

NO: **R203**

COUNCIL DATE: **October 20, 2015**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **October 13, 2015**

FROM: **General Manager, Finance & Technology**

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - Third Quarter 2015**

RECOMMENDATION

The Finance and Technology Department recommends that Council:

1. Receive this report as information;
2. Authorize staff to amend the City's Investment Policy to allow Credit Union investments with a term not to exceed five years and;
3. Authorize staff to combine funding for the Community Enhancement Partnership grant and the Façade Enhancement grant, to better meet community demand.

INTENT

The intent of this report is to provide Council with an update on the City's financial activity for the third quarter of 2015 and to compare this activity with the adopted 2015 Financial Plan and with the same period in 2014 and to seek approval from Council to authorize staff to amend the City's Investment Policy to allow Credit Union investments to a term not exceeding five years. This report will also provide Council with an update on additional grants that have been approved by the City to various organizations since the 2015 Community Grant Program was approved; these are specifically in relation to the City's Community Enhancement Partnership (CEP) Program, Late Community Grants and the Façade Enhancement Program.

DISCUSSION

The Five Year (2015-2019) Financial Plan was adopted by Council on December 15, 2014.

The following discussion provides a summary of current global, national, and local economic conditions followed by an outline of Surrey's financial performance for the nine months ended September 30, 2015. It also includes an overview of the City's investment portfolio performance.

International Overview

The global economy continues to face challenges with an ongoing reliance on highly accommodative central bank policies to spur growth. The 2015 GDP is estimated to come in at 3.1%, the lowest level since 2009. The possibility of interest rate hikes by the US Federal Reserve in the near future is an impending threat to countries that have borrowed heavily in US dollars. With China's economy slowing, many are looking to the resurgence in US economic activity to bolster global growth.

Oil prices have fallen more than 60% since June 2014 with prices hitting \$40 per barrel in August, the lowest level since 2009. Oil prices continue to be depressed and analysts do not foresee recovery beyond \$55 per barrel in 2016 and \$65 per barrel in 2017. The growth of US shale oil production and efficiencies gained through technology have increased the global oil supply. It is estimated that the global market is now being oversupplied by 2 billion barrels per day, up from 1.8 billion barrels a day in the first half of the year. For fear of losing market share, OPEC countries are unwilling to respond to oversupply by curbing their own output. OPEC continues to stand firm on production levels in hopes of driving out US competition. US refineries have cut capital investment and scaled back operations, but not enough to significantly affect supply levels. The continued oversupply is not being absorbed as the world's largest consumer of crude oil, China, is experiencing weakening domestic demand as their economy slows.

The economic and political turmoil in the Eurozone continues after Greece signed a third agreement with its creditors worth €86 billion. The bailout agreement caused a rift in Greece's governing the Syriza party with Prime Minister Tsipras requiring opposition party support to pass bailout legislation. This prompted a snap election to be called in September with Mr. Tsipras returning to power with a coalition government. There are doubts concerning Greece's ability to follow through with implementation of the austerity measures and reforms set out by its creditors. Any delay in reforms will impede further aid disbursements putting Greece in risk of default yet again. Many analysts warn that the current bailout deal is not sustainable given Greece's massive debt load. Without large write-offs of current debts, Greece will once again face bankruptcy in the near future.

China's growth is highly dependent on exports and government investments. Attempts are underway to shift the economy towards a greater reliance on services and domestic consumption. There are growing concerns that during the transition period, the slowdown in Chinese demand will have far-reaching effects on global financial markets. In August, the Chinese equities market experienced a large sell-off which prompted the Peoples' Bank of China to react by cutting its key interest rate, introducing liquidity into the market and devaluing the Chinese Yuan. The recent devaluation of the Yuan should provide a boost to exports and global competitiveness, helping to offset some of the recent slowdown.

United States Overview

The US economy posted strong growth of 3.7% in quarter two. The labour market continues to improve with unemployment coming in at 5.1% in August, the lowest level since 2008. Households continued to benefit from a decline in energy prices and improved purchasing power due to the strong US dollar. Employment and consumption data in quarter three is pointing to positive results with growth estimated to come in at 3.0%.

Although economic indicators showed improvement leading up to their September meeting, the Federal Reserve kept the key interest rate near zero citing concerns of a weak global economy, low inflation and volatile financial markets. The Federal Reserve, through their commentary, has not ruled out a rate hike before the end of this year. Analysts predict that there is a chance of a rate increase in December; however, this would require additional acceleration in job growth which the economy may not be able to produce in the remaining months of this year. Further consideration is being given to the possibility of quarter one 2016 as the most likely time frame for the first rate increase since December 2008.

The US dollar remains in high demand, supported by attractive growth and interest rate differentials versus major peer currencies. The Federal Reserve's clear intention toward raising interest rates in the near future and the strengthening pace of US economic activity should serve to reinforce US dollar appreciation. As global volatility continues, investors will divert funds into the US, increasing demand and further supporting the currency. A strong US dollar will make US exports less competitive; however, domestic consumption fueled by higher employment and wage growth should offset some of the losses.

Canadian Overview

Canada entered into its first recession since 2009 with quarter one and two GDP contracting by 0.8% and 0.5%, respectively. However, positive results are expected for quarter three as evidenced by June GDP growth of 0.5% and stronger than expected employment gains throughout July and August. Growth for 2015 is expected to come in at 1% due to low commodity prices and weak global demand resulting in headwinds for Canada's resource sectors.

Although the technical definition of a recession was met, two consecutive quarters of negative growth, many economists characterized the recent slowdown as a "mild" recession. Economists point to strong employment gains and consumer consumption, which are not typical in a downturn, as evidence of their qualification. The Canadian economy added over 174,000 jobs during January to August and unemployment came in at 7.0%. On the consumer front, sales are up on big-ticket items such as automobiles and homes. Inflation rose 1.3% year-over-year in July due to increased food prices offset by lower gas prices.

The Bank of Canada (BOC) cites low commodity prices and volatility in global markets as external threats to the Canadian economy. The bank continues to raise concerns over the high household debt burden of Canadians. The BOC refrained from further cuts to its key interest rate, maintaining it at 0.5%. The Bank pointed to improved exports and employment as evidence that the economy is on a growth path.

The Canadian dollar continues to trade around 76 cents to the US dollar, the lowest level in 11 years. The loonie is not expected to appreciate given weak economic growth in Canada and depressed commodity prices. Many analysts predict that the loonie will trade below 80 cents until the end of next year.

