

NO: R181

COUNCIL DATE: July 25, 2016

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **July 21, 2016**

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

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - Second Quarter - 2016**

RECOMMENDATION

The Finance and Technology Department recommends that Council receive this report as information.

INTENT

The intent of this report is to provide Council with an update on the City's financial activity for the second quarter of 2016 and to compare this activity with the adopted 2016 Financial Plan and the same period in 2015. This report will also provide Council with an update on additional grants that have been approved by the City to various organizations since the 2016 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 (2016-2020) Financial Plan was adopted by Council on March 7th, 2016.

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 first half of 2016. It also includes an overview of the City's investment portfolio performance.

International Overview

Global economic growth continues to be sluggish due to a prolonged weakness in commodity prices and subdued demand. Historically low interest rates have failed to spur growth thus far. The Organization for Economic Cooperation and Development (OECD) continues to urge governments around the world to increase investment spending and undertake structural reforms to avoid a further global economic downturn.

On June 23rd, the United Kingdom (UK) held a referendum to gauge support for the country's continued membership in the European Union (EU). The result was 52% of voters choosing to leave the EU. The British exit from the EU, has led to political turmoil within Britain. The British pound lost 15% of its value, reaching a 30 year low. Stock markets around the world plunged, shedding \$2 trillion of value in one day, eclipsing the losses experienced during the 2008 financial crisis. The flight of capital to "safe-haven" investments depressed government bond yields to historical lows and sent gold prices soaring.

Central bankers and finance ministers around the world announced that they are ready to support financial markets to ensure stability and liquidity. Accommodative monetary policies, ultra-low interest rates and subdued investment returns will continue. The Bank of England assured financial markets that it is well-capitalized and proactively loosened credit conditions to spur lending to British households and businesses.

Oil continues to rally after a sharp drop in prices in the first quarter of this year. Prices were hovering around \$50 per barrel in June. Supply interruptions in Nigeria have helped with countering the oversupply of oil. Nigeria's exports have fallen by 50% from the beginning of the year as militant attacks on pipelines have caused production to drop by 1.2 million barrels per day. US shale oil producers exiting the market have also aided in reducing oversupply. If prices rise above \$50 per barrel, it may become profitable for some US shale producers to re-enter the market. However, analysts forecast oil prices to remain around \$50 for the remainder of the year.

United States Overview

The US labour market is showing signs of slowing after a record year in 2015. The unemployment rate fell to 4.7% in May with 38,000 new jobs created; however, this was well below market expectations of 162,000 jobs. The fall in the unemployment rate in the first half of the year is mostly due to a reduction in the number of people actively seeking employment. The labour force participation rate is now at 62.6%, the lowest it's been this year. Total jobs created in the first quarter of this year were revised downwards to 587,000 while 161,000 jobs were created in the first two months of the second quarter. Wage growth remains steady with a year-over-year increase of 2.5%.

US GDP growth in quarter one came in at 1.1% and is expected to average 1.9% this year. Consumer consumption during April and May posted strong results which should help lift second quarter GDP. Continuing gains in consumer spending and housing activity are helping to keep the U.S. on a moderate growth trajectory. Increases in jobs and wages, combined with historically low interest rates and gasoline prices, are supporting the purchasing power of Americans

Prior to Britain's vote to exit the EU, The Federal Reserve (Fed) signalled that two increases to its key interest rate were plausible in the second half of 2016. The Fed will likely keep monetary policy changes on hold for this year. The Fed is also expected to slow the pace of interest rate increases next year in response to the increased uncertainty and volatility. This uncertainty is already contributing to strong "safe-haven" flows into the U.S. dollars. The multi-year strengthening trend in the U.S. dollar has eroded competitiveness and weakened exports.

The upcoming Presidential election has the potential to add to the heightened level of economic uncertainty in the US. The nominees of both major political parties have adopted platforms which include populist and protectionist policies that could impair existing trading relationships.

Canadian Overview

Canada's first quarter GDP grew by 0.6%. Exports were the largest contributor to growth while business investment continues its downward trend. Economists are calling for second quarter GDP growth to be relatively flat at a forecasted rate of 0.5%. The Fort McMurray wildfires caused disruptions to oil sands production and forced evacuations of many residents. Analysts expect GDP to rebound in quarter three of this year as Fort McMurray rebuilds and oil sands activity comes back on line. Canadian GDP growth is now expected to grow at 1.3% in 2016, an increase over last year's 1.1% growth rate.

The inflation rate has tapered off since the beginning of the year due to lower food costs. CPI in May came in at 1.5%, a marked decrease from January's result of 2.0%. The recovery in oil prices has resulted in some currency gains with the Canadian dollar trading close to 77 cents per USD in June. Forecasts predict that these levels will continue for the remainder of this year.

The unemployment rate fell to 6.9% in May, the lowest since July 2015, with the economy adding 13,800 jobs. The quality of jobs is improving with full-time employment up by 60,500 jobs, offset by a decrease of 46,800 part-time positions. Gains in public sector, manufacturing and construction employment were offset against losses in the natural resources sector.

The Bank of Canada (BOC) kept its overnight rate at 0.5% through the first half of 2016 and is expected to hold steady for the remainder of this year. However, some analysts believe a BOC rate cut could be possible if financial market volatility persists. The BOC continues to caution households against becoming over-leveraged and points to Vancouver and Toronto as areas of concern. The BOC highlights the large disconnect between real estate prices and local incomes in those regions and worries about affordability once interest rates eventually normalize. The Federal government is forming a working group with the BC and Ontario governments as well as officials from Vancouver and Toronto to address housing affordability.

