CITY OF VANCOUVER

FINANCIAL STATEMENTS 2023

CITY OF VANCOUVER

BRITISH COLUMBIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

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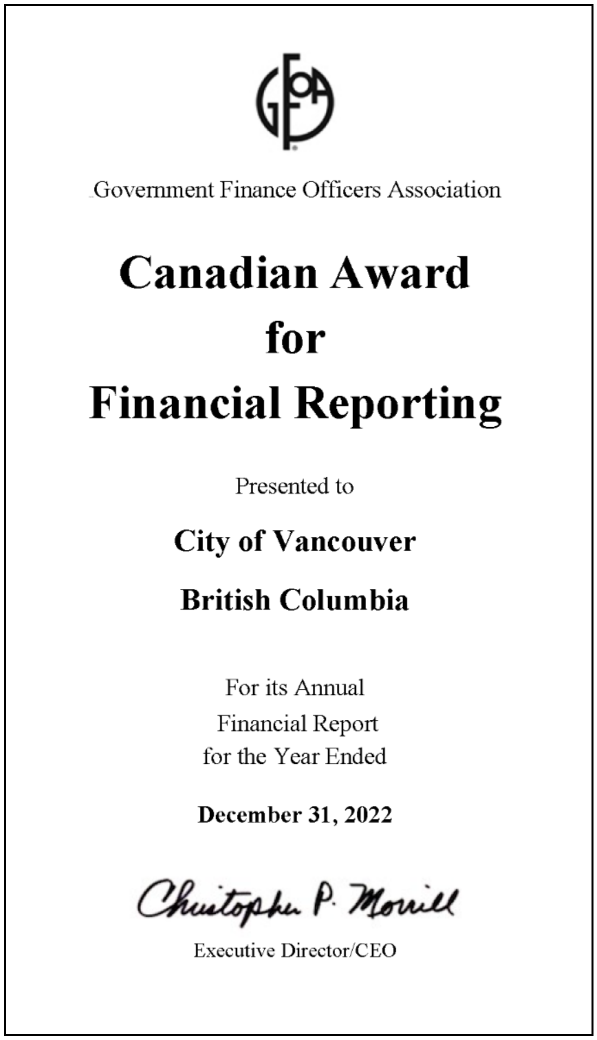
GFOA AWARD



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

City of Vancouver

British Columbia

For its Annual Financial Report for the Year Ended

December 31, 2022

Christopher P. Morrill

Executive Director/CEO

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to City of Vancouver for its annual financial report for the fiscal year ended December 31, 2022. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and will be submitting it to GFOA to determine its eligibility for another award.

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

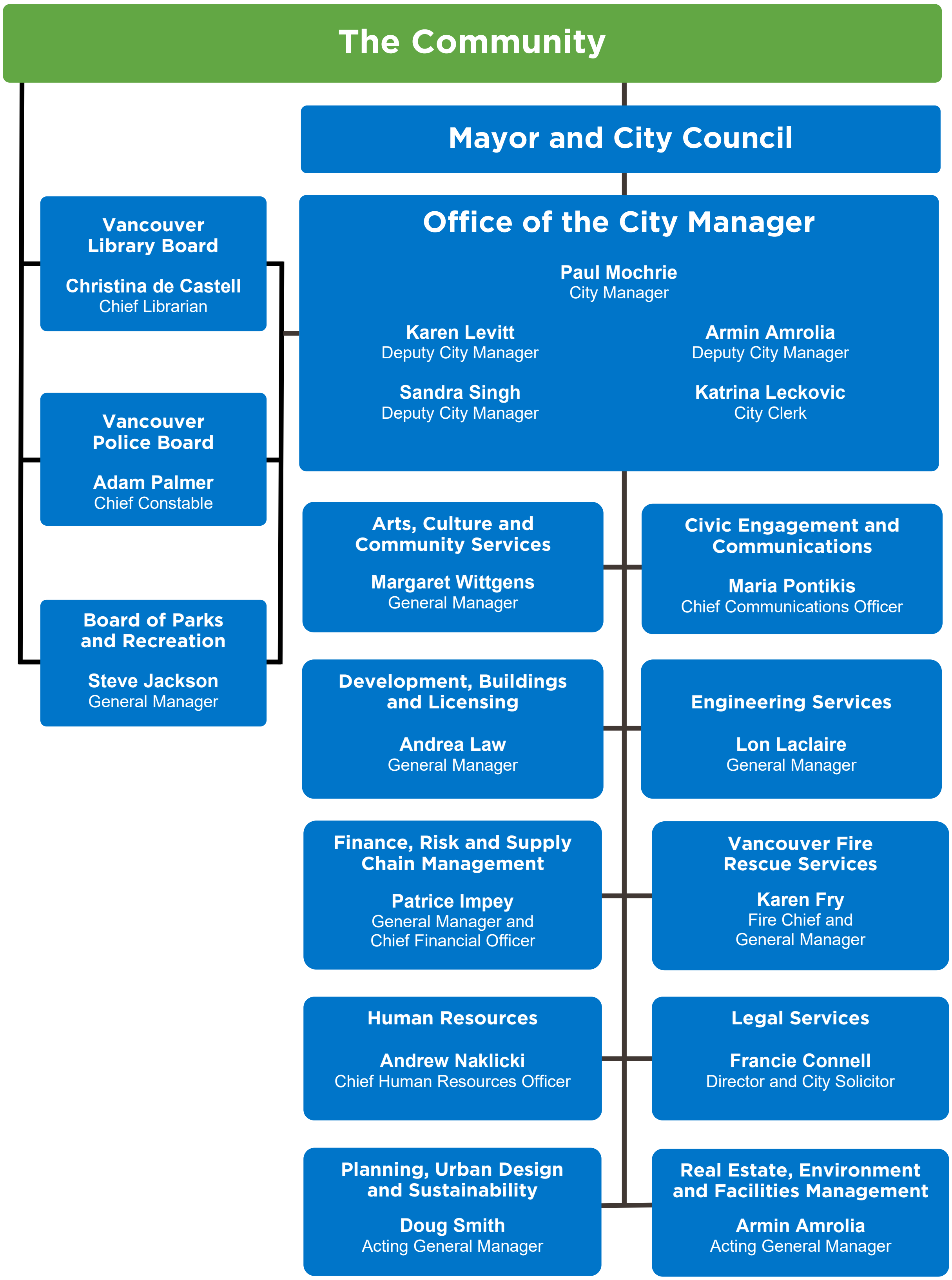
PETER MEISZNER

BRIAN MONTAGUE

LENNY ZHOU

CITY OF VANCOUVER ORGANIZATIONAL CHART

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



REPORT OF THE DIRECTOR OF FINANCE

March 22, 2024

Mayor K. Sim, Members of Council and Readers

It is our pleasure to submit the annual financial report for the City of Vancouver ("City") for the year ended December 31, 2023. The annual financial report provides an overview of the City's 2023 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 2023 annual operating and capital budget on February 28, 2023.

> *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 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 2023 annual report is scheduled to be presented to Council on April 24, 2024.

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.

In 2023, the City continues to deliver on the numerous initiatives, including affordable housing, homelessness, vibrant and safe communities, and infrastructure and amenities growth and renewal, among others. The year marked an improvement in revenue compared to prior year and budget, as most programs and revenue sources returned to pre-COVID levels. However, the service delivery of these initiatives and programs led to higher anticipated budgetary pressures due to high fixed and contractually obligated costs, as well as inflationary increases in labor and construction costs. To ensure fiscal responsibility, the City adheres to a sustainable financial planning framework; spending within our means, considering long-term implications of decisions, maintaining stable and predictable revenue stream, managing debt levels and building flexibility for emerging priorities and opportunities. The Mayor's Budget Taskforce report highlighted areas such as revenue generation, service improvements, innovation and capacity building across the organization, which are also in alignment with the City's sustainable financial planning framework. Overall, the City is pleased to report a healthy financial year, striking a balance between investments in service levels, debt management, and minimizing tax and fee increases.

On January 1, 2023, the City adopted two Public Sector Accounting Standards (PSAS) and have restated the 2022 figures to allow for year-over-year comparison. Additional information on the two PSAS changes, including Financial Instruments (PS 3450) and Asset Retirement Obligations (PS 3280), are provided in the financial statements.

CONSOLIDATED FINANCIAL POSITION *($Millions)*

	2023	2022	Change
		(Restated - Note 2)	
Financial assets	$ 4,259.5	$ 3,829.5	$ 430.0
Liabilities	2,845.9	2,696.6	149.3
Net financial assets	**1,413.5**	**1,132.9**	**280.6**
Non-financial assets	8,315.0	8,061.6	253.4
Accumulated surplus	**$ 9,728.5**	**$ 9,194.5**	**$ 534.0**

The City's consolidated financial position captures the total assets and liabilities of entities controlled by the City of Vancouver as at December 31, 2023. The net financial assets, calculated as financial assets less liabilities, improved by $280.6 million resulting in a net financial asset position of $1,413.5 million (2022 - $1,132.9 million) is primarily driven by revenue from developer contributions, empty homes tax revenue and senior 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 2023 by $253.4 million, bringing the total to $8.3 billion (2022 – $8.1 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 $534.0 million in 2023 resulting in an ending balance of $9.7 billion (2022 - $9.2 billion). Accumulated surplus is primarily comprised of investment in tangible capital assets of $7.1 billion (2022- $6.9 billion), as well as reserve balances set aside for specific purposes of $2.0 billion (2022 - $1.7 billion) and fund balances of $543.7 million (2022 - $532.4 million).

CONSOLIDATED RESULTS OF OPERATIONS *($Millions)*

	2023 Budget	2023	2022
			(Restated - Note 2)
Revenues	$ 2,343.6	$ 2,618.1	$ 2,452.3
Expenses	2,107.4	2,084.1	1,896.9
Annual surplus	**$ 236.2**	**$ 534.0**	**$ 555.4**

The City's consolidated statement of operations shows continued evidence of its recovery from the negative impacts of the pandemic, with stable growth in revenue and improvements in program fees and parking. Annual tax and fee rate increases, along with favorable investment income and unbudgeted senior government transfers to fund dedicated programs were key income sources to support the growing pressures of the fixed and contractually obligated expenses. Staffing expenses were the largest expense contributor, and these cost pressure points were anticipated and reflected in the 2023 budget.

The City's consolidated revenues exceeded expenses resulting in an annual surplus of $534.0 million (2022 - $555.4 million). It is important to note that an annual surplus, as presented in accordance with accounting standards, differs from an operating budget surplus. In many cases, an annual surplus is the result of revenues received earlier than when the corresponding expenses occur, with these expenses recognized over a longer period of time (for example over the assets' economic useful life), such as capital investments in civic amenities, housing and infrastructures. The annual surplus was primarily due to empty homes tax revenue of $45.5 million to be invested into affordable housing initiatives, investment income of $145.3 million, developers' in-kind and cash contributions for future civic amenities and infrastructures of $146.9 million, and senior government transfers of $185.6 million for capital related programs such as affordable housing and government operating program transfers in advance of their intended use. The majority of these amounts are restricted in their specific use.

YEAR OVER YEAR CHANGE

Consolidated revenues of $2.6 billion (2022 - $2.5 billion) increased by $165.8 million over 2022 primarily due to increases in property taxes, investment income and government transfers offset by reduction in developer contributions. Significant year over year changes in revenues include the following:

- $123.0 million increase in property taxes and utilities from rate increases.
- $91.1 million increase in government transfers including the CMHC Rapid Housing Initiative grant for the acquisition of land and construction of affordable multi-residential housing, and the BC Growing Community Fund to support the delivery of infrastructure projects for community growth.
- $86.6 million increase in investment income due to favorable interest rate returns and optimizing investment portfolios.
- $30.0 million increase in program fees as a result of the full operations of civic theaters' event bookings, golf, parks admissions, concessions and community center activities, along with increase in parking revenue recovery, and license and development fees.
- ($163.0) million decrease in contributions from developers in community amenities and contributed assets.

Consolidated expenses of $2.1 billion (2022 - $1.9 billion) increased by $187.2 million over 2022 primarily due to significant increases in wages, salaries and benefits from inflationary pressures, and increase in operational expenses for program deliveries. Significant year over year changes in expenses include the following:

- $113.0 million increase in wages, salaries and benefits due to hiring to back-fill vacancies, collective bargaining settlements, salary and wage inflationary increases, statutory fringe benefits increase and over-time due to vacancies and absenteeism.
- $60.2 million increase in supplies, materials, equipment, and contracted services due to inflationary cost pressures, and increase in program deliveries.
- $14.0 million increase in amortization of tangible capital assets and debt charges.

BUDGET VARIANCE

The budget information presented in these consolidated financial statements is based upon the combined 2023 operating and capital budgets of all the City's funds and controlled entities as approved by Council on February 28, 2023 and adjusted to comply with Canadian public sector accounting standards for inclusion in the Consolidated Statement of Operations.

Consolidated revenues of $2.6 billion were higher than budgeted revenues by $274.5 million, due primarily to senior government transfers and investment income. Significant budget to actual variances include the following:

- $102.0 million higher than budgeted in government transfers and grants to support affordable housing initiatives and invest in capital infrastructure and amenities to enable community growth.
- $99.7 million higher in investment income due to favorable interest rate returns and optimizing investment portfolios.
- $43.8 million higher in cost recoveries, grants and donations primarily due to VPD special events cost recovery, Downtown Eastside response and washroom trailers, and other program recoveries.

