized as revenue on a straight-line basis over the lease term.

(iii) Capital contributions, government transfers, and other

Contributions for capital and other are recognized as the expenditures are incurred. Government transfers are recognized as revenue once stipulations are met.

(m) Use of Estimates

Preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported consolidated amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(m) Use of Estimates – Continued

Significant estimates include assumptions used in estimating provisions for accrued liabilities, legal claims, assessment appeals, landfill liability and contaminated sites liabilities and in performing actuarial valuations of employee future benefits. The amounts recorded for tangible capital assets are based on management's estimates of historical cost, useful lives and valuation for contributed assets.

Actual results could differ from the estimates and adjustments, if any, will be reflected in the period of settlement or upon a change in the estimate.

(n) Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year. These changes did not have an impact on the annual surplus.

2. CASH AND CASH EQUIVALENTS

	2022	2021
Cash	\$ 865,808	\$ 1,146,611
Cash equivalents	34,724	-
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

Cash and cash equivalents includes short term deposits, bonds, and treasury bills. As at December 31, 2022, the City had \$34.7 million (2021 – nil) in cash equivalents that yielded an annual return of 4.25% to 4.27%.

3. INVESTMENTS

The Vancouver Charter enables the City to invest money that is not immediately required. Section 201(1) of the Charter limits the types of securities the City may purchase. The following is a summary of the City's current holdings:

2022:

	Cost	Fair Market Value	Asset Mix	Interest Rates	Maturity
Bonds	\$1,589,856	\$1,479,449	60%	0.78% - 5.35%	0 - 29 years
Treasury Bills and Term Deposits	1,041,777	1,042,063	40%	2.33% - 5.95%	0 - 1 year
Total	<hr/> <hr/> <hr/>				

2021:

	Cost	Fair Market Value	Asset Mix	Interest Rates	Maturity
Bonds	\$1,109,532	\$1,104,754	58%	0.65% - 3.25%	0 - 29 years
Treasury Bills and Term Deposits	790,641	790,641	42%	0.62% - 1.50%	0 - 1 year
Total	<hr/> <hr/> <hr/>				

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

4. ACCOUNTS RECEIVABLES

	2022	2021
Accrued interest	\$ 24,390	\$ 7,584
Employee advances	8	372
Local improvement receivables	1,005	1,512
Property taxes receivables	91,500	71,399
Rental and lease receivables	3,593	5,489
Trade and other receivables	78,277	111,811
Utility receivables	44,686	39,538
	<hr/> <u>\$ 243,459</u>	<hr/> <u>\$ 237,705</u>

5. LEASE AGREEMENT RECEIVABLES

In 2013, the City provided a 10-year interest-free loan of \$1.95 million to S.U.C.C.E.S.S. Affordable Housing Society, in support of an affordable rental housing project. The loan, secured by a mortgage agreement, is due on December 1, 2023.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Payroll liabilities	\$ 83,526	\$ 99,368
Property tax advance deposits and receipts	132,624	130,323
Other advance deposits and receipts	90,086	77,262
Trade and other liabilities	262,738	251,932
	<hr/> <u>\$ 568,974</u>	<hr/> <u>\$ 558,885</u>

7. DEFERRED LIABILITIES

	2022	2021
Deferred employee benefit liabilities (a)	\$ 89,324	\$ 94,831
Landfill closure and post-closure costs (b)	66,583	57,887
Contaminated sites (c)	6,827	6,788
Accrued interest on long term debt	5,186	5,189
	<hr/> <u>\$ 167,920</u>	<hr/> <u>\$ 164,695</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

7. DEFERRED LIABILITIES – Continued

(a) Deferred Employee Benefit Liabilities

The City has accumulated \$62.0 million (2021 - \$62.6 million) in a reserve for the funding of post-retirement and post-employment benefits (note 12(a)). An actuarial valuation is completed once every three years. The last actuarial valuation was completed as at December 31, 2020. An extrapolation of the valuation for results as at December 31, 2022 uses the following valuation assumptions:

	2022	2021
Discount rate	3.02%	2.90%
Inflation rate	2.50%	2.50%
Rate of compensation increase (including inflation)	2.58% to 4.63%	2.58% to 4.63%
Amortization period of actuarial loss in years	12	12

	2022	2021
Sick leave gratuity	\$ 35,720	\$ 35,226
Deferred vacation	13,750	13,375
Non-vested accumulating sick leave	26,512	25,592
Long term disability	17,561	19,820
Other post-employment benefits	23,516	23,006
	<hr/> 117,059	<hr/> 117,019
Unamortized actuarial loss	(27,735)	(22,188)
	<hr/> \$ 89,324	<hr/> \$ 94,831

Reconciliation of deferred employee benefit liabilities:

	2022	2021
Accrued benefit obligation, beginning of the year	\$ 117,019	\$ 116,993
Current service cost	7,714	9,592
Interest cost	3,421	3,560
Actual benefits paid	(20,590)	(15,361)
Actuarial loss	9,495	2,235
	<hr/> 117,059	<hr/> 117,019
Accrued benefit Obligation, end of the year	<hr/> (27,735)	<hr/> (22,188)
	<hr/> Deferred employee benefit liabilities, end of the year	<hr/> \$ 89,324
	<hr/> \$ 94,831	<hr/> \$ 94,831

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

7. DEFERRED LIABILITIES - Continued

(b) Landfill Closure and Post-Closure Costs

The City has accumulated \$70.9 million (2021 - \$68.0 million) in a Solid Waste Capital reserve for the funding of landfill liabilities (note 12(a)).

The landfill liabilities reported are based on the following assumptions:

	2022	2021
Closure date	2036	2036
Years of post-closure maintenance	30	30
Total capacity (million tonnes)	28.3	28.2
Future closure costs (million)	\$96.1	\$89.5
Future post closure costs (million)	\$116.6	\$107.6
Present value of future costs (million)	\$128.1	\$112.7
Deposited to date (million tonnes)	23.2	22.5
Utilization of total capacity to date	82.0%	79.8%
City's share of liability	63.4%	64.3%
Discount rate	3.02%	2.90%
Inflation rate	2.00% to 5.00%	2.00%

In accordance with an agreement between the City and the Greater Vancouver Sewerage and Drainage District, the City is responsible for its share of the overall liability for closure and post-closure costs based on tonnage deposited by parties to the agreement.

(c) Contaminated Sites

The City accrued \$6.8 million (2021 - \$6.8 million) for estimated costs to remediate properties that are not in productive use where contamination exceeds environmental standards. The estimated amount is based on internal professional site assessments and/or third party environmental reports. Given the estimate is based on a number of assumptions at a given point in time including inflation rates, calculations on volume, and contingencies required, actual costs may vary. Estimated costs are reviewed periodically when new information is presented and assessed whether the conditions of the contamination have substantially changed.

8. MORTGAGE AND LOAN AGREEMENT

- (a)** The mortgage agreement for \$1.7 million (2021 - \$2.1 million) payable to Canada Mortgage and Housing Corporation for a non-market housing project has interest payable at 2.09% and matures on June 1, 2023. The interest paid in 2022 was \$0.1 million (2021 - \$0.1 million).
- (b)** The loan agreement is the revolving facility for the PNE with a Canadian chartered bank providing for borrowing of up to \$32.0 million (2021 - \$34.9 million). The facility bears interest at the bank prime rate minus 0.25% and is due on demand. As at December 31, 2022, \$4.2 million (2021 - \$5.7 million) has been drawn on this facility.

Principal payments on the mortgage and the loan agreement over the next 5 years and thereafter, assuming the loan agreement is not called, are as follows:

	2023	\$	381
	2024	384	
	2025	392	
	2026	401	
	2027	138	
	Loan agreement	4,215	
	<hr/>		
	Total	\$	<hr/> 5,911

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

9. DEBT

Debenture debt is shown at its face amount.

Maturing in	Total
2023	\$ 110,760
2024	105,764
2025	90,769
2026	90,773
2027	85,778
Thereafter	<u>508,362</u>
Subtotal Debt Issue	<u>992,206</u>
Unamortized Premium	<u>21,481</u>
Total	<u><u>\$ 1,013,687</u></u>

Interest rates payable on the principal amount of the debentures range from 1.40% to 4.58% per annum (2021 - 1.40% to 4.07%). The weighted average interest rate on total external debt to maturity is 3.15% (2021 - 3.08%). Total interest paid in 2022 on debt amounted to \$29.4 million (2021 - \$32.0 million). Reserve for debt retirement at December 31, 2022 amounted to \$402.3 million (2021 - \$423.2 million) (note 12) resulting in an unfunded external debt balance of \$611.4 million (2021 - \$590.0 million).

10. DEFERRED REVENUE

Deferred revenue is comprised of the following:

	2021	Contributions and Interest	Recognized as Revenue	2022
Development cost levies				
City-wide	\$ 300,490	\$ 221,206	\$ (67,785)	\$ 453,911
Area-specific	97,489	15,518	(6,867)	106,140
	<u>397,979</u>	<u>236,724</u>	<u>(74,652)</u>	<u>560,051</u>
Prepaid leases	174,820	11,756	(6,117)	180,459
Government Transfers	22,163	100	(10,891)	11,372
Other	7,066	53,319	(38,815)	21,570
	<u>\$ 602,028</u>	<u>\$ 301,899</u>	<u>\$ (130,475)</u>	<u>\$ 773,452</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

11. TANGIBLE CAPITAL ASSETS

	Balance beginning of year	Additions net of transfers	Disposals	Balance end of year
Cost				
Land	\$ 2,485,727	\$ 76,654	\$ (170)	\$ 2,562,211
Landfill and land improvements	353,912	24,491	-	378,403
Buildings and building improvements	1,991,527	111,372	(11)	2,102,888
Leasehold improvements	101,331	1,376	-	102,707
Vehicles, equipment and furniture	440,494	22,979	(5,735)	457,738
Computer systems	296,034	23,093	-	319,127
Library books and materials	41,786	2,808	-	44,594
Infrastructure				
Streets and structures	3,567,928	75,652	(1,193)	3,642,387
Water system	890,729	27,687	(3,286)	915,130
Sewer system	1,706,574	60,681	(4,768)	1,762,487
Assets under construction	85,751	28,249	-	114,000
Total Cost	11,961,793	455,042	(15,163)	12,401,672
Accumulated amortization				
Landfill and land improvements	209,380	10,603	-	219,983
Buildings and building improvements	630,953	44,524	-	675,477
Leasehold improvements	35,089	5,893	-	40,982
Vehicles, equipment and furniture	286,354	24,248	(4,409)	306,193
Computer systems	237,313	21,450	-	258,763
Library books and materials	29,745	2,314	-	32,059
Infrastructure				
Streets and structures	2,064,300	68,619	(575)	2,132,344
Water system	240,421	10,811	(1,827)	249,405
Sewer system	476,014	18,467	(2,895)	491,586
Accumulated amortization	4,209,569	206,929	(9,706)	4,406,792
Net book value				
Land *	2,485,727	76,654	(170)	2,562,211
Landfill and land improvements	144,532	13,888	-	158,420
Buildings and building improvements	1,360,574	66,848	(11)	1,427,411
Leasehold improvements	66,242	(4,517)	-	61,725
Vehicles, equipment and furniture	154,140	(1,269)	(1,326)	151,545
Computer systems	58,721	1,643	-	60,364
Library books and materials	12,041	494	-	12,535
Infrastructure				
Streets and structures	1,503,628	7,033	(618)	1,510,043
Water system	650,308	16,876	(1,459)	665,725
Sewer system	1,230,560	42,214	(1,873)	1,270,901
Assets under construction	85,751	28,249	-	114,000
Net Book Value	\$ 7,752,224	\$ 248,113	\$ (5,457)	\$ 7,994,880
Net Book Value (2021)	\$ 7,374,518	\$ 380,073	\$ (2,367)	\$ 7,752,224

*The Assessed Value of land is \$30.9 billion (2021- \$24.5 billion)

Additions include contributed tangible capital assets - buildings \$83.3 million, land \$48.9 million, infrastructure \$3.0 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

12. ACCUMULATED SURPLUS

	2022	2021
Investment in tangible capital assets	\$ 6,996,763	\$ 6,753,462
Prepaid lease revenue not yet recognized	(181,625)	(151,689)
Reserve for Sinking Fund debt retirement - statutory	393,439	314,166
Reserve for Sinking Fund debt retirement - non-statutory	8,846	109,078
Reserves (a)	1,691,830	1,460,330
Fund balances (b)	532,374	400,607
Obligations to be funded from future revenues (Note 7)	(167,920)	(164,695)
	<u>\$ 9,273,707</u>	<u>\$ 8,721,259</u>

(a) The following reserve amounts are set aside for specific purposes:

