



TransLink
2016 Business Plan

Operating and Capital Budget



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Caution Regarding Forward-Looking Statements

From time to time, TransLink makes written and/or oral forward looking statements, including in this document, and in other communications, in addition, representatives of TransLink may make forward-looking statements orally to analysts, investors, the media and others.

Forward-looking statements, by their nature, require TransLink to make assumptions and are subject to inherent risk and uncertainties. In light of uncertainty related to financial, economic, and regulatory environments, such risks and uncertainties, many of which are beyond TransLink's control, and the effects of which can be difficult to predict, may cause actual results to differ materially from the expectations expressed in the forward-looking statements.

1. Executive Summary

TransLink is a large, complex organization with a wide-ranging mandate. Of the world's major cities and regions, only Metro Vancouver, London and Paris integrate public transit and road planning under one central authority with its own streams of revenue.

Close to one million people depend on our transit services every day. Our integrated transit system is composed of bus, SeaBus, HandyDART, three rapid transit lines (SkyTrain), and a commuter rail service. It's the largest transit service area in Canada, spanning 23 municipalities/electoral districts/First Nations areas in Metro Vancouver.

One of the largest employers and revenue-generating organizations in British Columbia, TransLink manages approximately \$8.1 billion in assets to move people and goods across a region that plays a vital role in Canada as the Pacific Gateway to overseas markets. When the Evergreen Extension is completed, TransLink will operate the longest fully-automated rapid transit system (80 kms) in the world.

TransLink's operating costs have remained relatively stable over the past several years, and expenditures have averaged below the rate of inflation over the past five years. As we prepare to meet the region's transportation needs of the future, we are moving forward in developing the business cases for major expansion projects, planning investments and incurring one-time costs over and above current operating costs, all to be funded from existing funding sources. Having these business cases prepared, TransLink and the region will be in a position to respond to these expansion opportunities when funding is secured.

The region is expecting to welcome one million new residents over the next 30 years, and with no new sources of funding, we need to find innovative solutions to bring more service to more people with the same resources.

Key priorities for 2016

Our priority is making the system even better for the customers who rely on us every day to get where they need to go. The 2016 Business Plan and Capital Budget identify the following six priorities that will guide the organization going forward.

1. **Safety and Security** – *Continually improve the current record of safe and secure operations.*

The safety and security of customers, staff and our assets remains our primary focus. In 2016, we will continue to implement the recommendations of the 2014 independent review of SkyTrain. We will undertake work to maintain the safety and security of the overall public transit system. Our focus will be on the running rail replacement Expo and Millennium lines; creating an asset management system for the enterprise; creating a safety management system for our buses; and preparing an enterprise-wide safety strategy including enhancing our Emergency, Disaster Recovery and Business Continuity Plan.

2. Improving Customer Service and Experience – Continually improve customer satisfaction and employee engagement ratings.

We run a safe, efficient, reliable, affordable transit system, and our customer satisfaction rating continues to hold steady at 7.6 out of 10. However, we've heard from our customers that we can do better, and they expect us to improve service. We need to improve our efforts to listen to our customers, always asking for feedback and learning about things that matter to them. Then, we can act quickly and improve the customer experience.

In 2016, we will consult with our customers in the development of the new Customer Experience Strategy that aims to improve the experience our customers have with TransLink.

3. Increasing Ridership – Increase annual ridership at or above the annual rate of population growth.

After a multi-year trend of increasing ridership, in 2013 ridership slightly decreased and then remained stable in 2014. We will undertake a comprehensive growth strategy, a mobility pricing plan, and a comprehensive fare policy review with the goal of growing transit ridership.

In the meantime, we will continue to look for opportunities to reallocate the limited resources from routes with low customer demand to those with higher demand. Since 2010, TransLink has reallocated 392,000 bus revenue hours to bring more service to more customers through more than 300 service improvements across Metro Vancouver. More than 52,000 bus revenue hours were shifted in 2014 alone.

The introductory of Compass improves the convenience of our fare products with online purchases and auto load features which makes it easier to use our system every day.

4. Modernizing BCRTC – Achieve and maintain a State of Good Repair.

The performance of our assets, including SkyTrain, affects our ability to deliver reliable service. Key areas of focus are: improving processes, minimizing outages, increasing management capacity, and improving employee engagement.

Resiliency: Some of our SkyTrain systems, facilities and practices are 30 years old. As the organization has aged, the system has become more prone to failure, and in some cases, have reached end-of-life. Implementing a process to replace or maintain assets in a state of good repair will help ensure an effective response to service disruptions.

Evergreen integration: We have developed a system and service integration plan to address customer impacts, including the adjustment of bus service that will be duplicated once the Evergreen Extension is in operation. We will also educate customers on how they can access and benefit from the Evergreen Extension.

5. Building a Performance Measurement Culture – *Demonstrate outcomes delivered for funding provided.*

We provide an essential public service and must manage the expectations of multiple stakeholders to whom we are accountable. We will focus on: measurable outcomes, aligning resources, defining Key Performance Indicators, and tracking our performance on a regular basis.

6. Building Public Trust and Confidence – *Build public trust and confidence in TransLink.*

A good reputation and strong brand helps to increase ridership; attract and retain top talent; and improve customer service, stakeholder engagement and communication with the public at large.

Our efforts to build public trust and confidence will include: increasing stakeholder engagement and public consultation; continuous improvement towards being more open, transparent and accountable; improving the customer experience, including a program of helping customers transition to Compass; and public information to provide factual information about our performance.

2016 Budget: Investing in our system - making it even better for our customers

Over the past five years, TransLink has cut costs and eliminated waste through cost efficiencies by improving procurement practices, reducing operating and maintenance costs, and reducing overtime and labour costs. We've also been innovative in increasing revenue through optimizing bus services and generating non-taxation revenue through Adjacent and Integrated Development projects, park and rides, and leasing agreements. All the while, no new funding was established to maintain existing service or focus on expansion.

In 2016, TransLink will continue to invest in improving the system while sustaining these identified efficiencies. TransLink manages to a funding model required under the *South Coast British Columbia Transportation Authority (SCBTA) Act*. The 2016 budget results in a \$33. 5 million funded deficit as a result of additional investment in making our system better for our customers and investing in studies and design work for new rapid transit projects and a Pattullo Bridge replacement.

Funded revenues are budgeted to increase \$9. 5 million from the 2015 forecast, mainly due to fuel tax, property tax and toll revenues, partially offset by no budgeted gain on disposal for 2016.

Funded expenses are budgeted to increase \$31. 2 million (2.3 per cent) in 2016. The increase is largely reflected by contractual labour increases (\$13. 9 million), increased operating and maintenance costs for Roads and Bridges (\$1. 6 million), increases within the Rail division (\$2. 6 million), network related costs (\$1. 3 million), and increases in contracted services (\$9. 4 million), increases in one-time costs (\$18

million). These expenses are offset by the elimination of lease costs related to the purchase of West Coast Express rail cars (\$13. 2 million) and lower diesel fuel costs (\$1. 7 million).

In addition to working on these key priorities and delivering on our core mandate of safe and reliable day-to-day transportation services, we will continue to work on several major transportation investments to secure federal and provincial funding. The investments include:

Design work for replacing the Pattullo Bridge: We are moving forward with plans to rehabilitate the 78-year-old Pattullo Bridge to keep it functional and safe until a replacement bridge is built. We recognize the need for a new bridge within the next seven-to-ten years, but in the meantime, the revised rehabilitation program and repairs will keep the bridge operational until a replacement is complete.

Business cases for the rapid transit projects: Rapid transit along King George Boulevard, 104th Avenue and Fraser Highway, and along Broadway in Vancouver, is a regional priority. We are collaborating with stakeholders to define the scope and costs of rapid transit in Surrey, Langley and Vancouver. The work we are doing now will help us develop a business case and sets the groundwork to secure senior government funding.

2. 2016 Financial and Operating Summary

CONSOLIDATED REVENUES AND EXPENSES					
Twelve months ending December 31 (\$ thousands)	2014 ACTUAL	2015 Q2 FORECAST	2016 BUDGET	Change	
				Fav/(Unfav)	%
Revenue					
Taxation	744,157	763,146	784,532	21,386	2.8%
Transit	495,609	509,392	508,272	(1,120)	(0.2%)
Transfers from Government	90,291	99,384	282,185	182,801	183.9%
Golden Ears Bridge tolls	41,623	48,633	50,641	2,008	4.1%
Interest Income	34,739	33,114	36,172	3,058	9.2%
Amortization of Deferred Concessionaire Credit	23,273	23,337	23,337	-	-
Miscellaneous	5,576	4,631	3,537	(1,094)	(23.6%)
Sub Total Continuing Operations	1,435,268	1,481,637	1,688,676	207,039	14.0%
Emissions Testing	12,047	-	-	-	-
Gain on Disposal	6,437	9,448	-	(9,448)	(100.0%)
Total Revenue (PSAB)	1,453,752	1,491,085	1,688,676	197,591	13.3%
Revenue Funding Adjustments	(135,322)	(131,135)	(319,256)	(188,121)	(143.5%)
Total Funded Revenue	1,318,430	1,359,950	1,369,420	9,470	0.7%
Expenditures					
Bus Division	633,170	650,601	656,865	(6,264)	(1.0%)
Corporate operations	67,110	78,940	87,674	(8,734)	(11.1%)
Rail Division	255,623	267,287	263,091	4,196	1.6%
Roads & Bridges	83,627	68,707	82,782	(14,075)	(20.5%)
Transit Police	34,334	33,187	33,847	(660)	(2.0%)
Amortization of Capital Assets*	161,472	168,723	181,520	(12,797)	(7.6%)
Interest*	171,094	166,455	168,203	(1,748)	(1.1%)
Sub Total Continuing Operations	1,406,430	1,433,900	1,473,982	(40,082)	(2.8%)
AirCare	15,806	-	-	-	-
Corporate - onetime	4,642	24,494	42,625	(18,131)	(74.0%)
Total Expenditures (PSAB)	1,426,878	1,458,394	1,516,607	(58,213)	(4.0%)
Expenditure Funding Adjustments	(130,956)	(86,661)	(113,677)	27,016	31.2%
Total Funded Expenditures	1,295,922	1,371,733	1,402,930	(31,197)	(2.3%)
Surplus for the period (PSAB)	26,874	32,691	172,069	139,378	426.3%
Net Surplus (Deficit) for Funding Purposes	22,508	(11,783)	(33,510)	(21,727)	(184.4%)
Cumulative Funded Surplus Opening Balance	342,700	365,208	353,425	(11,783)	(3.2%)
Cumulative Funded Surplus Ending Balance	365,208	353,425	319,915	(33,510)	(9.5%)