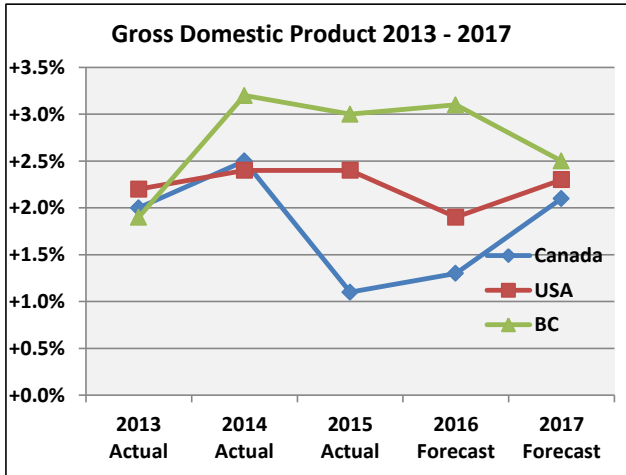
Canada's direct export exposure to the UK is relatively modest, accounting for just 3% of goods exports. Exports to the remainder of the EU account for a 4% share. However, the global economic uncertainty and financial market volatility unleashed by the recent British vote could have negative spillover effects to business investment and household spending. Ratification of the Canada-EU Comprehensive Economic and Trade Agreement (CETA) could also face potential delays.

British Columbia Overview

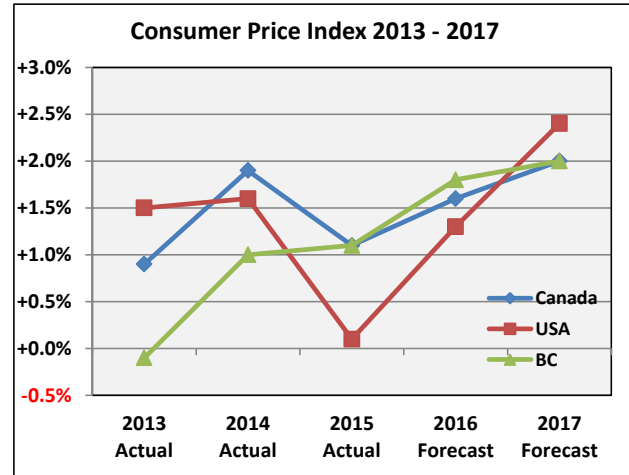
British Columbia's economy has benefitted from the weak Canadian dollar through increased export and tourism activity. BC's GDP is forecasted to grow by close to 3.0% this year, the highest rate of any province. The unemployment rate came in at 6.1% for the month of May with a labour force participation rate of 64%. BC continues to lead the country in job creation with 110,000 jobs added over the last 12 months.

The housing market remains strong with no signs of a slowdown. The BC Real Estate Association predicts home sales will reach 115,000 units this year, well above the ten-year average of 83,000 units. In the past year, home prices have surged 18% in the province with prices in Metro Vancouver increasing over 25%. Rental vacancy rates in the Metro Vancouver region remain quite low.

The BC government has entered into an infrastructure agreement with the Government of Canada under the new Public Transit Infrastructure Fund. The Federal government will provide \$460 million of funding which will be combined with \$308 million of provincial funding along with municipal contributions for a total of over \$900 million. \$370 million of the total is reserved specifically for Metro Vancouver and will go towards additional Sky Train cars, a new West Coast Express locomotive and a new Sea Bus. \$57 million of the funding will be directed towards the planning and design of the Broadway subway and Surrey LRT.



Graph 1 Source: BMO Economics



Graph 2 Source: BMO Economics

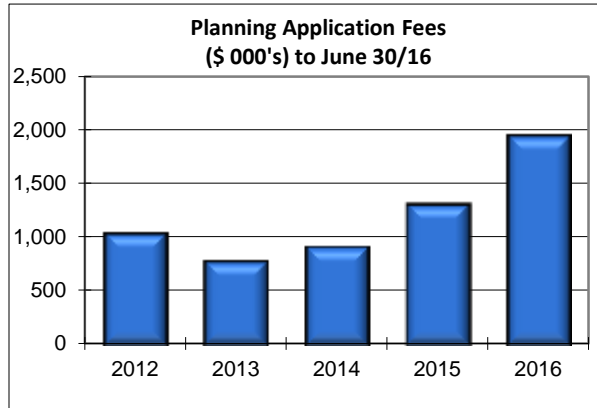
Surrey's Financial Performance

Although mid-year results indicate that overall development activity has slightly decreased from last year, it is still relatively robust when compared to the last several years. Building permit revenue is approximately 4% lower than the same period last year, however this is predominately due to the issuance of high dollar value building permits for a few high rise towers in the downtown core in 2015. These types of applications are very inconsistent year to year and can have a significant impact for comparative purposes. These types of projects also impact the year to year comparison of overall building construction value figures, which are also lower than last year by 17%. Having said this, there is no imminent concern in relation to the development sector, the only caution being that the strength shown within the last year represents significant growth in a fairly short period, thus it is prudent to eventually expect development activity to stabilize or possibly slowdown to some degree.

Geographically, the City continues to experience strong development in all areas relative to the last several years, with single family and multi-family projects leading the way, in particular in South Surrey. Planning Application fees, which typically are indicators of future development activity, are also showing relative strength compared to the same period last year, up over 48% year to year. The City, much like the rest of the Greater Vancouver Region, has experienced significant real estate appreciation in the first six months of this year for single family homes, with some areas seeing price increases well over 10% during this period. Surrey continues to provide developers opportunity in both the residential and commercial sector.

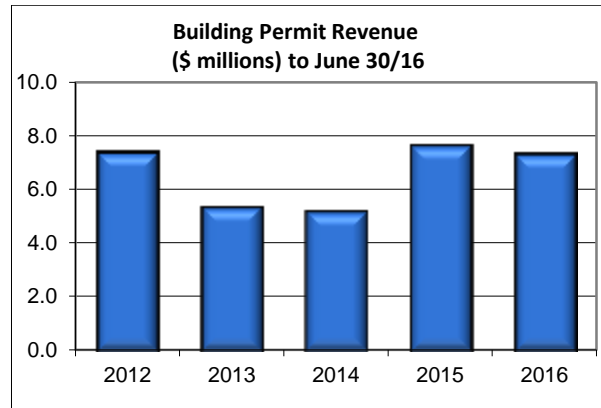
The graphs on the following pages display actual key revenues and fees collected by the City in the first six months of 2016 compared to previous years; in addition graphs 5 and 6 summarize the value of new commercial/industrial construction and total building construction respectively and graph 10 depicts new growth in the City's taxation base.

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.