Consolidated expenses totaled $2.1 billion, which was $23.3 million lower than budgeted. This variance was primarily due to timing of anticipated expenses, particularly in the category of salaries, wages and benefits.

In total, the City's annual consolidated surplus of $534.0 million exceeded the budgeted annual surplus of $236.2 million by $297.8 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 *($Millions)*

Consolidated capital additions totalled $476.6 million in 2023 (2022- $455.0 million) and are comprised of the following:

		2023
Land and improvements	$	78.1
Buildings and leasehold improvements		75.7
Vehicles and other equipment		60.8
Computer systems		29.5
Infrastructure		
Streets and structures		86.5
Water system		44.2
Sewer system		82.2
Assets under construction		19.6
	$	**476.6**

Infrastructure replacement and improvements of $232.5 million were added in 2023. Land and improvement additions include $14.3 million in road dedications, $30.8 million in properties acquired for social housing and $33.0 million in future park space and park improvements. Building additions include $14.9 million acquired for social housing, affordable housing and single room occupancy. Other building additions include $9.2 million for the Coal Harbour School and $16.6 million for community amenities. Vehicle and other equipment additions primarily consisted of light duty trucks and heavy trucks. PNE rides and site improvements of $19.0 million were also included in the equipment category. Computer system includes end of life replacement and additions of hardware of $18.3 million and software applications of $9.5 million.

DEBT *($Millions)*

During the year, the City issued $100.0 million of debt, repaid $110.9 million of debt and amortized $5.3 million of debt premium resulting in a total outstanding debt of $997.5 million. At the end of 2023, the City has sinking fund debt reserves of $390.0 million for future repayments.

		2023		2022		Change
Long term debt	$	997.5	$	1,013.7	$	(16.2)
Less: Sinking fund reserves		(390.0)		(402.0)		12.0
Net long term debt	**$**	**607.5**	**$**	**611.7**	**$**	**(4.2)**

As part of the 2023-2026 Capital Plan, the City of Vancouver electorate had approved borrowing of up to $735.0 million; $495.0 million for the maintenance and replacement of existing and construction of new streets, parks and facilities infrastructure and $240.0 million for sewer and neighborhood energy capital expenditures. The overall outstanding borrowing authority at the end of 2023 was $292.2 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 2023, these specific purpose reserves totalled $1,960.3 million, a net increase of $268.5 million over 2022. These increases were driven primarily by an increase in the Capital reserve and these 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 emerging risks and commitments. Due to the COVID-19 pandemic, the City has utilized this reserve to offset the financial impact of the revenue shortfall in both 2020 and 2021, with replenishment starting in 2022. At the end of 2023, the balance in the reserve was $259.6 million of which $152.7 million was set aside for emerging risks and other commitments. This leaves the City with $106.8 million of uncommitted reserve balance or 6.8% of non-utility budgeted revenue compared to the Government Finance Officers Association's recommended target of 16%.
- The Solid Waste Capital Reserve is being accumulated to fund closure and post-closure costs at the City's landfill. With the adoption of PS 3280 Asset Retirement Obligations in 2023 (note 12), the landfill liability obligation is estimated at $141.4 million for the full closure and post-closure costs, compared to the reserve balance of $80.0 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 $1.4 million to $73.4 million. The reserves are primarily funded by internal equipment charges provided in the Operating and Capital Budgets and proceeds from equipment disposals.

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

- The Affordable Housing Reserves increased by a net amount of $22.9 million to $307.2 million, due primarily to Empty Homes Tax revenues committed to planned affordable housing initiatives.
- Community Amenity Reserve increased by net $75.8 million with receipt of $119.7 million primarily due to developers' contributions, and provincial government transfers for childcare amenities and the Growing Communities grant for infrastructure projects to support community growth. Expenditures of $44.0 million for capital projects brought the year-end Community Amenities Reserve balance to $628.0 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 $64.6 million to $180.8 million, due primarily to a transfer of $115.8 million from Revenue Fund and $2.9 million from Gas Tax funding less expenditures for capital projects.

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

- A net transfer of $25.0 million comprises of transfers for insurance, public art, and social and cultural reserves. The balance for Special Revenue and Programs increased to $193.4 million.

Future Debt Repayment – for future debt repayments

- A net transfer of $2.6 million to was used to pay down debt which decreased the Future Debt Repayment Reserves with a balance of $33.9 million.

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

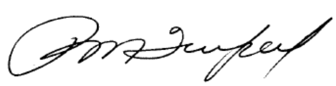
The City's consolidated financial position is healthy and stable despite facing inflationary pressures and a constrained labor market for the second consecutive year. These challenges have significantly impacted salaries and wages, particularly with the settlement of collective agreements and renumeration adjustments. However, there are positive signs with programs mostly returning to pre-COVID levels, as well as improvements in capital projects delivery.

To anticipate such budgetary pressures, the City continues to exercise prudent management and financial discipline. It takes a balanced approach, focusing on cost containment and minimizing significant tax and fee rate increases while responsibly investing in essential infrastructure and amenities.

The City's strong financial standing in 2023 is further evidenced by recent updates to its credit ratings. S&P Global Ratings reaffirmed the City's AAA rating in February 2024, while Moody's Investors Service reaffirmed its Aaa rating in September 2023, both with stable outlooks. These top-tier ratings reflect the agencies' assessments of the City's robust governance, experienced financial management team, consistent positive fiscal outcomes, high liquidity levels, strong economy and budget performance, and favorable debt affordability. Strong credit ratings provide the City with the opportunity to borrow at more favourable interest rates.

The City remains committed to operating under the financial sustainability guiding principles while seizing opportunities to redefine Vancouver's role, operate with excellence, and invest in the future. Looking ahead, the City is dedicated to supporting Council in delivering on its strategic priorities to build a sustainable city where everyone can live, work and thrive. It will continue to work closely with senior governments and other partners to address complex multijurisdictional challenges related to attainable housing, homelessness, climate emergency and essential infrastructure and amenities to support community growth.

Respectfully submitted,



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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, 2023
- 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, 2023, and its consolidated results of operations, its consolidated change 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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 auditor's report that includes our opinion.

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
March 22, 2024

CITY OF VANCOUVER

Consolidated Statement of Financial Position

As at December 31 ($000s)

	2023	2022 (Restated - Note 2)
Financial assets		
Cash and cash equivalents (Note 3)	$ 807,147	$ 900,532
Investments (Note 4)	3,106,277	2,631,633
Accounts receivables (Note 5)	344,085	295,360
Lease agreement receivables (Note 6)	1,950	1,950
	4,259,459	3,829,475
Liabilities		
Accounts payable and accrued liabilities (Note 7)	632,081	568,974
Deferred liabilities (Note 8)	103,516	101,337
Mortgage and loan agreement (Note 9)	9,456	5,911
Debt (Note 10)	997,497	1,013,687
Deferred revenue (Note 11)	865,854	773,452
Asset retirement obligations (Note 12)	237,534	233,241
	2,845,938	2,696,602
Net financial assets	**1,413,521**	1,132,873
Non-financial assets		
Inventory and prepaids	32,039	31,198
Tangible capital assets (Note 13)	8,282,985	8,030,466
	8,315,024	8,061,664
Accumulated surplus (Note 14)	**$ 9,728,545**	$ 9,194,537

Contractual rights, contingencies and commitments (Note 15)

See accompanying Notes to Consolidated Financial Statements

CITY OF VANCOUVER

Consolidated Statement of Operations

For the years ended December 31 ($000s)

	2023 Budget	2023	2022
	(Note 17)		(Restated - Note 2)
Revenues			
Property taxes, penalties and interest (Notes 15(e) and (g))	$ 1,165,996	$ 1,183,722	$ 1,082,144
Utility fees	390,831	384,044	362,571
Program fees	149,141	145,026	132,115
License and development fees	100,401	123,719	112,415
Parking	96,407	98,643	92,855
Government transfers (Note 19)	83,537	185,552	94,463
Cost recoveries and donations	58,510	102,333	108,498
Investment income	45,605	145,301	58,676
Rental, lease and other	64,350	78,859	74,347
Bylaw fines	21,401	23,515	23,137
Developer contributions	167,423	146,940	309,948
Gain on sale of real property	-	482	1,110
	2,343,602	**2,618,136**	**2,452,279**
Expenses			
Utilities	366,876	364,670	367,639
General government	311,070	239,138	218,997
Police protection	410,522	430,270	387,922
Fire protection	164,750	183,026	164,703
Engineering	252,347	236,348	227,141
Planning and development	77,760	91,243	80,845
Parks and recreation	295,196	270,207	236,028
Arts, culture and community services	168,219	205,071	153,010
Library	60,692	64,155	60,635
	2,107,432	**2,084,128**	**1,896,920**
Annual surplus	**236,170**	**534,008**	**555,359**
Accumulated surplus (Note 14)			
Beginning of year, as previously reported	9,194,537	9,194,537	8,721,259
Adjustment on adoption of the asset retirement obligations accounting (Note 2)	-	-	(82,081)
Beginning of year, as restated	**9,194,537**	**9,194,537**	**8,639,178**
End of year	**$ 9,430,707**	**$ 9,728,545**	**$ 9,194,537**

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)

	2023 Budget (Note 17)	2023	2022 (Restated - Note 2)
Annual surplus	**$ 236,170**	**$ 534,008**	**$ 555,359**
Acquisition of tangible capital assets	(564,634)	(443,199)	(319,856)
Contributed tangible capital assets	-	(33,423)	(135,186)
Amortization of tangible capital assets	220,980	218,661	210,126
Loss on disposal of tangible capital assets	-	4,960	4,347
Proceeds on sale of tangible capital assets	-	482	1,110
	(343,654)	**(252,519)**	**(239,459)**
Change in inventory and prepaids	-	(841)	(2,173)
Change in net financial assets	**(107,484)**	**280,648**	**313,727**
Net financial assets			
Beginning of year, as previously reported	1,132,873	1,132,873	940,011
Adjustment on adoption of the asset retirement obligations accounting standard (Note 2)	-	-	(120,865)
Beginning of year, as restated	**$ 1,132,873**	**$ 1,132,873**	**$ 819,146**
End of year	**$ 1,025,389**	**$ 1,413,521**	**$ 1,132,873**

See accompanying Notes to Consolidated Financial Statements

CITY OF VANCOUVER

Consolidated Statement of Cash Flows

For the years ended December 31 ($000s)

	2023	2022 (Restated - Note 2)
Cash provided by (used in):		
Operating Transactions		
Annual surplus	$ 534,008	$ 555,359
Items not involving cash		
Amortization on tangible capital assets	218,661	210,126
Accretion on asset retirement obligations and related receivable	2,661	(6,108)
Amortization of debt premium	(4,341)	(721)
Contributed tangible capital assets	(33,423)	(135,186)
Loss on sale of tangible capital assets and real property	4,960	4,347
Recognition of deferred revenue	(122,704)	(130,475)
Change in non-cash items		
Other financial assets and liabilities	16,014	4,479
Change in deferred liabilities	2,179	3,225
Change in inventory and prepaids	(841)	(2,173)
	617,174	**502,873**
Financing Transactions		
Debt, mortgage and loan issues	104,069	2,000
Debt, mortgage and loan repayments	(112,373)	(2,645)
Deferred revenue receipts	215,106	301,899
	206,802	**301,254**
Capital Transactions		
Acquisition of tangible capital assets	(443,199)	(319,856)
Proceeds of sale of tangible capital assets	482	1,110
	(442,717)	**(318,746)**
Investing Transactions		
Net purchase of investments	(474,644)	(731,460)
	(474,644)	(731,460)
Net decrease in cash and cash equivalents	**(93,385)**	**(246,079)**
Cash and cash equivalents		
Beginning of year	900,532	1,146,611
End of year	**$ 807,147**	**$ 900,532**

See accompanying Notes to Consolidated Financial Statements.

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 3.00% in the 2023 tax reference year (2022 – 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.

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in $000s)

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(f) Receivables

Accounts receivables 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
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, including landfill	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.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(i) 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.

(j) 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.

(k) 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.

(l) Asset Retirement Obligations

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

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

The liability is initially recorded at the best estimate of the expenditures required to retire a tangible capital asset, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset if the asset is recognized and in productive use. This liability is subsequently reviewed at each financial reporting date and adjusted for any revisions to the timing or amount required to settle the obligation. The changes in the liability for the passage of time are recorded as accretion expense in the Statement of Operations and all other changes are adjusted to the tangible capital asset. This cost is amortized over the useful life of the tangible capital asset (Note 1(g)(i)). If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

The liability for closure and post-closure care relating to landfill sites has been recognized based on estimated future expenditures. The liability is discounted using a present value calculation and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the landfill tangible capital asset. The landfill tangible capital asset is being amortized over the asset's useful life (Note 1(g)(i)). Assumptions used in the calculations are revised yearly.

Recoveries related to asset retirement obligations are recognized when the recovery can be appropriately measured, a reasonable estimate of the amount can be made and it is expected that future economic benefits will be obtained. A recovery is recognized on a gross basis from the asset retirement obligations liability.

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(m) Financial instruments

Financial instruments include cash and cash equivalents, investments, accounts receivables, lease agreement receivables, accounts payable and accrued liabilities, mortgage and loan agreement liability and debt.

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless the City elects to carry the financial instrument at fair value. The City has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses. They are recorded in the Consolidated Statement of Operations when they are realized. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the City does not have a Consolidated Statement of Remeasurement Gains and Losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost are included in the cost.

Sales and purchases of investments are recorded on the trade date.