	2021	Transfer To	Transfer From	Change During Year	2022
Financial Stabilization					
Deferred Employee Benefits	\$ 62,570	\$ -	\$ (608)	\$ (608)	\$ 61,962
General Revenue Stabilization	162,187	48,499	(11,281)	37,218	199,405
Solid Waste Capital	67,967	11,825	(8,894)	2,931	70,898
Utility Rate Stabilization	31,346	13,425	(386)	13,039	44,385
Other	7,139	-	-	-	7,139
	<u>331,209</u>	<u>73,749</u>	<u>(21,169)</u>	<u>52,580</u>	<u>383,789</u>
Asset Management					
Golf Course and Artificial Turf	3,171	556	(997)	(441)	2,730
Plant and Equipment	63,152	33,616	(24,817)	8,799	71,951
Streets Capital Maintenance	17,458	1,210	(1,205)	5	17,463
	<u>83,781</u>	<u>35,382</u>	<u>(27,019)</u>	<u>8,363</u>	<u>92,144</u>
Future Capital					
Affordable Housing	232,017	76,020	(23,749)	52,271	284,288
Capital Facilities and Infrastructure	95,375	32,079	(11,242)	20,837	116,212
Community Amenities	459,277	126,399	(33,473)	92,926	552,203
Parking Sites	54,254	6,401	(5,948)	453	54,707
Pedestrian and Cycling	7,024	424	(3,838)	(3,414)	3,610
	<u>847,947</u>	<u>241,323</u>	<u>(78,250)</u>	<u>163,073</u>	<u>1,011,020</u>
Special Revenue and Programs					
Childcare Endowment	17,723	395	(525)	(130)	17,593
Community Amenity Operations	11,371	415	(492)	(77)	11,294
Donations	17,126	4,031	(1,723)	2,308	19,434
Emerging Neighbourhood	10,000	-	-	-	10,000
Insurance	25,691	2,822	(8,074)	(5,252)	20,439
Outstanding Commitments	18,773	5,701	(11,753)	(6,052)	12,721
Public Art	18,639	1,621	(1,305)	316	18,955
Social and Cultural	28,210	3,253	(127)	3,126	31,336
Other	22,956	14,290	(10,636)	3,654	26,610
	<u>170,489</u>	<u>32,528</u>	<u>(34,635)</u>	<u>(2,107)</u>	<u>168,382</u>
Future Debt Repayment					
	<u>26,904</u>	<u>9,591</u>	<u>-</u>	<u>9,591</u>	<u>36,495</u>
	<u><u>\$ 1,460,330</u></u>	<u><u>\$ 392,573</u></u>	<u><u>\$ (161,073)</u></u>	<u><u>\$ 231,500</u></u>	<u><u>\$ 1,691,830</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

12. ACCUMULATED SURPLUS - Continued

(b) Fund balances are comprised of:

	2021	Change During Year	2022
Revenue Fund	\$ 26,239	\$ -	\$ 26,239
Capital Fund	7,735	54,690	62,425
Capital Financing Fund	192,195	13,368	205,563
Property Endowment Fund	157,627	32,148	189,775
Vancouver Affordable Housing Endowment Fund	(8,091)	33,403	25,312
Harbour Park Development Ltd.	(11)	-	(11)
Vancouver Civic Development Corp.	11,957	117	12,074
Hastings Institute Inc.	264	7	271
Pacific National Exhibition	(7,274)	(2,564)	(9,838)
City of Vancouver Public Housing Corporation	(271)	320	49
Vancouver Economic Commission	1,422	528	1,950
Parking Corporation of Vancouver	322	(72)	250
	<u>382,114</u>	<u>131,945</u>	<u>514,059</u>
Eliminations on consolidation	18,493	(178)	18,315
	<u>\$ 400,607</u>	<u>\$ 131,767</u>	<u>\$ 532,374</u>

13. CONTRACTUAL RIGHTS, CONTINGENCIES AND COMMITMENTS

(a) Contractual Rights

The City's contractual rights arise from rights to receive payments under shared cost agreements and leases.

The City has entered into cost sharing agreements with senior governments and other agencies for projects in five priority areas, totalling \$305.0 million. To date, \$131.4 million has been utilized leaving \$173.6 million in remaining contractual rights. Contractual rights arise from the normal course of business and are not reflected in the consolidated financial statements until revenues or assets are received. Revenues under these contractual rights are expected to be recognized over the next four years as part of the City's capital plan activity. The following table summarizes the contractual rights of the City assuming no counter-party default for future assets:

Infrastructure Priority Area:

	Shared Cost Revenue
Affordable Housing	\$ 6,521
Green Infrastructure & Climate Change	58,765
Rapid Transit & Transportation Infrastructure	67,573
Social & Community Infrastructure	26,815
Parks & Recreation	13,916
	<u>\$ 173,590</u>

The City leases real property to commercial, affordable housing and non-profit organizations with terms ranging from 1 to 116 years. The City has contractual rights to receive the following amounts of lease revenue in the next 5 years.

Year	Lease Revenue
2023	\$ 24,549
2024	19,161
2025	16,703
2026	13,806
2027	11,546
	<u>\$ 85,765</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

13. CONTRACTUAL RIGHTS, CONTINGENCIES AND COMMITMENTS – Continued

(b) Contingent Liability and Commitment

The City is contingently liable in respect of debentures of the Greater Vancouver Water District, the Greater Vancouver Sewerage and Drainage District and the Greater Vancouver Regional District.

The City is a shareholder and member of E-Comm Emergency Communications for British Columbia Incorporated (E-Comm), whose services include: regional 911 call centre for the Greater Vancouver Regional District, Area Wide Radio emergency communications network, dispatch operations and records management. The City holds 2 Class A shares and 1 Class B share (of a total 37 Class A and 18 Class B shares issued and outstanding at December 31, 2022). As a Class A shareholder, the City is committed to paying levies for services received under a cost-sharing formula to fund operating and capital costs of the E-Comm operations. In addition, the City is contingently liable to cover its proportionate share of such costs should any member be unable to fulfill its funding obligations. Annual levy amounts fluctuate based on various factors under the cost-sharing formula, and amounted to \$25.4 million during the year (2021 - \$22.4 million).

(c) Municipal Pension Plan

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and 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 at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The City paid \$86.1 million (2021 - \$84.4 million) for employer contributions while employees contributed \$72.4 million (2021- \$68.2 million) to the plan in 2022.

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.

(d) Contingent Legal Liabilities

As at December 31, 2022, there were various legal claims pending against the City arising in the ordinary course of its operations. The City has recorded a liability for certain uninsured claims, but has made no specific provision for those where the outcome is presently indeterminable. The City also has an insurance reserve of \$20.4 million (2021 - \$25.7 million) for potential claims (note 12(a)).

(e) Property Assessment Appeals

As at December 31, 2022, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City has estimated a liability for certain appeals and makes an annual provision against property taxes receivable for the impact of appeals.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

13. CONTRACTUAL RIGHTS, CONTINGENCIES AND COMMITMENTS – Continued

(f) Loan Guarantees

The City has entered into 60 year prepaid leases and operating agreements with respect to two affordable rental housing complexes in Southeast False Creek. Under the agreements, the City has guaranteed the operators' loan obligations with respect to their mortgages to finance the pre-paid rent. The outstanding balances of the mortgages as reported in their most recent audited financial statements are:

First Avenue Athletes Village Housing Co-operative as at September 30, 2022	\$16,637
S.U.C.C.E.S.S. Affordable Housing Society as at March 31, 2022	\$44,427

(g) Collection of Taxes on Behalf of Other Taxing Authorities

	2022	2021
Taxes collected by the City:		
Property and business taxes	\$ 1,965,262	\$ 1,840,433
Payment in lieu of taxes	30,305	31,754
Local improvement levies	420	519
	<hr/> 1,995,987	<hr/> 1,872,706
Less taxes remitted to:		
Province of British Columbia - School Taxes	715,424	690,272
South Coast British Columbia Transportation Authority	148,137	150,622
B.C. Assessment Authority	21,606	22,173
Metro Vancouver	28,561	27,428
Municipal Finance Authority	115	103
	<hr/> 913,843	<hr/> 890,598
Net Taxes for Municipal Purposes	<hr/> <hr/> \$ 1,082,144	<hr/> <hr/> \$ 982,108

14. TRUST FUNDS

Certain assets have been conveyed or assigned to the City to be administered as directed by agreement or statute. The City holds the assets for the benefit of, and stands in fiduciary relationship to, the beneficiary. The following trust funds and assets are excluded from the City's consolidated financial statements:

	2022	2021
Vancouver Agreement	\$ 1,047	\$ 1,495
Cemetery Perpetual Care	9,838	9,015
General	472	466
	<hr/> \$ 11,357	<hr/> \$ 10,976

The Vancouver Agreement is an urban development agreement between the Federal and Provincial Governments and the City to facilitate sustainable economic, social and community development in the City.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

15. BUDGET

The Budget information presented in these consolidated financial statements is based upon the 2022 operating, capital and property endowment budgets as approved by Council on December 7, 2021 and adjusted to comply with Canadian public sector accounting standards for inclusion in the Consolidated Statement of Operations and Consolidated Statement of Change in Net Financial Assets.

	2022
Revenues	
Approved Budgeted Revenues	
Operating Budget	\$ 1,747,418
Capital Budget	285,175
Property Endowment Operating Budget	52,310
Other City of Vancouver funds	11,551
Vancouver Affordable Housing Endowment Fund	12,214
Pacific National Exhibition (1)	67,594
Other City of Vancouver Reporting Entities	3,125
	<hr/>
	2,179,387
PSAB Revenue Adjustments	
Interfund revenue eliminated	(16,055)
Budgeted Revenues as presented in financial statements	<hr/> \$ 2,163,332
Expenses	
Approved Budgeted Expenditures	
Operating Budget	\$ 1,747,418
Capital Budget	276,975
Property Endowment Operating Budget	52,311
Other City of Vancouver funds	11,550
Vancouver Affordable Housing Endowment Fund	12,214
Pacific National Exhibition (1)	61,539
Other City of Vancouver Reporting Entities	3,125
	<hr/>
	2,165,132
PSAB Expenses Adjustments	
Operating Budget PSAB expense adjustments (2)	128,843
Capital asset expenditures	(517,937)
Amortization of tangible capital assets	207,077
Interfund expense eliminated	(16,055)
	<hr/>
	(198,072)
Budgeted Expenses as presented in financial statements	<hr/> \$ 1,967,060
Annual Surplus	<hr/> \$ 196,272

Note:

(1) Revised from Vancouver Budget 2022 amounts to align PNE's budget with the City's reporting period ending December 31, 2022. The PNE board approved budget information required for alignment was not available at the time of the City budget preparation.

(2) Debt issue receipts, debt principal payments and transfers

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

16. GOVERNMENT TRANSFERS

Government transfers reported on the Consolidated Statement of Operations are comprised of the following:

	Budget Program	2022	2021
By Source			
Federal			
Canadian Mortgage Housing Corporation Rapid Housing Initiative	Capital	\$ 10,592	\$ 62,041
P.N.E Infrastructure Program	Capital	6,084	-
Canada Infrastructure	Capital	2,713	3,990
Zero Emission Vehicle Infrastructure Program	Capital	502	315
Other capital	Capital	644	372
Other operating	Operating	561	360
Mountain View Cemetery Field of Honour	Capital	-	1,115
		<u>21,096</u>	<u>68,193</u>
Provincial			
Revenue Sharing	Operating	19,692	18,088
Licensed Childcare Space	Capital	11,475	-
COVID Safe Restart Grant	Operating	9,180	9,676
BC Housing non-market housing operating subsidies	Operating	7,004	5,161
Climate Action Program	Capital	4,910	72
Federal Gas Tax Fund	Capital	2,033	3,978
COVID emergency response	Operating	1,323	3,359
Library	Operating	1,252	1,240
Other operating	Operating	1,078	1,044
Other capital	Capital	518	2,056
		<u>58,465</u>	<u>44,674</u>
South Coast British Columbia Transportation Authority			
Major Road Network and Bike	Capital	6,149	5,304
Operations and maintenance	Operating	5,603	3,487
Major Road Rehabilitation	Capital	1,710	6,625
Street signal and lighting rehabilitation	Capital	1,440	2,324
		<u>14,902</u>	<u>17,740</u>
		<u>\$ 94,463</u>	<u>\$ 130,607</u>
By Budget Program			
Capital		\$ 48,770	\$ 88,120
Operating		45,693	42,487
		<u>\$ 94,463</u>	<u>\$ 130,607</u>

In 2022, the City has a balance of \$11.4 million (2021 - \$22.2 million) in deferred revenue (note 10) where the City has been provided a government transfer and the stipulations have not yet been met. Included in this deferred revenue as at December 31, 2022 is \$10.7 million (2021 - \$21.3 million) of funding related to an agreement with the Canada Mortgage Housing Corporation (CMHC) signed in 2021 as part of its Rapid Housing Initiative. Under this agreement, CMHC contributed \$83.3 million for the acquisition of land and construction of affordable multi-residential housing. Eligible costs include conversion costs, pre-development and pre-construction costs in relation to the development of affordable housing units.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in \$000s)
Year Ended December 31, 2022

17. SEGMENTED INFORMATION AND EXPENSES BY OBJECT

City services are provided by departments and their activities are reported in the City's Funds as described in Note 1(b). The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Revenues not directly attributable to a specific segment are shown in General Government.