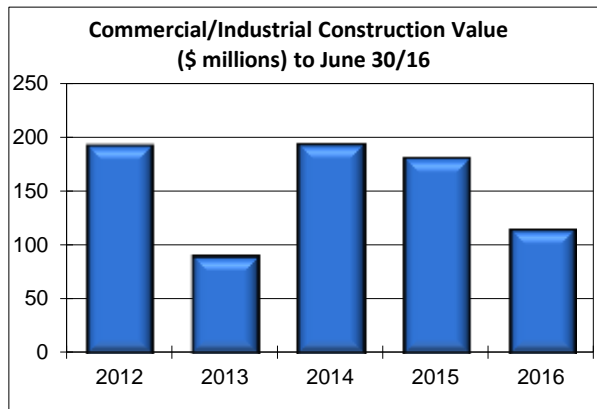
Graph 3

Application fees collected in the first half of the year are 48% higher than those collected for the same period last year; these fees typically are future indicators of development activity.



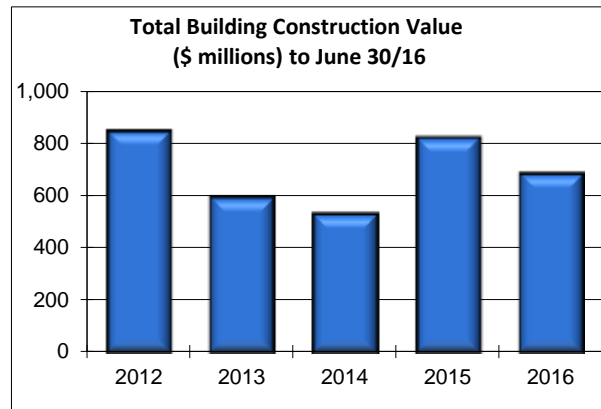
Graph 4

Building permit fees collected for the first six months of this year are 4% lower than those collected in the same period last year.



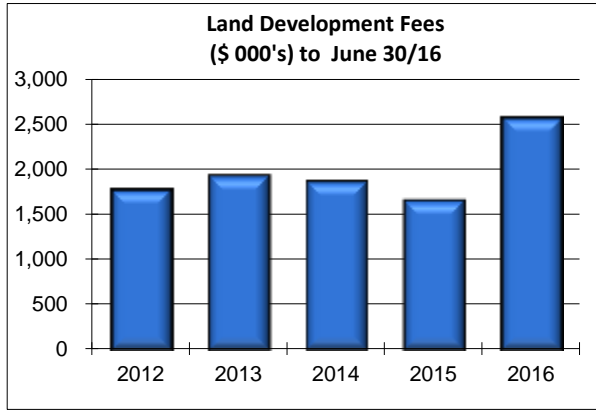
Graph 5

Construction value of commercial and industrial building permits up to the second quarter of 2016 is 37% lower compared to the same period in 2015. This is in part due to a few large value projects that impacted 2015 figures.



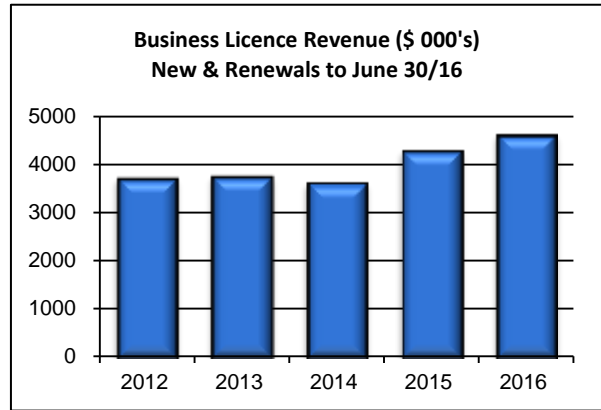
Graph 6

The aggregate value of new construction in the City has decreased by 17% compared to the same time period last year; in part due to the impact of a few large scale residential and commercial projects that were included in last year's figures.



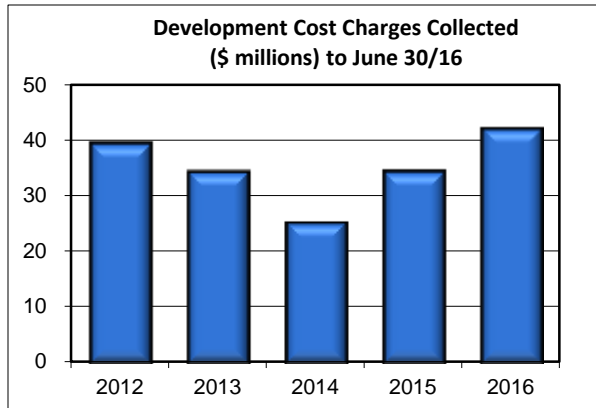
Graph 7

Engineering Land Development fees collected in the first six months of the year are 55 % higher than the same period in 2015.



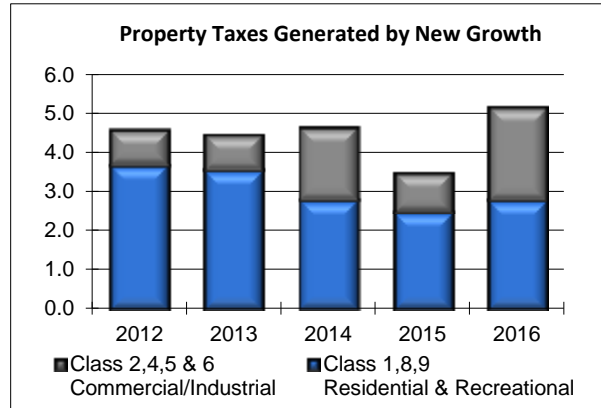
Graph 8

Business license revenue collected up to the second quarter of 2016 is approximately 7% higher compared to that same period in 2015.



Graph 9

Development Cost Charges that have been collected in the first six months of the year are 22% higher than those collected in the same period in 2015.