Accounts receivables, investments, accounts payable and accrued liabilities, and debenture debt are measured at amortized cost using the effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Consolidated Statement of Operations.

(n) Use of Estimates

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

Significant areas requiring the use of estimates include the valuation of accounts receivables, the estimated useful lives of tangible capital assets, amount to settle asset retirement obligations, contingent liabilities and the future costs to settle employee benefit obligations.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates. Any adjustments are reflected in the period of settlement or upon change in estimate.

(o) 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. CHANGE IN ACCOUNTING POLICY

(a) PS 3450 Financial Instruments and Related Standards

On January 1, 2023, the City adopted PS 3450 Financial Instruments (“PS 3450”), PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation and PS 3041 Portfolio Investments. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the Statement of Financial Position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the City’s accounting policy choice (Note 1(m)).

In accordance with the provisions of this new standard, as at January 1, 2023, the City recorded

- an adjustment of $4.3 million to annual surplus and a corresponding decrease of $4.3 million to debt to measure interest using the effective interest method and to include transaction costs incurred on the issuance of debentures in the cost of the debentures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in $000s)

2. CHANGE IN ACCOUNTING POLICY – Continued

(b) PS 3280 Asset Retirement Obligations

On January 1, 2023, the City adopted PS 3280 Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The standard was adopted on the modified retroactive basis at the date of adoption. Under the modified retroactive method, the discount rate, cost estimates and assumptions used on initial recognition are those as of the date of adoption of the standard. The impact of adoption of this standard was as follows:

	2022 As restated	Adjustment	2022 As Previously Stated
Consolidated Statement of Financial Position:			
Accounts receivables	$ 295,360	$ 51,901	$ 243,459
Asset retirement obligations	233,241	166,658	66,583
Net financial assets	1,132,873	(114,757)	1,247,630
Tangible capital assets	8,030,466	35,586	7,994,880
Accumulated surplus	9,194,537	(79,170)	9,273,707
Consolidated Statement of Operations:			
General government expenses	$ 218,997	$ (2,911)	$ 221,908
Annual surplus	555,359	2,911	552,448
Accumulated surplus, beginning of year	8,639,178	(82,081)	8,721,259
Accumulated surplus, end of year	9,194,537	(79,170)	9,273,707
Consolidated Statement of Changes in Net Financial Assets:			
Annual surplus	$ 555,359	$ 2,911	$ 552,448
Amortization on tangible capital assets	210,126	3,197	206,929
Net financial assets, beginning of year	819,146	(120,865)	940,011
Net financial assets, end of year	1,132,873	(114,757)	1,247,630
Consolidated Statement of Cash Flows:			
Cash flows from operating activities:			
Annual surplus	$ 555,359	$ 2,911	$ 552,448
Amortization on tangible capital assets	210,126	3,197	206,929
Accretion on asset retirement obligations and related receivable	(6,108)	(6,108)	-

3. CASH AND CASH EQUIVALENTS

	2023	2022
Cash	$ 688,004	$ 749,771
Cash equivalents	119,143	150,761
	$ 807,147	**$ 900,532**

As at December 31, 2023, the City had $119.1 million (2022 – $150.8 million) in cash equivalents that yielded an annual return of 4.82% to 5.05% (2022 – 4.25% to 4.27%).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in $000s)

4. 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:

2023

	Cost	Fair Market Value	Asset Mix	Interest Rates	Maturity
Bonds	$ 1,792,097	$ 1,640,763	58%	0.81% - 5.88%	0 - 28 years
Treasury Bills and Term Deposits	1,243,254	1,208,816	40%	5.03% - 6.41%	0 - 5 years
Diversified Multi-Asset Class Funds	70,926	72,055	2%	4.75%**	
Total	**$ 3,106,277**	**$ 2,921,634**	**100%**		

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	**$ 2,631,633**	**$ 2,521,512**	**100%**		

** Since inception date (September 22, 2023), Diversified Multi-Asset Class Funds returned 4.75%

5. ACCOUNTS RECEIVABLES

	2023	2022 (Restated - Note 2)
Accrued interest	$ 45,175	$ 24,390
Employee advances	821	8
Local improvement receivables	837	1,005
Property taxes receivables	107,930	91,500
Rental and lease receivables	2,997	3,593
Trade and other receivables	86,536	78,277
Landfill receivable	53,526	51,901
Utility receivables	46,263	44,686
	$ 344,085	**$ 295,360**

6. 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 August 1, 2024.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Payroll liabilities	$ 122,203	$ 83,526
Property tax advance deposits and receipts	129,719	132,624
Other advance deposits and receipts	121,224	90,086
Trade and other liabilities	258,935	262,738
	$ 632,081	**$ 568,974**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in $000s)

8. DEFERRED LIABILITIES

	2023	2022
Deferred employee benefit liabilities (a)	$ 92,884	$ 89,324
Contaminated sites (b)	5,437	6,827
Accrued interest on long term debt	5,195	5,186
	$ 103,516	**$ 101,337**

(a) Deferred Employee Benefit Liabilities

The City has accumulated $62.0 million (2022 - $62.0 million) in a reserve for the funding of post-retirement and post-employment benefits (note 14(a)). An actuarial valuation is completed once every three years. The last actuarial valuation was completed as at December 31, 2023 and uses the following valuation assumptions:

	2023	2022
Discount rate	3.13%	3.02%
Inflation rate	3.00% - 4.50%	2.50%
Rate of compensation increase (including inflation)	0.00% - 3.40%	2.58% - 4.63%
Amortization period of actuarial loss in years	12	12
Sick leave gratuity	$ 38,778	$ 35,720
Deferred vacation	18,043	13,750
Non-vested accumulating sick leave	33,244	26,512
Long term disability	20,222	17,561
Other post-employment benefits	27,089	23,516
	137,376	117,059
Unamortized actuarial loss	(44,492)	(27,735)
	$ 92,884	**$ 89,324**

Reconcilliation of deferred employee benefit liabilities:

	2023	2022
Accrued benefit obligation, beginning of the year	$ 117,059	$ 117,019
Current service cost	12,948	7,714
Interest cost	3,675	3,421
Actual benefits paid	(15,719)	(20,590)
Actuarial loss	19,413	9,495
Accrued benefit obligation, end of the year	137,376	117,059
Unamortized actuarial loss	(44,492)	(27,735)
Deferred employee benefit liabilities, end of the year	**$ 92,884**	**$ 89,324**

(b) Contaminated Sites

The City accrued $5.4 million (2022 - $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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in $000s)

9. MORTGAGE AND LOAN AGREEMENT

(a) The mortgage agreement for $1.3 million (2022 - $1.7 million) payable to Canada Mortgage and Housing Corporation for a non-market housing project has interest payable at 4.24% and matures on April 1, 2027. The interest paid in 2023 was $0.1 million (2022 - $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 (2022 - $32.0 million). The facility bears interest at the bank prime rate minus 0.25% and is due on demand. As at December 31, 2023, $8.1 million (2022 - $4.2 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:

2024		377
2025		394
2026		410
2027		141
Loan agreement		8,134
Total	**$**	**9,456**

10. DEBT

Debenture debt is shown at its face amount. It is initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, the debt is measured at amortized cost using the effective interest rate method.

Maturing in		Total
2024		105,933
2025		90,946
2026		90,959
2027		85,972
2028		85,985
Thereafter		521,490
Subtotal Debt Issue		981,285
Unamortized Premium		16,212
Total	**$**	**997,497**

Interest rates payable on the principal amount of the debentures range from 1.40% to 4.90% per annum (2022 - 1.40% to 4.58%). The weighted average interest rate on total external debt to maturity is 3.13% (2022 – 3.15%). Total interest paid in 2023 on debt amounted to $29.5 million (2022 - $29.4 million). Reserve for debt retirement at December 31, 2023 amounted to $390.0 million (2022 - $402.3 million) (note 14) resulting in an unfunded external debt balance of $607.5 million (2022 - $611.4 million).

11. DEFERRED REVENUE

Deferred revenue is comprised of the following:

	2022	Contributions and Interest	Recognized as Revenue	2023
Development cost levies				
City-wide	$ 453,911	$ 112,183	$ (86,162)	$ 479,932
Area-specific	106,140	1,335	(5,686)	101,789
	560,051	113,518	(91,848)	581,721
Prepaid leases	180,459	7,938	(6,173)	182,224
Government transfers	11,372	93,522	(19,355)	85,539
Other	21,570	128	(5,328)	16,370
	$ 773,452	**$ 215,106**	**$ (122,704)**	**$ 865,854**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in $000s)

12. ASSET RETIREMENT OBLIGATIONS

The City's asset retirement obligations consist of the following:

(a) Landfill obligation

The City owns and operates a landfill site. The costs are based on the currently known obligations that will exist at the estimated year of closure of the site and for 30 years after this date. The landfill had an estimated useful life of 70 years when it was purchased, of which 13 years remain. Post-closure care is estimated to be required for 30 years from the date of site closure. These costs were discounted to December 31, 2023 using a discount rate of 3.13% per annum (2022 – 3.02%).

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.

	2023	2022
Closure date	2036	2036
Total capacity (million tonnes)	28.3	28.3
Discount rate	3.13%	3.02%
Inflation rate	2.00% to 5.00%	2.00% to 5.00%
Undiscounted expenditures (million)	$243.6	$243.6

(b) Hazardous material obligation

The City owns and operates several buildings, viaducts and bridges that are known to have hazardous materials, and there is a legal obligation to remove these. Following the adoption of PS 3280 Asset Retirement Obligations, the City recognized an obligation relating to the removal and post-removal care of hazardous materials in these structures as estimated at January 1, 2023. The estimated useful life of the structures ranges from 25 to 100 years from the date of completion of construction, of which various numbers of years remain.

Changes in the asset retirement obligation in the year are as follows:

	Landfill closure and post-closure	Hazardous materials	2023
Opening balance	$ 137,146	$ 96,095	$ 233,241
Accretion expense	4,293	-	4,293
Closing balance	**$ 141,439**	**96,095**	**$ 237,534**

	Landfill closure and post-closure	Hazardous materials	2022 (Restated - Note 2)
Opening balance	$ 66,583	$ -	$ 66,583
Adjustment on adoption of PS 3280 (Note 2)	$ 66,401	$ 96,095	$ 162,496
Accretion expense	$ 4,162	$ -	$ 4,162
Closing balance	**$ 137,146**	**$ 96,095**	**$ 233,241**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in $000s)

13. TANGIBLE CAPITAL ASSETS

	Balance beginning of year, as previously recorded	Adjustment Asset Retirement Obligations (Note 2)	Balance, beginning of year, as restated	Additions net of transfers	Disposals	Balance end of year
Cost						
Land	$ 2,562,211	$ -	$ 2,562,211	$ 64,989	$ -	$ 2,627,200
Land improvements	378,403	-	378,403	13,151	-	391,554
Buildings and building improvements	2,102,888	81,788	2,184,676	67,025	(99)	2,251,602
Leasehold improvements	102,707	-	102,707	8,646	-	111,353
Vehicles, equipment and furniture	457,738	-	457,738	58,038	(26,879)	488,897
Computer systems	319,127	-	319,127	29,534	-	348,661
Library books and materials	44,594	-	44,594	2,766	-	47,360
Infrastructure						
Streets and structures, including landfill	3,642,387	27,234	3,669,621	86,540	(761)	3,755,400
Water system	915,130	-	915,130	44,162	(2,674)	956,618
Sewer system	1,762,487	-	1,762,487	82,164	(2,631)	1,842,020
Assets under construction	114,000	-	114,000	19,607		133,607
Total cost	**12,401,672**	**109,022**	**12,510,694**	**476,622**	**(33,044)**	**12,954,272**
Accumulated amortization						
Land improvements	219,983	-	219,983	10,993	-	230,976
Buildings and building improvements	675,477	51,742	727,219	45,539	(49)	772,709
Leasehold improvements	40,982	-	40,982	6,764	-	47,746
Vehicles, equipment and furniture	306,193	-	306,193	27,558	(23,763)	309,988
Computer systems	258,763	-	258,763	23,567	-	282,330
Library books and materials	32,059	-	32,059	2,446	-	34,505
Infrastructure						
Streets and structures, including landfill	2,132,344	21,694	2,154,038	70,613	(572)	2,224,079
Water system	249,405		249,405	11,355	(1,710)	259,050
Sewer system	491,586		491,586	19,826	(1,508)	509,904
Accumulated amortization	**4,406,792**	**73,436**	**4,480,228**	**218,661**	**(27,602)**	**4,671,287**
Net book value						
Land *	2,562,211	-	2,562,211	64,989	-	2,627,200
Land improvements	158,420	-	158,420	2,158	-	160,578
Buildings and building improvements	1,427,411	30,046	1,457,457	21,486	(50)	1,478,893
Leasehold improvements	61,725	-	61,725	1,882	-	63,607
Vehicles, equipment and furniture	151,545	-	151,545	30,480	(3,116)	178,909
Computer systems	60,364	-	60,364	5,967	-	66,331
Library books and materials	12,535	-	12,535	320	-	12,855
Infrastructure						
Streets and structures, including landfill	1,510,043	5,540	1,515,583	15,927	(189)	1,531,321
Water system	665,725	-	665,725	32,807	(964)	697,568
Sewer system	1,270,901	-	1,270,901	62,338	(1,123)	1,332,116
Assets under construction	114,000	-	114,000	19,607	-	133,607
Net book value	**$ 7,994,880**	**$ 35,587**	**$ 8,030,466**	**$ 257,961**	**$ (5,442)**	**$ 8,282,985**
Net book value (2022)	$ 7,752,224	$ 38,783	$ 7,791,007	$ 244,916	$ (5,457)	$ 8,030,466