Canada and eleven other countries recently signed on to the Trans-Pacific Partnership (TPP) deal which aims to lower tariffs and trade barriers across the trading bloc. The deal is in the process of being ratified by the governments of the participating countries. Canada will see significant gains in trade with Japan, Malaysia and Vietnam which currently have relatively high tariffs on key Canadian exports. The most significant concessions made by Canada were in the dairy and auto industries. To compensate farmers for lost income by way of increased competition, the federal government has

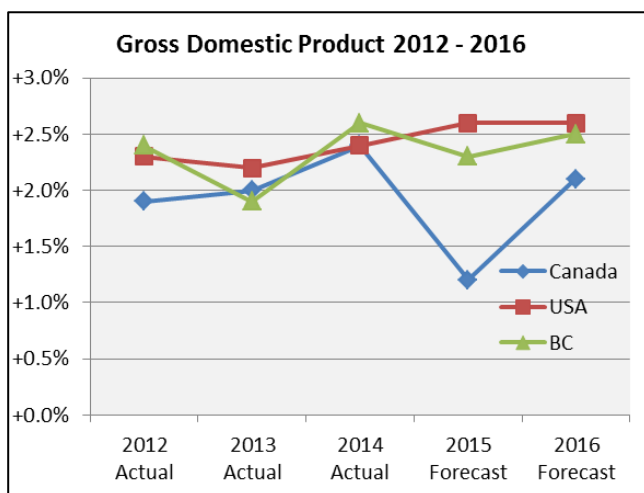
announced a subsidy of \$4.3 billion over fifteen years. It is important to note that Canada's participation in the TPP is contingent on the results of the upcoming federal election as not all parties have expressed support for the trade pact.

British Columbia Overview

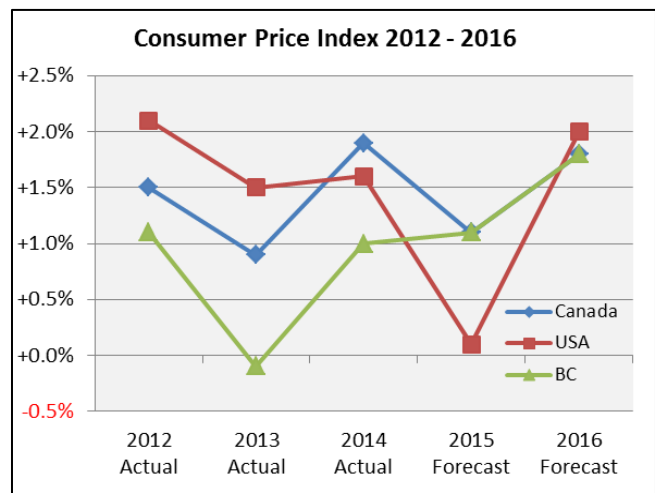
BC's economy is expected to grow 2.4% in 2015 due to strong demand from domestic consumers and the US. The unemployment rate remains stable at 6%. Consumer spending is up due to the wealth effect from higher housing valuations and increased discretionary income due to depressed energy prices. The low interest rate environment persists in fueling demand for housing and automobiles. British Columbians continue to carry one of the highest household debt burdens in Canada.

The recent decline of the Loonie relative to the US Dollar touches nearly all aspects of the BC economy. Although there are winners and losers, on balance a lower Canadian dollar is positive for economic and job growth in the near term. A weaker currency makes BC's exports more competitive in international markets. The forest, tourism and film production sectors are among those that gain from exchange rate depreciation. In general, BC consumers are negatively affected as the lower Loonie results in higher prices for many imported goods and services. Cross-border travel and shopping also becomes more costly for consumers. BC retailers reported a 7.6% year-over-year sales increase in June as shoppers shifted their demand away from US retailers.

Concerns continue to mount that BC liquefied natural gas (LNG) projects will face delays and cancellations as high construction costs and low energy prices erode confidence among international firms pursuing investment in the province. BC currently has 20 proposals on the table with the National Energy Board approving 11 BC licenses to export liquid natural gas. However, industry experts predict that only three or four projects at most will come to fruition. Besides low commodity prices, LNG projects also continue to face tough opposition from environmental and First Nations groups. Excess oil supply and weak global demand have raised concerns over the future economic viability of LNG. Based on the rate of progress, it is unlikely that any projects will come to fruition in the next five years.



Graph 1 Source: BMO Economics



Graph 2 Source: BMO Economics

Surrey's Financial Performance

Development activity for the nine months ending September 30th is relatively strong compared to the same period last year. Increased activity has been noted in both the residential and commercial sectors, with year over year increases of 20% and 27% respectively in relation to the value of construction permits issued. It is important to note that activity in the residential sector has been significantly increased this year due to 3 high rise projects, which typically are more sporadic in nature than single family and multi-family projects. Geographically, the residential sector has shown strength in all areas of the City, but particular strength has been noted in South Newton and South Surrey both in the value of construction permits issued and the number of dwelling units. The commercial and industrial sectors have also seen strong activity, with significant applications received for the Campbell Heights area.

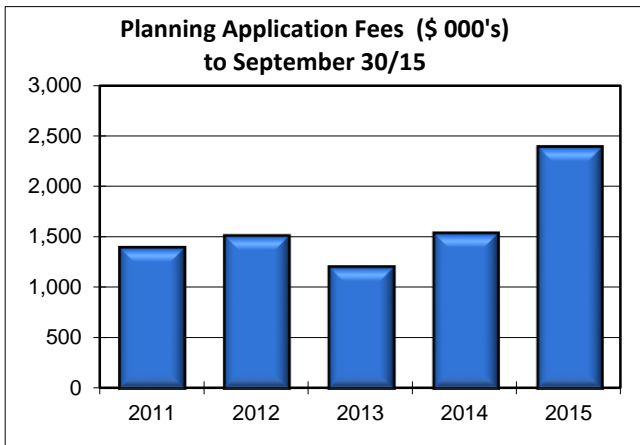
In direct relation to the strong development activity for the first nine months of this year, the City has seen an increase in Building Permit revenues of 38% compared to the same period last year. The positive effects of a robust development sector are not only important for the City in the short run but also have very positive implications in the long term, in particular the creation of new and sustainable taxation revenues.

Planning Application fees have also increased by 55% in comparison to the same time period last year; this is also a positive indicator as these fees are typically strong indicators of future development activity.

Overall, in the first nine months of this year, the City has experienced healthy residential and commercial development growth, facilitated in part by continued all-time low interest rates and supported by relative value offered in the residential and commercial sectors.