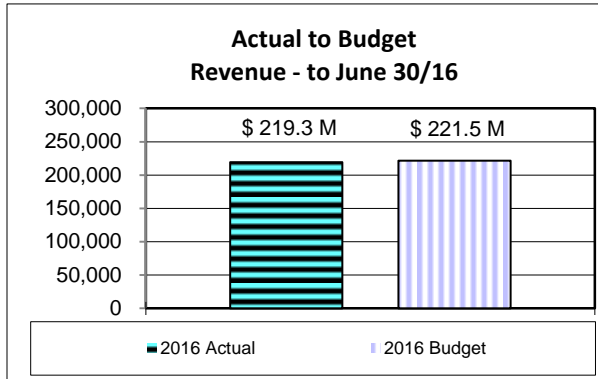


Graph 10

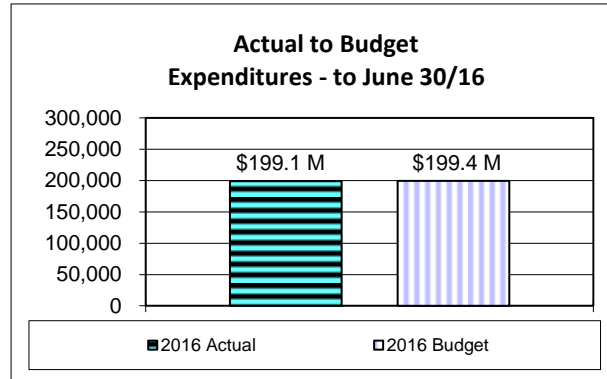
The property taxes generated by new growth for 2016 are higher for both the Residential and Recreational classes and the Commercial and Industrial categories.

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 half of 2016.



Graph 11



Graph 12

Appendix "1" documents the General Operating Fund's revenues and expenditures for the first half of 2016 at a more detailed level. Departments are proactively monitoring 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 2016 Financial Plan, it is important to note that the 2016 Financial Plan includes targeted savings for each department and all figures listed below are inclusive of the targeted savings (approximately \$4.9 million corporately).

RCMP is currently showing an unfavorable variance of \$601,000 and is forecasted to have an unfavorable variance of \$500,000 by the end of the year; RCMP's targeted savings for the year is \$1,374,000 dollars, thus the current forecast indicates that 64% of targeted savings will be achieved. It is important to note that the Traffic Fine Sharing revenue that the Province provides to local governments is forecast to be approximately \$500,000 less than budgeted for the year (\$6.1 million vs. \$6.6 million); this is due to the Province collecting less traffic fine revenue.

Fire Services is currently showing an unfavorable variance of \$189,000 for the first six months of the year and is expected to have an unfavorable variance at the end of the year of \$300,000; Fire Services' targeted savings for the year is \$684,000, thus the current forecast indicates that 44% of targeted savings will be achieved.

Engineering Services currently has a favourable variance of \$188,000 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 \$100,000 due in part to higher than anticipated revenues; Engineering Services' yearly targeted savings is \$286,000 and it is forecasted that this target will be met.

Parks, Recreation & Culture Department is showing an unfavourable variance of \$379,000 which is primarily due to the timing of various expenditures. The forecast for year-end indicates an unfavorable variance of \$400,000; The department's yearly targeted savings is

\$829,000, thus the current forecast indicates that 49% of the department's targeted savings will be achieved.

Library Services currently has a favorable variance of \$22,000, due predominately to the timing of expenditures relative to budget. It is forecasted that by year end Library Services will meet budget; Library Services has a yearly targeted savings of \$153,000, thus the current forecast indicates that Library Services will meet their target savings.

Planning and Development Department, which also includes Civic Facilities, is reporting a positive variance of \$689,000 due to staff vacancies and the timing of significant maintenance costs for civic facilities, and higher than budgeted planning application fees. It is forecasted that by year end this department will have a favorable variance of \$600,000; Planning and Development's yearly targeted savings is \$416,000, thus the current forecast indicates that target savings will be met by year end.

Mayor and Council are currently on budget and are expected to meet budget by year end; Mayor and Council's targeted yearly saving is \$28,000 and this target is expected to be met.

City Grants is currently on budget and is forecasted to meet budget by year end.

City Manager's Department is currently showing an \$112,000 unfavorable variance; this is due primarily to the timing of expenditures and greater than budgeted courier and postage charges. By year end, it is forecasted that the City Manager's Department will have met budget; City Managers targeted yearly saving is \$89,000.

Public Safety This area which is comprised of the Public Safety Office and By-Laws is currently showing a small favorable variance of \$62,000, predominately due to the timing of expenditures. Public Safety is forecast to have an unfavorable variance by the end of the year in the amount of \$150,000; this is predominately due to unbudgeted expenditures related to 4 additional By-Law officers that were hired on a term basis and By-Law revenues not meeting budget. Public Safety's yearly targeted saving is \$119,000.

Investment and Intergovernmental Relations – this department is currently showing a favorable variance of \$258,000, predominately due to the timing of expenditures. It is forecast to be on budget by year end and has a yearly targeted saving of \$17,000 which is currently expected to be achieved.

Finance & Technology Department currently has an unfavourable variance of \$63,000 and is forecasted to have an unfavorable variance of \$100,000 by year end. Finance and Technology's yearly targeted saving is \$252,000, thus the current forecast indicates that 60% of targeted savings will be achieved.

Human Resources Department has a small favourable variance of \$16,000 due to timing differences with various expenses. It is forecasted that Human Resources will meet budget by end of year; Human Resources' targeted yearly savings is \$35,000 which is forecasted to be achieved.

It is emphasized that the above analysis incorporates the targeted savings for each respective department and if those savings are met then the overall budget for the City will be met by year end without the need to draw from our accumulated surplus. Although, currently some departments are forecasting an unfavorable variance by year end, staff are cautiously optimistic that budgets will be met by year end, inclusive of targeted savings with appropriate attention given toward controllable expenditures.

City Investment Portfolio

As a result of the 2007-2009 financial crisis, international banks deemed “too big to fail” were bailed out by governments in an effort to avoid global financial contagion. As a result, taxpayers were responsible for contributing trillions of dollars towards the rescue of imprudent banks which had assumed huge amounts of risk without adequate oversight. No Canadian banks required a bail out due to conservative banking practices and effective oversight by the Office of the Superintendent of Financial Institutions (OSFI). The World Economic Forum has declared the Canadian banking system as the soundest in the world eight years in a row. Despite global confidence in the nation’s banks, participation in the international financial system requires Canada to harmonize with other jurisdictions in their attempts to reduce systemic risk and taxpayer exposure to potential bank failures.