* shown as a separate line to help facilitate analysis of debt service costs, as GAAP statements allocate these amounts to the various segments

Funded revenues are budgeted to be \$9.5 million higher than 2015 second quarter forecast, mainly due to fuel tax, property tax and toll revenues, partially offset by no budgeted gain on disposal of assets in 2016.

Funded expenditures are budgeted to be \$31.2 million higher in 2016. The increase is largely reflected by contractual labour increases (\$13.9 million), increased operating and maintenance costs for Roads and Bridges (\$1.6 million), increases within the Rail division (\$2.6 million), network related costs (\$1.3 million), and increases in contracted services (\$9.4 million), increases in one-time costs (\$18 million).

These expenses are offset by the elimination of lease costs related to the purchase of West Coast Express rail cars (\$13.2 million) and lower diesel fuel costs (\$1.7 million).

One-time costs for 2016 include Rapid Transit studies, completion of Compass implementation, Evergreen Extension integration, Pattullo Bridge replacement studies, mobility pricing and contingency provision.

FINANCIAL INDICATORS					
as at December 31	2014	2015	2016	Change	
(\$ thousands)	ACTUAL	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Cumulative Funded Surplus ¹	365,208	353,425	319,915	(33,510)	(9.5%)
Gross interest cost as a % of operating revenue ²	13.1%	12.4%	12.3%	0.1%	0.5%
Capital Assets	4,511,992	4,610,533	4,864,333	253,800	5.5%
Net debt ³	(1,933,022)	(1,955,534)	(2,098,388)	(142,854)	(7.3%)
Deferred concessionaire credits and GEB contractor liability ⁴	(1,647,044)	(1,623,245)	(1,598,016)	25,229	1.6%
Total net debt ⁵	(3,580,066)	(3,578,779)	(3,696,404)	(117,625)	(3.3%)

¹ The funded surplus as calculated under the SCBCTA Act represents the amount of resources available to fund future operations.

² Ratio of 12 month results. Operating revenue includes fares, taxation, GEB toll revenue, operating transfers from Provincial government and miscellaneous income.

³ Includes bonds, debentures, capital leases, short-term debt net of sinking funds and debt reserve deposits

⁴ Includes deferred concessionaire credits and GEB contractor liability.

⁵ Net debt + deferred concessionaire credits and GEB contractor liability.

In 2016, the Cumulative Funded Surplus is budgeted to decrease \$33.5 million to \$319.9 million compared to the 2015 second quarter forecast. This is within TransLink's reserve policy of a minimum Funded Cumulative Surplus of 12 per cent of total expenditures.

The gross interest cost as a percentage of operating revenues improves to 12.3 per cent in 2016 (12.4 per cent in 2015) on higher revenues.

Planned capital spending during 2016 will result in a net increase of \$253.8 million (5.5 per cent) in capital assets. Significant projects are Evergreen integration, Compass and the Hamilton Transit Centre.

Net debt increases by \$142.9 million (7.3 per cent) in 2016 to \$2.1 billion due to increased long-term borrowing to finance capital assets, still well within TransLink's debt cap.

Deferred concessionaire credits relating to Canada Line decreases by \$23.3 million and the Golden Ears Bridge (GEB) contractor liability decreases by \$1.9 million.

Operating Indicators

OPERATING INDICATORS					
Twelve months ending December 31	2014	2015	2016	Change	
	ACTUAL	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Scheduled Transit Service					
Overall Performance Rating (out of 10)	7.6	7.6	7.6	-	0.0%
Service Hours	6,256,766	6,284,322	6,360,633	76,311	1.2%
Cost Recovery Ratio	53.4%	53.0%	51.0%	(2.0%)	(3.8%)
Operating Cost per Capacity Km *	\$0.082	\$0.084	\$0.085	(\$0.001)	1.2%
Complaints per million Boarded Passengers	89.3	91.0	90.7	0.3	(0.3%)
Access Transit Service					
Number of Trips	1,168,861	1,193,268	1,202,000	8,732	0.7%
Operating Cost per Trip	\$40.30	\$40.44	\$40.52	(\$0.08)	0.2%
Number of Trips Denied	16,869	1,504	1,500	4	(0.3%)
Operator complaints as a percentage of trips **	n/a	0.03%	0.05%	(0.02%)	66.7%
Service complaints as a percentage of trips **	n/a	0.08%	0.09%	(0.01%)	12.5%
Golden Ears Bridge					
Crossings (millions)	11.7	12.6	12.7	0.1	0.8%
Average Toll per Crossing	\$3.56	\$3.85	\$3.97	\$0.12	3.1%
Ridership (thousands)					
Boarded passengers	356,930	357,018	360,660	3,642	1.0%
Revenue passengers	234,625	233,924	237,942	4,018	1.7%
Average fare per revenue passenger	\$2.05	2.10	2.06	(0.04)	(1.9%)

* includes Bus, Rail, and Police Operating Costs

** new measures for 2015, not available in 2014

Conventional System

Service hours provided will increase by 76,311 (1.2 per cent) in 2016 compared to the 2015 forecast due to 2016 being a leap year, which adds one day of service, and the annualization of service added in late 2015.

Cost recovery in 2016 is expected to be slightly lower than the 2015 forecast due to slightly lower transit revenues, due to the migration to Compass and discounted fares being more readily available, coupled with increased operating costs.

Operating cost per capacity kilometre is expected to increase 1.2 per cent over the 2015 forecast.

Complaints per million boarded passengers for 2016 are targeted to be slightly lower than the 2015 forecast.

Access Transit

An additional 8,732 trips are projected in 2016 compared to 2015 – an increase of 0.7 per cent – largely due to an increase in the use of taxis and efforts to improve HandyDART service productivity.

Operating costs per Access Transit trip is budgeted to slightly increase by \$0.08 per trip (0.2 per cent).

The 2016 number of trips denied is expected to remain at current levels.

Golden Ears Bridge

Crossings for the Golden Ears Bridge (GEB) are expected to increase in 2016 by approximately 100,000 (0.8 per cent). The average toll per crossing includes an annual inflationary rate increase as well as an increase from additional unregistered vehicle crossings.

Transit Ridership

Revenue passengers are expected to grow by 4 million (1.7 per cent) in 2016 compared to the 2015 forecast as a result of population growth, network productivity, demographic changes and the introduction of Compass.

The average fare per revenue passenger is expected to decrease from the 2015 forecast by approximately 1.9 per cent from \$2.10 to \$2.06. The reason for this decline is the expectation that customers will utilize more discounted products. There have been no cash and fare product rate increases since 2013, with the exception of a contractual increase for U-Pass BC.

Key Drivers

The following table highlights the primary drivers of change between the 2016 budget and the 2015 forecast:

Key Drivers (\$ millions)	2014 ACTUAL	2015 Q2 FORECAST	2016 BUDGET	Change Fav/(Unfav)	Drivers
Revenues					
Transit	495.6	509.4	508.3	(1.1)	<ul style="list-style-type: none"> growth in ridership of 1.7 per cent average fare per revenue passenger decreased by 1.9%
Golden Ears Bridge Tolls	41.6	48.6	50.6	2.0	<ul style="list-style-type: none"> growth in crossings of 0.8 per cent increase in the average toll rate in 2016 from 2015 forecast is 3.1 per cent inflationary rate increase in July 2016
Taxation	744.2	763.1	784.5	21.4	<ul style="list-style-type: none"> property tax revenue increase of 3 per cent fuel tax revenues higher based on 2015 consumption trends to continue into 2016 parking rights tax increase by 2.7 per cent
Transfers from Government	90.3	99.4	282.2	182.8	<ul style="list-style-type: none"> new funding agreement requiring revenue to be recognized when eligible costs are incurred varies with timing of capital projects
Interest Income	34.7	33.1	36.2	3.1	<ul style="list-style-type: none"> higher sinking fund balances
Emissions Testing	12.0	-	-	-	<ul style="list-style-type: none"> AirCare program eliminated at end of 2014
Gain on Disposal	6.4	9.4	-	(9.4)	<ul style="list-style-type: none"> no gains on disposal expected in 2016
Expenditures before debt service costs					
AirCare	15.8	-	-	-	<ul style="list-style-type: none"> AirCare program for testing of light cars and trucks eliminated at end of 2014
Roads & Bridges	83.6	68.7	82.8	(14.1)	<ul style="list-style-type: none"> timing of capital projects undertaken by municipalities
Transit (Bus & Rail Division)	888.8	917.9	920.0	(2.1)	<ul style="list-style-type: none"> labour - contractual increases fuel and insurance - price and rate increases costs related to opening Hamilton Transit Centre in Sept/16 WCE rail stock lease costs end in March/16 materials and contract services - inflation increased staff and maintenance to improve reliability and resiliency of SkyTrain
Transit Police	34.3	33.2	33.8	(0.6)	<ul style="list-style-type: none"> labour - contractual increases
Corporate operations	67.1	78.9	87.7	(8.7)	<ul style="list-style-type: none"> Compass card implementation increased feasibility studies
Corporate onetime	4.6	24.5	42.6	(18.1)	<ul style="list-style-type: none"> contingency provision of one percent of operating expenditures Evergreen integration Rapid Transit Studies Pattullo Bridge replacement studies Mobility pricing
Debt service costs					
Amortization	161.5	168.7	181.5	(12.8)	<ul style="list-style-type: none"> several projects reaching completion during 2016 and being capitalized to fixed assets lower rates from refinancing activity
Interest	171.1	166.5	168.2	(1.7)	<ul style="list-style-type: none"> higher outstanding gross debt to fund capital spending