*The Assessed Value of land is $31.8 billion (2022 - $30.9 billion)

Additions include contributed tangible capital assets - land $20.2 million and infrastructure $13.2 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in $000s)

14. ACCUMULATED SURPLUS

	2023	2022 (Restated - Note 2)
Investment in tangible capital assets	$ 7,113,494	$ 6,851,010
Prepaid lease revenue not yet recognized	(175,451)	(181,625)
Reserve for Sinking Fund debt retirement - statutory	375,273	393,439
Reserve for Sinking Fund debt retirement - non-statutory	14,771	8,846
Reserves (a)	1,960,311	1,691,830
Fund balances (b)	543,663	532,374
Obligations to be funded from future revenues (Note 8)	(103,516)	(101,337)
	$ 9,728,545	**$ 9,194,537**

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

	2022	Transfer To	Transfer From	Change During Year	2023
Financial Stabilization					
Deferred Employee Benefits	$ 61,962	$ -	$ -	$ -	$ 61,962
General Revenue Stabilization	199,405	192,445	(132,218)	60,227	259,632
Solid Waste Capital	70,898	14,413	(5,337)	9,076	79,974
Utility Rate Stabilization	44,385	11,638	(2,172)	9,466	53,851
Other	7,139	-	-	-	7,139
	383,789	**218,496**	**(139,727)**	**78,769**	**462,558**
Asset Management					
Golf Course and Artificial Turf	2,730	395	(386)	9	2,739
Plant and Equipment	71,951	53,252	(51,806)	1,446	73,397
Streets Capital Maintenance	17,463	17,867	(16,771)	1,096	18,559
	92,144	**71,514**	**(68,963)**	**2,551**	**94,695**
Future Capital					
Affordable Housing	284,288	103,943	(81,061)	22,882	307,170
Capital Facilities and Infrastructure	116,212	118,651	(54,087)	64,564	180,776
Community Amenities	552,203	119,748	(43,973)	75,775	627,978
Parking Sites	54,707	8,594	(7,239)	1,355	56,062
Pedestrian and Cycling	3,610	1,308	(1,120)	188	3,798
	1,011,020	**352,244**	**(187,480)**	**164,764**	**1,175,784**
Special Revenue and Programs					
Childcare Endowment	17,593	878	(630)	248	17,841
Community Amenity Operations	11,294	747	(565)	182	11,476
Donations	19,434	5,089	(1,184)	3,905	23,339
Emerging Neighbourhood	10,000	-	-	-	10,000
Insurance	20,439	3,094	(5,365)	(2,271)	18,168
Outstanding Commitments	12,721	9,502	(6,769)	2,733	15,454
Public Art	18,955	3,066	(724)	2,342	21,297
Social and Cultural	31,336	3,529	(3,346)	183	31,519
Other	26,610	113,224	(95,505)	17,719	44,329
	168,382	**139,129**	**(114,088)**	**25,041**	**193,423**
Future Debt Repayment	36,495	3,407	(6,051)	(2,644)	33,851
	$ 1,691,830	**$ 784,790**	**$ (516,309)**	**$ 268,481**	**$ 1,960,311**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in $000s)

14. ACCUMULATED SURPLUS - Continued

(b) Fund balances are comprised of:

	2022	Change During Year	2023
Revenue Fund	$ 26,239	$ 170	$ 26,409
Capital Fund	62,425	(12,336)	50,089
Capital Financing Fund	205,563	14,459	220,022
Sinking Fund	-	2,866	2,866
Property Endowment Fund	189,775	3,309	193,084
Vancouver Affordable Housing Endowment Fund	25,312	11,890	37,202
Harbour Park Development Ltd.	(11)	(1)	(12)
Vancouver Civic Development Corp.	12,074	539	12,613
Hastings Institute Inc.	271	7	278
Pacific National Exhibition	(9,838)	(10,514)	(20,352)
City of Vancouver Public Housing Corporation	49	450	499
Vancouver Economic Commission	1,950	(39)	1,911
Parking Corporation of Vancouver	250	(9)	241
	514,059	10,791	524,850
Eliminations on consolidation	18,315	498	18,813
	$ 532,374	**$ 11,289**	**$ 543,663**

15. 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 four priority areas, totalling $508.4 million. To date, $294.2 million has been utilized leaving $214.2 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	$ 89,315
Green Infrastructure & Climate Change	54,091
Rapid Transit & Transportation Infrastructure	51,560
Social & Community Infrastructure	19,261
	$ 214,227

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
2024	$ 28,017
2025	22,665
2026	19,175
2027	16,330
2028	14,652
	$ 100,839

15. 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, 2023). 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 $30.8 million during the year (2022 - $25.4 million).

(c) Municipal Pension Plan

The City and its employees contribute to the Municipal Pension Plan (a jointly trusteed 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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 $87.2 million (2022 - $86.1 million) for employer contributions while employees contributed $74.8 million (2022 - $72.4 million) to the plan in fiscal year 2023.

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

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

(d) Contingent Legal Liabilities

As at December 31, 2023, 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 $18.2 million (2022 - $20.4 million) for potential claims (note 14(a)).

(e) Property Assessment Appeals

As at December 31, 2023, 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)

15. 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, 2023	$16,090
S.U.C.C.E.S.S. Affordable Housing Society as at March 31, 2023	$43,660

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

	2023	2022
Taxes collected by the City:		
Property and business taxes	$ 2,072,193	$ 1,965,262
Payment in lieu of taxes	34,440	30,305
Local improvement levies	377	420
	2,107,010	**1,995,987**
Less taxes remitted to:		
Province of British Columbia - School Taxes	724,075	715,424
South Coast British Columbia Transportation Authority	147,538	148,137
B.C. Assessment Authority	21,576	21,606
Metro Vancouver	29,978	28,561
Municipal Finance Authority	121	115
	923,288	913,843
Net Taxes for Municipal Purposes	**$ 1,183,722**	**$ 1,082,144**

16. 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:

	2023	2022
Vancouver Agreement	$ 755	$ 1,047
Cemetery Perpetual Care	10,634	9,838
General	480	472
	$ 11,869	**$ 11,357**

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)

17. BUDGET

The Budget information presented in these consolidated financial statements is based upon the 2023 operating, capital and property endowment budgets as approved by Council on February 28, 2023 and adjusted to comply with Canadian public sector accounting standards ("PSAS") for inclusion in the Consolidated Statement of Operations and Consolidated Statement of Change in Net Financial Assets.

		2023
Revenues		
Approved Budgeted Revenues		
Operating Budget	$	1,971,179
Capital Budget		219,898
Property Endowment Operating Budget		57,472
Other City of Vancouver funds		13,579
Vancouver Affordable Housing Endowment Fund		12,821
Pacific National Exhibition (1)		80,823
Other City of Vancouver Reporting Entities		3,454
		2,359,226
PSAS Revenue Adjustments		
Interfund revenue eliminated		(15,624)
Budgeted Revenues as presented in financial statements	**$**	**2,343,602**
Expenses		
Approved Budgeted Expenditures		
Operating Budget	$	1,971,179
Capital Budget		219,898
Property Endowment Operating Budget		57,472
Other City of Vancouver funds		13,579
Vancouver Affordable Housing Endowment Fund		12,821
Pacific National Exhibition (1)		76,995
Other City of Vancouver Reporting Entities		3,453
		2,355,397
PSAS Expenses Adjustments		
Operating Budget PSAS expense adjustments (2)		111,313
Capital asset expenditures		(564,634)
Amortization of tangible capital assets		220,980
Interfund expense eliminated		(15,624)
		(247,965)
Budgeted Expenses as presented in financial statements	**$**	**2,107,432**
Annual Surplus	**$**	**236,170**

Note:

(1) Revised from Vancouver Budget 2023 amounts to align PNE's budget with the City's reporting period ending December 31, 2023. 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

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments include cash and cash equivalents, investments, receivables, payables, and debt. The City has exposure to the following financial risks from its use of financial instruments: credit risk, market risk, interest rate risk and liquidity risk.

Management is responsible for safeguarding resources, managing risks, and implementing appropriate policies and framework. The Treasury Investment Committee oversees investment practices and provides strategic guidance and recommended actions to support the compliance of the Investment policy to ensure adherence to the statutory requirements outlined in section 201 of the Vancouver Charter. This note presents information on how the City manages those financial risks.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – Continued

(a) Credit Risk

Credit risk refers to the potential for the City to incur financial losses if a third party fails to fulfill its contractual obligations. Such a risk may manifest in fluctuations in security value due to a rating downgrade or default in the case of distressed securities. Primarily, credit risk stems from the City's cash and cash equivalents, investments, and receivables.

Cash and cash equivalents are held with banks and counterparties that have high credit ratings and minimal market risk. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The City mitigates credit risk in its investments by adhering to minimum credit quality standard of A3 or A-, as rated by Moody's Investors Services or S&P Global Rating, respectively. The maximum exposure is limited to the amount presented on the Consolidated Statement of Financial Position.

Accounts receivables mainly consist of property taxes, utilities, trade and other receivables. The Vancouver Charter grants legislative authority for the City to enforce the collection of unpaid property taxes. As at December 31, 2023 and 2022, there were no significant collection issues related to outstanding receivable accounts. The City has recorded an allowance for doubtful accounts of $14.8 million (2022 - $11.9 million).

(b) Interest Rate Risk

Changes in interest rates may affect the City's future cash flows or fair market value of financial instruments. Investments are purchased with the intention to hold until maturity and not driven by speculative fluctuations in interest rates. Although the fixed income investments are subject to interest rate risk, the City structures its investment portfolio to align with planned liquidity requirements for ongoing operations and capital requirements.

PNE is exposed to cash flow risks related to its credit facilities which bear a floating rate of interest at prime rate minus 0.25% per annum. PNE has the option to repay any amount of the balance at any time.

The City has a four-year Capital Plan that establishes the financial and debt capacity. The City adheres to prudent fiscal stewardship by maintaining debt at a manageable level and issuing debenture at a fixed rate, which protects the City's fiscal position from unexpected increases in interest rates.

The City holds the highest credit rating of Aaa/AAA from both Moody's and Standard & Poor's credit agencies. These strong credit ratings position the City favorably among Canadian municipalities, facilitating access to low borrowing costs. It is estimated that long-term borrowing costs would increase by 3 to 5 basis points for each level of downgrade, equating to approximately $0.5 million in additional interest over the ten-year term of each $100 million debenture issued.

(c) Foreign Exchange Risk

Risk arises from exposure as transactions of assets and liabilities that are denominated in a foreign currency.

The City's investments portfolio has minimal exposure to foreign exchange risk as the securities held are mainly denominated in Canadian currency. Furthermore, the City issues debentures in Canadian currency, which has no exposure to foreign exchange risk as debt repayments and interest payments are denominated in local currency.

(d) Liquidity Risk

Liquidity risk arises when the City is not able to meet its financial obligations as they fall due. The City manages liquidity risk by monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far out as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the City's reputation. A minimum liquidity requirement target is established on an annual basis to ensure the City's obligations can be settled timely and liquidity is reviewed regularly by the Treasury Investment Committee.

The City maintains strong liquidity from high levels of cash and cash equivalents and investments. The City holds liquid and easily marketable securities in investment portfolio.

The City issues debenture with sinking fund provision. The sinking fund accounts for the accumulation of instalments in accordance with the actuarial requirements for the retirement of sinking fund debt at maturity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Tabular amounts in $000s)

19. GOVERNMENT TRANSFERS

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

	Budget Program	2023	2022
By Source			
Federal			
Canada Mortgage Housing Corporation Rapid Housing Initiative	Capital	$ 20,476	$ 10,592
P.N.E Infrastructure Program	Capital	13,916	6,084
Canada Infrastructure	Capital	5,814	2,713
Community Safety	Capital	1,390	-
Community Safety	Operating	1,073	-
Canada Mortgage Housing Corporation - Seed Fund	Capital	813	-
Non Market Housing & Homeless	Capital	700	-
Mountain View Cemetery Field of Honour	Capital	673	-
Zero Emission Vehicle Infrastructure Program	Capital	341	502
Non Market Housing & Homeless	Operating	121	-
Other capital	Capital	27	644
Other operating	Operating	2	561
		45,346	21,096
Provincial			
BC Growing Community Fund	Capital	49,119	-
Revenue Sharing	Operating	19,890	19,692
New Licensed Childcare Space	Capital	11,175	11,475
BC Housing non-market housing operating subsidies	Operating	10,788	7,004
Climate Action Program	Capital	5,023	4,910
Community Safety	Operating	4,492	-
Federal Gas Tax Fund	Capital	2,122	2,033
Community Safety - Vancouver Police Department Programs	Operating	1,751	-
Library	Operating	1,443	1,252
Other capital	Capital	670	518
Infrastructure - Transportation	Capital	661	-
Community Safety	Capital	608	-
Climate Action Program	Operating	104	-
Other operating	Operating	30	1,078
COVID Safe Restart Grant	Operating	-	9,180
COVID emergency response	Operating	-	1,323
		107,876	58,465
South Coast British Columbia Transportation Authority			
Major Road Network and Bike	Capital	13,566	6,149
Operations and maintenance	Operating	9,217	5,603
Major Road Rehabilitation	Capital	5,773	1,710
Transportation System Improvement	Capital	3,774	-
Street signal and lighting rehabilitation	Capital	-	1,440
		32,330	14,902
		$ 185,552	**$ 94,463**
By Budget Program			
Capital		$ 136,641	$ 48,770
Operating		48,911	45,693
		$ 185,552	**$ 94,463**

In 2023, the City has a balance of $85.5 million (2022 - $11.4 million) in deferred revenue (note 11) 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, 2023 is $19.1 million (2022 - $10.7 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 $112.2 million for the acquisition of land and construction of affordable multi-residential housing. Eligible costs include conversion costs, predevelopment, and pre-construction costs in relation to the development of affordable housing units.