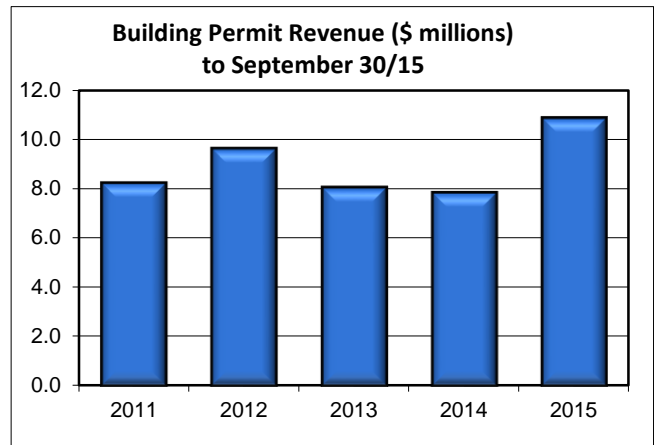
The graphs on the following pages display actual key revenues and fees collected by the City in the first nine months of 2015 compared to previous years; in addition graph 5 and 6 summarize the value of new Commercial/Industrial Construction.

It is important to note that the City is governed by accounting principles that require that development-related revenues be distributed over time to match the timing of the related expenses incurred by the City. Accordingly, the financial impact of any significant reduction or increase in development related revenue may not be seen until sometime into the future.



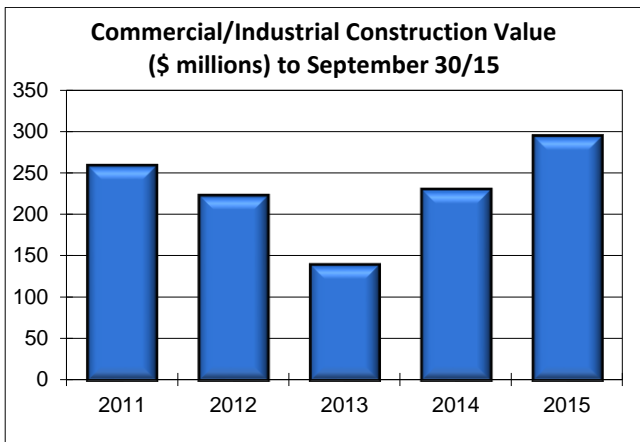
Graph 3

Application fees collected up to the third quarter of this year are 55% higher than those collected for the same period last year; these fees typically are future indicators of development activity.



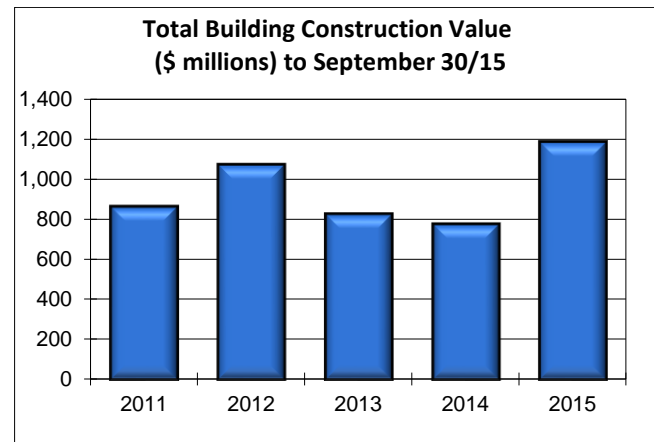
Graph 4

Building permit fees collected for the first nine months of this year are 38% higher than those collected in the same period last year.



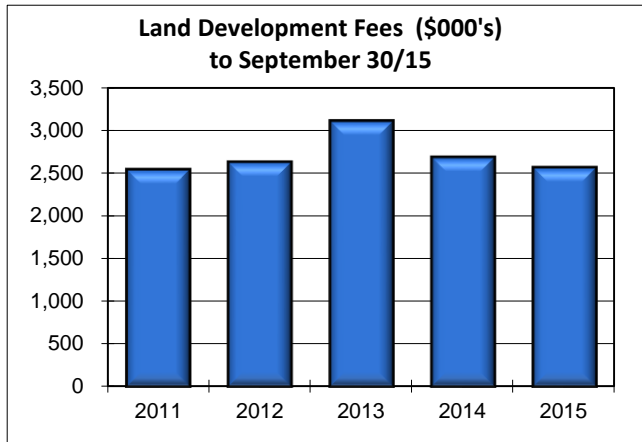
Graph 5

Construction value of commercial and industrial building permits up to the third quarter of 2015, are 27% higher compared to the same period in 2014.



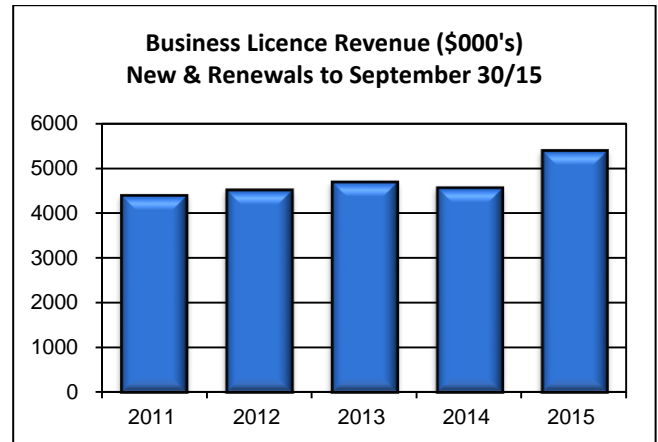
Graph 6

The aggregate value of new construction in the City has increased by 52% compared to the same time period last year; with relative strength from the Residential and Institutional sectors.



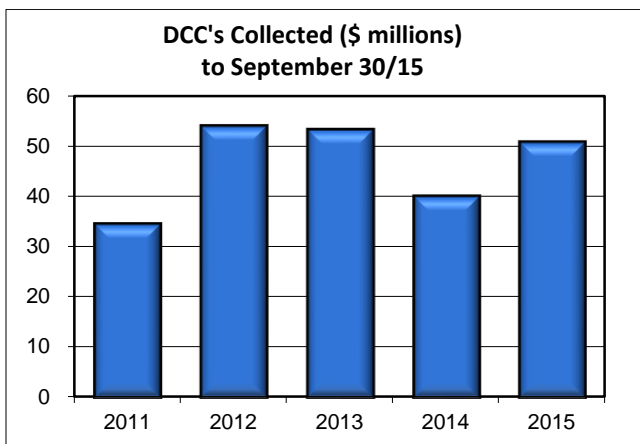
Graph 7

Engineering Land Development fees collected in the first nine months of the year are approximately 4.5% lower than the same period in 2014. This is primarily due to the development process and the relative timing of Land Development fees within that process.



Graph 9

Business license revenue collected up to the third quarter of 2015 is approximately 18% higher compared to that same period in 2014. This is due in part to proactive enforcement and vendor awareness activities.