Assumptions and Sensitivity Analysis

The following table highlights the financial impact of changes in key assumptions used to develop the 2016 budget:

ASSUMPTIONS			SENSITIVITIES		
		RATE / VOLUME	Change	Impact (\$ millions)	
Revenue					
Regional Fuel Consumption	millions of litres	2,120	1 per cent +/-	3.6	
Ridership	millions of revenue passengers	237.9	1 per cent +/-	4.9	
Golden Ears Bridge Crossings	millions of crossings	12.7	1 per cent +/-	0.5	
Expense					
Diesel cost	dollars per litre	1.17	\$0.10 +/-	4.4	
Operational Diesel Use	millions of litres	43.81	1 per cent +/-	0.5	
Interest rate	Short term	1.6%	0.5 per cent +/-	0.002	
	Long term	4.0%	0.5 per cent +/-	0.8	
Inflation	General	0.0%	0.5 per cent +/-	0.3	
	Materials	1.9%	0.5 per cent +/-	0.3	
	Electricity	4.0%	0.5 per cent +/-	0.1	
Collective Agreements	Unifor	0.0%	1 per cent +	2.8	
	COPE	0.0%	1 per cent +	0.4	
	CUPE	0.0%	1 per cent +	0.8	
	TPPA	0.0%	1 per cent +	0.2	

3. Consolidated Statement of Operations Analysis

Consolidated Revenues

2016 Budget and 2015/2014 Comparatives

CONSOLIDATED REVENUES					
Twelve months ending December 31 (\$ thousands)	2014 ACTUAL	2015 Q2 FORECAST	2016 BUDGET	Change	
				Fav/(Unfav)	%
Taxation	744,157	763,146	784,532	21,386	2.8%
Transit	495,609	509,392	508,272	(1,120)	(0.2%)
Transfers from Government	90,291	99,384	282,185	182,801	183.9%
Golden Ears Bridge tolls	41,623	48,633	50,641	2,008	4.1%
Interest Income	34,739	33,114	36,172	3,058	9.2%
Amortization of Deferred Concessionaire Credit	23,273	23,337	23,337	-	0.0%
Miscellaneous	5,576	4,631	3,537	(1,094)	(23.6%)
Revenue Before Gain/(Loss) on Disposals	1,435,268	1,481,637	1,688,676	207,039	14.0%
Emissions Testing	12,047	-	-	-	0.0%
Gain on Disposal	6,437	9,448	-	(9,448)	(100.0%)
Total Revenue (PSAB)	1,453,752	1,491,085	1,688,676	197,591	13.3%
Funding Adjustments					
Remove effect of Aircare	(12,047)	-	-	-	0.0%
Transfers from Government	(70,259)	(78,680)	(262,959)	(184,279)	(234.2%)
Interest Income	(29,743)	(29,118)	(32,960)	(3,842)	(13.2%)
Amortization of Deferred Concessionaire Credit	(23,273)	(23,337)	(23,337)	-	0.0%
Total Funding Adjustments	(135,322)	(131,135)	(319,256)	(188,121)	(143.5%)
Total Funded Revenue	1,318,430	1,359,950	1,369,420	9,470	0.7%

Overview

TransLink receives its revenue mainly through taxation, user fees and government transfers. Total consolidated revenues for 2016 are expected to be \$1.4 billion on a funded basis, an increase of \$9.5 million over the 2015 forecast. This increase is mainly due to fuel tax, property tax, and toll revenues, partially offset by no budgeted gain on disposal of assets in 2016.

Taxation

TAXATION REVENUES					
Twelve months ending December 31 (\$ thousands)	2014 ACTUAL	2015 Q2 FORECAST	2016 BUDGET	Change	
				Fav/(Unfav)	%
Fuel	340,104	350,000	360,388	10,388	3.0%
Property & Replacement	324,510	332,094	341,517	9,423	2.8%
Parking Rights	59,971	60,978	62,651	1,673	2.7%
Hydro Levy	19,572	20,074	19,976	(98)	(0.5%)
Total Taxation	744,157	763,146	784,532	21,386	2.8%

Taxation Revenues account for 57 per cent of the Total Funded Revenue, with the majority coming from fuel and property taxation.

Fuel tax revenues for 2016 are estimated to increase \$10.4 million (3.0 per cent) to \$360.4 million, building on the strong consumption trend realized in 2015. Consistent with information from third-party retail sources, increases in vehicle purchases and Vehicle Kilometres Travelled (VKT), as well as the current fuel price at retailers are expected to support the higher sales volumes into 2016.

Property tax revenues include an allowable three per cent increase in property tax revenue as permitted in the South Coast British Columbia Transportation Authority (SCBCTA) Act. The property replacement tax component remains at \$18 million.

Parking Rights taxation revenue for 2016 is budgeted to increase \$1.7 million over the 2015 forecast, reflecting increased Vehicle Kilometres Travelled (VKT) within the Metro Vancouver region.

Hydro Levy remains relatively constant year-over-year.

Risks and Challenges

Total fuel tax volumes are unpredictable, as suppliers have up to 48 months to recover tax paid on exempt volumes or fuel resold outside the transit region. Market change in the price of crude oil, the USD/CAD exchange rate and the cost of transportation can also impact the amount of Fuel Tax collected and remitted to TransLink.

Transit

TRANSIT REVENUES					
Twelve months ending December 31 (\$ thousands)	2014 ACTUAL	2015 Q2 FORECAST	2016 BUDGET	Change	
				Fav/(Unfav)	%
Fares	378,229	386,665	382,864	(3,801)	(1.0%)
Programs	100,813	104,587	107,406	2,819	2.7%
Total Fare Revenue	479,042	491,252	490,270	(982)	(0.2%)
Other	16,567	18,140	18,002	(138)	(0.8%)
Total Transit	495,609	509,392	508,272	(1,120)	(0.2%)

Transit Revenue makes up 37 per cent of Total Funded Revenue. Fare revenue consists of cash fares, discounted Stored Value purchases, as well as Day and Monthly Pass products. Program revenue includes Government of BC Bus Pass and U-Pass BC revenue. Other transit revenue includes advertising, rental, parking lot fees, fare infraction and retail. Total transit revenue is expected to decrease by \$1.1 million (0.2 per cent) from the 2015 forecast. The decrease is due to an expected increase in utilization of discounted products, slightly offset by expected increases in ridership, contracted U-Pass BC student rate increases and additional revenue from reduced fare evasion.

Other Transit Revenue is expected to remain relatively constant.

Risks and Challenges

Transit fare revenue risks include achieving ridership targets and customer behaviour for purchase of various fare products.

Transfers from Government

Transfers from government include funds received from Federal Gas Tax, Canada Line Funding, Build Canada Fund, Public Transit Fund, and other miscellaneous programs. The total revenue from these funds is expected to increase \$182.8 million (183.9 per cent). This increase is mainly due to a required change in accounting treatment related to a new agreement with the Union of British Columbia Municipalities (UBCM) for Federal Gas Tax Funds signed in August 2015. Generally accepted accounting principles for Public Sector require that the funds received must now be recorded as revenue at the time the funds are spent. Previously, the contract required the assets to be held for at least ten years and the funds received were then recorded as revenue over that ten year period.

Golden Ears Bridge Tolls

TransLink receives tolling revenue from vehicles crossing the Golden Ears Bridge (GEB). Tolling revenues for 2016 are budgeted to increase \$2 million (4.1 per cent) over the 2015 forecast due to a general inflation rate increase of 1.9 per cent effective July 2016 and a slight increase in the number of vehicle crossings (0.8 per cent) which is conservative yet consistent with the overall increase in the Vehicle Kilometres Traveled (VKT) within the Metro Vancouver region.

Interest Income

The higher interest income is mostly due to higher sinking fund balances.

Miscellaneous Income

Miscellaneous income is lower as a result of anticipated reduced activity related to Adjacent and Integrated Development (AID) projects.

Funding Adjustments

Funding adjustments are the changes required to the income statement to calculate the cumulative funded surplus under the South Coast British Columbia Transportation Authority (SCBCTA) Act. The cumulative funded surplus is defined as the amount of resources available to fund future operations. The funding adjustments for revenue reflect: all senior government contributions for capital assets and the amortization associated with those assets, interest income from sinking fund balances, and amortization of Deferred Concessionaire Credit.