Amounts shown for wages, contract services, supplies and debt charges are the gross amounts incurred by departments for all segmented activity. Allocated costs include services performed by departments for other segments or for work related to capital construction activity.

The segments include:

- **General Government** which provides internal support services to Council and other departments who provide direct services to its citizens. These internal departments include the City Manager's Office, City Clerk, Financial Services, Real Estate and Facilities Management, Legal and Human Resources, Technology Services, Risk and Supply Chain Management.
- **Police Protection** which provides operational and investigation services to maintain public order, uphold the rule of law and prevent crime.
- **Fire Protection** which provides emergency and prevention services related to firefighting and medical services.
- **Engineering** which provides planning, design, construction and maintenance of the City's streets, street lighting, traffic control, parking enforcement, transportation planning and utility and communication corridors.
- **Utilities** which are managed by the Engineering department and provide planning, design, construction and maintenance related to the water distribution, sewerage collection, drainage, neighbourhood energy utilities and refuse removal services.
- **Planning and Development** which creates plans, programs and policies required for City-wide and community planning, zoning and subdivision, building by-law administration and inspection, various licensing and animal control services.
- **Parks and Recreation** which provides recreation services through its parks, community centres, swimming pools and ice rinks.
- **Arts, Culture, and Community Services** which includes the civic theatres and the Britannia Community Centre and other programs to create sustainable, creative and inclusive communities for living and working.
- **Library** which provides access to reading and information needs, and a free place for everyone to discover, create, and share ideas.

NOTE 17 CONTINUED – SEGMENTED INFORMATION AND EXPENSES BY OBJECT (Tabular amounts in \$000s)

Year Ended December 31, 2022

	General Government	Police Protection	Fire Protection	Engineering	Utilities	Planning & Development	Parks & Recreation	Community Services	Arts, Culture & Library	2022 Consolidated	2021 Consolidated
Revenues											
Property taxes, penalties and interest	\$ 1,082,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,082,144	\$ 982,108
Utility fees	13	-	-	1	362,543	-	-	-	14	-	362,571
Program fees	645	1,947	1,023	135	215	-	105,772	21,756	622	132,115	80,359
License and development fees	109,968	-	-	2,215	232	-	-	-	-	112,415	110,806
Parking	54,386	5	-	24,290	-	-	13,091	1,083	-	92,855	80,383
Government transfers	37,263	-	792	10,890	5,873	1,323	6,089	30,778	1,455	94,463	130,607
Cost recoveries and donations	16,437	29,465	14,421	11,879	25,797	1,829	3,825	2,535	2,310	108,498	116,830
Investment income	58,547	-	-	-	-	-	-	129	-	58,676	31,454
Rental, lease and other	41,165	-	84	11,257	1,409	1	7,939	11,184	1,308	74,347	66,561
Bylaw fines	22,986	-	-	-	-	-	115	36	-	23,137	25,427
Developer contributions	134,747	-	7	43,251	18,094	-	9,932	103,917	-	309,948	384,949
Gain on sale of tangible capital assets	1,110	-	-	-	-	-	-	-	-	1,110	4,604
	1,559,411	31,417	16,327	103,918	414,163	3,153	146,763	171,432	5,695	2,452,279	2,352,589
Operating Expenses											
Wages, salaries and benefits	123,253	316,820	144,165	102,085	66,759	68,294	124,405	51,854	43,237	1,040,872	984,681
Contract services	15,877	27,743	6,018	11,574	24,483	7,104	13,369	8,599	2,420	117,187	101,655
Supplies, material and equipment	54,926	30,579	7,911	30,308	228,002	5,436	68,023	72,519	8,059	505,763	445,330
Debt charges	-	510	1,006	5,759	13,437	-	4,957	3,125	286	29,080	32,187
	194,056	375,652	159,100	149,726	332,681	80,834	210,754	136,097	54,002	1,692,902	1,563,853
Amortization											
	27,852	12,270	5,603	77,415	34,958	11	25,274	16,913	6,633	206,929	205,326
	221,908	387,922	164,703	227,141	367,639	80,845	236,028	153,010	60,635	1,899,831	1,769,179
Annual Surplus (Deficit)	\$ 1,337,503	\$ (356,505)	\$ (148,376)	\$ (123,223)	\$ 46,524	\$ (77,692)	\$ (89,265)	\$ 18,422	\$ (54,940)	\$ 552,448	\$ 583,410

This page is intentionally blank.

**SUPPLEMENTARY
FINANCIAL
INFORMATION**

UNAUDITED

COVID-19 SAFE RESTART GRANT UNAUDITED (Tabular amounts in \$000s)
Year Ended December 31, 2022

In 2021, the City of Vancouver received approval for funding from the Union of BC municipalities (UBCM) for the Strengthening Communities' Services Program totalling \$19,351,572. This program is part of the federally and provincially funded Safe Restart program and to support local governments to address costs related to supporting unsheltered homeless populations and addressing the related community impacts as a result of COVID-19. Of the total approved funding, the City has received half of the approved funding of \$9,675,786 in 2021. The remaining half of the grant payment is to be provided when the City satisfies the terms and conditions as set forth by the agreement.

The schedule below summarizes the total funding approved for the City and eligible expenses applied against the grant.

	2022	2021
Balance, beginning of the year	\$ 5,312	\$ -
COVID-19 Safe Restart Grants approved	- 19,352	
Less eligible costs incurred:		
Community Centers	1,955	4,461
Parks & Recreation	1,264	3,417
Shelters	298	2,190
Street Cleaning	638	2,075
Community Outreach	346	1,312
Fire Support	111	266
Park Encampment	- 319	
	<hr/> 4,612	<hr/> 14,040
Balance, end of year	<hr/> 700	<hr/> 5,312

REVENUE FUND – SCHEDULE OF FINANCIAL ACTIVITIES UNAUDITED (Tabular amounts in \$000s)
Year Ended December 31, 2022

	2022 Budget	2022	2021
REVENUES			
Property taxes, penalties and interest	\$ 1,008,085	\$ 1,082,144	\$ 982,108
Utility fees	356,522	362,909	338,803
Programs fees	65,996	65,167	45,536
License and development fees	91,461	111,595	110,787
Parking	75,355	67,325	59,928
Government Transfers	27,673	41,041	42,487
Cost recoveries and donations	50,348	72,205	68,678
Investment income	13,830	26,347	14,240
Rental, lease and other	36,571	46,749	44,098
Bylaw fines	21,577	23,137	25,427
	1,747,418	1,898,619	1,732,092
EXPENDITURES			
Utilities	291,867	296,903	274,114
General government	202,675	161,228	144,760
Police protection	370,641	375,753	365,534
Fire protection	150,295	159,234	150,014
Engineering	107,343	118,175	107,687
Planning and development	77,463	76,033	75,638
Parks and recreation	144,148	143,130	132,538
Arts, culture and community services	102,044	106,930	112,374
Library	54,842	53,597	52,221
	1,501,318	1,490,983	1,414,880
ANNUAL SURPLUS	246,100	407,636	317,212
DEBT, TRANSFERS AND OTHER			
Debt principal repayments	(1,324)	(1,186)	(1,198)
Transfers			
Net transfers to other funds	(244,355)	(282,783)	(254,685)
Net transfers to reserves	(421)	(126,853)	(60,529)
Change in obligations to be funded from	-	3,186	-
Future revenue	-	-	(800)
	(246,100)	(407,636)	(317,212)
CHANGE IN FUND BALANCE			
FUND BALANCE			
Beginning of year	26,239	26,239	26,239
Change in year	-	-	-
End of year	\$ 26,239	\$ 26,239	\$ 26,239

REVENUE FUND – FEES AND RECOVERIES UNAUDITED (Tabular amounts in \$000s)
Year Ended December 31, 2022

	2022 Budget	2022	2021
Program fees			
Parks and recreation	\$ 43,113	\$ 40,556	\$ 32,032
Arts, culture and community services	18,021	20,027	8,903
Library	826	622	749
Police	2,123	1,947	1,877
Fire	750	1,028	867
Other	1,163	987	1,108
	\$ 65,996	\$ 65,167	\$ 45,536
License and development fees			
License fees	\$ 21,249	\$ 22,287	\$ 21,804
Engineering fees	11,919	10,397	11,518
Trade permits	15,094	19,048	15,550
Development and building permits	35,059	30,798	53,909
Rezoning fees	5,625	7,524	5,489
Other fees	2,515	21,541	2,517
	\$ 91,461	\$ 111,595	\$ 110,787
Parking			
On street parking	\$ 63,445	\$ 52,486	\$ 47,913
Parks	8,492	10,540	8,447
Civic Theatre	971	1,033	393
Other	2,447	3,266	3,175
	\$ 75,355	\$ 67,325	\$ 59,928
Government Transfers			
Police	\$ -	\$ -	\$ 40
Fire	200	492	89
General government	23,316	35,132	32,533
Parks and recreation	-	-	166
Arts, culture and community services	2,541	2,638	8,297
Library	1,616	1,455	1,240
Planning and development	-	1,323	72
Utilities	-	1	50
	\$ 27,673	\$ 41,041	\$ 42,487
Cost recoveries & donations			
Police	\$ 22,933	\$ 29,961	\$ 32,940
Fire	8,912	14,475	11,865
General government	2,766	4,929	4,781
Parks and recreation	4,613	4,848	3,801
Arts, culture and community services	2,320	5,923	2,884
Engineering services	7,277	7,152	8,440
Library	872	2,311	1,434
Planning and development	655	1,913	2,048
Utilities	-	693	485
	\$ 50,348	\$ 72,205	\$ 68,678
Rental, lease and other			
Property rentals and leases	19,102	18,681	19,832
Street use	1,420	1,582	1,807
False alarm reduction program	1,000	934	957
Other	15,049	25,552	21,502
	\$ 36,571	\$ 46,749	\$ 44,098

PROPERTY ENDOWMENT FUND – STATEMENT OF OPERATIONS UNAUDITED (Tabular amounts in \$000s)
Year Ended December 31, 2022

	2022	2021
OPERATIONS		
Rental and leases		
Revenue	\$ 27,396	\$ 23,044
Expenses	10,723	11,002
	<hr/> 16,673	<hr/> 12,042
Parking		
Revenue	23,075	19,542
Expenses	21,397	16,748
	<hr/> 1,678	<hr/> 2,794
Water moorage		
Revenue	1,478	1,494
Expenses	860	743
	<hr/> 618	<hr/> 751
NET REVENUES FROM OPERATIONS	18,969	15,587
Other Revenue		
Other income	-	584
Investment Income	4,366	1,470
Gain in sale of tangible capital assets	<hr/> 19,785	<hr/> 35,391
	<hr/> 24,151	<hr/> 37,445
Administration and operating	5,145	9,052
NET REVENUES	\$ 37,975	\$ 43,980

SCHEDULE OF DEBTS UNAUDITED (Tabular amounts in \$000s)
Year Ended December 31, 2022

OUTSTANDING BORROWING AUTHORITY

	Capital Plan Borrowing Authority*	Council-approved Debenture Funding**	Debentures Issued to end of 2022	Outstanding Borrowing Authority
General				
2015-2018	\$ 235,000	\$ 231,428	\$ 231,428	\$ -
2019-2022	300,000	299,116	181,188	117,928
	<u>535,000</u>	<u>530,544</u>	<u>412,616</u>	<u>117,928</u>
Sewer, Water and NEU				
2015-2018	147,500	144,850	144,850	-
2019-2022	195,000	187,961	108,784	79,177
	<u>342,500</u>	<u>332,811</u>	<u>253,634</u>	<u>79,177</u>
Total General, Sewer, Water and NEU				
2015-2018	382,500	376,278	376,278	-
2019-2022	495,000	487,077	289,972	197,105
	<u>\$ 877,500</u>	<u>\$ 863,355</u>	<u>\$ 666,250</u>	<u>\$ 197,105</u>

* Borrowing authorities are established as part of the Capital Plan. General borrowing authorities for each Capital Plan are approved by the electors. Sewer, Water and NEU borrowing authorities are approved by Council.