In 2013, the Canadian government introduced the “bail-in” regime aimed at addressing risks to the economy from bank failures. The objective of the legislation is to place responsibility for the recapitalization of a failing institution on the bank’s shareholders and creditors holding long-term debt. The regime stipulates that a failing domestic systemically important bank (D-SIB) could have its eligible long-term debt permanently converted into common shares to allow the bank to continue operations. Canada’s six largest banks have been designated as D-SIBs by OSFI. Eligible long-term debt is defined as subordinated debt with an original term to maturity of 400 days or more. As of January 1, 2013, subordinated debt issued by Canadian banks is required to include a non-viability contingent capital (NVCC) feature which would allow for conversion of the debt into common shares of the issuing bank if the institution is no longer financially viable (as determined by OSFI).

Recent commentary from the BC government has stated that NVCC bonds do not meet the criteria under the Community Charter as acceptable investments for local governments, due to the mandatory conversion of debt to common shares. The City’s investment portfolio does not contain any securities which would be impacted by the “bail-in” regime. Additionally, all solicitations for debt instrument purchases contain instructions to investment representatives indicating that NVCC bonds are not acceptable for purchase by the City.

Staff will continue to monitor developments in the “bail-in” regime and assess the potential impacts to the City’s investment portfolio. Bond purchases will continue to be made in accordance with the City’s investment policy which considers the credit-worthiness of debt issuers and is guided by the objectives of capital preservation and liquidity.

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 April through June 2016. Schedule 2 is a detailed listing of securities as at June 30, 2016 sub-totalled by issuer type.

It is important to note that although the investment portfolio is currently valued at \$952 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. Some of the funds that are not required for immediate expenditure have been internally loaned to various projects outlined in the Capital Funding section below.

The City's investment portfolio is currently earning a combined rate of approximately 2.15%, while maintaining investment security as outlined in the City's investment policy. This includes the internal borrowing pay back. Interest revenue is expected to exceed budget by \$400,000 at the end of the year.

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. The Grants Evaluation Committee continues to review and recommend grant payments for 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.

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 of \$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 first six months of this year.

CONCLUSION

Development activity experienced in the first half of 2016 is slightly weaker when compared to last year, however when compared to prior years, it is still relatively strong. Staff are cautiously optimistic that the second half of the year will continue to show development strength in key sectors including residential and commercial. Furthermore, staff will take all possible actions to minimize the unfavourable variances currently forecast for year end in relation to the 2016 adopted budget.

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

Appendix "I": 2016 Second Quarter Council Report
Appendix "II": Second Quarter Investment Summary
Appendix "III": Financial Assistance Awards Update

APPENDIX I-1

**2016 2nd QUARTER COUNCIL REPORT
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES
\$ 000's**

	2016: 2nd Qtr YTD Actual	2016 YTD BUDGET	2016: 2nd Qtr YTD Variance	2016 FORECAST	2016 ANNUAL BUDGET	2016 Projected Variance
REVENUE SUMMARY						
Net Taxation	153,833	154,799	966	307,641	308,141	500
Investment Interest	7,042	6,821	(221)	14,169	13,769	(400)
Secondary Suite Infrastructure Fee	8,349	8,808	459	16,717	17,617	900
Contribution from SCDC	2,250	2,250	-	4,500	4,500	-
Provincial Casino Revenue Sharing	1,906	1,600	(306)	3,600	3,200	(400)
Penalties & Interest on Taxes	1,681	2,000	319	4,100	4,100	-
Corporate Leases	2,888	2,965	77	5,930	5,930	-
Carbon Tax Rebate	200	200	-	400	400	-
Other Revenues	562	538	(24)	1,175	1,075	(100)
Non-Tax Revenues	24,878	25,182	304	50,591	50,591	-
Program Revenues	40,593	40,822	229	77,505	79,405	1,900
TOTAL REVENUES	219,304	220,803	1,499	435,737	438,137	2,400
EXPENDITURE SUMMARY						
	2016: 2nd Qtr YTD Actual	2016 YTD BUDGET	2016: 2nd Qtr YTD Variance	2016 FORECAST 0.00	2016 ANNUAL BUDGET	2016 Projected Variance
Program Expenditures	192,032	192,152	120	397,228	398,378	1,150
Council Priorities	125	125	-	250	250	-
Fiscal Services	343	394	51	789	789	-
MFA Principal	6,435	6,390	(45)	12,779	12,779	-
Other	217	371	154	743	743	-
TOTAL EXPENDITURES	199,152	199,432	280	411,789	412,939	1,150
TRANSFER SUMMARY						
	2016: 2nd Qtr YTD Actual	2016 YTD BUDGET	2016: 2nd Qtr YTD Variance	2016 FORECAST 0.00	2016 ANNUAL BUDGET	2016 Projected Variance
Carbon Emission Offsets	200	200	-	400	400	-
Transfer to Capital Program	6,750	6,750	-	13,500	13,500	-
Contributions to Road & Trans. Fund	8,296	8,296	-	16,592	16,592	-
Transfers To(From) Own Sources	(2,408)	(1,895)	513	(5,294)	(5,294)	-
TOTAL TRANSFERS	12,838	13,351	513	25,198	25,198	-
Surplus (Deficit)	7,314	8,020	706	(1,250)	-	1,250
Transfer (To)From Surplus	(7,314)	(8,020)	(706)	1,250	-	(1,250)
BALANCED BUDGET		-	-		-	-
PROJECTED SURPLUS (DEFICIT)						\$ (1,250)
BUDGETED TRANSFER FROM SURPLUS						-
ANTICIPATED SURPLUS (DEFICIT) AT YEAR END						\$ (1,250)