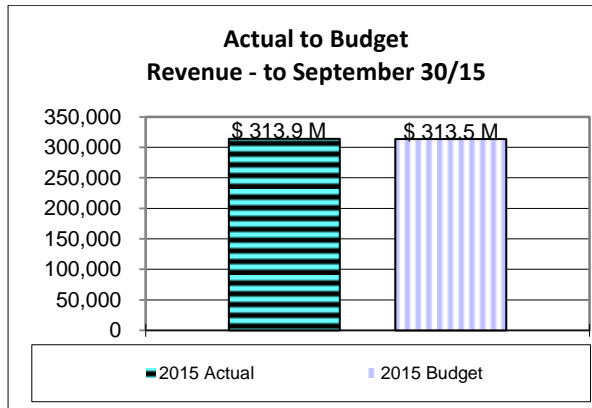


Graph 8

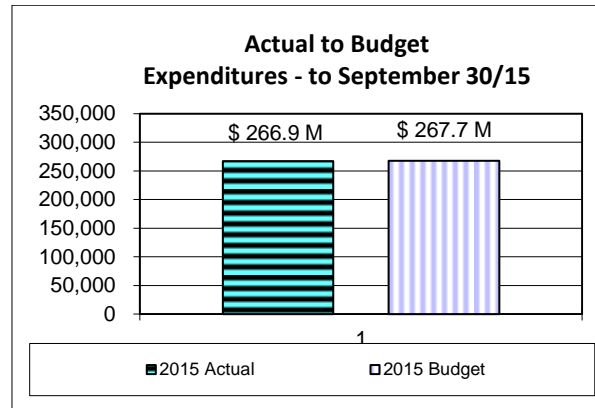
Development Cost Charges that have been collected in the first nine months of the year are 26% higher than those collected in the same period in 2014.

Actual Revenues and Expenditures Relative to the 2015 Budget (Financial Plan)

The following graphs illustrate the variances between the actual and the budgeted operating revenues and expenditures respectively, excluding transfers to reserves, for the first nine months of 2015.



Graph 12



Graph 13

Appendix I documents the General Operating Fund's revenues and expenditures for the first nine months of 2015 at a more detailed level. Departments continue to proactively monitor their actual results on a monthly basis. The following section provides an explanation on a Department-by-Department basis of year to date variances in relation to the 2015 Financial Plan:

RCMP is currently showing an unfavorable variance of \$43,000, however it is forecasted that this department will have a favorable variance by the end of year, in part due to staff vacancies and the timing of expenditures.

Fire Services is currently showing a slight unfavorable budget of \$2,000 for the first nine months of the year, however it is expected that this department will meet budget by the end of the year.

Engineering Services currently has a favourable variance of \$42,000 which is due primarily to staff vacancies and the timing of expenditures. It is forecasted that at year end, Engineering Services will have a favorable variance of approximately \$60,000.

Parks, Recreation & Culture Department is showing a favourable variance of \$202,000 which is primarily due to the timing of various expenditures. The forecast for year-end indicates that a favorable variance of approximately \$400,000 is expected.

Library Services currently has a favorable variance of \$155,000, due predominately to the timing of expenditures relative to budget. It is forecasted that by year end, Library Services will have a favorable variance of approximately \$100,000.

Planning and Development Department, which also includes Civic Facilities, is reporting a positive variance of \$323,000 due to staff vacancies and the timing of maintenance costs for civic facilities. It is forecasted that by year end this department will have a favorable variance of \$400,000.

Mayor and Council currently is on budget and is expected to meet budget by year end.

City Grants is currently on budget and it is forecasted that City Grants will meet budget by year end.

City Manager's Department is currently showing a \$194,000 favorable variance; this is due primarily to staff vacancies and timing of expenditures. By year end it is forecasted that the City Manager's Department will have a favorable variance of \$200,000.

Finance & Technology Department currently has a favourable variance of \$351,000. This is primarily due to the timing of the payments on IT maintenance contracts and various staff vacancies. It is forecasted that Finance & Technology will have a favorable variance of \$275,000 by year end.

Human Resources Department has a slight favourable variance of \$1,000 due to timing differences with various expenses. It is forecasted that Human Resources will meet budget by the end of year.

Staff will continue to closely monitor all areas to ensure that immediate action is taken to address any negative variances that may occur and to reduce as much as possible, the 2015 budgeted transfer from surplus of \$3.87 million dollars.

City Investment Portfolio

In January 2015, the Bank of Canada cut its target for the overnight rate by a quarter percent. As a result, short-term interest rates declined, negatively affecting returns on the City's investment portfolio. In an effort to mitigate reduced investment returns, The General Manager of Finance and Technology proposed an amendment to the City's Investment Policy allowing for an increase in credit union holdings up to a maximum of 50% of the total investment portfolio. This amendment was approved by Council on April 27, 2015 (RES.R15-769).

Since that time, The Bank of Canada once again cut its key interest rate by a quarter percent during its July meeting. The key interest rate is now 0.50%. Short-term interest rates have continued their decline, further eroding prospective returns on the City's short-term investments. British Columbia credit unions offer short and long-term deposit rates which, in many cases, exceed comparable offerings from Canadian Schedule I & II banks. Deposits in BC credit unions are 100% guaranteed, including accrued interest, regardless of term to maturity.

Section 9.3 of the Investment Policy limits the term to maturity of BC credit union issued securities to 365 days (one year). It is proposed that this term to maturity limit be raised to five years, effective immediately. The increase will provide access to higher yielding long-term credit union securities and assist in mitigating reduced investment returns as a result of declining short-term interest rates.

Maximum investment limits on individual credit unions will remain unmodified and adhered to as prescribed by section 9.3 of the City's Investment Policy.

Staff is recommending that Council approve an amendment to the City's Investment Policy to allow credit union holdings with a term to maturity not exceeding five years.

The Schedules in **Appendix II** include a summary of the City's investment portfolio. **Schedule 1** is a summary of investments by issuer type with comparative totals for each month-end from July

through to September 2015. **Schedule 2** is a detailed listing of securities as at September 30, 2015 sub-totalled by issuer type.

It is important to note that although the investment portfolio is currently valued at \$784 million, most of these funds have either been committed to specific capital projects or are funds that have been invested until they are needed to pay current operating expenses (including taxes collected for other government organizations). Some of the funds that are not required for immediate expenditure have been internally loaned to various projects.

The City's investment portfolio is currently earning a combined rate of approximately 2.37%, while maintaining investment security as outlined in the City's investment policy. This includes the internal borrowing pay back. Interest revenue is expected to meet budget by year end.