** Debenture funding is approved by Council as part of Annual Budget.

LONG TERM DEBT CONTINUITY

	Externally	Internally		Total
	Held	Held		
Balance, beginning of year	\$ 1,013,163	\$ 1,407	\$ 1,014,570	
Add: Debentures issued	2,000	120,000	122,000	
Local improvements	-	182	182	
	<u>1,015,163</u>	<u>121,588</u>	<u>1,136,751</u>	
Less: Premium amortization	(721)	-	(721)	
Less: Maturities				
General and water	755	-	755	
Local improvements	-	431	431	
	<u>755</u>	<u>431</u>	<u>1,186</u>	
Balance, end of year	<u>\$ 1,013,687</u>	<u>\$ 121,157</u>	<u>\$ 1,134,844</u>	

SCHEDULE OF DEBTS UNAUDITED (Tabular amounts in \$000s)
Year Ended December 31, 2022

SCHEDULE OF GENERAL DEBT

Bylaw	Maturity Date & Purpose	Rate %	Term (Years)	Sinking Fund		
				Debenture Outstanding	Reserve Balance	
10117	September 30, 2021 - 2030	1.71%	20	\$ 2,206	\$ -	-
10565	October 18, 2052	3.70%	40	120,000	12,621	
10797	October 24, 2023	3.75%	10	110,000	97,331	
11080	October 16, 2024	3.05%	10	105,000	80,546	
11362	November 20, 2025	2.90%	10	90,000	58,587	
11673	December 15, 2026	2.70%	10	90,000	48,777	
11941	November 03, 2027	2.85%	10	85,000	37,638	
12203	September 21, 2028	3.10%	10	85,000	29,530	
12307	November 20, 2023 - 2028	4.07%	10	3,000	-	
12561	October 18, 2052	3.70%	33	100,000	3,977	
12814	November 06, 2030	1.40%	10	100,000	16,403	
13149	November 05, 2031	2.30%	10	100,000	8,011	
12484	December 22, 2032	4.58%	10	2,000	-	
				992,206	393,421	
				21,481	-	
				-	18	
			Total	\$ 1,013,687	\$ 393,439	

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON DEBT UNAUDITED (Tabular amounts in \$000s)
Year Ended December 31, 2022

	General			Waterworks			Local Improvements			Total General, Waterworks and Local Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	97,760	31,976	129,736	13,000	1,883	14,883	308	69	377	111,068	33,928	144,996
2024	97,764	28,314	126,078	8,000	1,395	9,395	266	51	317	106,030	29,760	135,790
2025	84,769	25,330	110,099	6,000	1,151	7,151	173	35	208	90,942	26,516	117,458
2026	85,773	22,869	108,642	5,000	977	5,977	90	25	115	90,863	23,871	114,734
2027	82,278	20,549	102,827	3,500	842	4,342	43	19	62	85,821	21,410	107,231
2028 - 2032	403,897	75,570	479,467	2,466	3,406	5,872	183	60	243	406,546	79,036	485,582
Thereafter	202,000	149,480	351,480	18,000	13,320	31,320	94	13	107	220,094	162,813	382,907
	\$ 1,054,241	\$ 354,088	\$ 1,408,329	\$ 55,966	\$ 22,974	\$ 78,940	\$ 1,157	\$ 272	\$ 1,429	\$ 1,111,364	\$ 377,334	\$ 1,488,698

External Debt Only

	General			Waterworks			Total General & Waterworks		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	97,760	27,536	125,296	13,000	1,883	14,883	110,760	29,419	140,179
2024	97,764	23,874	121,638	8,000	1,395	9,395	105,764	25,269	131,033
2025	84,769	20,890	105,659	6,000	1,151	7,151	90,769	22,041	112,810
2026	85,773	18,429	104,202	5,000	977	5,977	90,773	19,406	110,179
2027	82,278	16,109	98,387	3,500	842	4,342	85,778	16,951	102,729
2028 - 2032	283,897	53,370	337,267	2,466	3,406	5,872	286,362	56,776	343,138
Thereafter	202,000	149,480	351,480	18,000	13,320	31,320	220,000	162,800	382,800
	\$ 934,241	\$ 309,688	\$ 1,243,929	\$ 55,966	\$ 22,974	\$ 78,940	\$ 990,206	\$ 332,662	\$ 1,322,868

STATISTICAL REVIEW

UNAUDITED

FIVE YEAR - CONSOLIDATED STATEMENT OF FINANCIAL POSITION UNAUDITED (Tabular amounts in \$000s)
Year Ended December 31, 2022

	2022	2021	2020	2019	2018
FINANCIAL ASSETS					
Cash and cash equivalents	\$ 900,532	\$ 1,146,611	\$ 1,141,886	\$ 385,645	\$ 320,400
Investments	2,631,633	1,900,173	2,066,044	2,262,090	2,060,045
Accounts receivables	243,459	237,705	267,271	265,411	281,310
Lease agreement receivable	1,950	2,094	2,083	2,161	8,290
	<u>3,777,574</u>	<u>3,286,583</u>	<u>3,477,284</u>	<u>2,915,307</u>	<u>2,670,045</u>
LIABILITIES					
Accounts payable and accrued liabilities	568,974	558,885	838,239	424,001	378,175
Deferred liabilities	167,920	164,695	165,034	164,979	164,272
Mortgages and loan agreement	5,911	7,801	16,204	15,229	21,625
Debt	1,013,687	1,013,163	1,054,635	1,081,103	1,083,202
Deferred revenue	773,452	602,028	665,217	580,228	525,820
	<u>2,529,944</u>	<u>2,346,572</u>	<u>2,739,329</u>	<u>2,265,540</u>	<u>2,173,094</u>
NET FINANCIAL ASSETS					
	<u>1,247,630</u>	<u>940,011</u>	<u>737,955</u>	<u>649,767</u>	<u>496,951</u>
NON-FINANCIAL ASSETS					
Inventory and prepaids	31,197	29,024	25,376	24,306	24,539
Tangible capital assets	7,994,880	7,752,224	7,374,518	7,234,709	7,086,656
	<u>8,026,077</u>	<u>7,781,248</u>	<u>7,399,894</u>	<u>7,259,015</u>	<u>7,111,195</u>
ACCUMULATED SURPLUS					
	<u>\$ 9,273,707</u>	<u>\$ 8,721,259</u>	<u>\$ 8,137,849</u>	<u>\$ 7,908,782</u>	<u>\$ 7,608,146</u>

FIVE YEAR - CONSOLIDATED STATEMENT OF OPERATIONS UNAUDITED (Tabular amounts in \$000s)
Year Ended December 31, 2022

	2022	2021	2020	2019	2018
REVENUES					
Property taxes, penalties and interest	1,082,144	\$ 982,108	\$ 935,538	\$ 873,498	\$ 833,414
Utility fees	362,571	338,501	320,914	299,411	277,143
Program fees	132,115	80,359	45,426	127,059	123,888
License and development fees	112,415	110,806	73,791	95,910	94,828
Parking	92,855	80,383	67,391	102,906	98,063
Government Transfers	94,463	130,607	59,402	51,545	67,784
Cost Recoveries and Donations	108,498	116,830	90,250	141,658	107,258
Investment income	58,676	31,454	40,471	49,070	37,681
Rental, lease and other	74,347	66,561	70,062	77,989	66,813
Bylaw fines	23,137	25,427	16,156	22,152	22,352
Developer contributions	309,948	384,949	125,829	132,695	256,763
Gain (loss) on sale of tangible capital assets	1,110	4,604	12,957	(7,057)	(7,094)
	2,452,279	2,352,589	1,858,187	1,966,836	1,978,893
EXPENSES					
Utilities	367,639	336,271	325,828	320,907	300,504
General Government	221,908	204,029	184,018	178,088	175,712
Police Protection	387,922	377,197	350,064	340,780	324,602
Fire Protection	164,703	157,024	145,955	140,368	136,046
Engineering	227,141	218,991	213,130	226,529	212,454
Planning and development	80,845	78,909	70,816	67,614	59,805
Parks and recreation	236,028	195,825	163,625	222,470	206,028
Arts, culture and community services	153,010	141,495	124,165	110,860	116,947
Library	60,635	59,438	51,609	58,497	55,105
	1,899,831	1,769,179	1,629,210	1,666,113	1,587,203
ANNUAL SURPLUS	\$ 552,448	\$ 583,410	\$ 228,977	\$ 300,723	\$ 391,690

FIVE YEAR – CONSOLIDATED EXPENSES BY OBJECT & ACQUISITION OF TANGIBLE CAPITAL ASSETS UNAUDITED (Tabular amounts in \$000s)
Years Ended December 31

FIVE YEAR - CONSOLIDATED EXPENSES BY OBJECT (Tabular amounts in \$000s)

	2022	2021	2020	2019	2018
EXPENSES					
Wages, salaries and benefits	\$ 1,040,872	\$ 984,681	\$ 915,350	\$ 915,351	\$ 855,882
Contract Services	117,187	101,655	113,698	113,699	113,724
Supplies, material and equipment	505,763	445,330	403,815	403,815	391,401
Debt Charges	29,080	32,187	40,072	40,072	38,562
Amortization of tangible capital assets	206,929	205,326	193,177	193,176	187,634
	<u>1,899,831</u>	<u>1,769,179</u>	<u>1,666,112</u>	<u>1,666,113</u>	<u>1,587,203</u>

FIVE YEAR - ACQUISITION OF TANGIBLE CAPITAL ASSETS (Tabular amounts in \$000s)

	2022	2021	2020	2019	2018
Capital Additions	\$ 455,042	\$ 585,399	\$ 354,977	\$ 348,376	\$ 346,070

FIVE YEAR – RESERVES UNAUDITED (Tabular amounts in \$000s)**Years Ended December 31**

	2022	2021	2020	2019	2018
Financial Stabilization					
Deferred Employee Benefits	\$ 61,962	\$ 62,570	\$ 58,570	\$ 54,974	\$ 54,974
General Revenue Stabilization	199,405	162,187	146,714	134,956	121,754
Solid Waste Capital	70,898	67,967	64,935	70,689	64,863
Utility Rate Stabilization	44,385	31,346	26,880	24,830	17,578
Other	7,139	7,139	6,939	6,939	
	383,789	331,209	304,038	292,388	259,169
Asset Management					
Golf Course and Artificial Turf	2,730	3,171	3,655	4,316	5,148
Plant and Equipment	71,951	63,152	55,740	51,922	53,936
Streets Capital Maintenance	17,463	17,458	19,463	19,047	16,526
	92,144	83,781	78,858	75,285	75,610
Future Capital					
Affordable Housing	284,288	232,017	198,387	162,871	123,733
Capital Facilities and Infrastructure	116,212	95,375	92,519	83,645	75,283
Community Amenities	552,203	459,277	429,402	435,586	415,252
Parking Sites	54,707	54,254	43,836	44,818	41,971
Pedestrian and Cycling	3,610	7,024	6,715	6,816	6,619
	1,011,020	847,947	770,859	733,736	662,858
Special Revenue and Programs					
Childcare Endowment	17,593	17,723	18,086	18,588	19,034
Community Amenity Operations	11,294	11,371	11,553	11,518	7,630
Donations	19,434	17,126	16,266	14,831	14,055
Emerging Neighbourhood	10,000	10,000	10,000	10,000	10,000
Insurance	20,439	25,691	27,822	28,381	25,401
Outstanding Commitments	12,721	18,773	17,781	26,523	22,078
Public Art	18,955	18,639	17,391	16,106	14,693
Social and Cultural	31,336	28,210	27,608	25,630	24,756
Other	26,610	22,956	22,054	9,365	9,976
	168,382	170,489	168,561	160,942	147,623
Future Debt Repayment					
	36,495	26,904	19,903	22,215	29,530
	\$ 1,691,830	\$ 1,460,330	\$ 1,342,219	\$ 1,284,566	\$ 1,174,790

FIVE YEAR STATISTICAL REVIEW - DEBT UNAUDITED (Tabular amounts in \$000s)

Years Ended December 31

	2022	2021	2020	2019	2018
Population *	706,012	693,235	697,266	685,885	672,963
Long Term Debt (\$000s)					
Debenture debt outstanding	\$ 1,134,844	\$ 1,014,570	\$ 1,056,454	\$ 1,083,368	\$ 1,086,101
Less: Internally held debt	(121,158)	(1,407)	(1,819)	(2,265)	(2,899)
Externally held debt	1,013,687	1,013,163	1,054,635	1,081,103	1,083,202
Less: Sinking Fund reserves	402,285	423,244	458,755	476,419	494,182
Net externally held debt	<u>\$ 611,402</u>	<u>\$ 589,919</u>	<u>\$ 595,880</u>	<u>\$ 604,684</u>	<u>\$ 589,020</u>
Gross debt per capita (externally held)	\$ 1,436	\$ 1,462	\$ 1,513	\$ 1,576	\$ 1,610
Net debt per capita (externally held)	\$ 866	\$ 851	\$ 855	\$ 882	\$ 875

* Source: Population Section, B.C. Stats

Ministry of Labour Citizens' Services, Government of British Columbia

FIVE YEAR STATISTICAL REVIEW - TAXATION UNAUDITED (Tabular amounts in \$000s)
Years Ended December 31