APPENDIX I-2

2016 2nd QUARTER COUNCIL REPORT DEPARTMENTAL DETAIL \$ 000's							
PROGRAM REVENUES	2015: 2nd Qtr YTD ACTUAL	2016: 2nd Qtr YTD ACTUAL	2016 YTD BUDGET	2016: 2nd Qtr YTD Variance	2016 Projected ACTUAL	2016 ANNUAL BUDGET	2016 Projected Variance
R.C.M.P.	4,133	4,008	4,041	33	7,981	8,081	100
Fire	804	1,727	1,547	(180)	1,863	1,663	(200)
Engineering Services	3,475	3,263	3,223	(40)	6,422	6,222	(200)
Parks, Recreation & Culture	14,262	15,868	16,300	432	28,443	31,943	3,500
Surrey Public Library	810	793	755	(38)	1,513	1,513	-
Planning & Development	10,031	10,074	10,035	(39)	21,471	20,071	(1,400)
City Manager	2	3	3	-	5	5	-
Public Safety	4,062	4,112	4,299	187	8,515	8,615	100
Finance & Technology	636	712	619	(93)	1,292	1,292	-
Human Resources	-	-	-	-	-	-	-
TOTAL PROGRAM REVENUES	38,215	40,560	40,822	262	77,505	79,405	1,900
PROGRAM EXPENDITURES NET OF INTERNAL TRANSFERS	2015: 2nd Qtr YTD ACTUAL	2016: 2nd Qtr YTD ACTUAL	2016 YTD BUDGET	2016: 2nd Qtr YTD Variance	2016 Projected ACTUAL	2016 ANNUAL BUDGET	2016 Projected Variance
R.C.M.P.	65,298	72,839	72,271	(568)	147,250	146,850	(400)
Fire	27,295	27,427	27,058	(369)	59,793	59,293	(500)
Engineering Services	3,991	4,270	4,418	148	7,758	7,658	(100)
Parks, Recreation & Culture	36,934	39,499	39,552	53	83,098	86,198	3,100
Surrey Public Library	7,654	7,854	7,838	(16)	16,322	16,322	-
Planning & Development	13,703	14,258	14,908	650	30,670	29,870	(800)
Mayor & Council	684	679	679	-	1,361	1,361	-
City Grants	552	831	831	-	1,662	1,662	-
City Manager	2,998	3,098	2,986	(112)	5,866	5,866	-
Public Safety	3,334	3,699	3,948	249	7,961	7,911	(50)
Invest. & Intergovernmental Relations	331	346	572	226	1,142	1,142	-
Finance & Technology	13,728	15,397	15,241	(156)	30,634	30,534	(100)
Human Resources	1,744	1,835	1,850	15	3,711	3,711	-
TOTAL PROGRAM EXPENDITURES	178,246	192,032	192,152	120	397,228	398,378	1,150
NET PROGRAM	2015: 2nd Qtr YTD ACTUAL	2016: 2nd Qtr YTD ACTUAL	2016 YTD BUDGET	2016: 2nd Qtr YTD Variance	2016 Projected ACTUAL	2016 ANNUAL BUDGET	2016 Projected Variance
R.C.M.P.	61,165	68,831	68,230	(601)	139,269	138,769	(500)
Fire	26,491	25,700	25,511	(189)	57,930	57,630	(300)
Engineering Services	516	1,007	1,195	188	1,336	1,436	100
Parks, Recreation & Culture	22,672	23,631	23,252	(379)	54,655	54,255	(400)
Surrey Public Library	6,844	7,061	7,083	22	14,809	14,809	-
Planning & Development	3,672	4,184	4,873	689	9,199	9,799	600
Mayor & Council	684	679	679	-	1,361	1,361	-
City Grants	552	831	831	-	1,662	1,662	-
City Manager	2,996	3,095	2,983	(112)	5,861	5,861	-
Public Safety	(728)	(413)	(351)	62	(554)	(704)	(150)
Invest. & Intergovernmental Relations	331	346	572	226	1,142	1,142	-
Finance & Technology	13,092	14,685	14,622	(63)	29,342	29,242	(100)
Human Resources	1,744	1,835	1,850	15	3,711	3,711	-
NET PROGRAM TOTAL	140,031	151,472	151,330	(142)	319,723	318,973	(750)

APPENDIX II-1

SECOND QUARTER INVESTMENT SUMMARY

APPENDIX II-1

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) APRIL/16	INVESTMENT (MILLIONS) MAY/16	INVESTMENT (MILLIONS) JUNE/16
<i>RBC Month End Balance</i>	13.4	23.1	182.8
<i>RBC USD Month End Balance (CAD\$)</i>	1.7	1.6	1.4
MAJOR BANKS - SCHEDULE I			
Bank of Montreal	44.0	44.0	43.9
Bank of Nova Scotia	41.9	41.9	47.0
Canadian Imperial Bank of Commerce	16.8	16.8	16.8
Canadian Western Bank	55.9	65.1	84.9
Laurentian Bank of Canada	55.5	55.4	59.5
Manulife Bank of Canada	22.0	22.0	22.0
National Bank of Canada	80.1	80.1	80.1
Royal Bank of Canada	30.6	30.6	49.7
Toronto-Dominion Bank	19.3	12.3	12.3
SUB TOTAL - SCHEDULE I BANKS	366.1	368.1	416.1
MAJOR BANKS - SCHEDULE II			
HSBC Bank Canada	5.9	5.9	5.9
SUB TOTAL - SCHEDULE II BANKS	5.9	5.9	5.9
CREDIT UNIONS			
BlueShore Financial	31.2	31.2	31.2
Coast Capital Savings Credit Union	75.0	65.0	75.0
Envision Financial	50.0	50.0	50.0
G&F Financial Group	14.0	14.0	14.0
Khalsa Credit Union	3.5	3.5	3.5
Prospera Credit Union	17.5	7.5	28.8
Vancity Credit Union	75.0	75.0	75.0
Westminster Savings Credit Union	10.2	10.2	27.2
SUB TOTAL - CREDIT UNIONS	276.4	256.4	304.6
PROVINCES			
Province - BC	0.0	0.0	0.0
Province - ON	0.0	0.0	0.0
Province - QC	0.0	0.0	0.0
SUB TOTAL - PROVINCES	0.0	0.0	0.0
OTHER			
MFA	41.0	41.0	41.0
SUB TOTAL - OTHER	41.0	41.0	41.0
TOTAL PORTFOLIO	704.5	696.2	951.9