Community Grant Program Update

Community Grants

The City of Surrey's annual community grants program is designed to support non-profit groups or organizations. Ninety-five percent of the community grants were approved by Council in January of this year. Since that time, the Grants Evaluation Committee has reviewed and made recommendations for grant payments to organizations that have submitted a late grant, based on the need of the project, number of residents benefiting, the value to the community, history and financial stability of the organization and the effectiveness and quality of the proposed project or event. Grant applications for the 2016 annual community grant program were due and received by September 30th and that review and evaluation process is now underway. It is expected that these grant requests will be brought forward to Council in November.

Community Enhancement Partnership Grants

In January 2010, Council adopted the Community Enhancement Partnership Program (CEP), which is intended to provide financial support for projects focussed on community engagement and neighbourhood beautification. Under the CEP program, residents and community groups are required to match the City's grant with contributions of volunteer labour, donated materials, professional services and/or cash. The process for the CEP program has recently been updated, allowing for the General Manager of Parks, Recreation & Culture or the General Manager of Finance & Technology to approve qualifying applications for up to \$2,000 with a quarterly update to Council.

Façade Enhancement Grants

The City of Surrey's Façade Enhancement Grant program provides a grant matching up to 30% of the eligible costs to a maximum \$3,000 to commercial property owners who want to improve their storefront facades. The process for this grant follows the same process as the CEP program.

Appendix III provides a listing segregated by category of grants issued by the City to various organizations for the nine months ending September 30, 2015.

Each year, staff has seen the Community Enhancement Partnership Program grow and in 2015, that growth has taken place predominantly in the community engagement category with more and more applications for block parties. The Façade Enhancement program is also starting to take hold, however as a new program, the availability of the program is not as widely known. In order to provide optimal community benefit, staff are recommending that the funding for the Community Enhancement Partnership grant and the Façade Enhancement grant be combined, allowing staff to better meet community demand, however staff will continue to report to Council, on the allocation for each category.

CONCLUSION

Development activity noted in the first nine months of 2015 continues to be relatively stronger than the same period in 2014 and there is no reason to expect that the last 3 months of this year will not sustain this positive trend. Although, there is cautious optimism that this strong development trend will continue into 2016, it is important to note that many local, national and international factors can directly impact local development activity.

The 2015 adopted Financial Plan anticipates a transfer from surplus of \$3.87 million. Staff will continue to closely monitor all areas to ensure that immediate action is taken to address negative variances in relation to the 2015 budget and to reduce as much as possible by year end, the budgeted transfer from surplus.

Vivienne Wilke, CPA, CGA
General Manager, Finance & Technology

Appendix I: 2015 Third Quarter Council Report
Appendix II: Third Quarter Investment Summary
Appendix III: Financial Assistance Awards Update

APPENDIX I-1

2015 3rd QUARTER COUNCIL REPORT EXECUTIVE SUMMARY - REVENUES & EXPENDITURES \$ 000's							
REVENUE SUMMARY	2015 YTD ACTUAL	2015: 3rd Qtr YTD Actual	2015 YTD BUDGET	2015: 3rd Qtr YTD Variance	2015 FORECAST	2015 ANNUAL BUDGET	2015 Projected Variance
Net Taxation	218,242	218,242	220,886	2,644	291,390	294,514	3,124
Investment Interest	11,393	11,393	10,585	(808)	13,928	14,112	184
Secondary Suite Infrastructure Fee	11,869	11,869	12,233	364	15,323	16,311	988
Contribution from SCDC	3,375	3,375	3,375	-	4,500	4,500	-
Provincial Casino Revenue Sharing	2,311	2,311	2,325	14	3,086	3,100	14
Penalties & Interest on Taxes	3,427	3,427	2,851	(576)	4,377	3,800	(577)
Corporate Leases	3,346	3,346	3,672	326	4,569	4,895	326
Carbon Tax Rebate	305	300	300	-	400	400	-
Other Revenues	3,059	3,059	1,125	(1,934)	3,434	1,500	(1,934)
Non-Tax Revenues	39,085	39,080	36,466	(2,614)	49,617	48,618	(999)
Program Revenues	57,715	56,600	56,222	(378)	72,738	74,391	1,653
TOTAL REVENUES	315,042	313,922	313,574	(348)	413,745	417,523	3,778
EXPENDITURE SUMMARY	2015 YTD ACTUAL	2015: 3rd Qtr YTD Actual	2015 YTD BUDGET	2015: 3rd Qtr YTD Variance	2015 FORECAST 0.00	2015 ANNUAL BUDGET	2015 Projected Variance
Program Expenditures	253,359	264,041	264,886	845	353,691	356,879	3,188
Council Priorities	63	188	188	-	250	250	-
Fiscal Services	523	523	575	52	714	766	52
MFA Principal	9,666	9,666	9,585	(81)	12,860	12,779	(81)
TOTAL EXPENDITURES	256,098	274,418	275,234	816	367,515	370,674	3,159
TRANSFER SUMMARY	2015 YTD ACTUAL	2015: 3rd Qtr YTD Actual	2015 YTD BUDGET	2015: 3rd Qtr YTD Variance	2015 FORECAST	2015 ANNUAL BUDGET	2015 Projected Variance
Carbon Emission Offsets	5	300	300	-	400	400	-
Transfer to Capital Program	9,468	9,468	9,300	(168)	12,568	12,400	(168)
Contributions to Road & Trans. Fund	13,824	13,824	13,824	-	18,432	18,432	-
Transfers To(From) Own Sources	23,249	17,236	16,879	(357)	17,768	19,487	1,719
TOTAL TRANSFERS	46,546	40,828	40,303	(525)	49,168	50,719	1,551
Surplus (Deficit)	12,398	(1,324)	(1,963)	(639)	(2,938)	(3,870)	(932)
Transfer (To)From Surplus	(12,398)	1,324	1,963	639	2,938	3,870	932
BALANCED BUDGET	-	-	-	-	-	-	-
PROJECTED SURPLUS (DEFICIT)							\$ 932
BUDGETED TRANSFER FROM SURPLUS							(3,870)
ANTICIPATED SURPLUS (DEFICIT) AT YEAR END							\$ (2,938)