Consolidated Expenses by Segment

2016 Budget and 2015/2014 Comparatives

CONSOLIDATED EXPENSES BY SEGMENT					
Twelve months ending December 31 (\$ thousands)	2014 ACTUAL	2015 Q2 FORECAST	2016 BUDGET	Change	
				Fav/(Unfav)	%
Bus Division	633,170	650,601	656,865	(6,264)	(1.0%)
Corporate	67,110	78,940	87,674	(8,734)	(11.1%)
Rail Division	255,623	267,287	263,091	4,196	1.6%
Roads & Bridges	83,627	68,707	82,782	(14,075)	(20.5%)
Transit Police	34,334	33,187	33,847	(660)	(2.0%)
Amortization of Capital Assets*	161,472	168,723	181,520	(12,797)	(7.6%)
Interest*	171,094	166,455	168,203	(1,748)	(1.1%)
Sub Total Continuing Operations	1,406,430	1,433,900	1,473,982	(40,082)	(2.8%)
AirCare	15,806	-	-	-	0.0%
Corporate - onetime	4,642	24,494	42,625	(18,131)	(74.0%)
Total Expenses by Segment (PSAB)	1,426,878	1,458,394	1,516,607	(58,213)	(4.0%)
Funding Adjustments					
Remove effect of AirCare	(15,806)	-	-	-	0.0%
Capital Funding to Municipalities	(43,953)	(26,072)	(38,556)	12,484	47.9%
Corporate Other	(929)	(78)	-	(78)	(100.0%)
Depreciation	(153,649)	(155,696)	(172,499)	16,803	10.8%
Debt service costs	83,381	95,185	97,378	(2,193)	(2.3%)
Total Funding Adjustments	(130,956)	(86,661)	(113,677)	27,016	31.2%
Total Funded Expenses	1,295,922	1,371,733	1,402,930	(31,197)	(2.3%)

* shown as a separate line to help facilitate analysis of debt service costs, as GAAP statements allocate these amounts to the various segments

Overview

TransLink is responsible for delivering transit services, owns and operates five bridges, and provides operating and capital funding for the Major Road Network (MRN) and cycling in Metro Vancouver. Total funded expenditures for 2016 are budgeted at \$1.4 billion, an increase of \$31.2 million (2.3 per cent), over the 2015 forecast.

Bus Division

The Bus division's budget is \$656.9 million, up \$6.3 million (1.0 per cent) from the 2015 forecast resulting from contractual labour and employee benefit increases (\$2.8 million), additional labour costs related to the opening of the new Hamilton Transit Centre in September and an extra working day for the leap year in 2016 (\$1.5 million), additional administration, computers systems and licence costs (\$1.9 million) higher fare media costs (\$559 thousand), and contractual increase in contracted services (\$1.1 million) offset by savings from Compressed Natural Gas (CNG) replacement vehicles at the new Hamilton Transit Centre (\$700 thousand) in 2016.

Corporate Operations

Corporate Operations costs are budgeted to increase \$8.7 million (11.1 per cent) from the 2015 forecast mainly due to a full year of Compass Operations (\$5 million) and feasibility studies related to upgrades and modernization of existing systems (\$2.4 million). Excluding these items, Corporate Operations are budgeted to increase \$1.3 million (1.7 per cent).

Rail Division

Rail Division 2016 operating budget of \$263.1 million is \$4.2 million (1.6 per cent) lower than the 2015 forecast. The decrease is largely due to lower lease payments due to the purchase of West Coast Express rail cars (\$13.2 million) and a reduction in Ticket Vending Machine (TVM) costs (\$1.7 million) associated with the implementation of fare gates offset by: annualization of compensation (\$2.6 million), benefit rate increases (\$500 thousand), the introduction of both additional SkyTrain Attendants (\$1.3 million) and the maintenance response team (\$600 thousand), inflationary increase in Canada Line performance payments (\$1.8 million), hydro rate increases and tools and training to support staff (\$600 thousand), increased fare media (\$439 thousand), as well as additional operating costs to invest in state of good repair (\$2.2 million).

Roads and Bridges

Total expenditures for Roads and Bridges in 2016 are expected to be \$14.1 million (20.5 per cent) higher than the 2015 forecast. The increase is almost entirely attributable to timing of the capital infrastructure contributions to municipalities for the Major Road Network (MRN). Municipalities have a four-year period to use the funds. Annual funding allocated to municipalities for rehabilitation of the Major Road Network (MRN) remains unchanged; however, the timing of expenditures varies from year to year. There is also an increase of \$1 million in payments to the tolling contractor for Golden Ears Bridge (GEB) due to a volume increase in crossings.

Transit Police

Transit Police budget is expected to increase \$660 thousand (2 per cent) over the 2015 forecast. The increase is largely due to labour contractual increases.

Amortization and Interest

Interest expense is budgeted to be up \$1.7 million (1.1 per cent) from the 2015 forecast, due to higher outstanding gross debt to fund capital projects, partly offset by lower rates from refinancing activity.

Amortization is budgeted to be \$12.8 million (7.6 per cent) higher than the 2015 forecast as a result of several projects reaching completion, and therefore being capitalized to fixed assets, including Evergreen Extension, Hamilton Transit Centre, Compass Card and Fare Gate project, and Expo Line Power Propulsion upgrades.

AirCare

In accordance with the Provincial government's May 2012 announcement, the AirCare program for testing of cars and light trucks was eliminated at the end of 2014.

Corporate One Time

One-time costs in the 2016 budget are \$42.6 million, consisting of Rapid Transit Studies (\$12.3 million), Evergreen Extension start-up costs (\$4.1 million), Pattullo Bridge replacement studies (\$6 million), Compass and Fare Gate project start-up costs (\$7.8 million), mobility pricing (\$0.9 million) and contingency provision per TransLink's policy (\$11.3 million).

Risks and Challenges

The launch of Compass during 2015 and its full rollout by the end of the first quarter of 2016 is a significant milestone and has its own risks and operational challenges, including system and network reliability and customers' adaptability to the new fare system. Completion of the Hamilton Transit Centre in September 2016, Evergreen Extension projects and major initiatives will consume employee and financial resources and have a significant impact on TransLink's operations beyond the 2016 calendar year.

Consolidated Expenses by Category

2016 Budget and 2015/2014 Comparatives by expense category

CONSOLIDATED EXPENSES BY CATEGORY					
Twelve months ending December 31 (\$ thousands)	2014 ACTUAL	2015 Q2 FORECAST	2016 BUDGET	Change	
				Fav/(Unfav)	%
Administration	27,761	33,916	35,489	(1,573)	(4.6%)
Amortization of Capital Assets	161,472	168,723	181,520	(12,797)	(7.6%)
Capital Infrastructure contributions	43,953	26,072	38,556	(12,484)	(47.9%)
Contracted Services	197,796	203,991	213,409	(9,418)	(4.6%)
Fuel and Power	70,216	67,696	66,043	1,653	2.4%
Insurance	18,724	19,418	19,261	157	0.8%
Interest	171,095	166,455	168,203	(1,748)	(1.1%)
Maintenance, Materials and Utilities	113,147	119,602	122,218	(2,616)	(2.2%)
Professional and Legal	12,027	19,332	18,663	669	3.5%
Rentals, Leases and Property Tax	40,006	40,911	28,975	11,936	29.2%
Salaries, Wages and Benefits	550,233	567,784	581,645	(13,861)	(2.4%)
Sub Total Continuing Operations	1,406,430	1,433,900	1,473,982	(40,082)	(2.8%)
AirCare	15,806	-	-	-	0.0%
Corporate - onetime	4,642	24,494	42,625	(18,131)	(74.0%)
Total Expenses by Category (PSAB)	1,426,878	1,458,394	1,516,607	(58,213)	(4.0%)
Funding Adjustments					
Remove effect of Aircare	(15,806)	-	-	-	0.0%
Capital Funding to Municipalities	(43,953)	(26,072)	(38,556)	12,484	47.9%
Corporate Other	(929)	(78)	-	(78)	(100.0%)
Depreciation	(153,649)	(155,696)	(172,499)	16,803	10.8%
Debt service costs	83,381	95,185	97,378	(2,193)	(2.3%)
Total Funding Adjustments	(130,956)	(86,661)	(113,677)	27,016	31.2%
Total Funded Expenses	1,295,922	1,371,733	1,402,930	(31,197)	(2.3%)

Administration

Administration costs are budgeted to be \$1.6 million higher than the 2015 forecast. The increase reflects \$800 thousand for fare media and \$1.3 million for increases mainly in computer systems and new software and licences, increases in training for the Rail Division of \$972 thousand, partially offset by lower credit card fees and Compass marketing costs.

Amortization of Capital Assets

Amortization is budgeted to be \$12.8 million (7.6 per cent) higher than the 2015 forecast as a result of several projects reaching completion in 2015, and therefore being capitalized to fixed assets, specifically Evergreen Extension, Hamilton Transit Centre, Compass and Fare Gates project, and Expo Line Power Propulsion upgrades.

Capital Infrastructure Contributions

Capital infrastructure contributions to Municipalities are budgeted to be \$12.5 million (47.9 per cent) higher in 2016. The increase in spending is directly attributable to municipal capital spending projects. The timing of expenditures varies from year to year as municipalities have a four-year window to use the funds.