20. 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 20 CONTINUED – SEGMENTED INFORMATION AND EXPENSES BY OBJECT (Tabular amounts in $000s)
Year Ended December 31, 2023

	General Government	Police Protection	Fire Protection	Engineering	Utilities	Planning & Development	Parks & Recreation	Arts, Culture & Community Services	Library	2023 Consolidated	2022 Consolidated (Restated - Note 2)
Revenues											
Property taxes, penalties and interest	$ 1,183,722	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,183,722	$ 1,082,144
Utility fees	16	-	-	-	384,025	-	-	3	-	384,044	362,571
Program fees	684	1,812	1,552	170	229	-	118,720	21,080	779	145,026	132,115
License and development fees	120,758	-	-	2,797	164	-	-	-	-	123,719	112,415
Parking	57,430	1	-	25,696	-	-	14,654	862	-	98,643	92,855
Government transfers	77,698	1,751	970	29,324	7,794	1,823	14,540	50,210	1,442	185,552	94,463
Cost recoveries and donations	6,113	29,928	11,385	11,924	23,993	2,852	7,077	5,376	3,685	102,333	108,498
Investment income	145,039	-	-	-	-	-	-	262	-	145,301	58,676
Rental, lease and other	37,964	10	79	12,013	1,368	1	9,244	17,134	1,046	78,859	74,347
Bylaw fines	23,501	-	-	-	-	-	-	14	-	23,515	23,137
Developer contributions	44,930	-	14	25,746	35,354	657	27,297	12,942	-	146,940	309,948
Gain (loss) on sale of tangible capital assets	182	-	-	300	-	-	-	-	-	482	1,110
	1,698,037	**33,502**	**14,000**	**107,970**	**452,927**	**5,333**	**191,532**	**107,883**	**6,952**	**2,618,136**	**2,452,279**
Operating Expenses											
Wages, salaries and benefits	127,766	348,012	159,023	120,469	68,210	76,339	148,334	59,291	46,424	1,153,868	1,040,872
Contract services	16,528	34,703	7,038	13,391	20,300	8,173	13,444	31,574	2,511	147,662	117,187
Supplies, material and equipment	61,464	36,031	9,862	18,511	224,307	6,711	75,449	95,175	8,014	535,524	505,763
Debt charges	2,335	381	1,207	4,226	14,450	-	4,477	1,092	245	28,413	22,972
	208,093	**419,127**	**177,130**	**156,597**	**327,267**	**91,223**	**241,704**	**187,132**	**57,194**	**1,865,467**	**1,686,794**
Amortization	**31,045**	**11,143**	**5,896**	**79,751**	**37,403**	**20**	**28,503**	**17,939**	**6,961**	**218,661**	**210,126**
	239,138	430,270	183,026	236,348	364,670	91,243	270,207	205,071	64,155	2,084,128	1,896,920
Annual Surplus (Deficit)	**$ 1,458,899**	**$ (396,768)**	**$ (169,026)**	**$ (128,378)**	**$ 88,257**	**$ (85,910)**	**$ (78,675)**	**$ (97,188)**	**$ (57,203)**	**$ 534,008**	**$ 555,359**

SUPPLEMENTARY FINANCIAL INFORMATION

UNAUDITED

CITY OF VANCOUVER

GRANTS UNAUDITED (Tabular amounts in $000s)

COVID-19 SAFE RESTART GRANT

In 2021, the City of Vancouver received approval for funding from the Union of BC Municipalities (UBCM) for the Strengthening Communities' Services Program totalling $19.4 million. This program is part of the federally and provincially funded Safe Restart program and assists local governments to address costs related to supporting unsheltered homeless populations and addressing the related community impacts as a result of COVID-19. To date, $9.7 million of the total grant has been received and reimbursement of $9.3 million of eligible expenditures remains outstanding.

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

	2023	2022
Balance, beginning of the year	$ 700	$ 5,312
Less eligible costs incurred:		
Community Centers	-	1,955
Parks & Recreation	-	1,264
Shelters	-	298
Street Cleaning	-	638
Community Outreach	-	346
Fire Support	-	111
Park Encampment	-	-
	-	**4,612**
Balance, end of year	**$ 700**	**$ 700**

BC GROWING COMMUNITIES FUND (GCF)

In 2023, the City received a one-time $49.1 million from the Province of British Columbia under the BC Growing Communities Fund (GCF) program. The program is to support all BC communities, with a focus on those communities that need to increase the pace and scale of housing supply. The goal of GCF is to increase the local housing supply with investments in community infrastructure and amenities. As of the end of 2023, $49.1 million of funding has been received, of which $35.0 million had been allocated to various infrastructure and amenities projects that support the growth of the community and will start in 2024.

REVENUE FUND – SCHEDULE OF FINANCIAL ACTIVITIES UNAUDITED (Tabular amounts in $000s)
Year Ended December 31, 2023

	2023 Budget	2023	2022
Revenues			
Property taxes, penalties and interest	$ 1,165,996	$ 1,183,722	$ 1,082,144
Utility fees	391,133	384,043	362,909
Programs fees	68,901	77,687	65,167
License and development fees	100,381	123,698	111,595
Parking	69,046	72,018	67,325
Government Transfers	34,206	48,205	41,041
Cost recoveries and donations	55,727	71,602	72,205
Investment income	28,849	83,326	26,347
Rental, lease and other	35,539	44,005	46,749
Bylaw fines	21,401	23,515	23,137
Developer contributions	-	147	-
Loss on sale of property	-	-	-
	1,971,179	**2,111,968**	**1,898,619**
Expenditures			
Utilities	298,275	293,841	296,903
General government	229,440	174,064	161,228
Police protection	405,927	419,080	375,753
Fire protection	161,269	177,266	159,234
Engineering	112,666	126,670	118,175
Planning and development	77,770	80,760	76,033
Parks and recreation	154,681	167,528	143,130
Arts, culture and community services	111,713	120,284	106,930
Library	55,891	56,648	53,597
	1,607,632	**1,616,141**	**1,490,983**
Annual surplus	**363,547**	**495,827**	**407,636**
Debt, transfers and other			
Debt principal repayments	(1,533)	(1,238)	(1,186)
Transfers			
Net transfers to other funds	(278,331)	(381,943)	(282,783)
Net transfers to reserves	(83,682)	(116,042)	(126,853)
Change in obligations to be funded from			
Future revenue	-	3,569	3,186
	(363,546)	**(495,654)**	**(407,636)**
Change in fund balance	1	170	-
Fund balance			
Beginning of year	26,239	26,239	26,239
Change in year	1	170	-
End of year	**$ 26,240**	**$ 26,409**	**$ 26,239**

REVENUE FUND – FEES AND RECOVERIES UNAUDITED (Tabular amounts in $000s)

	2023 Budget	2023	2022
Program fees			
Parks and recreation	$ 47,816	$ 50,861	$ 40,556
Arts, culture and community services	18,427	21,600	20,027
Library	624	779	622
Police	2,186	1,812	1,947
Fire	773	1,559	1,028
Other	(925)	1,076	987
	$ 68,901	**$ 77,687**	**$ 65,167**
License and development fees			
License fees	$ 23,099	$ 23,649	$ 22,287
Engineering fees	11,480	10,390	10,397
Trade permits	16,897	24,352	19,048
Development and building permits	26,000	30,485	30,798
Rezoning fees	5,945	10,627	7,524
Other fees	16,960	24,195	21,541
	$ 100,381	**$ 123,698**	**$ 111,595**
Parking			
On street parking	$ 59,008	$ 55,207	$ 52,486
Parks	10,317	12,127	10,540
Civic Theatre	971	821	1,033
Other	(1,250)	3,863	3,266
	$ 69,046	**$ 72,018**	**$ 67,325**
Government Transfers			
Police	$ 750	$ 1,751	$ -
Fire	200	970	492
General government	27,531	25,681	35,132
Parks and recreation	200	191	-
Arts, culture and community services	4,042	16,347	2,638
Library	160	1,442	1,455
Planning and development	1,323	1,823	1,323
Utilities	-	-	1
	$ 34,206	**$ 48,205**	**$ 41,041**
Cost recoveries & donations			
Police	$ 24,973	$ 31,599	$ 29,961
Fire	8,912	11,537	14,475
General government	3,688	5,506	4,929
Parks and recreation	4,812	7,383	4,848
Arts, culture and community services	1,088	1,375	5,923
Engineering services	9,271	7,347	7,152
Library	2,328	3,527	2,311
Planning and development	655	2,846	1,913
Utilities	-	482	693
	$ 55,727	**$ 71,602**	**$ 72,205**
Rental, lease and other			
Property rentals and leases	$ 19,200	$ 19,660	$ 18,681
Street use	1,420	1,305	1,582
False alarm reduction program	1,000	912	934
Other	13,919	22,128	25,552
	$ 35,539	**$ 44,005**	**$ 46,749**

PROPERTY ENDOWMENT FUND – STATEMENT OF OPERATIONS UNAUDITED (Tabular amounts in $000s)

	2023	2022
Operations		
Rental and leases		
Revenue	$ 28,343	$ 27,396
Expenses	11,741	10,723
	16,602	**16,673**
Parking		
Revenue	24,207	23,075
Expenses	22,264	21,397
	1,943	**1,678**
Water moorage		
Revenue	1,563	1,478
Expenses	912	860
	651	**618**
Net revenues from operations	19,196	18,969
Other Revenue		
Other income	-	-
Investment Income	9,639	4,366
Gain in sale of tangible capital assets	11,260	19,785
	20,899	**24,151**
Administration and operating	5,278	5,145
Net revenues	**$ 34,817**	**$ 37,975**

SCHEDULE OF DEBTS UNAUDITED (Tabular amounts in $000s)

OUTSTANDING BORROWING AUTHORITY

	Capital Plan Borrowing Authority*	Council-approved Debenture Funding**	Debentures Issued to end of 2023	Outstanding Borrowing Authority
General				
2019-2022	$ 300,000	$ 299,116	$ 222,143	$ 76,973
2023-2026	495,000	130,941	-	130,941
	795,000	**430,057**	**222,143**	**207,914**
Sewer, Water and NEU				
2019-2022	195,000	187,961	167,829	20,132
2023-2026	240,000	64,150	-	64,150
	435,000	**252,111**	**167,829**	**84,282**
Total General, Sewer, Water and NEU				
2019-2022	495,000	487,077	389,972	97,105
2023-2026	735,000	195,091	-	195,091
	$ 1,230,000	**$ 682,168**	**$ 389,972**	**$ 292,196**

* 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 Held	Internally Held	Total
Balance, beginning of year	$ 1,013,687	$ 121,158	$ 1,134,845
Add: Debentures issued	100,000	-	100,000
Local improvements	-	93	93
	1,113,687	**121,251**	**1,234,938**
Less: Premium amortization	(5,268)	-	(5,268)
Less: Maturities			
General and water	110,922	-	110,922
Local improvements	-	317	317
	110,922	**317**	**111,239**
Balance, end of year	**$ 997,497**	**$ 120,934**	**$ 1,118,431**

SCHEDULE OF DEBTS UNAUDITED (Tabular amounts in $000s)

SCHEDULE OF GENERAL DEBT

Bylaw	Maturity Date	Rate %	Term (Years)	Debenture Outstanding	Sinking Fund Reserve Balance
10117	September 30, 2021 - 2030	1.71%	20	$ 1,947	$ -
10565	October 18, 2052	3.70%	40	120,000	14,256
11080	October 16, 2024	3.05%	10	105,000	93,008
11362	November 20, 2025	2.90%	10	90,000	68,712
11673	December 15, 2026	2.70%	10	90,000	58,387
11941	November 03, 2027	2.85%	10	85,000	46,332
12203	September 21, 2028	3.10%	10	85,000	37,858
12307	November 20, 2023 - 2028	4.07%	10	2,500	-
12561	October 18, 2052	3.70%	33	100,000	5,438
12814	November 06, 2030	1.40%	10	100,000	25,224
13149	November 05, 2031	2.30%	10	100,000	16,423
13511 *	October 28, 2032	3.70%	10	-	9,624
13598	December 22, 2032	4.58%	10	1,838	-
13828	November 03, 2033	4.90%	10	100,000	-
				981,285	**375,262**
		Unamortized Premium		16,212	-
		Other Sinking Fund statutory reserves		-	11
			Total	**$ 997,497**	**$ 375,273**

* Internally held debt

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON DEBT UNAUDITED (Tabular amounts in $000s)
Year Ended December 31, 2023

	General			Waterworks			Local Improvements Property Owners' Share			Total General, Waterworks and Local Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	97,933	33,296	131,229	8,000	1,395	9,395	270	56	326	106,203	34,747	140,950
2025	84,946	30,305	115,251	6,000	1,151	7,151	178	40	218	91,124	31,496	122,620
2026	85,959	27,835	113,794	5,000	977	5,977	95	29	124	91,054	28,841	119,895
2027	82,472	25,507	107,979	3,500	842	4,342	48	23	71	86,020	26,372	112,392
2027	83,519	23,150	106,669	2,466	742	3,208	46	21	67	86,031	23,913	109,944
2029 - 2033	421,490	89,439	510,929	-	3,330	3,330	202	64	266	421,692	92,833	514,525
Thereafter	202,000	142,006	344,006	18,000	12,654	30,654	96	12	108	220,096	154,672	374,768
	$ 1,058,319	$ 371,538	$ 1,429,857	$ 42,966	$ 21,091	$ 64,057	$ 935	$ 245	$ 1,180	$ 1,102,220	$ 392,874	$ 1,495,094