APPENDIX II-2

SCHEDULE 2 - 1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
ROYAL BANK MONTH END BALANCE					
30-Jun-16		Royal Bank		182,787,979.50	
30-Jun-16		Royal Bank USD Account (CAD\$)		1,390,372.39	
					184,178,351.89
CALL LOAN					
03-Nov-16	03-Nov-15	Coast Capital 1 year cashable term deposit	366	5,000,000.00	20,000,000.00
08-Jun-17	08-Jun-16	Prospera Credit Union 1 year cashable term deposit	365	5,000,000.00	
08-Jun-17	08-Jun-16	Prospera Credit Union 1 year cashable term deposit	365	5,000,000.00	
08-Jun-17	08-Jun-16	Prospera Credit Union 1 year cashable term deposit	365	5,000,000.00	
MAJOR BANKS - SCHEDULE I					
08-Jul-16	24-Aug-11	Bank of Montreal Fixed Floater	1780	2,750,594.80	
08-Jul-16	15-Oct-13	Bank of Montreal Fixed Floater	997	15,004,465.40	
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	10,162,282.79	
26-Sep-17	26-Jan-10	Bank of Montreal Fixed Floater	2800	5,091,449.29	
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					43,925,379.00
03-Aug-17	05-Sep-12	Bank of Nova Scotia Fixed Floater	1793	3,007,658.11	
18-Oct-19	29-Sep-15	Bank of Nova Scotia Fixed Floater	1480	10,313,772.16	
18-Oct-19	26-Oct-15	Bank of Nova Scotia Fixed Floater	1453	6,143,485.64	
18-Oct-19	13-Apr-16	Bank of Nova Scotia Fixed Floater	1283	5,136,916.29	
21-Aug-20	21-Aug-15	Bank of Nova Scotia GIC	1827	8,000,000.00	
18-Oct-19	27-Apr-16	Bank of Nova Scotia Zero Coupon	1269	9,248,000.00	
18-Oct-19	01-Jun-16	Bank of Nova Scotia Fixed Floater	1234	5,154,895.61	
*** BANK OF NOVA SCOTIA					47,004,727.82
06-Jun-18	26-Jan-10	Canadian Imperial Bank of Commerce Zero Coupon	3053	2,122,890.00	
06-Jun-18	26-Oct-15	Canadian Imperial Bank of Commerce Zero Coupon	954	4,744,500.00	
19-Feb-25	19-Feb-15	Canadian Imperial Bank of Commerce Step Up	3653	9,965,453.05	
*** CIBC					16,832,843.05
11-Oct-16	10-Oct-14	Canadian Western Bank GIC	732	5,000,000.00	
01-Jan-17	27-Jun-16	Canadian Western Bank Savings Account	188	20,000,000.00	
26-Jun-17	02-Nov-15	Canadian Western Bank Deposit Note	602	5,002,990.03	
17-Dec-19	22-May-15	Canadian Western Bank Fixed Floater	1670	5,093,816.05	
17-Dec-19	08-Apr-15	Canadian Western Bank Fixed Floater	1714	10,282,519.49	
17-Dec-19	03-Jul-15	Canadian Western Bank Fixed Floater	1628	5,130,165.60	
17-Dec-19	16-Sep-15	Canadian Western Bank Fixed Floater	1553	5,075,693.50	
17-Dec-19	26-Nov-15	Canadian Western Bank Fixed Floater	1482	2,023,028.34	
17-Dec-19	19-Oct-15	Canadian Western Bank Fixed Floater	1520	5,060,663.68	
17-Dec-19	28-Apr-14	Canadian Western Bank Fixed Floater	2059	3,050,627.53	
17-Dec-19	20-May-16	Canadian Western Bank Fixed Floater	1306	6,027,873.81	
29-Jun-20	13-Apr-16	Canadian Western Bank Deposit Note	1538	10,090,215.15	
29-Jun-20	20-May-16	Canadian Western Bank Deposit Note	1501	3,014,930.21	
*** CANADIAN WESTERN BANK					84,852,523.39
19-Oct-17	19-Oct-15	Laurentian Bank of Canada Fixed Floater	731	2,021,274.28	
19-Oct-17	25-Aug-15	Laurentian Bank of Canada Fixed Floater	786	4,062,414.76	
19-Oct-17	02-Nov-15	Laurentian Bank of Canada Fixed Floater	717	5,060,948.40	
19-Oct-17	25-Aug-15	Laurentian Bank of Canada Fixed Floater	786	8,120,865.14	
26-Mar-18	02-Nov-15	Laurentian Bank of Canada Deposit Note	875	1,005,208.69	
15-Oct-18	09-Jul-14	Laurentian Bank of Canada Deposit Note	1559	10,154,598.33	
23-Jan-20	16-Sep-15	Laurentian Bank of Canada Deposit Note	1590	10,059,322.33	
23-Jan-20	19-Oct-15	Laurentian Bank of Canada Deposit Note	1557	4,969,543.06	
23-Jan-20	26-Nov-15	Laurentian Bank of Canada Deposit Note	1519	9,953,749.84	
22-Apr-21	01-Jun-16	Laurentian Bank of Canada Deposit Note	1786	4,053,349.30	
*** LAURENTIAN BANK OF CANADA					59,461,274.12
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 DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
11-Apr-17	11-Apr-12	National Bank of Canada Fixed Floater	1826	1,000,808.76	
11-Apr-17	01-May-12	National Bank of Canada Fixed Floater	1806	3,000,839.73	
11-Apr-17	18-Sep-12	National Bank of Canada Fixed Floater	1666	5,019,305.52	
11-Apr-17	17-Oct-12	National Bank of Canada Fixed Floater	1637	6,029,354.18	
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					80,050,719.16
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	
28-Dec-16	29-Jun-16	Royal Bank of Canada GIC	182	10,000,000.00	
11-Oct-18	28-Apr-14	Royal Bank of Canada Deposit Note	1627	5,061,875.85	
06-Dec-19	13-Apr-16	Royal Bank of Canada Fixed Floater	1332	5,134,659.87	
06-Dec-19	27-Apr-16	Royal Bank of Canada Fixed Floater	1318	10,236,244.69	
06-Dec-19	01-Jun-16	Royal Bank of Canada Zero Coupon	1283	9,266,400.00	
*** ROYAL BANK OF CANADA					49,699,180.41
09-Jul-18	27-Jun-11	Toronto-Dominion Bank Fixed Floater	2569	5,187,731.80	
09-Jul-18	26-Jan-10	Toronto-Dominion Bank Zero Coupon	3086	2,114,700.00	
04-Dec-24	04-Dec-14	Toronto-Dominion Bank Step Up	3653	4,972,615.66	
*** TORONTO-DOMINION BANK					12,275,047.46
MAJOR BANKS - SCHEDULE II					
10-Apr-17	05-Sep-12	HSBC Bank Canada Fixed Floater	1678	782,086.49	
14-Jan-20	29-Sep-15	HSBC Bank Canada Deposit Note	1568	5,146,256.38	
*** HSBC BANK CANADA					5,928,342.87
CREDIT UNIONS					
19-Apr-17	19-Apr-16	BlueShore Financial Term Deposit	365	6,750,500.00	
21-Apr-17	21-Apr-16	BlueShore Financial Term Deposit	365	5,000,000.00	
27-Dec-17	24-Jun-16	BlueShore Financial Term Deposit	551	19,421,500.00	
16-Feb-17	16-Feb-16	Coast Capital Savings Credit Union Term Deposit	366	1,516.16	
14-Mar-17	14-Mar-16	Coast Capital Savings Credit Union Term Deposit	365	12,500,000.00	
29-Mar-17	29-Mar-16	Coast Capital Savings Credit Union Term Deposit	365	10,000,000.00	
04-May-17	04-May-16	Coast Capital Savings Credit Union Term Deposit	365	10,000,000.00	
14-Mar-18	14-Mar-16	Coast Capital Savings Credit Union Term Deposit	730	12,500,000.00	
20-Jun-18	20-Jun-16	Coast Capital Savings Credit Union Term Deposit	730	7,500,000.00	
08-Apr-19	07-Apr-16	Coast Capital Savings Credit Union Term Deposit	1096	10,000,000.00	
20-Jun-19	20-Jun-16	Coast Capital Savings Credit Union Term Deposit	1095	7,500,000.00	
06-Feb-17	05-Feb-16	Envision Financial Term Deposit	367	10,000,000.00	
06-Apr-17	06-Apr-16	Envision Financial Term Deposit	365	22,500,000.00	
18-Apr-17	14-Apr-16	Envision Financial Term Deposit	369	17,500,000.00	
05-Dec-16	08-Jun-16	G&F Financial Group Term Deposit	180	1,639,000.00	
12-Dec-16	15-Jun-16	G&F Financial Group Term Deposit	180	1,100,000.00	
04-Mar-19	03-Mar-16	G&F Financial Group Term Deposit	1096	10,000,000.00	
06-Apr-21	07-Apr-16	G&F Financial Group Term Deposit	1825	1,291,600.00	
27-Apr-17	27-Apr-16	Khalsa Credit Union Term Deposit	365	266,000.00	
15-Jun-17	15-Jun-16	Khalsa Credit Union Term Deposit	365	3,216,500.00	
27-Oct-16	14-Jun-16	Prospera Credit Union Term Deposit	135	6,292,100.00	
17-Apr-17	17-Apr-16	Prospera Credit Union Term Deposit	365	7,500,000.00	
14-Dec-16	14-Dec-15	Vancity Credit Union Term Deposit	366	22,500,000.00	
28-Dec-16	29-Mar-16	Vancity Credit Union Term Deposit	274	2,500,000.00	
07-Feb-17	13-May-16	Vancity Credit Union Term Deposit	270	20,000,000.00	
03-Mar-17	06-Jun-16	Vancity Credit Union Term Deposit	270	30,000,000.00	
26-Oct-16	28-Jun-16	Westminster Savings Credit Union Term Deposit	120	16,965,200.00	
12-Oct-18	13-Oct-15	Westminster Savings Credit Union Term Deposit	1095	5,205,000.00	
13-Oct-20	13-Oct-15	Westminster Savings Credit Union Term Deposit	1827	5,000,000.00	
*** CREDIT UNIONS					284,648,916.16