Contracted Services

Spending on contracted services in 2016 is budgeted to be \$9.4 million (4.6 per cent) more than 2015. The main increase is a combination of \$5 million related to the Compass Card program and \$1.8 million related to the inflation rate applied to the Canada Line performance payments, and additional costs paid to Canada Line for Compass (\$350 thousand). Bus Division contracted services is budgeted to be \$1.2 million (4.6 per cent) more than 2015, mainly due to taxi supplement and contract operator labour.

Fuel and Power

Fuel costs are budgeted to decrease \$1.7 million (2.4 per cent) in 2016 from the 2015 forecast due to diesel prices and savings from Compressed Natural Gas (CNG) replacement vehicles.

Interest

Interest expense is budgeted to be higher by \$1.7 million (1.1 per cent) from the 2015 forecast due to higher outstanding gross debt to fund capital projects, partly offset by lower rates from refinancing activity.

Maintenance, Materials and Utilities

Maintenance, materials and utilities are budgeted to be up \$2.6 million (2.2 per cent) from the 2015 forecast. This is mainly due to Roads and Bridges operating and maintenance spending (\$1.6 million). Rail Division increases are a result of additional tools to support staff (\$443 thousand) and additional state of good repair costs (\$1.2 million), partially offset by the elimination of Ticket Vending Machine (TVM) maintenance costs (\$1.7 million).

Professional and Legal

Professional and legal fees are budgeted to decrease \$669 thousand (3.5 per cent) from the 2015 forecast. This is largely due to a reduction in Roads and Bridges studies (\$1.5 million) and activities within the Rail and Bus Divisions (\$1.4 million), offset by increased feasibility studies (\$2.3 million) related to future capital projects.

Rentals, Leases and Property Tax

Rentals, leases and property tax costs are budgeted to decrease by \$11.9 million (29.2 per cent) compared to the 2015 forecast mainly due to the operating lease buyout of 28 West Coast Express rail cars. This decrease was partially offset by expected increases in property taxes.

Salaries, Wages and Benefits

Salaries, wages and benefits are budgeted to increase \$13.9 million (2.4 per cent) from the 2015 forecast.

The increase is due to contractual labour and employee benefits, additional costs related to the opening of the Hamilton Transit Centre in September, an extra working day as 2016 is a leap year, annualization of staff increases in 2015 from implementing recommendations in the independent review of SkyTrain, and planned initiatives in 2016 to further invest in ensuring safety and security and keeping our system in a state of good repair. There are no economic salary increases for exempt employees.

AirCare

The AirCare program was eliminated at the end of 2014.

Funding Adjustments

Funding adjustments are the changes required to the income statement to calculate the cumulative funded surplus under the South Coast British Columbia Transportation Authority (SCBCTA) Act. The cumulative funded surplus is defined as the amount of resources available to fund future operations.

The funding adjustments for expenses reflect the inclusion of the interest expense and principal repayments for the Golden Ears Bridge (GEB), in accordance with the Public-Private Partnership agreement with the contractor. In addition, an adjustment is required to remove capital funding to municipalities since these payments are a flow-through cost related to assets of which TransLink does not have ownership.

4. Investment in Capital Assets

Summary of Capital, by Program (\$ thousands)	2016 Capital Cash Flow			Total Project Budget		
	Gross Cost	Less: Funding *	Net Cost	Gross Cost	Less: Funding *	Net Cost
2016 New Capital Program						
Equipment	2,438	(1,291)	1,147	21,580	(11,124)	10,456
Facilities	100	0	100	100	0	100
Infrastructure	40,277	(3,942)	36,335	91,988	(9,175)	82,813
Technology	5,642	0	5,642	8,085	0	8,085
Vehicles - Revenue	14	(26)	(11)	102,400	(83,500)	18,900
Vehicles - Non Revenue	1,670	0	1,670	2,486	0	2,486
Major Construction	0	0	0	0	0	0
Subtotal	50,140	(5,259)	44,881	226,639	(103,799)	122,840
Active/Approved in Principle (AIP) Capital Programs						
Equipment	8,696	(1,465)	7,231	22,380	(4,500)	17,880
Facilities	64,386	(39,349)	25,037	190,205	(91,087)	99,118
Infrastructure	156,092	(78,177)	77,915	782,810	(262,185)	520,625
Technology	11,742	0	11,742	41,475	0	41,475
Vehicles - Revenue	151,751	(130,629)	21,122	737,586	(519,285)	218,301
Vehicles - Non Revenue	1,613	0	1,613	4,393	0	4,393
Major Construction	46,864	0	46,864	407,467	(265)	407,202
Subtotal	441,145	(249,620)	191,525	2,186,316	(877,322)	1,308,994
Total Capital						
Equipment	11,134	(2,756)	8,378	43,960	(15,624)	28,336
Facilities	64,486	(39,349)	25,137	190,305	(91,087)	99,218
Infrastructure	196,369	(82,119)	114,250	874,798	(271,360)	603,438
Technology	17,384	0	17,384	49,560	0	49,560
Vehicles - Revenue	151,766	(130,655)	21,111	839,986	(602,785)	237,201
Vehicles - Non Revenue	3,283	0	3,283	6,879	0	6,879
Major Construction	46,864	0	46,864	407,467	(265)	407,202
Capital Program Total	491,285	(254,879)	236,406	2,412,955	(981,121)	1,431,834
Capital Infrastructure Contributions						
2016 New Program	14,234	0	14,234	23,784	0	23,784
Active and Approved in Principle	24,322	0	24,322	207,317	0	207,317
Total Capital Infrastructure Contributions	38,556	0	38,556	231,101	0	231,101
ALL PROJECTS	529,841	(254,879)	274,962	2,644,056	(981,121)	1,662,935

* The funding sources include Federal Gas Tax, Build Canada Fund, Public Transit Fund

Overview

TransLink's current mandate is to maintain existing service levels and ensure assets are in a state of good repair. TransLink's capital program ensures assets provide the most efficient and effective infrastructure required to serve its customers and stakeholders. Capital projects are planned through an integrated enterprise system where bus, rail and corporate initiatives are evaluated against long-term goals and corporate strategies.

The table above highlights capital projects grouped into asset categories and includes capital infrastructure contributions for which TransLink is authorized and mandated to address regional Major Road Network (MRN) needs. The budget for the 2016 new capital program is \$226.6 million. The

projected 2016 cash flow for all projects is \$529. 8 million, which is made up of \$50. 1 million for the 2016 New Capital Program, \$441. 1 million for existing capital programs and \$38. 6 million for Capital Infrastructure Contributions. The net cash impact to 2016 after senior government funding is \$275. 0 million.

Funding projections include \$17. 3 million from Year-10 Gas Tax funding, which has not yet been approved, for 2015 and 2016 HandyDART and Community Shuttle purchases. If the funding is not approved, projects will be delayed and result in higher maintenance costs on existing fleet or the need to divert capital funding from other projects to replace the vehicles is required.

2016 New Capital Program

The 2016 New Capital Program is focused on maintaining existing service levels and keeping the system in a state of good repair with some minor upgrades. This focus remains unchanged until a new, sustainable funding source is identified. TransLink's 2016 capital budget is \$226. 6 million. Anticipated senior government contributions total \$103. 8 million. The net capital spending for this program is forecast to be \$122. 8 million, including \$29. 4 million to improve resiliency on the SkyTrain following the recommendations of the 2014 independent review.

Unallocated Funds for Capital Projects

Within the 2016 New Capital Program are funds for projects that require additional development to properly define the associated budget, scope, schedule and any risks before going forward as Approved in Principle. These projects are categorized as either general infrastructure-related projects (\$28. 5 million) or projects related to the independent review of SkyTrain (\$29. 4 million).

The following table provides summary information on projects with a project budget greater than two million for each category.

2016 New Capital Program Projects (based on total project budget) (in \$ 000)		2016 Capital Cash Flow			Total Project Budget		
Project Name	Description	Gross Cost	Less Funding	TransLink Net Cost	Gross Cost	Less Funding	TransLink Net Cost
Equipment							
ATC Existing Equipment Replacement - Phase 3	Replace ATC equipment to improve system reliability and maintain state of good repair	1,422	(1,291)	131	12,400	(11,124)	1,276
Golden Ears Bridge Tolling Equipment Replacement	Replace roadside technology and back office systems due to obsolescence and end of service life	46	0	46	5,000	0	5,000
Rotary Grinder 1	Replace Rotary Grinder 1 that has reached end of service life	687	0	687	3,750	0	3,750
Other	One (1) other project in this asset category	283	0	283	430	0	430
Facilities							
Other	One (1) other project in this asset category	100	0	100	100	0	100
Infrastructure							
Surrey Central SkyTrain Station Upgrades	Upgrade SkyTrain station facilities to increase capacity	6,037	(3,447)	2,590	17,550	(8,675)	8,875
Phase III Expo Line Rail Pad Replacement	Replace rail pads that have reached the end of service life	1,128	0	1,128	4,400	0	4,400
Expo Line Station Escalators - Stage 2	Replace Expo Line station escalators identified as Stage 2 that have reached end of service life	139	0	139	3,971	0	3,971
Expo Line Phase 1 Running Rail 2017	Replace running rail that have reached the end of service life	357	0	357	3,670	0	3,670
2016 Unallocated Funds for Projects	Budget envelope to fund project requests	14,260	0	14,260	28,520	0	28,520
2016 Unallocated Funds for McNeil Program	Budget envelope to fund McNeil identified projects	14,700	0	14,700	29,400	0	29,400
Other	Five (5) other projects in this asset category	3,655	(495)	3,160	4,477	(500)	3,977
Technology Applications							
IT Infrastructure Program 2016	Ongoing computer systems and infrastructure lease renewals and replacement	3,838	0	3,838	5,000	0	5,000
Other	Four (4) projects in this asset category	1,804	0	1,804	3,085	0	3,085
Vehicles Conventional Revenue							
2017 Conventional Bus Replacement	Replace 52 articulated buses and 54 standard buses reaching end of useful service life in fall 2017	0	0	0	92,700	(75,000)	17,700
2017 HandyDART Vehicle Replacement	Replace 35 HandyDART buses expected to reach end of useful lives by 2017	14	(26)	(12)	5,600	(5,000)	600
2017 Community Shuttle Replacement	Replace 20 Community Shuttles that reached end of useful service life in fall 2017	0	0	0	4,100	(3,500)	600
Vehicles Non-Revenue							
Other	Six (6) projects in this asset category	1,670	0	1,670	2,486	0	2,486
Total Capital Program		50,140	(5,259)	44,881	226,639	(103,799)	122,840