External Debt Only

	General			Waterworks			Total General & Waterworks		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	97,933	28,856	126,789	8,000	1,395	9,395	105,933	30,251	136,184
2025	84,946	25,865	110,811	6,000	1,151	7,151	90,946	27,016	117,962
2026	85,959	23,395	109,354	5,000	977	5,977	90,959	24,372	115,331
2027	82,472	21,067	103,539	3,500	842	4,342	85,972	21,909	107,881
2027	83,519	18,710	102,229	2,466	742	3,208	85,985	19,452	105,437
2029 - 2033	301,490	71,679	373,169	-	3,330	3,330	301,490	75,009	376,499
Thereafter	202,000	142,006	344,006	18,000	12,654	30,654	220,000	154,660	374,660
	$ 938,319	**$ 331,578**	**$ 1,269,897**	**$ 42,966**	**$ 21,091**	**$ 64,057**	**$ 981,285**	**$ 352,669**	**$ 1,333,954**

STATISTICAL REVIEW

UNAUDITED

CITY OF VANCOUVER

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2023	2022 * (Restated)	2021 * (Restated)	2020 * (Restated)	2019 * (Restated)
Financial assets					
Cash and cash equivalents	$ 807,147	$ 900,532	$ 1,146,611	$ 1,141,886	$ 385,645
Investments	3,106,277	2,631,633	1,900,173	2,066,044	2,262,090
Accounts receivables	344,085	295,360	288,031	316,069	312,728
Lease agreement receivable	1,950	1,950	2,094	2,083	2,161
	4,259,459	**3,829,475**	**3,336,909**	**3,526,082**	**2,962,624**
Liabilities					
Accounts payable and accrued liabilities	632,081	568,974	558,885	838,239	424,001
Deferred liabilities	103,516	101,337	106,808	106,879	101,961
Mortgages and loan agreement	9,456	5,911	7,801	16,204	15,229
Debt	997,497	1,013,687	1,013,163	1,054,635	1,081,103
Deferred revenue	865,854	773,452	602,028	665,217	580,228
Asset retirement obligations	237,534	233,241	229,077	225,041	221,128
	2,845,938	**2,696,602**	**2,517,762**	**2,906,215**	**2,423,650**
Net financial assets	**1,413,521**	**1,132,873**	**819,147**	**619,867**	**538,974**
Non-financial assets					
Inventory and prepaids	32,039	31,198	29,024	25,376	24,306
Tangible capital assets	8,282,985	8,030,466	7,791,007	7,416,773	7,280,436
	8,315,024	**8,061,664**	**7,820,031**	**7,442,149**	**7,304,742**
Accumulated Surplus	**$ 9,728,545**	**$ 9,194,537**	**$ 8,639,178**	**$ 8,062,016**	**$ 7,843,716**

* The financial statements for each prior period presented for comparative purposes are restated to reflect the the adoption of PS 3280 Asset Retirement Obligations standard.

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

CONSOLIDATED STATEMENT OF OPERATIONS

	2023	2022 * (Restated)	2021 * (Restated)	2020 * (Restated)	2019 * (Restated)
Revenues					
Property taxes, penalties and interest	$ 1,183,722	$ 1,082,144	$ 982,108	$ 935,538	$ 873,498
Utility fees	384,044	362,571	338,501	320,914	299,411
Program fees	145,026	132,115	80,359	45,426	127,059
License and development fees	123,719	112,415	110,806	73,791	95,910
Parking	98,643	92,855	80,383	67,391	102,906
Government transfers (Note 16)	185,552	94,463	130,607	59,402	51,545
Cost recoveries and donations	102,333	108,498	116,830	90,250	141,658
Investment income	145,301	58,676	31,454	40,471	49,070
Rental, lease and other	78,859	74,347	66,561	70,062	77,989
Bylaw fines	23,515	23,137	25,427	16,156	22,152
Developer contributions	146,940	309,948	384,949	125,829	132,695
Gain (loss) on sale of tangible capital assets	482	1,110	4,604	12,957	(7,057)
	2,618,136	- **2,452,279**	- **2,352,589**	- **1,858,187**	- **1,966,836**
Expenses					
Utilities	364,670	367,639	336,271	325,828	320,907
General government	239,138	218,997	210,277	194,695	185,468
Police protection	430,270	387,922	377,197	350,064	340,780
Fire protection	183,026	164,703	157,024	145,955	140,368
Engineering	236,348	227,141	218,991	213,130	226,529
Planning and development	91,243	80,845	78,909	70,816	67,614
Parks and recreation	270,207	236,028	195,825	163,625	222,470
Arts, culture and community services	205,071	153,010	141,495	124,165	110,860
Library	64,155	60,635	59,438	51,609	58,497
	2,084,128	- **1,896,920**	- **1,775,427**	- **1,639,887**	- **1,673,493**
Annual surplus	**$ 534,008**	**$ 555,359**	**$ 577,162**	**$ 218,300**	**$ 293,343**

* The financial statements for each prior period presented for comparative purposes are restated to reflect the the adoption of PS 3280 Asset Retirement Obligations standard.

CONSOLIDATED EXPENSES BY OBJECT

	2023	2022 (Restated)	2021 (Restated)	2020 * (Restated)	2019 * (Restated)
Expenses					
Wages, salaries and benefits	$ 1,153,868	$ 1,040,872	$ 984,681	$ 894,298	$ 915,351
Contract services	147,662	117,187	101,655	112,622	113,699
Supplies, material and equipment	535,524	505,763	445,330	390,348	403,815
Debt charges	28,413	22,972	34,964	41,452	43,077
Amortization of tangible capital assets	218,661	210,126	208,797	201,167	197,550
	$ 2,084,128	**$ 1,896,920**	**$ 1,775,427**	**$ 1,639,887**	**$ 1,673,492**

* The financial statements for each prior period presented for comparative purposes are restated to reflect the the adoption of PS 3280 Asset Retirement Obligations standard.

ACQUISITION OF TANGIBLE CAPITAL ASSETS

	2023	2022 (Restated)	2021	2020 *	2019 *
Capital Additions	$ 476,622	$ 585,399	$ 354,977	$ 348,376	$ 346,070

DEBT

	2023	2022	2021	2020	2019
Population *	725,778	706,012	693,235	697,266	685,885
Long Term Debt ($000s)					
Debenture debt outstanding	$ 1,118,432	$ 1,134,844	$ 1,014,570	$ 1,056,454	$ 1,083,368
Less: Internally held debt	(120,934)	(121,158)	(1,407)	(1,819)	(2,265)
Externally held debt	**997,498**	**1,013,687**	**1,013,163**	**1,054,635**	**1,081,103**
Less: Sinking Fund reserves	390,044	402,285	423,244	458,755	476,419
Net externally held debt	**$ 607,454**	**$ 611,402**	**$ 589,919**	**$ 595,880**	**$ 604,684**
Gross debt per capita (externally held)	$ 1,374	$ 1,436	$ 1,462	$ 1,513	$ 1,576
Net debt per capita (externally held)	$ 837	$ 866	$ 851	$ 855	$ 882

* Source: Population Section, B.C. Stats
Ministry of Labour Citizens' Services, Government of British Columbia

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

RESERVES

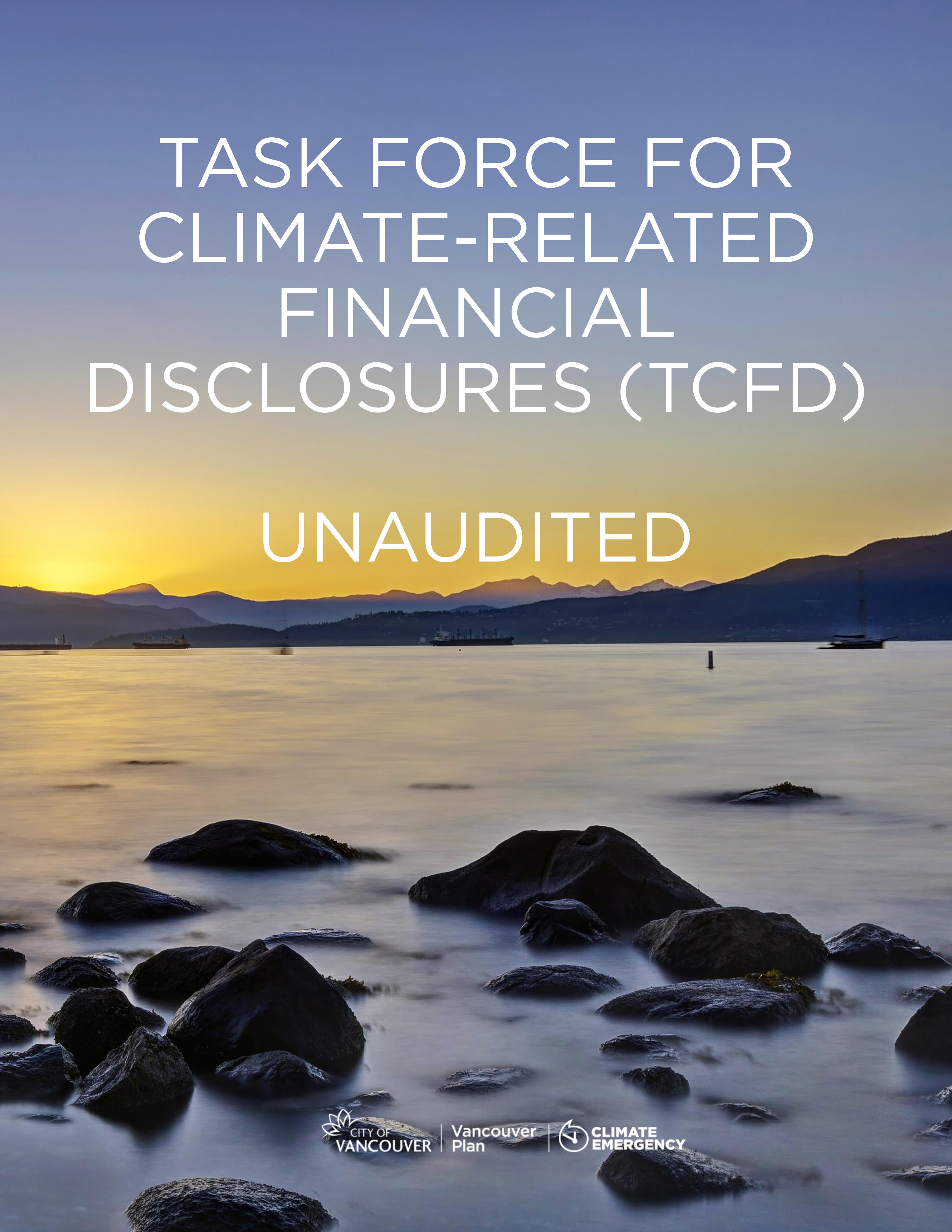
	2023	2022	2021	2020	2019
Financial Stabilization					
Deferred Employee Benefits	$ 61,962	$ 61,962	$ 62,570	$ 58,570	$ 54,974
General Revenue Stabilization	259,632	199,405	162,187	146,714	134,956
Solid Waste Capital	79,975	70,898	67,967	64,935	70,689
Utility Rate Stabilization	53,850	44,385	31,346	26,880	24,830
Other	7,139	7,139	7,139	6,939	6,939
	462,558	**383,789**	**331,209**	**304,038**	**292,388**
Asset Management					
Golf Course and Artificial Turf	2,739	2,730	3,171	3,655	4,316
Plant and Equipment	73,396	71,951	63,152	55,740	51,922
Streets Capital Maintenance	18,560	17,463	17,458	19,463	19,047
	94,695	**92,144**	**83,781**	**78,858**	**75,285**
Future Capital					
Affordable Housing	307,170	284,288	232,017	198,387	162,871
Capital Facilities and Infrastructure	180,776	116,212	95,375	92,519	83,645
Community Amenities	627,978	552,203	459,277	429,402	435,586
Parking Sites	56,062	54,707	54,254	43,836	44,818
Pedestrian and Cycling	3,798	3,610	7,024	6,715	6,816
	1,175,784	**1,011,020**	**847,947**	**770,859**	**733,736**
Special Revenue and Programs					
Childcare Endowment	17,841	17,593	17,723	18,086	18,588
Community Amenity Operations	11,476	11,294	11,371	11,553	11,518
Donations	23,339	19,434	17,126	16,266	14,831
Emerging Neighbourhood	10,000	10,000	10,000	10,000	10,000
Insurance	18,168	20,439	25,691	27,822	28,381
Outstanding Commitments	15,454	12,721	18,773	17,781	26,523
Public Art	21,297	18,955	18,639	17,391	16,106
Social and Cultural	31,519	31,336	28,210	27,608	25,630
Other	44,329	26,610	22,956	22,054	9,365
	193,423	**168,382**	**170,489**	**168,561**	**160,942**
Future Debt Repayment	33,851	36,495	26,904	19,903	22,215
	$ 1,960,311	**$ 1,691,830**	**$ 1,460,330**	**$ 1,342,219**	**$ 1,284,566**