2015 3rd QUARTER COUNCIL REPORT DEPARTMENTAL DETAIL \$ 000's						
PROGRAM REVENUES	2015: 3rd Qtr YTD ACTUAL	2015 YTD BUDGET	2015: 3rd Qtr YTD Variance	2015 Projected ACTUAL	2015 ANNUAL BUDGET	2015 Projected Variance
R.C.M.P.	6,234	5,919	(315)	8,208	7,893	(315)
Fire	1,510	1,584	74	1,767	1,629	(138)
Engineering Services	4,717	4,642	(75)	6,270	6,140	(130)
Parks, Recreation & Culture	20,569	21,025	456	25,746	28,134	2,388
Surrey Public Library	1,272	1,166	(106)	1,666	1,561	(105)
Planning & Development	15,008	14,598	(410)	19,486	19,441	(45)
City Manager	6,169	6,300	131	8,214	8,345	131
Finance & Technology	1,121	988	(133)	1,381	1,248	(133)
TOTAL PROGRAM REVENUES	56,600	56,222	(378)	72,738	74,391	1,653
PROGRAM EXPENDITURES NET OF INTERNAL TRANSFERS	2015: 3rd Qtr YTD ACTUAL	2015 YTD BUDGET	2015: 3rd Qtr YTD Variance	2015 Projected ACTUAL	2015 ANNUAL BUDGET	2015 Projected Variance
R.C.M.P.	98,840	98,482	(358)	132,705	132,490	(215)
Fire	42,618	42,690	72	59,073	58,935	(138)
Engineering Services	5,735	5,702	(33)	7,532	7,462	(70)
Parks, Recreation & Culture	57,450	58,108	658	76,232	79,020	2,788
Surrey Public Library	1,271	1,320	49	1,566	1,561	(5)
Planning & Development	21,230	21,143	(87)	27,864	28,219	355
Mayor & Council	1,057	1,057	-	1,383	1,383	-
City Grants	1,123	1,123	-	1,497	1,497	-
City Manager	10,471	10,796	325	13,837	14,168	331
Finance & Technology	21,511	21,729	218	28,413	28,555	142
Human Resources	2,735	2,736	1	3,589	3,589	-
TOTAL PROGRAM EXPENDITURES	264,041	264,886	845	353,691	356,879	3,188
NET PROGRAM	2015: 3rd Qtr YTD ACTUAL	2015 YTD BUDGET	2015: 3rd Qtr YTD Variance	2015 Projected ACTUAL	2015 ANNUAL BUDGET	2015 Projected Variance
R.C.M.P.	92,606	92,563	(43)	124,497	124,597	100
Fire	41,108	41,106	(2)	57,306	57,306	-
Engineering Services	1,018	1,060	42	1,262	1,322	60
Parks, Recreation & Culture	36,881	37,083	202	50,486	50,886	400
Surrey Public Library	(1)	154	155	(100)	-	100
Planning & Development	6,222	6,545	323	8,378	8,778	400
Mayor & Council	1,057	1,057	-	1,383	1,383	-
City Grants	1,123	1,123	-	1,497	1,497	-
City Manager	4,302	4,496	194	5,623	5,823	200
Finance & Technology	20,390	20,741	351	27,032	27,307	275
Human Resources	2,735	2,736	1	3,589	3,589	-
NET PROGRAM TOTAL	207,441	208,664	1,223	280,953	282,488	1,535

THIRD QUARTER INVESTMENT SUMMARY
SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) JULY/15	INVESTMENT (MILLIONS) AUGUST/15	INVESTMENT (MILLIONS) SEPTEMBER/15
<i>RBC Month End Balance</i>	121.3	66.3	34.1
<i>RBC USD Month End Balance (CAD\$)</i>	2.9	2.9	2.9
MAJOR BANKS - SCHEDULE I			
Bank of Montreal	54.0	49.0	49.0
Bank of Nova Scotia	32.1	40.1	50.6
Canadian Imperial Bank of Commerce	30.9	30.8	30.8
Canadian Western Bank	77.6	88.8	73.8
Laurentian Bank of Canada	28.9	56.9	66.9
Manulife Bank of Canada	20.0	22.0	22.0
National Bank of Canada	80.1	80.1	80.1
Royal Bank of Canada	17.1	17.1	17.1
Toronto-Dominion Bank	19.3	19.3	19.3
<i>SUB TOTAL - SCHEDULE I BANKS</i>	360.0	404.0	409.6
MAJOR BANKS - SCHEDULE II			
HSBC Bank Canada	2.5	2.5	7.7
<i>SUB TOTAL - SCHEDULE II BANKS</i>	2.5	2.5	7.7
CREDIT UNIONS			
BlueShore Financial	27.4	27.4	24.4
Coast Capital Savings Credit Union	75.0	75.0	75.0
Envision Financial	50.0	50.0	50.0
G&F Financial Group	12.7	12.7	12.7
Khalsa Credit Union	3.2	3.2	3.2
Prospera Credit Union	26.4	26.4	26.4
Vancity Credit Union	75.0	75.0	75.0
Westminster Savings Credit Union	25.1	25.1	25.1
<i>SUB TOTAL - CREDIT UNIONS</i>	294.9	294.9	291.9
PROVINCES			
Province - BC	0.0	0.0	0.0
Province - ON	0.0	0.0	0.0
Province - QC	4.0	0.0	0.0
<i>SUB TOTAL - PROVINCES</i>	4.0	0.0	0.0
OTHER			
MFA	41.0	41.0	41.0
<i>SUB TOTAL - OTHER</i>	41.0	41.0	41.0
TOTAL PORTFOLIO	826.6	811.6	787.2