Active and Approval in Principle (AIP) Projects Underway

Capital projects already approved and underway have a total budget of \$2.2 billion. Anticipated senior government contributions total \$877.3 million, leaving the net cost forecast to be \$1.3 billion. Spending in 2016 on these projects is forecast at \$441.1 million with senior government funding of \$249.6 million for net spending of \$191.5 million. Nine projects comprise two-thirds of the spending in 2016: conventional bus replacements and buyout of West Coast Express (WCE) leased rail cars (\$125 million); three station upgrades (\$70 million), Hamilton Transit Centre (\$53 million), Evergreen Extension (\$42 million), and the Compass Card and Fare Gate project (\$27 million). The table below highlights specific projects with 2016 project cash flows greater than one million in 2016.

Active / Approved in Principle (AIP) Capital Projects (based on remaining gross cashflows in 2016-2018) (\$ thousands)		2016 Capital Cash Flow			Total Project Budget		
Project Name	Description	Gross Cost	Less Funding	TransLink Net Cost	Gross Cost	Less Funding	TransLink Net Cost
Equipment							
Expo Line SCADA RTU Replacement	Replacement of sixteen (16) Supervisory Control and Data Acquisition (SCADA) Remote Terminal Units (RTU) at the Expo Line Propulsion Power Substations (PPS) including supply and installation of associated marshalling panels, cables/wires and communications equipment.	2,433	0	2,433	3,400	0	3,400
ATC Existing Equipment Replacement - Phase 2	Replace ATC equipment to improve system reliability and maintain state of good repair.	2,043	(1,465)	577	5,100	(4,500)	600
AARU Controller Replacement	Replace four (4) Automatically Assured Resistivity Unit (AARU) units this year.	1,903	0	1,903	1,955	0	1,955
Access Transit - Replace Mobile Data Terminals in HandyDART Vehicles	Replace Mobile Data Terminals (MDT) on HandyDART vehicles due to end of life technology.	1,110	0	1,110	1,200	0	1,200
Other	Fifteen (15) other projects in this asset category	1,208	0	1,208	10,725	0	10,725
Facilities							
Hamilton Transit Centre Preliminary and Detailed Design	Design and construction of a new transit centre in the Hamilton area of Richmond.	52,846	(39,349)	13,497	135,367	(84,978)	50,389
Seismic Upgrade South Seabus and Skywalk - Construction	Upgrade of the South SeaBus Terminal structures to withstand a 1 in 475 year earthquake event.	6,000	0	6,000	6,000	0	6,000
Brentwood Station South Elevator Facility	Design and construction a new elevator, canopy and stairwell facility on the south side of the Brentwood Millennium Line SkyTrain Station.	1,147	0	1,147	2,110	0	2,110
STC Roof and Envelope Replacement 2015	Replacement of the roof and envelope systems at the Surrey Transit Center (STC) administration building.	1,337	0	1,337	1,390	0	1,390
KB-Expo Line Escalator Replacement - Stage 1	Replacement of 6 Expo Line escalators and is Stage 1 of a multi stage replacement program to replace 32 Expo Line escalators.	1,156	0	1,156	2,328	0	2,328
Other	Twelve (12) other projects in this asset category.	1,901	0	1,901	43,010	(6,109)	36,901
Infrastructure							
Canada Line Bus Loops	Design, tendering and construction of bus loops at the Marine Drive, Bridgeport and Richmond Brighthouse Canada Line stations.	2,655	0	2,655	11,668	0	11,668
Compass and Faregate - Phase 3	Design and construction of system wide Compass Card and Faregate infrastructure and supporting ancillary facilities.	27,189	(17,651)	9,538	194,200	(99,072)	95,128
EXPO Line Propulsion Power Upgrade	Design, supply and install transformer-rectifier units at 10 substations, 19.1 KM of power rail, and power cable	2,060	(1,248)	812	57,135	(43,000)	14,135
Pattullo Bridge short term rehabilitation Phase 2	Replace the most deteriorated components of the Pattullo Bridge that pose a safety concern and /or risk of causing partial or total closure of the bridge to all users and /or disruption to other modes of travel.	1,380	0	1,380	9,000	0	9,000
Metrotown Station and Exchange Upgrade Design	Upgrade Metrotown SkyTrain station and construct new bus exchange.	19,742	(19,000)	742	57,774	(34,800)	22,974
Commercial Broadway SkyTrain Station Phase 2 Upgrade Design	Design and construction of Phase 2 Commercial Broadway SkyTrain station development to increase capacity	33,476	(18,448)	15,028	66,615	(28,217)	38,398

Active and Approval in Principle (AIP) Projects Underway (cont.)

Active / Approved in Principle (AIP) Capital Projects (based on remaining gross cashflows in 2016-2018) (\$ thousands)		2016 Capital Cash Flow			Total Project Budget		
Project Name	Description	Gross Cost	Less Funding	TransLink Net Cost	Gross Cost	Less Funding	TransLink Net Cost
		New Westminster Station Upgrades Design	Upgrade New Westminster Station to improve accessibility	7,545	(1,966)	5,579	12,286
SeaBus Terminals and Admin Building Envelope Upgrades-Design Stage	Upgrade SeaBus Terminals and Admin Building Envelope	7,042	0	7,042	12,443	0	12,443
Joyce-Collingwood Station Upgrade Design Construction	Upgrade Joyce Collingwood Station to improve accessibility	16,826	(11,344)	5,482	23,588	(17,465)	6,123
SkyBridge Concrete Spalling Prevention	Design and construct additional support to eliminate concrete spalling from the suspended deck slab of the SkyBridge structure.	1,445	0	1,445	1,850	0	1,850
STC CNG Facility Retrofit	AIP - Retrofit the Surrey Transit Centre to accommodate CNG bus fuelling and maintenance requirements	10,512	(3,778)	6,734	15,000	(4,000)	11,000
TOH Metrotown Group Rectifier Replacement	AIP - Design and construct rectifier station replacements at Central Park, Willingdon East and Willingdon West rectifier stations.	4,258	(4,189)	69	5,765	(4,725)	1,040
PCTC Roof Replacement	Replacement of the Port Coquitlam Transit Centre roof.	1,790	0	1,790	2,805	0	2,805
Running Rail Replacement	Replacement of 3,600 lineal meters of SkyTrain running rail in three locations on the Expo and Millennium Line guideways.	1,613	0	1,613	4,118	0	4,118
Replace Platform LEDs System	AIP - Replace the existing red PLED panels at the Expo and Millennium Line stations	6,367	0	6,367	9,559	0	9,559
22nd Street Exchange - Lighting and Passenger Safety Compliance	Exterior lighting upgrades to bus loop area and passenger circulation areas as well as improved crosswalk marking and new shelters for safer passenger environment.	1,132	0	1,132	1,132	0	1,132
29th Avenue Bus Exchange Layover Improvements	New curb alignment of bus pick-up and drop-off bays and island to accommodate additional layover bays and passenger waiting/circulation space	1,426	0	1,426	1,426	0	1,426
Expo and Millennium Line Signage and Station Fixture Replacement	Upgrade signage at 25 Expo and Millennium Line stations to support system operational changes, ensure code and regulatory signage compliance, and bring all stations up to TransLink Wayfinding Standard. This project is part of a multi-year program and is divided into three tiers of priority.	3,300	0	3,300	6,760	0	6,760
BG-Fibre Optic System Upgrade Stage 3	Extend geographic reach of new BCRTC and TransLink fibre optic cables to Millennium Line stations from Lougheed Station to VCC-Clark Station, provides fibre capacity to ATC Equipment Replacement project and includes fibre capacity for the future UBC SkyTrain Line.	1,143	0	1,143	4,290	0	4,290
Trolley Overhead Installation Downtown Vancouver	Install new trolley wire along downtown Vancouver streets to achieve route efficiencies, better customer service and operational cost savings.	1,792	0	1,792	1,845	0	1,845
Newton Exchange Layover Facility	Purchase and install a washroom and crew room trailer at the existing bus turn-around located on TransLink owned lands south of the Newton Exchange	1,345	0	1,345	1,345	0	1,345
Other	Thirty six (36) other projects in this asset category	2,055	(553)	1,502	282,206	(24,775)	257,431

Active and Approval in Principle (AIP) Projects Underway (cont.)