TAXATION

	2023	2022	2021	2020	2019
Property Assessment ($000s)					
Rateable property general purposes	$ 524,660,495	$ 498,137,747	$ 448,644,058	$ 439,911,668	$ 478,299,759
Tax Rates – Rate per $1,000 of Assessment					
Residential - class 1					
Municipal purposes	1.63321	1.53131	1.60152	1.58076	1.33572
Education	0.84419	0.84961	0.96661	0.99877	0.91773
Other taxing authorities	0.30330	0.31201	0.35437	0.34615	0.30771
Total Residential	2.78070	2.69293	2.92250	2.92568	2.56116
Business/other - class 6					
Municipal purposes	5.05624	4.72853	4.91463	4.47887	4.27116
Education	3.37456	3.56469	3.92342	1.13968	3.94555
Other taxing authorities	0.95029	1.01705	1.13169	1.11228	1.11260
Total Business/Other	9.38109	9.31027	9.96974	6.73083	9.32931
Major industrial - class 4					
Municipal purposes	35.61235	34.05142	33.31879	30.39510	30.39510
Education	1.33000	3.52000	3.86000	3.70000	3.70000
Other taxing authorities	1.90996	2.04052	2.18289	2.18658	2.18658
Total Major Industrial	38.85231	39.61194	39.36168	36.28168	36.28168
Light industrial - class 5					
Municipal purposes	5.05624	4.72853	4.91463	4.27116	4.27116
Education	3.44686	3.58070	4.04384	4.74286	4.74286
Other taxing authorities	0.92160	0.96782	1.28758	1.59483	1.59483
Total Light Industrial	9.42470	9.27705	10.24605	10.60885	10.60885
Total Utilities - Class 2	44.51053	43.28588	44.21992	40.36626	40.36626
Total Supportive Housing - Class 3	0.15054	0.15062	0.15423	0.14184	0.14184
Total Recreational/Non-Profit - Class 8	3.85465	3.79979	4.21332	3.86290	3.86290
Total Farm – All Purposes - Class 9	9.31405	8.91729	8.96082	8.84050	8.84050
Property Tax Revenue by Property Class (%)					
Residential - class 1	56.8	56.8	56.9	55.7	55.7
Business - class 6	40.1	40.2	40.0	41.1	41.1
Major industrial - class 4	0.9	0.9	1.0	1.0	1.0
Light industrial - class 5	1.0	1.0	1.1	1.1	1.1
Other utilities, rec/non-profit and farm	1.2	1.1	1.0	1.1	1.1
Total	100.0	100.0	100.0	100.0	100.0

TASK FORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

UNAUDITED



CITY OF VANCOUVER | Vancouver Plan | CLIMATE EMERGENCY

INTRODUCTION

The City of Vancouver is recognized internationally for efforts in sustainability, first for its Greenest City Action Plan program in the 2010s, and now for ongoing implementation of the Climate Emergency Action Plan and Climate Change Adaptation Strategy. The City 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. This report contains information about our plans, activities and results related to climate-related risks and opportunities, for Vancouver City Council; residents; local service authorities and providers in the health, finance, insurance and other sectors; and other local governments and stakeholders.

> Vancouver was one of the first cities in the world to recognize the significance of climate change. In 1990, the ground-breaking 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 first Climate Change Adaptation Strategy (CCAS) in 2012.

The magnitude and rate of climate change and associated risks depend strongly on near-term mitigation and adaptation actions, according to the Sixth Assessment Report (AR6) from the Intergovernmental Panel on Climate Change (IPCC). Projected adverse impacts and related losses and damages also escalate with every increment of global warming. The City addresses 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. Events like these strengthen our commitment to responding to and preparing for climate change.

- 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 117 deaths in Vancouver alone, the majority of whom were senior residents living alone.
- Exceptional and prolonged warm, dry periods in summer-fall 2022 and again in 2023 caused drought conditions that impacted water supply locally and across the province. Drought also undermined forest canopy health: the added stress of heat and drought have made a significant portion of the 400 hectares of trees in Stanley Park more vulnerable to a cyclical hemlock looper moth outbreak. These trees are now less likely to recover.
- Wildfire smoke from outside the Metro Vancouver region impacted local air quality in 2010, 2015, 2017, 2018, and 2020-2022, resulting in visibly hazy skies and significant increases of fine particulate matter in the local airshed.
- Province-wide flooding events in November 2021 where the Insurance Bureau of Canada estimates the insured damage caused by flooding was $675 million, calling it the "most costly severe weather event in the province's history." Although Vancouver did not directly experience flood and landslide 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.
- King tide events in 2012, 2018, and every year since 2021 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, Kitsilano Pool, and the Jericho Pier, important and highly utilized regional recreational assets.

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; the City is developing information and systems in all four core elements to meet the complexity of TCFD reporting (see "For Further Development" sections).

Financial regulators and governments around the globe (including Canada) are moving towards mandatory TCFD-type reporting, with the release of the IFRS S1 and S2 standards by the International Sustainability Standards Board in mid-2023. In the meantime, Vancouver and other public-sector reporters continue to interpret TCFD recommendations aimed primarily at the private sector. The City is supportive of rapidly developing global and national developments in public-sector reporting guidance and standards, participating in the Municipal Net-Zero Action Research Partnership (N-ZAP) development of TCFD guidance for Canadian cities. We also participate in consultation on draft climate-related standards and discussion papers, e.g., from the International Financial Reporting Standards Foundation and the International Public Sector Accounting Board. We will maintain TCFD reporting alignment as we await these emerging standards.

One of many distinctions 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. A climate budget approach (like the one received by City Council in December 2023) helps to improve systems and processes that generate and report financial and non-financial quantitative information to support effective climate-risk governance. 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 for City operations, but the former Vancouver Economic Commission completed a preliminary assessment of community-level transition risk in 2022.

Table 1 – City Progress on Climate Risk Assessments

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

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 risks for the province.

City staff prioritized Vancouver's climate-related physical hazards and impacts for action during climate adaptation planning processes in 2011, 2018, and again in city-wide emergency management, culminating in an updated 2024 Hazard, Risk and Vulnerability Analysis (HRVA).

Vancouver's HRVA assessed thirteen hazards, including five climate-related ones. Each hazard was assigned a rating for likelihood of occurrence now and in 2050, and the consequences it could produce. The HRVA also includes extensive engagement with disproportionately impacted communities to better-understand equity within the context of disasters and emergencies. Together, these form a risk rating (low-high), which can be used to guide risk reduction planning.

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.

Climate-related hazards further went through a vulnerability assessment to identify which communities, ecosystems and infrastructure are at highest risk of negative impacts. This was used to guide development of our updated Climate Change Adaptation Strategy and prioritization of actions (see "Climate Actions Plans" section). Table 2 summarizes Vancouver's five main climate hazards.

Table 2 – Vancouver's Climate-Related Hazards

Climate Hazard	Description
Extreme Heat	As year-round temperatures increase, warmer summers will see more extreme heat days and heatwaves. Often referred to as the "silent killer" of climate change, extreme heat is responsible for more weather-related deaths in Canada in an average year than any other hazard.
Poor Air Quality	A major cause of poor air quality in Vancouver is wildfire smoke, caused by fires burning in and outside the region during summer and the surrounding months. Wildfire smoke contains particulate matter (PM) that can have health effects when inhaled. Another source of poor air quality is ground level ozone, a colourless gas that is harmful to human health and primarily comes from human sources, like motor vehicle exhaust. In summer, sunlight and higher temperatures exacerbate the impacts of ground-level ozone.
Drought	Droughts are prolonged periods of dry conditions and water shortages. Drought can be caused by combinations of insufficient snow accumulation, chronic hot and dry weather, and low or delayed rainfall. While Vancouver is sometimes affectionately referred to as "Rain City", climate change is altering precipitation patterns. This, combined with hotter summers will likely accelerate seasonal drought conditions.
Extreme Rainfall	Extreme rainfall refers to a spectrum of rainfall events that may result in surface ponding, overland flow, and environmental pollution. Severe events overwhelm the capacity of drainage systems, resulting in major disruptions, damage to property and infrastructure, and risk to people. Historically, such events only occurred once every 10-25 years or more, but they are becoming more frequent with climate change.
Sea Level Rise	Globally, sea levels are rising due to a combination of melting glaciers and thermal expansion of sea water due to warmer temperatures. Vancouver is expected to experience half a meter of sea level rise by 2050, and one meter by 2100**Error! Bookmark not defined.**. Coastal flooding of low-lying areas will be exacerbated by climate change as s ea levels rise. With 1 meter of sea level rise, almost 13km^2 of City lands will be in the floodplain, creating new risks and impacts to parklands, infrastructure, buildings, and residences.

Transition Risk (Community)

Business-sector greenhouse gas (GHG) profiles[1] 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 labour[2]. Table 3 gives a qualitative assessment of local transition risks supported and contextualized within provincial and national assessments[3].

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

Strengths	Weaknesses
Energy Context • Already the most decarbonized urban economy in North America • Existing energy supply of electricity is already effectively fully decarbonized (mandated to be >93% clean) **Coordination and Local Culture** • 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 **Existing Regulations** • Regulatory backstops are creating a relatively clear (though imperfect) baseline for market action (e.g., BC Carbon Tax, BC Energy Step Code) **National Leader in Green Economy** • 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)	**Regulatory and Governance complexity** • 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) **Structural Economic Challenges** • 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 **Competing priorities** • Intersecting crises and economic pressures, especially in affordability of housing and commercial spaces and stagnant economic productivity
Opportunities	**Threats**
Market Momentum • 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 **National and Provincial Policy** • 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 **Co-benefits** • 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)	**Regulatory Confusion** • 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 polices 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 **Continued Fossil Fuel Investment Limits Resources** • 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.

[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 greenhouse gas (GHG) emissions in our corporate operations and the larger community. This 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 over 30 actions (organized into six "Big Moves") in line with efforts to limit global warming to 1.5ºC. 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 provides oversees implementation. The Climate Emergency Steering Committee provides advisory and decision oversight. The Sustainability Group tracks progress and reports to Council annually. Executive reports are also prepared as required. Staff will update CEAP again in 2025.

Adaptation prepares City operations, infrastructure, and the community for the impacts of climate change. Related to this, improving "resilience" advances the City's and the larger community's ability to prepare for, respond to, and recover from climate shocks and stresses.

Climate Change Adaptation Strategy (CCAS)

updated March 2024; originated July 2012
Link: Strategy (webpage)

CCAS is adaptation-focused, and contains over 60 actions (structured around the five main climate-related hazards faced by Vancouver) and takes a risk-based approach to adaptation planning. Enabling actions support mainstreaming of adaptation across the City with an increased focus on supporting populations disproportionately impacted by climate change.

Governance: The joint Disaster Risk Reduction + Climate Adaptation Director's Forum oversees implementation. The Climate Adaptation Steering Committee provides advisory and decision oversight. The Sustainability Group tracks progress and reports to Council annually. Executive reports are also prepared as required. Staff will update CCAS again in 2025.

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)*** is a city-wide strategy that takes a holistic approach to addressing shocks (e.g., earthquakes, extreme heat) and stresses (e.g., aging infrastructure, social isolation). RVS builds our capacity to anticipate, manage and recover from Vancouver's biggest risks, and aligns work to help us survive, adapt, and thrive in the face of challenges and changes. RVS is structured around three priority areas: thriving and prepared communities, proactive and collaborative City government, and safe and adaptive buildings and infrastructure. 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. ZEETAP focuses on mitigation and resilience, containing 25 action recommendations (organized into six "Directions") in line with CEAP. With the wind-down of the Vancouver Economic Commission, responsibility for plan implementation is to be determined as of early 2024, and sits provisionally with the Business and Economy Office within the City Manager's Office. Link to Strategy.

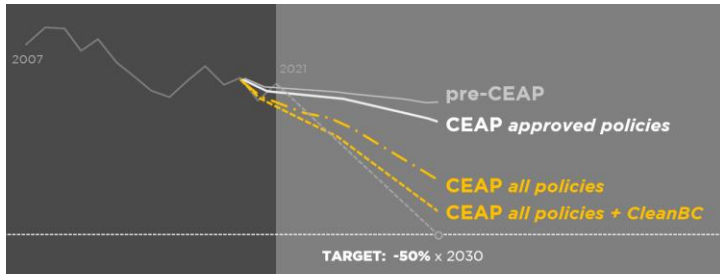
- The ***Green Operations Plan*** identifies targets and actions for greening City operations, setting out goals in four areas (zero carbon, zero waste, healthy ecosystems, and staff leadership) to be achieved by 2030. Development and implementation of the Plan was led by a Steering Committee made up of senior representatives from across City operations. Link to Plan.

Scenario Analysis

Mitigation

The City periodically updates its projections of 2030 emissions-reduction impact from CEAP actions, using a baseline plus three scenarios as below. These projections inform development of further emissions-reduction projects. Projections were last updated in 2023.

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



- *"Pre-CEAP":* reference case, absent of any local, regional or provincial policy with a primary focus on carbon reduction; 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

Adaptation

Climate projections from downscaled Global Climate Models for the 2050s and 2080s form the inputs to CCAS development and the City's climate adaptation planning processes. For the latest Strategy update in early 2024, the Pacific Climate Impacts Consortium (PCIC) at the University of Victoria prepared downscaled climate data for the City of Vancouver based on an ensemble of nine global climate models (GCMs) used in the IPCC's recent Sixth Assessment Report (AR6). This study focused on indices related to precipitation and temperature.