	2022	2021	2020	2019	2018
Property Assessment (\$000s)					
Rateable property general purposes	\$ 498,137,747	\$ 448,644,058	\$ 439,911,668	\$ 478,299,759	\$ 466,900,439
Tax Rates – Rate per \$1,000 of Assessment					
Residential - class 1					
Municipal purposes	1.53131	1.60152	1.58076	1.33572	1.24393
Education	0.84961	0.96661	0.99877	0.91773	0.92146
Other taxing authorities	0.31201	0.35437	0.34615	0.30771	0.30287
Total Residential	2.69293	2.92250	2.92568	2.56116	2.46826
Business/other - class 6					
Municipal purposes	4.72853	4.91463	4.47887	4.27116	5.03019
Education	3.56469	3.92342	1.13968	3.94555	4.56143
Other taxing authorities	1.01705	1.13169	1.11228	1.11260	1.26257
Total Business/Other	9.31027	9.96974	6.73083	9.32931	10.85419
Major industrial - class 4					
Municipal purposes	34.05142	33.31879	30.39510	30.39510	34.25325
Education	3.52000	3.86000	3.70000	3.70000	4.20000
Other taxing authorities	2.04052	2.18289	2.18658	2.18658	2.35169
Total Major Industrial	39.61194	39.36168	36.28168	36.28168	40.80494
Light industrial - class 5					
Municipal purposes	4.72853	4.91463	4.27116	4.27116	5.03019
Education	3.58070	4.04384	4.74286	4.74286	5.29083
Other taxing authorities	0.96782	1.28758	1.59483	1.59483	1.76900
Total Light Industrial	9.27705	10.24605	10.60885	10.60885	12.09002
Total Utilities - Class 2	43.28588	44.21992	40.36626	40.36626	43.00812
Total Supportive Housing - Class 3	0.15062	0.15423	0.14184	0.14184	0.14373
Total Recreational/Non-Profit - Class 8	3.79979	4.21332	3.86290	3.86290	3.97858
Total Farm – All Purposes - Class 9	8.91729	8.96082	8.84050	8.84050	8.63580
Property Tax Revenue by Property Class (%)					
Residential - class 1	56.8	56.9	55.7	55.7	54.5
Business - class 6	40.2	40.0	41.1	41.1	42.3
Major industrial - class 4	0.9	1.0	1.0	1.0	1.0
Light industrial - class 5	1.0	1.1	1.1	1.1	1.1
Other utilities, rec/non-profit and farm	1.1	1.0	1.1	1.1	1.1
Total	100.0	100.0	100.0	100.0	100.0

This page is intentionally blank.

**TASK FORCE
FOR CLIMATE-RELATED
FINANCIAL DISCLOSURES (TCFD)**

UNAUDITED

INTRODUCTION

The City of Vancouver is committed to sustainability as it seeks to fulfill its mission and long-term strategic goals related to the community, the environment and the city's prosperity. The report contains information for Council, taxpayers, citizens, lenders, insurance underwriters and other stakeholders about our plans, activities and results related to key climate-related risks and opportunities.

Vancouver was one of the first cities in the world to recognize the significance of climate change. In 1990, the groundbreaking Clouds of Change Task Force recommended that Vancouver begin to reduce its greenhouse gas emissions. The City of Vancouver committed to taking action to mitigate and adapt to the emerging and anticipated impacts of climate change. This commitment began with the adoption of our Greenest City Action Plan in 2011, followed by our Climate Change Adaptation Strategy (CCAS) in 2012.

The February 2022 Intergovernmental Panel on Climate Change (IPCC) report identifies with very high confidence that the magnitude and rate of climate change and associated risks depend strongly on near-term mitigation and adaptation actions, and projected adverse impacts and related losses and damages escalate with every increment of global warming. The City is currently addressing both carbon emissions that cause climate change—through the Climate Emergency Action Plan (CEAP)—and enhancing resilience to climate-related shocks and stresses—through our Climate Change Adaptation Strategy (CCAS).

Over the last decade, Vancouver has experienced a variety of climate-related events.

- King tide events in 2012, 2018, 2021, 2022, and early 2023 flooded shoreline infrastructure and City recreational facilities. In particular, the 2022 events (the highest water levels since 1982) caused significant damage to the City's seawall and the Jericho Pier, two important and highly utilized regional recreational assets.
- Wildfire smoke from outside the Metro Vancouver region impacted local air quality in 2010, 2015, 2017, 2018, 2020, 2021, resulting in visibly hazy skies and significant increases of fine particulate matter in the local airshed.
- A province-wide heat dome in June 2021 resulted in record high temperatures: above 49°C in the hardest hit region, and over 33°C in Vancouver. Heat-related causes resulted in over 100 deaths in Vancouver alone, the majority of whom were senior residents living alone. An exceptional prolonged warm, dry period in summer into fall 2022 caused drought conditions that undermined forest canopy health.
- Province-wide flooding events in November 2021 where the Insurance Bureau of Canada estimates the insured damage caused by flooding was \$450 million, calling it the “most costly severe weather event in the province’s history.” Although Vancouver did not directly experience impacts near the level of others in the region such as Abbotsford’s Sumas Prairie, supply chain issues and disaster response assistance significantly impacted the City for several months.

Events such as those described above strengthen our commitment to both responding to and preparing for climate change.

Climate-Related Financial Disclosures at the City of Vancouver

Since 2018, the City has included unaudited climate-related financial disclosures in its annual financial report, guided by the recommendations of the Taskforce for Climate-related Financial Disclosure (TCFD). This continues to be an evolving process. Further action and development in all four core elements is needed to meet the comprehensiveness and complexity challenges of TCFD reporting (see “For Further Development” sections).

Financial regulators and governments around the globe (including Canada) are moving towards mandatory TCFD-type reporting. In the meantime, Vancouver and other public-sector reporters continue to interpret TCFD recommendations primarily aimed at the private sector. Concepts like “investors” and “market risks and opportunities”, are not directly transferable. The City is supportive of rapidly developing global and national developments in reporting guidance for public-sector reporters, participating in consultation on draft climate-related standards and discussion papers from the International Financial Reporting Standards Foundation and the International Public Sector Accounting Board.



A further distinction from private-sector TCFD reporting: local government purview around climate action crosses both public and private domains. In this reporting disclosure, Vancouver incorporates a broader community view, to climate risks and impacts on both the City as a local government and as a community.

GOVERNANCE AND RISK MANAGEMENT PROCESS

Structure

The overall risk governance structure of the City comprises the following roles and responsibilities.

City Council

City Council approves all the City's long-term service strategic plans, including climate-related strategies, and prioritizes the implementation of those plans through budget funding approval. Council receives reports on progress against climate targets annually and at stated intervals.

Risk Management Committee (RMC)

The RMC comprises the City Manager, City Solicitor, Chief Financial Officer, and the Chief Risk Officer. The RMC oversees the City's management of acute and chronic risks, with climate impacts appearing in both categories. The RMC oversees risk governance and the general risk framework to ensure standard methods of risk evaluation are used. The RMC sets limits within which risks should be managed, and ensures the treatments meet the risk tolerance for the City.

Chief Risk Officer, Risk Management Team

The Chief Risk Officer and the Risk Management Team lead the Enterprise Risk Management (ERM) program, under direction of the RMC. They are responsible for monitoring and facilitating the implementation through operational management of ERM processes, tools and reporting to achieve effective risk treatment. The Risk team also sits on key steering committees related to climate risk.

Department General Managers (GM)

GMs act as the Risk Owners, responsible for ensuring appropriate risk management practices are in place and operating effectively for their area of responsibility. GMs retain the ultimate responsibility for effective risk management in their departments, which includes identifying, treating, and reporting risks following the ERM process and timeline, assisted by the Risk team. Implementation updates are given regularly to senior management through steering and oversight committees.

The Enterprise Risk Management (ERM) Process

The ERM identification process includes discussions with management, workshops, review of recent incidents, and examination of incidents and news outside of the city. Once identified, the risks are evaluated using a standard risk evaluation matrix of likelihood and impact. Major risks to the City that score high on the evaluation matrix are named Key Risks, which are then assigned to Risk Owners, who are then responsible for developing and executing a treatment plan to address the risk. Climate risks are included in the same ERM process.

For Further Development

The City has been considering climate-related risks at a comprehensive strategic level for several years, with incremental improvements to prioritization and funding processes made along the way. Climate-related responsibility is currently assigned to Risk Owners—specific managers or committees—but climate-related management responsibilities and cross-functional coordination could be rationalized and improved. Effective climate-risk governance will also require revised systems and processes to generate and report financial and non-financial quantitative information to support its decision-making processes. The further development of a corporate framework for strategic planning should cover 50-100 years to incorporate climate related issues, and include climate goals, risk factors and financial resources to guide our decision-making processes.

STRATEGY AND CLIMATE RISK MANAGEMENT

Climate Risk Assessment

The City of Vancouver has qualitatively assessed physical risks to the City's systems and service-delivery areas, and to the community. The City of Vancouver has not yet undertaken a corporate transition risk assessment of City operations; however, the Vancouver Economic Commission (VEC - the City's affiliated economic development agency) has conducted some preliminary assessment work on community-level transition risk.

Physical Risk (Community, Corporate)

In July 2019, the Province published the [Preliminary Strategic Climate Risk Assessment for BC](#) and complementary framework for risk assessment.

Vancouver's climate risk assessment mirrors the provincial methodology. The provincial assessment lists water supply shortages, health related impacts from heat and wildfires among the top risk for the province.

Through climate adaptation planning in 2011 and 2018, City staff prioritized Vancouver's climate-related physical hazards and impacts for action, by identifying where systems and service-delivery areas were most vulnerable, and where the greatest risk (likelihood of impact and magnitude of consequences) lay. Acute shocks (storm events, flood or wind damage, heat impacts, etc.) and chronic stresses (hotter, drier summers; warmer, wetter winters; and increasing coastal flood events due to sea level rise) were identified.

Table 2 summarizes impacted City services as they were assessed, but since then, some effects are being felt sooner than anticipated: water shortages from recent dry summers, and damage to natural systems and urban trees from combined dry summer and windy/wet winters (see "Future Impacts Today", later in this report). Climate hazards were further highlighted through a hazard, risk and vulnerability assessment (HRVA), a legislated requirement of BC local governments through the Emergency Programs Act. The HRVA considers current and future risks of human-caused and natural hazards including many that are climate-related. Phase 1 was completed in 2021, with Phase 2 underway through 2023. Phase 2 will also focus on who/what is disproportionately impacted and their adaptive capacity, to help shape risk reduction actions.

Table 2 – Vancouver's Physical Climate Impacts (Examples)

Impacted Area	Impacts	Timeframe	Impacted assets/services
Human Systems (Community)	Increased health and safety risks for frontline communities including those in lower quality housing, homeless population and seniors	Short- to medium-term	Public health; emergency management
	Increases in private property sewer back-ups in combined sewer areas due to high rainfall volume in sewer system and increased costs for response actions and clean-up after heavy rain events	Short-term	Residential, commercial, industrial, institutional premises; water supply and sanitation; public health
	Water supply shortages felt in late summer due to a decreased spring snow pack and higher summer temps could result in increased costs for water and imperative conservation measures	Medium-term	Water supply and sanitation; public health
Natural Systems	Increase in impacts to urban forests, green spaces and trees from temperature extremes and wind storms resulting in increased maintenance and replacement costs and changes to aesthetics and use	Medium-term	Public health, urban forest and biodiversity
Built Environment (Buildings and Infrastructure)	New and existing buildings may be maladapted as the climate changes in terms of thermal comfort, water ingress, wind durability, rain and snow loads and require additional investment or early retirement	Short- to medium-term	Residential, commercial, institutional premises; public health; emergency management; transportation
	Increased volume of third-party liability claims against the city from major rain events	Medium-term	Public and private assets; water supply and sanitation; public health

Table 1 – City Progress on Climate Risk Assessments

	Corporate Operations	Community
Physical	partial, qualitative	complete, qualitative
Transition	not started	partial, qualitative

Coastal Flood Risk Assessment

With coastal flooding being one of the top risks for Vancouver, the City conducted a Coastal Flood Risk Assessment (CFRA) in three phases between 2012 and 2018. This assessment took a fulsome, rigorous look at current and future flood risk given sea level rise around the coastline. CFRA Phase I confirmed that Vancouver is most vulnerable to flooding caused by the combined effect of a coastal storm surge and a king tide (exceptionally high tides that typically occur in December and January). In addition to mapping the areas vulnerable to flooding, Phase I also identified the community assets, infrastructure and buildings at risk to flooding over time.

Transition Risk (Community)

Business-sector greenhouse gas (GHG) profiles¹ and development of a low-carbon economic transition plan in 2022 begin to give a sense of the transition risk exposure of Vancouver's economy. Across non-export oriented sectors with a significant focus on servicing local needs, GHG emissions are generally low. These sectors face a low level of transition-related risks from global stressors, such as the move to environmental, social, and governance (ESG) investment approaches, or the decline of fossil fuel investment.

However, most of Vancouver's businesses still face specific challenges with driving towards net zero outcomes related to regulatory complexity; larger, structural economic challenges, such as poor payback on some decarbonization investments; and a lack of available labour². Table 3 gives a qualitative assessment of local transition risks supported and contextualized within provincial and national assessments³.