Active / Approved in Principle (AIP) Capital Projects (based on remaining gross cashflows in 2016-2018) (\$ thousands)		2016 Capital Cash Flow			Total Project Budget		
Project Name	Description	Gross Cost	Less Funding	TransLink Net Cost	Gross Cost	Less Funding	TransLink Net Cost
Technology Applications							
SkyTrain Public Announcement System	Replacement of Integrated Alarm Notification System at all Expo Line passenger stations, Expo Line propulsion power stations and the SkyTrain Operations and Maintenance Centre	1,387	0	1,387	6,375	0	6,375
Data Warehouse Business Intelligence DW BI Program	Build business intelligence tools for data warehouse	1,510	0	1,510	2,000	0	2,000
TransLink Enterprise Asset Management	Implement effective Asset Management strategies and processes	1,865	0	1,865	1,343	0	1,343
2015 Website Modernization	Program to modernize customer experience of TransLink website for use on mobile devices, in accordance with endorsed digital marketing strategy, and progressively update website components provisioned on secure and supported technology platforms, consolidating and integrating components, where possible, to simplify and streamline future support	1,098	0	1,098	2,200	0	2,200
BT Infrastructure Capacity Sufficiency - Storage 2015	Install additional storage capacity in development, test and production SAN environments to meet 3-year horizon, and ensure Business Technology Operations team can sustain current growth in storage demand, by adding 34% to current asset base annually	2,850	0	2,850	2,850	0	2,850
Other	Twenty two (22) other projects in this asset category	3,032	0	3,032	26,707	0	26,707
Vehicles Conventional Revenue							
100-400 Series MK I Refurbishment Project	Refurbish the original 114 MKI SkyTrain cars to extend service lives by another 15 years.	7,043	(5,950)	1,093	37,875	(28,460)	9,415
WCE Pitney Bowes Lease Buyout of Original 28 Cars	Exercise the lease buyout options for 28 WCE rail cars	20,568	(14,058)	6,509	20,680	(14,058)	6,622
2015 Conventional Replacement Buses	Procure new replacement 40' and 60' articulated buses to replace 1997 conventional buses that have reached the end of their useful service life	56,691	(50,280)	6,411	59,000	(58,800)	200
2015 HandyDART Vehicle Replacement	Replace 25 HandyDART vehicles with 25 new HandyDart vehicles	4,029	(1,710)	2,320	7,550	(5,370)	2,180
2015 Community Shuttle Replacement Buses	This project is to replace 24 Community Shuttles that have reached the end of their useful service lives with 24 new Community Shuttles through a new RFP issue.	4,735	(4,612)	124	4,900	(6,300)	(1,400)
2016 Conventional Bus Replacement	This project is to replace 111 conventional 40ft and 60ft buses that reached end of useful service lives with 25-40ft CNG, 60-40ft diesel and 26-60ft diesel buses.	47,600	(44,885)	2,715	76,400	(63,324)	13,076
2016 HandyDART Replacement Vehicles	This project is to replace 39 HandyDART vehicles that reached end of useful service life with same number of vehicles .	5,600	(5,040)	560	5,600	(5,040)	560
2016 Community Shuttle Replacements	This project is to replace 20 Community Shuttles that reached the end of their useful service lives with 20 new Community Shuttles through exercising an option on the existing shuttle contract.	4,200	(3,780)	420	4,200	(3,780)	420
Other	Seventeen (17) other projects in this asset category	1,286	(315)	971	521,381	(334,153)	187,228
Vehicles Non-Revenue							
Other	Nine (9) other projects in this asset category	1,613	0	1,613	4,393	0	4,393
Major Construction Projects							
Evergreen Line - TransLink Contribution	TransLink monetary and in kind contributions to the design and construction of the Evergreen Line by the Province	42,239	0	42,239	402,841	0	402,841
Evergreen Extension Integration to Meet Current Standards	Project scope is to address safety/reliability issues, systems deficiencies, and current standards for bicycle infrastructure.	4,626	0	4,626	4,626	(265)	4,361
Total Capital Program		441,145	(249,620)	191,525	2,186,316	(877,322)	1,308,994

Capital Infrastructure Contributions

TransLink provides capital infrastructure contributions each year to the municipalities to fund rehabilitation and minor capital work on the Major Road Network (MRN) and bike pathways. For 2016, TransLink is budgeting capital contribution funding of \$23. 8 million to municipalities for road and bike infrastructure. Projects already approved and underway have a budget of \$207. 3 million, which with the 2016 capital infrastructure contributions, total \$231. 1 million. None of these projects are eligible for senior government funding. The table below provides information on projects with over one million in cash flow in 2016.

Capital Infrastructure Contributions (\$ thousands)		2016 Capital Cash Flow			Total Project Budget		
Project Name	Description	Gross Cost	Less Funding	TransLink Net Cost	Gross Cost	Less Funding	TransLink Net Cost
2016 Capital Infrastructure Contributions							
2016 Major Road Network and Bike Capital Program	Annual contribution program to member municipalities for pavement rehabilitation, and road and bike infrastructure upgrades	14,234	0	14,234	23,784	0	23,784
Active / Approved in Principle (AIP) Capital Projects (based on remaining gross cashflows in 2016-2018)							
Roberts Bank Rail Corridor Program	Contribution program to member municipalities for road infrastructure upgrades at Roberts Bank Rail Corridor	2,041	0	2,041	50,000	0	50,000
2010 MRN Minor Capital Program - First & Second Wave Pro	2010 contribution program to member municipalities for improving the capacity, safety and connectivity of the Major Road Network	2,723	0	2,723	18,227	0	18,227
2011 MRN Minor Capital Program	2011 contribution program to member municipalities for improving the capacity, safety and connectivity of the Major Road Network	3,029	0	3,029	9,255	0	9,255
2012 MRN Minor Capital Program	2012 contribution program to member municipalities for improving the capacity, safety and connectivity of the Major Road Network	5,699	0	5,699	17,443	0	17,443
2012 Bicycle Capital Program	2012 contribution program to member municipalities for bike infrastructure upgrades	1,071	0	1,071	3,000	0	3,000
2013 MRNB Capital Program	2013 contribution program to member municipalities for road and bike infrastructure upgrades	2,399	0	2,399	23,356	0	23,356
2014 Major Road Network and Bike Capital Program	2014 contribution program to member municipalities for pavement rehabilitation , and road and bike infrastructure upgrades	2,979	0	2,979	23,503	0	23,503
2015 Major Road Network and Bike Capital Program	2015 contribution program to member municipalities for pavement rehabilitation , and road and bike infrastructure upgrades	3,697	0	3,697	24,214	0	24,214
Other	Three (3) other projects in this asset category	683	0	683	38,319	0	38,319
Total Capital Infrastructure Contributions		38,556	0	38,556	231,101	0	231,101

5. Changes in Financial Position

Consolidated Statement of Financial Position			
as at December 31	2015	2016	
(\$ thousands)	Q2 FORECAST	BUDGET	Change
Cash	143,337	121,397	(21,940)
Accounts Receivable	97,696	101,708	4,012
Restricted cash and investments	439,742	407,310	(32,432)
Investments	87,263	83,661	(3,602)
Debt reserve deposits	35,939	34,639	(1,300)
Financial Assets	803,977	748,715	(55,262)
Accounts payable and accrued liabilities	196,430	196,533	103
Debt	2,104,147	2,285,560	181,413
Deferred government transfer	1,250,538	1,110,026	(140,512)
Golden Ears Bridge contractor liability	1,050,913	1,049,021	(1,892)
Deferred concessionaire credits	572,332	548,995	(23,337)
Employee future benefits	107,483	119,233	11,750
Deferred lease inducements - net	12,929	12,499	(430)
Liabilities	5,294,772	5,321,867	27,095
Net Debt	(4,490,795)	(4,573,152)	(82,357)
Tangible Capital Assets	4,610,533	4,864,333	253,800
Supplies Inventory	54,060	55,683	1,623
Prepaid Expenses	12,206	11,209	(997)
Non-Financial Assets	4,676,799	4,931,225	254,426
Accumulated Surplus	186,004	358,073	172,069

Financial Assets

The restricted cash and investments primarily represent unspent government transfers and self-administered sinking funds.

Liabilities

Deferred government transfer represents the receipt of capital funding offset by the amortization and revenue recognition for government funding.

The Golden Ears Bridge contractor liability decreased slightly as principal payments commenced during 2015 and will continue in 2016.

Deferred concessionaire credits represent the funding provided by the Canada Line Concessionaire. This balance is amortized to income on a straight-line basis over the operating term of the concessionaire agreement, which will expire in July 2040.

The increase in employee future benefits, which represent post-retirement and post-employment benefits, is due to the annual estimated current service cost and related interest. The post-retirement portion of this liability will draw down upon retirement of the employees.

Non-Financial Assets

Tangible capital assets are forecasted to increase \$254 million in 2016 with additions of \$435 million, offset by amortization of \$181 million. The significant projects include the Evergreen Extension, Hamilton Transit Centre and the Compass and Fare Gate project.

6. Liquidity and Capital Resources

Cash Flows and Liquidity

Cash and liquidity is expected to decrease by \$27.1 million, partly due to higher capital expenditures.

The following table shows TransLink's unrestricted cash and investments net of those investments maturing in 12 months or longer.

UNRESTRICTED CASH AND NEAR CASH EQUIVALENTS				
As at December 31 (\$ thousands)	2014 ACTUAL	2015 Q2 FORECAST	2016 BUDGET	Change
Cash and cash equivalents	165,604	143,337	121,397	(21,940)
Investments	147,717	87,263	83,661	(3,602)
Total Unrestricted cash and investments	313,321	230,600	205,058	(25,542)
Less: Long term maturities*	(11,538)	(10,436)	(12,000)	(1,564)
Total Unrestricted cash and near cash equivalents	301,783	220,164	193,058	(27,106)

*investments with maturity periods greater than 365 days

Restricted Funds

The Unspent Government Transfers are used to fund qualifying capital expenditures.