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>951,857,305.34</u>

Appendix III



FINANCIAL ASSISTANCE AWARDS

since 2016 Community Grants were approved

to June 30, 2016

Description	Amount
Community Grants Awarded November 23, 2015	\$ 1,521,125
Community Grants (late grants)	
Neighbourhood Community Dog Park	9,800
Hope Symposium	1,500
Volunteer Cancer Drivers Society	5,000
Spinal Cord Injury BC	1,000
West Coast Kings Field Hockey Society	3,500
VISHWA	500
	\$ 21,300
Neighbourhood Enhancement Grants	
Bark Park Temporary Dog Park	3,000
120th Street Planters	315
Little Free Library Fraser Heights	240
Kingfisher Community Gardens	2,300
Crescent Beach Garden	900
Chinese Traditional Festival	1,000
Park Drive Boulevard Garden	450
Rosemary Heights Block Party	550
Panoramic Picnic in the Park	1,000
Ocean Park Banner Pole Lights	3,000
129A Street Block Party	625
60th Avenue Block Party	450
Whalley's Corner Community Festival	1,000
Fraserview Terrace Block Watch Festival	1,000
PLOT Celebration	1,000
	\$ 16,830
Façade Enhancement Grants	
Ukranian Orthodox Cultural Centre	3,000
Rickshaw Restaurant	1,140
Sprite Computers	1,500
	\$ 5,640
Policing at Community Events	
Gurdwara Dukh Nivaran Sahib Society	9,293
	\$ 9,293
Total Grants issued to June 30, 2016	\$ 1,574,188
Unallocated Grant Funding	
Neighbourhood / Façade Enhancement Program	17,530
Policing at Community Events	45,708
Sports Tourism	50,000
One-time Grants	2,750
	\$ 115,988
Total Grant Funding for 2016	\$ 1,690,175