Table 3 – Vancouver's Transition Risks (SWOT Analysis)

Strengths	Weaknesses
<p>Energy Context</p> <ul style="list-style-type: none"> Already the most decarbonized urban economy in North America Existing energy supply of electricity is already effectively fully decarbonized (mandated to be >93% clean) <p>Coordination and Local Culture</p> <ul style="list-style-type: none"> Strong, multi-sector (i.e., business, consumer, government) demand for and interest in climate action Existing cross-sectoral partnerships (e.g., tech and green buildings) with growing demand for more: "green" is not just its own industry anymore <p>Existing Regulations</p> <ul style="list-style-type: none"> Regulatory backstops are creating a relatively clear (though imperfect) baseline for market action (e.g., BC Carbon Tax, BC Energy Step Code) <p>National Leader in Green Economy</p> <ul style="list-style-type: none"> 87% green jobs growth between 2010-2020; only city in North America consistently tracking this number 2.8% in real GDP growth (2022); consistently had the highest in Canada across all metro areas (Conference Board of Canada) 	<p>Regulatory and Governance complexity</p> <ul style="list-style-type: none"> Conflicting regulations (e.g., urban design and energy efficiency) creating headaches and increased costs for businesses Fragmented governance in key issue areas (e.g., land-use, materials, and energy use in buildings) <p>Structural Economic Challenges</p> <ul style="list-style-type: none"> Significant labour deficit across most of the economy (especially in trades) Payback on many critical-path decarbonization technologies (e.g., fuel-switching retrofits, heavy duty electric vehicles) is either very long, or non-existent Relatively small size of the local market <p>Competing priorities</p> <ul style="list-style-type: none"> Intersecting crises and economic pressures, especially in affordability of housing and commercial spaces and stagnant economic productivity
<p>Market Momentum</p> <ul style="list-style-type: none"> Existing work in some sectors (e.g., light duty vehicles, new construction, etc.) creates significant transferable learnings to new areas of climate action (e.g., retrofits, heavy duty vehicles) Early movers across industries are already building case-studies of action; and further government investment will accelerate work, especially in buildings Aggressive climate action leverages consumer and resident concerns; further brand differentiation and strengthening opportunity for all Vancouver businesses <p>National and Provincial Policy</p> <ul style="list-style-type: none"> Significant amounts of federal infrastructure and economic stimulus funding is rolling out; likely to continue for 3-5 years Federal backstop carbon price and climate accountability will create overall business climate to motivate voluntary behavior <p>Co-benefits</p> <ul style="list-style-type: none"> Most policy and regulatory actions at all levels of government are highly jobs-intensive, offsetting any concerns about significant negative employment impacts Many activities have widely dispersed co-benefits (e.g., transit investments ease goods movement) 	<p>Regulatory Confusion</p> <ul style="list-style-type: none"> Senior governments' fossil fuel investments (e.g., TMX, LNG in Canada, etc.) may reduce funding for already low-carbon jurisdictions like Vancouver; also creating consumer confusion Industry could become confused as various policies and regulations either directly overlap, or are perceived to (e.g., BC Energy Step Code and Vancouver's Zero Emissions Building Plan) Province/BC Hydro debt load may mean rising price of electricity in coming years <p>Continued Fossil Fuel Investment Limits Resources</p> <ul style="list-style-type: none"> As climate change worsens, funds will be increasingly needed for both mitigation and adaptation needs - a low-carbon resilience perspective will be critical, continual investment into the fossil fuel industry will minimize the resources needed over time

¹ Vancouver Business Energy and Emissions Profile, Vancouver Economic Commission, 2016; available [here](#). The VEC is currently undertaking research to baseline greenhouse gas (GHG) emissions across the Vancouver economy to update and further identify risk-exposed industries. This analysis will be available by late 2023 and is intended to be updated again in 2025.

² As suggested by anecdotal evidence from the development of the Zero Emissions Economic Transition Action Plan (ZEETAP).

³ Assessment was developed through a snowball interview methodology including synthetization of stakeholder engagement summaries from local and provincial policy processes (e.g., Vancouver's Climate Emergency Action Plan, Metro Vancouver's Climate 2050, CleanBC, the BC Hydro Electrification Plan, etc.), conducting ten focus groups and 30 interviews, and then reviewing all ideas with a multi-sector steering committee. Analysis was conducted as part of the ZEETAP.

Opportunities in a Low-Carbon Transition

The City has long recognized the opportunities from targeted and reliable climate policy and action. For example, clear and consistent climate policy and regulatory trajectories help provide price and market signals to local industry. The long-term goal of developing Vancouver's green economy is not only necessary for creating a healthy and sustainable city, it is also an opportunity for generating wealth, improving social equity, and building resiliency in the face of uncertain futures. From a City-corporate perspective, a diverse, green, future-proof economy reduces ratepayer risk in the face of climate unknowns.

Provincial Transition Risk Analysis – “Sink or Swim” Report

Additional research found transition risk related to global systemic shifts around certain natural resource categories. The Canada Climate Institute developed analysis in 2022 laying out transition-related climate risks related to the global transition to net zero by 2050. While they were unable to do city-level analysis, the risks they highlighted of relevance for Vancouver include:

- BC's sectors at greater risk in the transition – metallurgical coal, natural gas, emissions-intensive manufacturing. Though not specifically called out in their report, many of these companies have their head offices or major branch offices in Vancouver. The success or failure of those companies' transitions could have impact on the staff of those companies located in the city.
- The full potential of *CleanBC* (the provincial climate mitigation plan) has not yet been fully operationalized across all relevant departments and institutions – they highlight the continuing “substantial financial support for consumers and producers of fossil fuels” as one divergent market signal continuing to prevent a full embrace of net-zero transition.
- Some provincial funding programs focus on incumbent corporate players and large multinationals, neither of which are likely to grow the existing cleantech strengths and create local impact. Without greater support, it is possible that some of this cleantech strength will face a “failure to launch.”

However, it noted that because of Vancouver's lower GHGs and diversified economy, its outlook within the British Columbia context is even more positive than the overall, optimistic profile for the province:

“With an abundance of natural resources, a growing and diversified hub of transition-opportunity companies, and a low-emissions electricity grid, British Columbia is positioning itself for success in the global low-carbon transition. An ambitious policy framework provides investors and businesses with clarity on how British Columbia can achieve its long-term climate and economic goals. The challenge is how to accelerate progress and scale up new growth opportunities.”

Failure to navigate the transition to net zero will have some impact on the Vancouver economy, as many are headquartered here (over 800 in the mining sector alone), but with a strongly diversified local economy, and fairly low relative employment intensity, sectors at-risk provincially should have a lower bearing on Vancouver's overall long-term economic success and health.

Source: [Full Report / BC Profile](#)

Climate Action Plans

A number of related City of Vancouver strategies address climate mitigation and adaptation.

Mitigation reduces our greenhouse gas (GHG) emissions and plays a vital role in managing the degree to which we potentially have to adapt, by keeping risk levels within predictable scales.

Climate Emergency Action Plan (CEAP)

approved November 2020

Link: [Full report](#) / [Summary](#)

CEAP is mitigation-focused, and contains 31 action recommendations (organized into six “Big Moves”) in line with efforts to limit global warming to 1.5°C. CEAP sets targets of 50% reduction in community-wide GHGs by 2030, and achieving carbon neutrality by deriving 100% of energy used in Vancouver from renewable sources before 2050.

Governance: The Climate Emergency Directors Forum (CEDF) provides oversight at a working level, while the Climate Emergency Steering Committee provides oversight at a program level. The Sustainability Group tracks progress and reports to Council annually. Executive reports are also prepared as required. Staff will update CEAP for approval by Council at the halfway mark of implementation (2025).

Adaptation prepares City operations and the community for the impacts of climate change. GHGs already emitted from human activity mean that some climate impacts are already locked-in, with some already visible now.

Climate Change Adaptation Strategy (CCAS)

approved July 2012; updated December 2018

Link: [Strategy](#)

Among the first of its kind in Canada, CCAS addresses climate-related risks and hazards in the community. It contains 84 core actions in five areas, and 17 enabling actions to help integrate an adaptation lens as standard practice into all City work.

Governance: The Adaptation Steering Committee provides oversight to implementation. This committee comprises senior managers, many of whom are also in the Corporate Leadership Team. The Sustainability Group tracks progress and reports to Council annually. Executive reports are also prepared as required. Staff will update the Adaptation Strategy every five years, which includes updating climate information, reviewing the status of adaptation actions, and identifying new or revised actions. The next update will be in 2023.

Note there is often overlap between climate mitigation and adaptation actions. For example, CEAP’s Big Move 6 is an action area focused on natural climate solutions, which have the potential to sequester carbon emissions at the same time as improving flood management, biodiversity and reducing urban heat island effect mitigation in the city.

Additionally, four cross-cutting strategies support both mitigation and adaptation action at the City.

- **Resilient Vancouver Strategy (RVS)** builds the City’s capacity to understand and proactively address current and future shocks and stresses. Adopted in 2019, RVS works in unison with CCAS to strengthen organizational governance and capacity for managing and reducing disaster risk, and recovering from all shocks and stresses faced by the City, climate-related or otherwise. Staff in the Vancouver Emergency Management Agency (VEMA), and staff working on seismic policy in other departments, manage RVS implementation. Work is currently underway to develop a governance structure for hazards across the city in line with Sendai Framework recommendations. Link to [Strategy](#).
- **Vancouver Plan** is a strategic, long-range plan guiding Vancouver to 2050 and beyond, with the aims of creating a more sustainable, inclusive, and affordable city. Adopted in 2022, Vancouver Plan will draw from CEAP, CCAS and RVS. With a core focus on resilience, Plan implementation will address issues such as long-term land use and transportation directions; housing affordability; environmental and social health; and leveraging long-term public investments. Link to [Strategy](#).
- The **Zero Emissions Economic Transition Action Plan (ZEETAP)** identifies challenges and opportunities created through the transition to a net zero economy at an economy-wide and sectoral level. Developed by the VEC, ZEETAP focuses on mitigation and resilience, containing 25 action recommendations (organized into six “Directions”) in line with CEAP. VEC uses an internal ZEETAP Coordination Forum to oversee and provide strategic direction on plan implementation; the program manager for ZEETAP also sits on the CEDF. Link to [Strategy](#).
- The **Green Operations Plan** identifies targets and actions for greening City operations, setting out goals in four areas (zero carbon, zero waste, healthy ecosystems, and staff leadership) to be achieved by 2030. Development and implementation of the Plan was led by a Steering Committee made up of senior representatives from across City operations. Link to [Plan](#).

Scenario Analysis

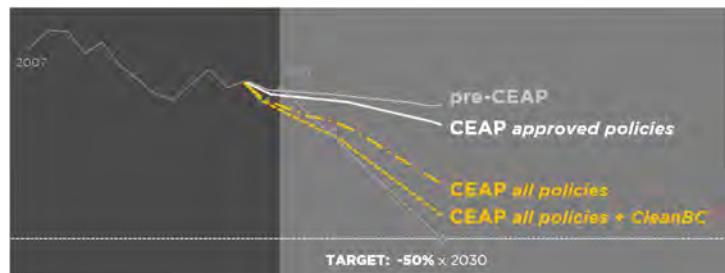
Mitigation

In 2022, the City updated its 2030 projections of 2030 emissions-reduction impact from CEAP actions, looking at a baseline plus three scenarios:

- “Pre-CEAP”: reference case absent of any concrete climate reduction policy at the local, regional or provincial level; includes business-as-usual actions with climate benefit (see related discussion in the Capital Deployment section)
- “CEAP - approved policies”: CEAP policies and actions adopted by Council or in advanced stages of legislation/implementation
- “CEAP – all policies”: all policies named in CEAP, including uncommitted initiatives still in development and pending Council approval
- “CEAP – all policies + CleanBC”: all CEAP policies and all legislated actions from CleanBC, the Province of BC’s emissions-reduction plan

These projections will be used to inform further emissions-reduction projects for Council approval in late 2023.

**Figure 1 –
Vancouver’s Community GHG Emissions, 2030 (Projected)**



Adaptation

Climate projections from downscaled Global Climate Models for the 2050s and 2080s form the inputs to the City’s climate adaptation planning processes. To date, the City has employed the highest-concentration Representative Concentration Pathway in the IPCC Fifth Assessment Report 5 (AR5 RCP8.5 scenario), following best practice to ensure we are considering outcomes that best track the current pace of global action on reducing emissions. This approach also ensures that we will be prepared ahead of time in the event a more favourable scenario prevails.