APPENDIX II-2

SCHEDULE 2 - 1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
ROYAL BANK MONTH END BALANCE					
30-Sep-15		Royal Bank		34,064,715.44	
30-Sep-15		Royal Bank USD Account (CAD\$)		2,929,849.90	
					36,994,565.34
CALL LOAN					
30-Mar-16	31-Mar-15	Coast Capital 1 year cashable term deposit	365	20,000,000.00	20,000,000.00
MAJOR BANKS - SCHEDULE I					
21-Apr-16	15-Jan-10	Bank of Montreal Zero Coupon	2288	4,675,938.00	
08-Jul-16	24-Aug-11	Bank of Montreal Fixed Floater	1780	2,773,877.11	
08-Jul-16	15-Oct-13	Bank of Montreal Fixed Floater	997	15,179,253.76	
23-Sep-16	23-Sep-14	Bank of Montreal GIC	731	5,000,000.00	
26-Sep-17	14-Jan-10	Bank of Montreal Fixed Floater	2812	10,260,657.75	
26-Sep-17	26-Jan-10	Bank of Montreal Fixed Floater	2800	5,146,885.36	
28-Mar-18	15-Mar-12	Bank of Montreal Zero Coupon	2204	2,509,500.00	
28-Mar-18	17-Oct-12	Bank of Montreal Zero Coupon	1988	3,407,086.73	
		*** BANK OF MONTREAL			48,953,198.71
22-Jan-16	22-Jan-09	Bank of Nova Scotia Fixed Floater	2556	1,999,984.97	
22-Jan-16	06-Feb-09	Bank of Nova Scotia Fixed Floater	2541	2,002,757.18	
22-Jan-16	10-Feb-09	Bank of Nova Scotia Fixed Floater	2537	5,007,571.94	
22-Jan-16	11-Jun-09	Bank of Nova Scotia Fixed Floater	2416	10,056,490.65	
03-Aug-17	05-Sep-12	Bank of Nova Scotia Fixed Floater	1793	3,012,930.28	
18-Oct-19	29-Sep-15	Bank of Nova Scotia Fixed Floater	1480	10,521,590.83	
21-Aug-20	21-Aug-15	Bank of Nova Scotia GIC	1827	8,000,000.00	
13-Dec-21	13-Dec-11	Bank of Nova Scotia Step Up	3653	9,953,497.13	
		*** BANK OF NOVA SCOTIA			50,554,822.98
02-Nov-15	24-Aug-11	Canadian Imperial Bank of Commerce Fixed Floater	1531	2,751,379.49	
02-Nov-15	04-Oct-13	Canadian Imperial Bank of Commerce Fixed Floater	759	11,009,878.26	
06-Jun-18	26-Jan-10	Canadian Imperial Bank of Commerce Zero Coupon	3053	2,122,890.00	
28-Nov-24	28-Nov-14	Canadian Imperial Bank of Commerce Step Up	3653	4,983,970.71	
19-Feb-25	19-Feb-15	Canadian Imperial Bank of Commerce Step Up	3653	9,962,452.78	
		*** CIBC			30,830,571.24
13-Oct-15	10-Oct-14	Canadian Western Bank GIC	368	5,000,000.00	
02-Nov-15	30-Nov-10	Canadian Western Bank Fixed Floater	1826	2,000,414.02	
30-Nov-15	23-Jun-11	Canadian Western Bank Fixed Floater	1621	3,002,145.34	
30-Nov-15	21-Aug-13	Canadian Western Bank Fixed Floater	831	2,507,487.36	
30-Nov-15	26-Sep-13	Canadian Western Bank Fixed Floater	795	4,152,957.42	
30-Nov-15	04-Oct-13	Canadian Western Bank Fixed Floater	787	2,106,713.06	
30-Nov-15	03-Jul-15	Canadian Western Bank Fixed Floater	150	10,084,163.84	
30-Nov-15	12-Aug-15	Canadian Western Bank Fixed Floater	110	11,147,260.71	
11-Oct-16	10-Oct-14	Canadian Western Bank GIC	732	5,000,000.00	
17-Dec-19	28-Apr-14	Canadian Western Bank Fixed Floater	2059	3,061,602.17	
17-Dec-19	22-May-15	Canadian Western Bank Fixed Floater	1670	5,114,152.75	
17-Dec-19	08-Apr-15	Canadian Western Bank Fixed Floater	1714	10,343,761.84	
17-Dec-19	03-Jul-15	Canadian Western Bank Fixed Floater	1628	5,165,972.02	
17-Dec-19	16-Sep-15	Canadian Western Bank Fixed Floater	1553	5,135,270.64	
		*** CANADIAN WESTERN BANK			73,821,901.18
02-Nov-15	23-Jun-11	Laurentian Bank of Canada Fixed Floater	1593	1,000,233.46	
02-Nov-15	28-Jun-11	Laurentian Bank of Canada Fixed Floater	1588	4,001,289.67	
02-Nov-15	21-Aug-13	Laurentian Bank of Canada Fixed Floater	803	2,502,582.32	
02-Nov-15	26-Sep-13	Laurentian Bank of Canada Fixed Floater	767	5,005,302.74	
02-Nov-15	04-Oct-13	Laurentian Bank of Canada Fixed Floater	759	1,101,214.61	
02-Nov-15	04-Nov-15	Laurentian Bank of Canada Fixed Floater	363	5,007,867.77	
02-Nov-15	14-Aug-15	Laurentian Bank of Canada Fixed Floater	80	5,063,292.33	
02-Nov-15	12-Aug-15	Laurentian Bank of Canada Fixed Floater	82	10,479,839.34	
19-Oct-17	25-Aug-15	Laurentian Bank of Canada Fixed Floater	786	4,142,352.03	
19-Oct-17	25-Aug-15	Laurentian Bank of Canada Fixed Floater	786	8,278,452.86	
15-Oct-18	09-Jul-14	Laurentian Bank of Canada Deposit Note	1559	10,205,268.12	
23-Jan-20	16-Sep-15	Laurentian Bank of Canada Deposit Note	1590	10,109,487.27	
		*** LAURENTIAN BANK OF CANADA			66,897,182.52
24-Mar-17	23-Sep-13	Manulife Bank of Canada GIC	1278	5,000,000.00	
03-Apr-17	01-Oct-13	Manulife Bank of Canada GIC	1280	10,000,000.00	
16-Oct-17	15-Oct-12	Manulife Bank of Canada GIC	1827	5,000,000.00	
21-Aug-20	21-Aug-15	Manulife Bank of Canada GIC	1827	2,000,000.00	
		*** MANULIFE BANK OF CANADA			22,000,000.00