The updated local climate projections presented here are based on a high greenhouse gas emissions scenario, known as the Shared Socioeconomic Pathway 5-8.5 (SSP585). The SSP585 scenario describes a "business as usual" scenario where global fossil fuel usage continues and accelerates. While local and global commitments have been made to reduce carbon pollution, planning based on climate projections under SSP585 could be considered a "no regrets" strategy for adaptation, and it is prudent to plan for this scenario until global climate change mitigation actions begin to catch up to commitments. The City continues to follow best practice in using this scenario, which was used for the regional and provincial adaptation plans as well. See the CCAS for more information.

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

Two key developments in 2023 that influence capital deployment for climate initiatives:

- City Council defined nine strategic priorities—one of which is "Climate Emergency" —to assist in prioritizing projects, initiatives and service improvements to advance in addressing Vancouver's key issues.
- Vancouver began publishing an annual Climate Budget, reporting on capital deployment and operational expenditures on climate-related initiatives in upcoming annual City Budgets. This reporting is currently informational but will evolve to be integrated into City financial planning processes.

In the Climate Budget, investments are tagged as "Climate Priority"[4] if they have a material climate benefit (mitigation, adaptation, or both) that exceeds usual practice, and are informed by climate policy. By this definition, the 2023-26 Capital Plan includes Climate Priority mitigation and adaptation investments totalling $215M, constituting approximately 7% of the overall Plan (Table 4). In December 2023, Council approved the 2024 Budget, which included nearly $39M of capital investment in Climate Priority projects.

Table 4 – Climate Priority Investments (Capital)

Climate Priority Investments	*$M*
2023-26 Capital Plan	**$215.2**
2024 Capital Budget	**$38.7**

CEAP and CCAS also contain Financial Frameworks to guide funding requests in capital planning processes.

- CEAP: The Framework (updated in 2023) identifies an estimated $215M capital investment need over 2024-26 to implement CEAP at the levels needed to achieve our target outcomes. This is broadly in line with other Canadian cities that have developed similar estimates. As of 2024, an estimated $118M of this funding is identified in the 2023-26 Capital Plan.
- CCAS: The Framework (created in 2024) identifies an estimated $74M capital investment need over 2024-26 to implement CCAS actions to improve adaptive capacity and resilience in Vancouver. As of 2024, these are 97% funded through investment allocations identified in the 2023-26 Capital Plan.

Future Impacts Today

Proactive adaptation can save money. The Federal government's *Canada's National Adaptation Strategy* 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. Nine of the 10 highest insured loss years on record in Canada occurred since 2011, according to a 2023 analysis by the CBC[5].

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.

[4] In 2022, with further refinement in the 2024 Climate Budget, City staff formalized the definition of Climate Priority-eligible investments as projects contained with CEAP and/or CCAS. Many City programs and projects have secondary climate benefits, but are externally required or regulated services (e.g., landfill gas capture, combined-sewer separation) and are therefore not governed by climate policy at the City. These initiatives are tagged as "Climate Beneficial". In making investment decisions, their impacts have already been included in reference-case scenarios, and are not considered incremental actions for meeting City targets. See the 2024 Climate Budget for more information on Vancouver's climate taxonomy.

[5] *As climate changes, insurance is becoming more complex—and pricey*, news article by CBC News, posted June 6, 2023, accessed October 16, 2023, link

Project-Level Internal Carbon Price

For 2024, the City's internal carbon price is set at **\$197 per tonne CO_2-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.

Momentum amongst cities around climate disclosure and climate budgeting practice continues to create 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. In 2023, the City formalized its tracking of climate-related capital and operating budgets by implementing an annual Climate Budget practice. This approach to governance, analysis and reporting will continue to evolve, and will help inform the preparation of long-term and four-year Capital Plans and future Annual Capital Budget allocations.

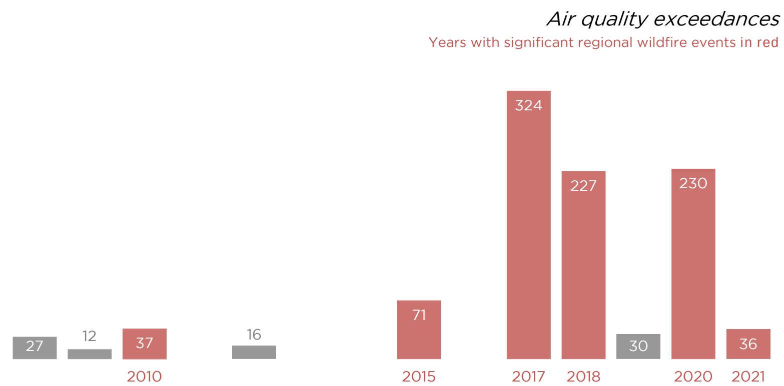
METRICS AND TARGETS

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 metrics[6], some are not directly applicable to public-sector organizations (e.g., board remuneration). The City looks to future municipal government-specific guidance and will evolve this disclosure as needed.

Physical and Transition Risk Metrics

Climate hazard indicators will form part of the City's CCAS Annual Reporting beginning in 2024. These monitor the rates of change of climate-related hazards and their impacts on Vancouver, acting as a proxy for changes in overall climate risk, to support why the City is doing this work. Figure 3 shows air quality exceedances as an example of such indicators.

Figure 3 – Air Quality Exceedances



Data informs project and service delivery. The HRVA 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.

TCFD also recommends disclosure of the amount or percentage of assets and service delivery vulnerable to physical and transition risks. While the City does not have these figures at this time, GHG emissions can serve as an overall indicator of transition-risk exposure for City operations and the community.

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 $28.6B (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.

[6] 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

Vancouver’s Greenhouse Gas Emissions

Corporate Operations

The City compiles annual inventories of corporate GHG emissions[7] (Table 5). As of 2022 (the latest year data are available), corporate emissions have decreased 48% from 2008 levels.

A potent operational emissions source is fugitive methane from waste decomposition at the Vancouver Landfill, which is managed by an extensive gas capture system. In 2022, capture rate decreased slightly (from target 75% to 70%) due to an extraction station shutdown. As well, logistical challenges related to our fuel supplier resulted in less renewable diesel (vs. fossil-fuel diesel) delivered to our fleets (see Figure 4). These issues have since been resolved.

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.

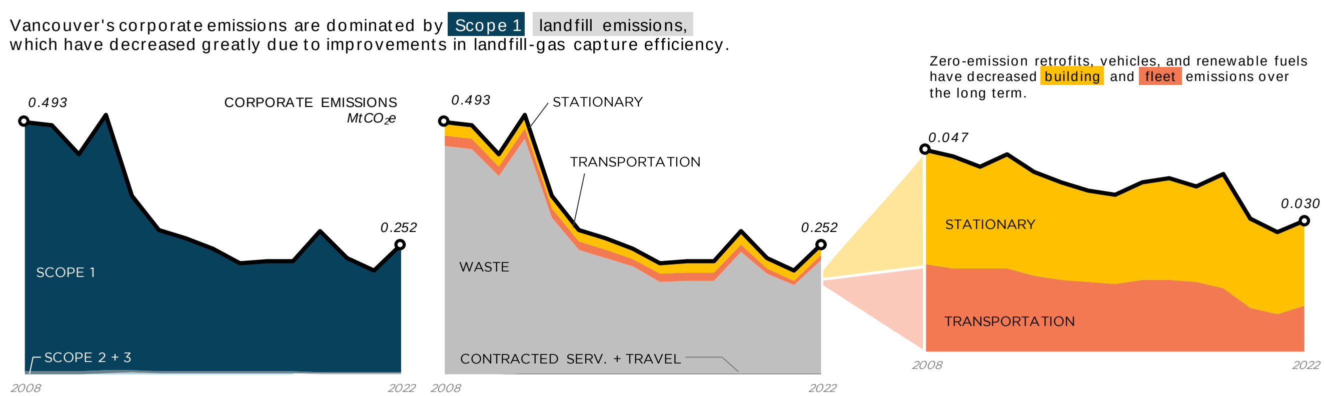
Table 5 – Corporate GHG Emissions

VANCOUVER GREENHOUSE GAS EMISSIONS - CORPORATE

million tonnes CO_2e

Source	2008	2020	2021	2022
Stationary	0.027	0.021	0.019	0.020
Transportation	0.020	0.010	0.009	0.011
Waste	0.447	0.195	0.174	0.222
Contracted Services, Business Travel		0.001	0.001	0.001
Scope				
1 (Operational)	0.488	0.224	0.199	0.249
2	0.005	0.002	0.002	0.003
3		0.001	0.001	0.001
Total (IEAP/GPC)	0.493	0.227	0.202	0.252
% change from 2008 baseline		-54%	-59%	-49%

Figure 4 – Corporate GHG Emissions Trends



[7] 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 emissions[8] (Table 6). As of 2022 (the latest year data are available), Vancouver's community emissions have decreased 12% 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 sources (natural gas use in buildings, followed by gas and diesel use in vehicles) dominate Vancouver's emissions. Electricity (scope 2) is a smaller component due to our largely hydroelectrically powered grid. Scope 3 emissions from landfilled, incinerated and composted waste make up the remainder[9].

Long-term trends (Figure 5) 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. In 2022, winter heating demand was greater compared to the year before. Transportation emissions decreased along with fuel purchases, which could be due to a number of factors (e.g., inflationary impacts on economic activity and individual behaviour) unrelated to widespread switching to zero-emission vehicles. These sensitivities will diminish over the long term as the community transitions to active modes of transport and zero emission buildings/vehicles.

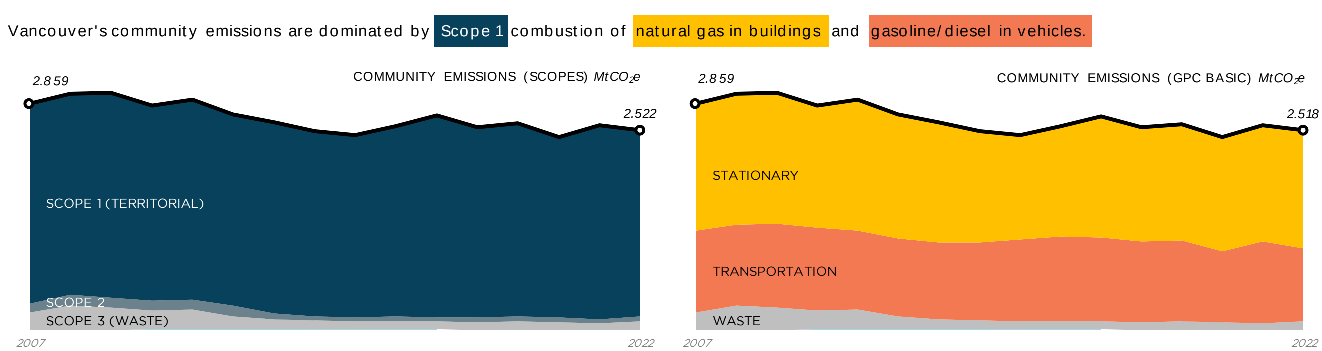
Table 6 – Community GHG Emissions

VANCOUVER GREENHOUSE GAS EMISSIONS - COMMUNITY

million tonnes CO_2e

Source	2007	2020	2021	2022
Stationary	1.610	1.443	1.467	1.492
Transportation	1.033	0.899	1.038	0.916
Waste	0.216	0.091	0.082	0.110
Total (GPC BASIC)	2.859	2.433	2.587	2.518
% change from 2007 baseline		-15%	-10%	-12%
Scope				
1 (Territorial)	2.525	2.288	2.450	2.351
2	0.117	0.061	0.054	0.061
3 (Waste)	0.216	0.091	0.082	0.110
Total (Scopes Framework)	2.859	2.439	2.585	2.522
% change from 2007 baseline		-15%	-10%	-12%

Figure 5 – Community GHG Emissions Trends



[8] 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.

[9] 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.

Mitigation and Adaptation Targets, Indicators and Progress

The CEAP and CCAS indicator frameworks track plan implementation, tying actions to outcomes and indicators. Along with their related Financial Frameworks and the annual Climate Budget, these form an accounting framework to track progress across all the City's climate programs.

- CEAP: The City produces a CEAP Annual Report for Council (2023 presentation, 2022 Dashboard) using a list of milestones and indicators updated from the original list published in CEAP).
- CCAS: The City will produce a CCAS Annual Report for Council starting in 2024. See CCAS for indicators.

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.

Measuring Adaptation Effectiveness

Complications arise in measuring adaptation-related outcomes 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).

Staff will continue to develop methods and data sources ahead of the next Adaptation Strategy in 2025. Examples of effectiveness indicators not regularly measured currently include:

- Urban heat island effect mitigated by tree canopy and green rainwater infrastructure
- Value of community and/or City assets located in flood risk zones

For Further Development

In many cases, baseline measurement or data collection methods are not in place for adaptation monitoring, though progress is being made. 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.

Data availability also limits the City's climate metrics to either descriptive (larger climate impacts on Vancouver), or outputs-based (deployment of adaptive measures). Our measurement does not include outcomes (quantified improvements to adaptive capacity) or a risk dimension (e.g., total community GHGs without commentary on the risk-exposure profile 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. Meanwhile, the City will continue to develop data sources, metrics, and related analysis to measure and communicate our performance in both climate mitigation and adaptation.

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CITY OF VANCOUVER

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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməθkʷəy̓əm (Musqueam), Sḵwx̱wú7mesh (Squamish), and səlilwətaɬ (Tsleil-Waututh) Nations.