The IPCC’s Sixth Assessment Report (AR6) cycle is underway as of January 2023, with a Synthesis Report coming in March 2023. AR6-derived local climate projections are currently available. AR6 also includes the introduction of Shared Socioeconomic Pathways (SSPs) that are designed to complement the RCPs. The SSPs model how factors such as economic growth, technological development and education will change over time. They are based on five narratives, describing trends that could shape a range of plausible futures. The City plans to update CCAS in 2023, incorporating updated climate science and ensuring the use of multiple scenarios including business-as-usual and 2°C scenarios.

Coastal Flood Risk Assessment: Scenario Analysis

Vancouver’s CFRA employed specific scenario analysis. A technical advisory team of academics, practitioners in the field and stakeholders advised on five scenarios to use for flood hazard mapping, with the following ranges to help understand the varying levels of risk possible:

- year flooding is mapped for (base case 2013 out to 2200)
- severity/frequency of storm events (1:200 to 1:500 (0.2% Annual Exceedance Probability or AEP) storm surge)
- amount of sea level rise (0 to 2.0 meters).

This information highlighted the importance of planning now for sea level rise and of prioritizing our efforts, such that critical infrastructure and vulnerable populations are protected first.

2023-2026 Capital Deployment

In the [Vancouver Budget 2022](#), the City defined four Council priorities to assist staff in making decisions about which projects, initiatives and service improvements to advance in order to address our city's key issues.

"Accelerating Action on Climate Change" was one of the priorities, but climate action in various forms has been ongoing for decades at the City. In 2022, City staff formalized the definition as *projects contained with CEAP and/or CCAS*. This informs the capital investment total in the [2023-26 Capital Plan](#) approved by City Council in late 2022⁴ (Table 4).

Many City programs and projects have mitigation and/or adaptation benefits (e.g., landfill gas capture, combined-sewer separation) but are "business-as-usual": e.g., core City services, compliance with external regulations, etc. In making investment decisions, their GHG impacts have already been included in reference-case scenarios, and are not considered incremental actions for meeting our GHG targets (see discussion in Scenario Analysis section).

Climate Emergency Action Plan (Mitigation)

For CEAP-related projects, the CEAP Financial Framework guided funding requests to the 2023-26 Capital Plan process. The Framework is a summary of estimated City investments in CEAP actions needed to meet CEAP targets. In doing so, Vancouver became one of the first cities in North America to develop a multi-year investment strategy to achieve its climate goals. The Framework identifies an estimated \$500M over 2021-2025 to implement CEAP. This is broadly in line with other Canadian cities that have developed similar estimates. At present, an estimated \$230M of this funding estimate has not been identified. More information can be found in the full [Climate Emergency Action Plan](#), including the full list of CEAP actions, milestones and indicators, and the Investment Strategy and Financial Framework.

Climate Change Adaptation Strategy (Adaptation)

For CCAS-related projects, there is no Financial Framework to guide allocation requests. This structure and process, similar to CEAP, will be developed in the Adaptation Strategy update in 2023. To date, adaptation projects at the City have relied primarily on existing departmental budgets and senior-government grants (typically matching funds).

Mitigation and/or Adaptation-Beneficial Investments

A number of City projects are not considered included in a holistic, climate-focused funding overview but have significant climate benefit—either mitigation, adaptation, or both. Many of these are ongoing programs (e.g., capital expenditures for the Neighbourhood Energy Utility); others are core services and/or are mandated under regulation but have primarily climate mitigation or adaptation outcomes (e.g., the Vancouver Landfill Gas Capture system). Core or mandated services without a primary climate benefit are not included. However, incremental costs related to climate are captured and included where possible (e.g., additional capital investment in renewable vs fossil fuelled systems; additional hardening of existing assets against climate impacts). As with adaptation projects, these have rely on a number of funding sources including existing departmental budgets and senior-government grants (typically matching funds).

Future Impacts Today

Proactive adaptation can save money. The Canadian Climate Institute estimates that every \$1 spent on adaptation measures can result in \$13-\$15 in total benefits. In the meantime, recent years have demonstrated the real-world costs of reacting to climate change. According to the Insurance Bureau of Canada, the wildfires and flooding of 2021 in BC alone led to a loss of \$694 million. The costs do not account for the monetary losses due to supply chain disruptions, businesses closed or negatively impacted due to extreme heat or cold, or the additional costs for businesses to minimize the impacts of climate change (e.g. increased air conditioning costs).

In January 2022, an onshore storm caused powerful winds and a storm surge, coinciding with a seasonal king tide. Combined with significant amounts of debris in local waters, the event caused significant damage to coastal infrastructure in the City of Vancouver. Waterfront parks and facilities were flooded, shorelines were eroded, a pier was heavily damaged. Portions of the Stanley Park seawall were washed away completely: Vancouver Park Board staff have estimated the replacement cost to be \$250-300 million *without any resiliency improvements*. Low-lying areas were at elevated risk again during king tide events in December 2022 and January 2023, with the December event recording the highest local water levels in decades.

Table 4 – Climate Action in the 2023-26 Capital Plan

Climate Mitigation & Adaptation	\$M
Mitigation and/or Adaptation <i>Actions in CEAP and/or CCAS</i>	\$434.0
Additional Climate Benefit <i>Business-as-usual actions with climate benefit</i>	\$260.0

⁴ Actual expenditure budgets are set in an Annual Budget process, within total envelopes as defined in the 4-year Capital Plan.

Project-Level Internal Carbon Price

For 2023, the City's internal carbon price is set at **\$180 per tonne CO₂-equivalent**.

The City of Vancouver approved a Corporate Carbon Pricing Policy in 2018 (link to [policy](#)), starting at \$150 in 2018 in alignment with the Metro Vancouver Regional District (which developed a similar policy in 2017). This increased at the same rate as BC's carbon tax until 2021, after which it will increase at 6% per year. The policy applies to all option analyses that use lifecycle-cost analysis to inform decision-making for vehicle/fuel procurement; City building and energy procurement, energy-efficiency upgrades; and landfill gas management.

For Further Development

The City's current capital planning framework includes sustainability and resilience benefits as considerations to guide capital investments and assist with prioritization. Work is also underway to better incorporate climate-related risks into the Enterprise Risk Management System, which will help identify funding needs where the risk is highest. The City also needs to begin monitoring the impact of climate change on available capital and operational budgets themselves: transition risks to corporate service delivery.

In 2022, the City improved its tracking of climate-related capital and operating budgets. However, the advent of TCFD disclosure has brought greater institutional awareness to the need for more formalized, overarching frameworks for incorporating climate mitigation and adaptation priorities into capital planning and asset management systems. Work is underway within the Finance and Sustainability departments to create and integrate these frameworks: a "climate budget" approach to governance, analysis and reporting. This work will continue over several years, and will help inform the preparation of long-term and four-year Capital Plans and future Annual Capital Budget allocations.

Improving Climate-Risk Management and Disclosure

Several Enabling Actions within the *Climate Change Adaptation Strategy (2018)* focus on mainstreaming climate-related disclosure and risk considerations into City processes:

1. Begin incorporating climate-related financial disclosure in City financial planning in 2019. Work with partners like the City of Toronto and CPA Canada in their TCFD Guidance for Cities project.
2. After several years of climate-related financial disclosure, explore adding a specific climate assessment to large capital plan projects.
3. Incorporate a scan of major projects against hazard and risk mapping to identify where staff risk experts should be involved early in the project.
4. Add climate change considerations to the Sustainability addendum of the Engineering Asset Management framework.
5. Support application of the Envision climate-risk section to the two Envision pilot projects, and propose any improvements to the scope/deployment of Envision.
6. Add climate projections and information to multi-hazards risk assessment in the new Engineering Asset Management framework.

METRICS AND TARGETS

Targets and metrics communicate the City's performance in managing the risks and opportunities that arise from climate change. While emerging private-sector frameworks recommend metrics⁵, some are not directly applicable to public-sector organizations (e.g., board remuneration). The City looks to future municipal government-specific guidance and will continue to evolve this disclosure as needed.

Vancouver's Greenhouse Gas Emissions

Corporate

The City compiles annual inventories of corporate GHG emissions⁶ (Table 6). As of 2021 (the latest year data are available), corporate emissions have decreased 59% from 2008 levels. Methane emissions from waste decomposition at the Vancouver Landfill are a potent emissions source for Vancouver. An extensive gas capture system captures at least 75% of this landfill gas for beneficial reuse (as biomethane) and destruction (through flaring).

Building and fleet emissions from fossil fuel use in buildings and fleet continue to decrease, guided by Green Operations Plan priorities:

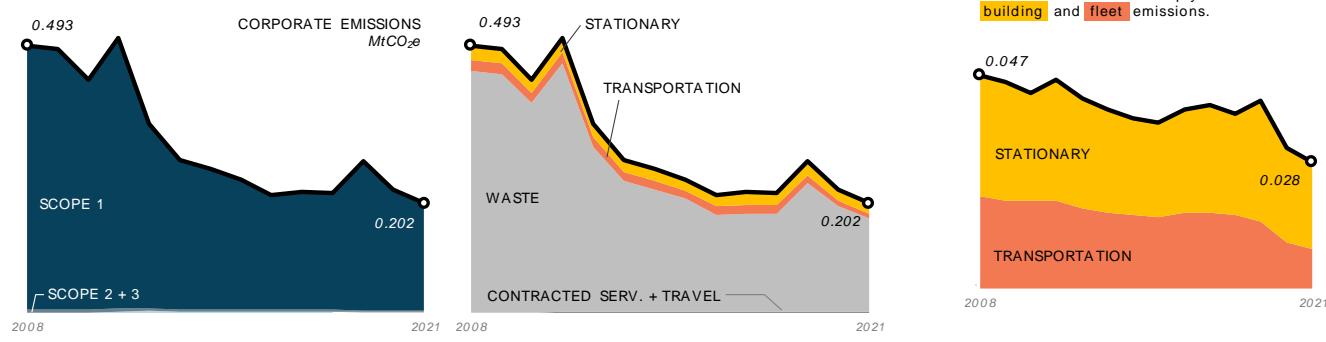
- All new heating and hot water systems in City-owned facilities to be zero emissions, and all capital replacement and maintenance systems to be zero emissions where feasible.
- All non-emergency light-duty passenger vehicle purchases to be electric; electric or low-carbon options considered for all other fleet and equipment purchases. Fleet fuel purchases are also shifting to renewable natural gas (RNG) and renewable diesel⁶ (R100): in 2021, 50% of the fuel used by the City was either RNG, R100, or electricity.

Table 6: Corporate GHG Emissions

VANCOUVER CORPORATE GREENHOUSE GAS EMISSIONS million tonnes CO₂e

Source	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Stationary	0.027	0.026	0.024	0.027	0.024	0.023	0.021	0.021	0.023	0.024	0.022	0.027	0.021	0.019
Transportation	0.020	0.019	0.019	0.019	0.018	0.017	0.016	0.016	0.017	0.017	0.016	0.015	0.010	0.009
Waste	0.447	0.441	0.387	0.460	0.305	0.241	0.227	0.209	0.178	0.181	0.181	0.238	0.195	0.174
Contracted Services, Business Travel	0.0	0.0	0.0	0.001										
Scope														
1 (Operational)	0.488	0.481	0.425	0.50	0.342	0.277	0.261	0.242	0.214	0.218	0.216	0.276	0.224	0.199
2	0.005	0.005	0.005	0.005	0.005	0.003	0.002	0.002						
3	0.0	0.0	0.0	0.001										
Total (IEAP/GPC)	0.493	0.486	0.430	0.506	0.348	0.281	0.264	0.246	0.217	0.221	0.220	0.280	0.227	0.202
% change from 2008 baseline	-1%	-13%	3%	-29%	-43%	-46%	-50%	-56%	-55%	-55%	-43%	-54%		-59%

Vancouver's corporate emissions are dominated by **Scope 1** landfill emissions, which have decreased greatly due to improvements in landfill-gas capture efficiency.



⁵ For instance, the *Climate-related Disclosure Prototype* by the IFRS Technical Readiness Working Group proposes the following measures:

- cross-industry metrics: GHG emissions, physical/transition risks, opportunities, capital deployment, internal carbon prices, and executive management remuneration
- industry-based metrics
- risk-mitigation targets: set by management to mitigate or adapt to climate-related risks or maximise climate-related opportunities; and
- other key performance indicators: used by the board or management to measure progress towards identified targets

⁶ Corporate emissions are measured according to the *International Local Government GHG Emissions Analysis Protocol* (IEAP), as referenced in the *Global Protocol for Community-Scale Greenhouse Gas Emission Inventories* (GPC). Methods are consistent from 2008 to present. Corporate inventories include facilities under the City's operational control, so while corporate inventories are typically a subset of community inventories, exceptions can occur. In Vancouver's case, our landfill is located outside of our geography and used by multiple municipalities, but because the City owns and operates it, the entirety of its emissions fall within Scope 1 for the City. Scope 1 also includes emissions from energy generation supplied to the grid (in Vancouver's case, the Neighbourhood Energy Utility).