APPENDIX II-3

SCHEDULE 2 - 2

MATURITY PURCHASE		SECURITY	# OF DAYS	PRINCIPAL	TOTAL
DATE	DATE				
11-Apr-17	11-Apr-12	National Bank of Canada Fixed Floater	1826	1,001,589.05	
11-Apr-17	01-May-12	National Bank of Canada Fixed Floater	1806	3,001,649.90	
11-Apr-17	18-Sep-12	National Bank of Canada Fixed Floater	1666	5,037,931.27	
11-Apr-17	17-Oct-12	National Bank of Canada Fixed Floater	1637	6,057,674.77	
11-Sep-17	09-Sep-13	National Bank of Canada GIC	1463	12,500,000.00	
16-Aug-18	16-Aug-13	National Bank of Canada GIC	1826	5,000,000.00	
10-Sep-18	09-Sep-13	National Bank of Canada GIC	1827	12,500,000.00	
24-Sep-18	23-Sep-13	National Bank of Canada GIC	1827	5,000,000.00	
01-May-20	01-May-15	National Bank of Canada GIC	1827	20,000,000.00	
24-Jul-25	24-Jul-15	National Bank of Canada Step Up	3653	10,000,410.96	
*** NATIONAL BANK OF CANADA					80,099,255.95
02-Nov-15	17-Apr-13	Royal Bank of Canada Fixed Floater	929	2,002,287.19	
03-Oct-16	02-Oct-13	Royal Bank of Canada GIC	1097	5,000,000.00	
14-Nov-16	13-Nov-14	Royal Bank of Canada GIC	732	5,000,000.00	
11-Oct-18	28-Apr-14	Royal Bank of Canada Deposit Note	1627	5,082,253.23	
*** ROYAL BANK OF CANADA					17,084,540.42
09-Jul-18	26-Jan-10	Toronto-Dominion Bank Zero Coupon	3086	2,114,700.00	
09-Jul-18	27-Jun-11	Toronto-Dominion Bank Fixed Floater	2569	5,257,431.69	
19-Nov-23	19-Nov-13	Toronto-Dominion Bank Step Up	3652	6,977,221.25	
04-Dec-24	04-Dec-14	Toronto-Dominion Bank Step Up	3653	4,970,177.94	
*** TORONTO-DOMINION BANK					19,319,530.87
MAJOR BANKS - SCHEDULE II					
16-Mar-16	17-Oct-12	HSBC Bank Canada Fixed Floater	1246	1,717,225.39	
10-Apr-17	05-Sep-12	HSBC Bank Canada Fixed Floater	1678	792,820.41	
14-Jan-20	29-Sep-15	HSBC Bank Canada Deposit Note	1568	5,208,263.46	
*** HSBC BANK CANADA					7,718,309.26
CREDIT UNIONS					
21-Apr-16	22-Apr-15	BlueShore Financial Term Deposit	365	5,000,000.00	
24-Jun-16	25-Jun-15	BlueShore Financial Term Deposit	365	19,421,500.00	
16-Feb-16	16-Feb-15	Coast Capital Savings Credit Union Term Deposit	365	1,492.28	
14-Mar-16	16-Jun-15	Coast Capital Savings Credit Union Term Deposit	272	25,000,000.00	
29-Mar-16	30-Mar-15	Coast Capital Savings Credit Union Term Deposit	365	10,000,000.00	
07-Apr-16	09-Apr-15	Coast Capital Savings Credit Union Term Deposit	364	10,000,000.00	
04-May-16	05-May-15	Coast Capital Savings Credit Union Term Deposit	365	10,000,000.00	
09-Dec-15	12-Jun-15	Envision Financial Term Deposit	180	10,000,000.00	
22-Dec-15	25-Jun-15	Envision Financial Term Deposit	180	20,000,000.00	
30-Dec-15	03-Jul-15	Envision Financial Term Deposit	180	20,000,000.00	
04-Nov-15	07-Jul-15	G&F Financial Group Term Deposit	120	5,000,000.00	
04-Nov-15	07-Jul-15	G&F Financial Group Term Deposit	120	5,000,000.00	
08-Jun-16	09-Jun-15	G&F Financial Group Term Deposit	365	1,639,000.00	
15-Jun-16	16-Jun-15	G&F Financial Group Term Deposit	365	1,100,000.00	
15-Jun-16	16-Jun-15	Khalsa Credit Union Term Deposit	365	3,216,500.00	
19-Oct-15	19-Jun-15	Prospera Credit Union Term Deposit	122	7,500,000.00	
21-Oct-15	23-Jun-15	Prospera Credit Union Term Deposit	120	10,000,000.00	
26-Oct-15	25-Jun-15	Prospera Credit Union Term Deposit	123	8,936,500.00	
14-Dec-15	15-Jun-15	Vancity Credit Union Term Deposit	182	22,500,000.00	
29-Mar-16	29-Sep-15	Vancity Credit Union Term Deposit	182	2,500,000.00	
13-May-16	17-Aug-15	Vancity Credit Union Term Deposit	270	20,000,000.00	
06-Jun-16	05-Jun-15	Vancity Credit Union Term Deposit	367	30,000,000.00	
13-Oct-15	13-Jun-15	Westminster Savings Credit Union Term Deposit	122	10,205,000.00	
20-Oct-15	22-Jun-15	Westminster Savings Credit Union Term Deposit	120	14,859,000.00	
*** CREDIT UNIONS					271,878,992.28

APPENDIX II-4

SCHEDULE 2 - 3

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
PROVINCIAL GUARANTEED PAPER					
		*** BRITISH COLUMBIA			-
		*** ONTARIO			-
		*** QUEBEC			-
Open	14-Sep-12	BCMFA Investment Pool-money Market Fund		1,000,000.00	
Open	10-Jun-13	BCMFA Investment Pool-money Market Fund		40,000,000.00	
		*** BC MUNICIPAL FINANCE AUTHORITY			41,000,000.00
TOTAL PORTFOLIO					<u>787,152,870.74</u>



FINANCIAL ASSISTANCE AWARDS

since 2015 Community Grants were approved

to September 30th, 2015

Description	Amount
Community Grants Awarded February 2, 2015	\$ 1,449,825
Community Grants (late grants)	
Eversafe Ranch Outreach Society	1,500
Global Clergy Association of Canada	1,000
Seniors Come Share Society	2,000
Open Dialogue with South Asian Pioneers - 100 Year Journey	1,500
VISHWA International Yoga Day	1,000
Newton Community Festival	2,000
Phoenix House Live Well Street Fair	2,000
Sikh Youth Sports Society	2,000
	\$ 13,000
Neighbourhood Enhancement Grants	
Friends of the Grove	1,000
Hall's Prairie Elementary School Stream of Dreams	1,000
Frost Road Elementary School and Hub for Active School Travel	1,000
Indigo Townhouse Complex Pollinator Friendly Garden Project	500
DIVERSECity Community Resources Society Street Patio	3,000
Crescent Park Community Garden Pathway and Bench Project	3,000
W.E.Kinvig Elementary School Travel Smart Fence Art	2,912
Panorama Picnic in the Park	1,000
Gratitude Garden Project	3,000
98 Avenue Block Party	690
34B Avenue Block Party	655
81A Boulevard Project	500
Skylands Towhhouse Block Party	275
Fraserview Terrance Block Party	550
Country Woods Residents' Association Comm Celebration and Tree Planting	1,000
Immigrant Advisory Roundtable (IAR) Welcome to City Centre Block Party	1,000
Church House Lane Garden Walkway	770
Fraser Heights Community Block Party	500
Pop Up Newton Art Walk	1,000
Encyclopedia House	2,000
	\$ 25,352
Façade Enhancement Grants	
Old Surrey Restaurant Ltd	3,000
Yang Family Gateway Medical	1,520
	\$ 4,520
Total Grants issued to September 30th, 2015	\$ 1,492,697
Unallocated Grant Funding	
Neighbourhood / Façade Enhancement Program	20,128
One-Time Community Grant	2,175
Property Taxes	5,000
Special Recognition	2,500
	\$ 29,803
Total Grant Funding for 2015	\$ 1,522,500