Community

The City compiles annual inventories of community GHG emissions⁷ (Table 5). As of 2021 (the latest year data are available), Vancouver's community emissions have decreased 10% from 2007 levels. CEAP sets a target of 50% reduction in community-wide greenhouse gas emissions reduction by 2030, and carbon neutrality before 2050.

Scope 1 emission sources dominate Vancouver's emissions: natural gas use in buildings, followed by gas and diesel use in vehicles. Electricity (scope 2) is a smaller component due to a largely hydroelectrically powered grid. Scope 3 emissions from landfilled, incinerated and composted waste make up the remainder⁸.

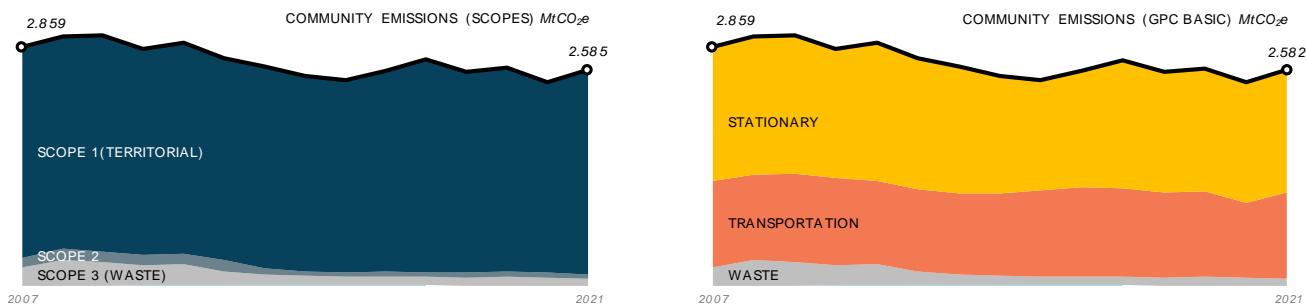
Long-term trends continue to show a reduction in Vancouver's emissions since our baseline year, even as our population and economy grows. However, continued reliance on fossil fuels means our emissions are sensitive to yearly fluctuations in resident activity (Figure 2). In 2021, winter heating demand was greater compared to the year before, and transportation emissions rebounded to nearly pre-pandemic levels as vehicular activity recovered. These sensitivities will diminish over the long term as the community transitions to active modes of transport and zero emission buildings/vehicles.

Table 5: Community GHG Emissions

VANCOUVER COMMUNITY GREENHOUSE GAS EMISSIONS million tonnes CO₂e

Source	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Stationary	1610	1654	1651	1535	1653	1570	1516	1409	1318	1396	1538	1439	1472	1443	1462
Transportation	1033	1030	1067	1050	1005	0.985	0.977	0.988	1036	1066	1060	1018	1021	0.899	1.038
Waste	0.216	0.302	0.277	0.244	0.250	0.170	0.28	0.113	0.104	0.108	0.101	0.098	0.108	0.091	0.082
Total (GPC BASIC)	2.859	2.985	2.995	2.829	2.908	2.725	2.621	2.510	2.458	2.570	2.699	2.555	2.601	2.433	2.582
% change from 2007 baseline	4%	5%	-1%	2%	-5%	-8%	-12%	-14%	-10%	-6%	-11%	-9%	-15%	-10%	
Scope															
1(Territorial)	2.525	2.542	2.589	2.457	2.526	2.426	2.421	2.347	2.304	2.408	2.543	2.403	2.437	2.288	2.450
2	0.117	0.142	0.129	0.129	0.132	0.130	0.073	0.053	0.053	0.058	0.060	0.058	0.065	0.061	0.054
3 (Waste)	0.216	0.302	0.277	0.244	0.250	0.170	0.28	0.113	0.104	0.108	0.101	0.098	0.108	0.091	0.082
Total (Scopes Framework)	2.859	2.985	2.995	2.829	2.908	2.726	2.623	2.510	2.462	2.574	2.704	2.560	2.610	2.439	2.585
% change from 2007 baseline	4%	5%	-1%	2%	-5%	-8%	-12%	-14%	-10%	-6%	-11%	-9%	-15%	-10%	

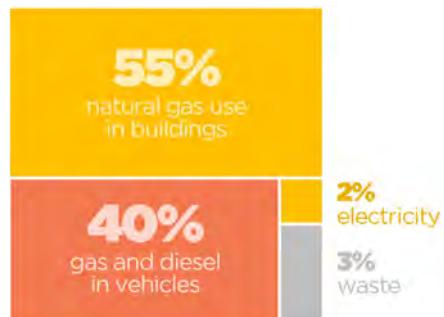
Vancouver's community emissions are dominated by Scope 1 combustion of natural gas in buildings and gasoline/diesel in vehicles.



⁷ Community emissions are measured according to the Global Protocol for Cities (GPC) "BASIC" protocol. Methods are consistent from 2007 to present. Community inventories include Scope 1 and 2 "Stationary", Scope 1 "Transportation", and Scope 3 "Waste" greenhouse gas emissions. Note in a community inventory, totaling emissions by scope provides a slightly different inventory total than a BASIC inventory. Scope 1 includes emissions from energy generation supplied to the grid (in Vancouver's case, the Neighbourhood Energy Utility). These emissions are not included in BASIC inventories.

⁸ The City previously compiled community-wide ecological footprint reports, which included additional community Scope 3 emission sources: the most recent inventory is from 2015. These inventories relied on national-level Census data (particularly food and goods consumption). The City does not consider these inventories sufficiently illustrative of the impact of local policies to improve resilience and reduce exposure to transition risks. Methodologies may be revisited in the future to determine whether more localized, disaggregated consumption data is available.

Figure 2 – Vancouver's Community GHG Emissions, 2021



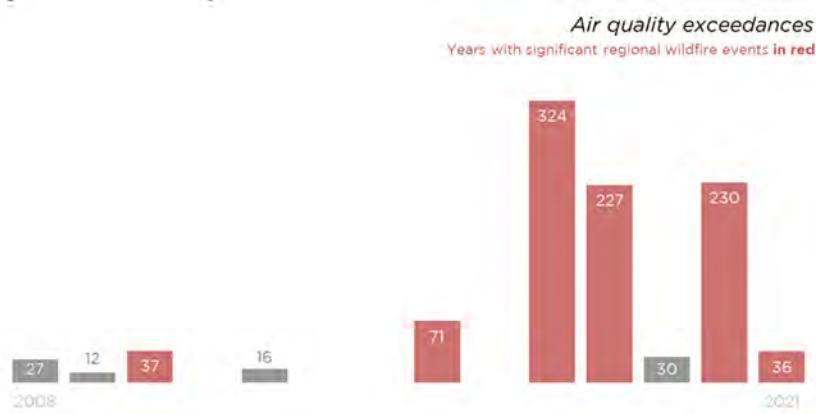
Physical and Transition Risk Metrics

TCFD recommends disclosure of the amount or percentage of assets and service delivery vulnerable to physical and transition risks. The City does not have these figures at this time.

Explanatory metrics, such as Figure 6, form part of the City's annual climate reporting. These monitor the rate of climate change and its impacts on Vancouver, acting as a proxy for changes in overall climate risk, to support why the City is doing this work.

Data informs project and service delivery. HRVA Phase 1 produced spatial data on climate-related hazard exposure, intensity and social and physical vulnerability. Areas that are hot (surface temperature) with higher vulnerability (e.g., social and material deprivation) and fewer heat response interventions (e.g., cooling centres, spray parks, lower tree canopy) will be prioritized for extreme heat response measures.

Figure 3 – Air Quality Exceedances



Coastal Flood Risk Assessment: Community Vulnerability Estimates

Vancouver's CFRA estimated that with one metre of sea level rise and a major storm surge event (1:500 (0.2% AEP) storm surge event), approximately 13 sq. km of land and buildings valued at CAD \$7B (2013 land value assessment) are vulnerable to flooding in Vancouver. Included in this is City infrastructure such as waterfront parks and seawalls, as well as a number of the City's facilities currently located in low-lying areas (e.g., City service yards located by the Fraser River and in the False Creek Flats). To protect vulnerable areas, the CFRA estimated \$1 billion of flood management infrastructure would be needed in Vancouver by 2100.

TASK FORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) UNAUDITED

Targets, Indicators and Progress

Climate Emergency Action Plan (CEAP)

The CEAP indicators framework tracks plan implementation, carbon reductions, and City investments in CEAP, tying actions to outcomes and indicators. Along with the CEAP Financial Framework and projected carbon pollution reductions, CEAP indicators form a carbon reduction accounting framework to track progress transparently and accurately.

The City produces a CEAP Annual Report for Council.

- See the full original set of actions, outcomes, and indicators [here](#).
- The 2022 Annual Report presentation can be found [here](#).
- The 2022 Dashboard containing progress on milestones and indicators can be found [here](#).

Climate Change Adaptation Strategy (CCAS)

CCAS implementation is underway with regular updates to the Adaptation Steering Committee on progress. All actions are in progress – either in planning stage, underway, or completed, with the exception of several now-redundant actions.

The CCAS update in 2023 will include an indicators framework for adaptation outcomes. Some metrics derive from existing and recently developed City of Vancouver and Park Board plans and strategy implementation (e.g., *Vancouver Plan*, *Rain City Strategy*). Complications arise due to jurisdictional challenges; the long time-horizons involved in realizing adaptation outcomes; the prioritization and selection of process, outcome, and contextual indicators; and appropriate methods for quantifying counterfactual indicators (i.e., avoided climate impacts and costs due to adaptation interventions).

ZEETAP

The CEAP Indicators Framework contain indicators that measure the economic impacts of CEAP, in tandem with metrics currently being refined for ZEETAP. Some of these indicators – particularly the headline indicator of growth rate ratio of green jobs to non-green jobs – will be integrated into ZEETAP. In early 2023, VEC will undertake a prioritization exercise to confirm and move forward with its ZEETAP metrics, in alignment with other related economic research and data tracking efforts that will be underway.

Figure 4 –CEAP Indicators Framework 2022 Dashboard (excerpt)

Indicator	Baseline	Current	Target	Notes
Big Moves I-3				
AAA bikeways ^a	km	82	2017	104
Bus-lane network	bus-lane kilometre-hours ^b	394	2016	517
Public EV chargers deployed (Fast Charge and Level 2, cumulative) ^c	#	78	2016	115

^a Total cycling network was 331 km.
^b 4 Fast Charge, 12 Level 2 connections added in 2022.

Canopy Cover

Vancouver's urban forest provides a multitude of benefits for the community, especially for climate resilience. The urban forest attenuates stormwater, helps keep ambient and building temperature down during hot summers, aids in cleaning the air and provides health and wellness benefits. Neighbourhood heat mapping illustrates that areas with greater canopy cover tend to be much cooler on hot days.

Many municipalities with similar levels of urbanization are establishing ambitious canopy cover targets (e.g., Toronto 40%; Portland 33%; Seattle 30%). The Park Board also re-established a more ambitious canopy cover target of 30% canopy cover by 2050. Achieving this target will go beyond planting trees in parks, requiring ongoing planting and stewardship of trees in both the public and private realm with a priority focus on canopy deficient areas and historically underserved areas. See the [Urban Forest Strategy Update](#) report for more information.

For Further Development

The City will continue to develop data sources, metrics, and related analysis to measure and communicate our performance in climate mitigation and adaptation.

In many cases, the baseline measurement or data collection method is not in place for adaptation monitoring. For instance, work continues on inventorying and mapping the City's natural assets, generating a 10-year outlook and cost projections for maintenance and renewal. City staff are involved with several national projects beginning to explore methods of assessing return on investment of adaptation interventions. The City's climate metrics have tended to be descriptive and contextual, and do not include a risk dimension or analysis (e.g., total community GHGs without commentary on risk-exposure profile that this figure represents). Similar to many organizations, the City has physical risks well identified and assessed but more work is required to better identify and quantify transition risks.

Interpretations available, phone 3-1-1

致电 3-1-1, 可以得到传译服务。

致電 3-1-1, 可獲提供傳譯服務。

Tulong para sa interpretasyon, tumawag sa 3-1-1

ਵਿਆਖਿਆ ਸੇਵਾਵਾਂ ਉਪਲਬਧ ਹਨ, 3-1-1 ਨੂੰ ਕਾਲ ਕਰੋ

Có thông dịch viên, hãy gọi 3-1-1

통역이 필요하시면 3-1-1 으로 전화주세요

برای توضیحات بیشتر با شماره ۳۱۱ تماس بگیرید

Hay servicios disponibles de intérprete, llame al 3-1-1

Services d'interprétation disponibles, composez le 3-1-1

通訳がご利用できます、3-1-1にお電話ください

نقدم خدمة الترجمة الفورية – اتصل برقم ٣١١



For More Information:

Visit: vancouver.ca

Phone: 3-1-1

Outside Vancouver: 604-873-7000

The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməθkʷəyəm (Musqueam), Sḵwx wú7mesh (Squamish), and səlilwətaɬ (Tsleil-Waututh) Nations.