RESTRICTED CASH AND INVESTMENTS				
As at December 31 (\$ thousands)	2014 ACTUAL	2015 Q2 FORECAST	2016 BUDGET	Change
Unspent government transfers	285,279	327,068	254,777	(72,291)
Self administered sinking funds	76,230	112,674	152,533	39,859
Total Restricted cash and investments	361,509	439,742	407,310	(32,432)

Debt

TransLink currently has three main sources of financing its assets: Net Direct Debt, Indirect P3 Debt and Senior Government Contributions. The latter is represented on the balance sheet as Deferred Government Transfer.

Net Direct Debt is expected to increase by \$143 million due to issuance of new debt partially offset by sinking fund contributions.

FINANCING						
As at December 31 (\$ thousands)	2014 ACTUAL	2015 Q2 FORECAST		2016 BUDGET		Change
Direct Debt	2,045,356	2,104,147		2,285,560		181,413
Less: Self-administered sinking funds	(76,230)	(112,674)		(152,533)		(39,859)
Less: Debt reserve deposits	(36,104)	(35,939)		(34,639)		1,300
Net Direct Debt	1,933,022	1,955,534	40.5%	2,098,388	43.7%	142,854
Golden Ears Bridge contractor liability	1,051,375	1,050,913		1,049,021		(1,892)
Deferred concessionaire credit (Canada Line)	595,669	572,332		548,995		(23,337)
Indirect P3 Debt	1,647,044	1,623,245	33.6%	1,598,016	33.2%	(25,229)
Subtotal Net Direct Debt and Indirect P3 Debt	3,580,066	3,578,779		3,696,404		117,625
Deferred government transfers	1,201,165	1,250,538	25.9%	1,110,026	23.1%	(140,512)
Total Financing	4,781,231	4,829,317	100.0%	4,806,430	100.0%	(22,887)

Appendix I – Consolidated Financial Statements

The following statements are presented in accordance with generally accepted Canadian accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position			
as at December 31	2014	2015	2016
(\$ thousands)	ACTUAL	BUDGET	BUDGET
Cash	165,604	124,669	121,397
Accounts Receivable	102,644	87,998	101,708
Restricted cash and investments	361,509	550,715	407,310
Investments	147,717	74,463	83,661
Assets held for sale	4,868	-	-
Debt reserve deposits	36,104	39,670	34,639
Financial Assets	818,446	877,515	748,715
Accounts payable and accrued liabilities	234,446	210,180	196,533
Debt	2,045,356	2,330,420	2,285,560
Deferred government transfer	1,201,165	1,364,377	1,110,026
Golden Ears Bridge contractor liability	1,051,375	1,052,520	1,049,021
Deferred concenssionaire credits	595,669	572,268	548,995
Employee future benefits	99,875	100,637	119,233
Deferred lease inducements - net	13,021	13,131	12,499
Liabilities	5,240,907	5,643,533	5,321,867
Net Debt	(4,422,461)	(4,766,018)	(4,573,152)
Tangible Capital Assets	4,511,992	4,871,628	4,864,333
Supplies Inventory	51,266	48,346	55,683
Prepaid Expenses	12,516	17,089	11,209
Non-Financial Assets	4,575,774	4,937,063	4,931,225
Accumulated Surplus	153,313	171,045	358,073

Consolidated Statement of Operations

Consolidated Statement of Operations			
Twelve months ending December 31 (\$ thousands)	2014 ACTUAL	2015 BUDGET	2016 BUDGET
Revenue			
Taxation	744,157	756,456	784,532
Transit	495,609	519,214	508,272
Golden Ears Bridge tolls	41,623	43,580	50,641
Emissions Testing	12,047	-	-
Government Transfers	90,291	98,992	282,185
Amortization of Deferred Concessionaire Credit	23,273	23,337	23,337
Interest Income	34,739	33,353	36,172
Miscellaneous	5,576	3,489	3,537
Gain (Loss) on Disposal	6,437	9,388	-
	<u>1,453,752</u>	<u>1,487,809</u>	<u>1,688,676</u>
Expenses			
AirCare	15,806	-	-
Bus Division	633,170	653,590	656,865
Corporate	71,752	106,603	130,299
Rail Division	255,623	266,563	263,091
Roads & Bridges	83,627	87,940	82,782
Transit Police	34,334	33,263	33,847
Sub-total Expenses, before Amortization and Interest	<u>1,094,312</u>	<u>1,147,959</u>	<u>1,166,884</u>
Amortization of Capital Assets	161,472	171,321	181,520
Interest	<u>171,094</u>	<u>166,546</u>	<u>168,203</u>
	<u>1,426,878</u>	<u>1,485,826</u>	<u>1,516,607</u>
Surplus for the year	26,874	1,983	172,069
Accumulated surplus, beginning of year	126,439	169,063	186,004
<u>Accumulated surplus, end of year</u>	<u>153,313</u>	<u>171,045</u>	<u>358,073</u>

Consolidated Statement of Changes in Net Financial Liabilities

Consolidated Statement of Changes in Net Financial Liabilities			
Twelve months ending December 31 (\$ thousands)	2014 ACTUAL	2015 BUDGET	2016 BUDGET
Surplus for the year	26,874	1,983	172,069
Acquisition of tangible capital assets	(228,413)	(410,955)	(435,321)
Amortization of tangible capital assets	161,472	171,321	181,520
Gain on disposal of tangible capital assets	(6,437)	(9,388)	-
Net proceeds from disposal of capital assets	7,707	13,625	-
Transfers to assets held for sale	4,868	-	-
	(60,803)	(235,397)	(253,801)
Changes in supplies inventory	(4,397)	-	(1,622)
Changes in prepaid expenses	(3,201)	-	997
	(7,598)	-	(625)
Decrease in net debt	(41,527)	(233,414)	(82,357)
Net debt, beginning of year	(4,380,934)	(4,532,604)	(4,490,795)
Net debt, end of year	(4,422,461)	(4,766,018)	(4,573,152)

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows			
Twelve months ending December 31 (\$ thousands)	2014 ACTUAL	2015 BUDGET	2016 BUDGET
Surplus (Deficit) for the period	26,874	1,983	172,069
Non-cash charges to operations	68,811	58,368	(106,668)
Net proceeds from disposal of assets held for sale	14,164	-	-
Changes in non-cash operating working capital	(3,887)	3,342	7,215
Net changes in cash from operating transactions	105,962	63,693	72,616
Purchase of capital assets	(228,413)	(410,955)	(435,321)
Net proceeds from disposal of capital assets	7,707	13,625	-
Net changes in cash from capital transactions	(220,706)	(397,330)	(435,321)
Decrease (Increase) in restricted cash and investments	59,172	(43,198)	32,432
Decrease (Increase) in investments	(63,930)	-	3,603
Decrease (Increase) in debt reserve deposits	3,573	-	1,300
Net changes in cash from investment transactions	(1,185)	(43,198)	37,335
Debt Proceeds ¹	131,901	310,000	270,000
Issue costs in financing	(1,273)	-	-
Repayments of debt ¹	(130,698)	(87,844)	(88,587)
Lease inducements received	33,323	-	(430)
Government transfers received for capital additions	522	131,246	122,446
Net changes in cash from financing transactions	33,775	353,402	303,429
Increase (decrease) in cash	(82,154)	(23,433)	(21,941)
Cash, beginning of year	247,758	148,102	143,337
Cash, end of year	165,604	124,669	121,397

¹ Restatement of debt proceeds and repayments of debt in 2015 Budget adjusted for net commercial paper activity.

Appendix II – Funded Statement of Operations

The following table presents the 2016 Budget, including 2014 actual and comparisons to 2015 forecast, as reconciled between the results for accounting purposes and the results on a funded basis.

Funded Statement of Operations					
Twelve months ending December 31 (\$ thousands)	2014 ACTUAL	2015 Q2 FORECAST	2016 BUDGET	Change	
				Fav/(Unfav)	%
Net Surplus (Deficit) for Accounting Purposes	26,874	32,691	172,069	139,378	426.3%
Remove effect of Aircare	3,759	-	-	-	0.0%
Transfers from Government	(70,259)	(78,680)	(262,959)	(184,279)	(234.2%)
Interest Income	(29,743)	(29,118)	(32,960)	(3,842)	(13.2%)
Amortization of Deferred Concessionaire Credit	(23,273)	(23,337)	(23,337)	-	0.0%
Capital Funding to Municipalities	43,953	26,072	38,556	12,484	47.9%
Corporate Other	929	78	-	(78)	(100.0%)
Depreciation	153,649	155,696	172,499	16,803	10.8%
Debt service costs	(83,381)	(95,185)	(97,378)	(2,193)	(2.3%)
Net Surplus (Deficit) for Funding Purposes	22,508	(11,783)	(33,510)	(21,727)	(184.4%)
Cumulative Funded Surplus Opening Balance	342,700	365,208	353,425	(11,783)	(3.2%)
Cumulative Funded Surplus Ending Balance	365,208	353,425	319,915	(33,510)	(9.5%)

The net surplus (deficit) for funding purposes reports the results after funding adjustments. Funding adjustments remove assets, and the corresponding revenue and expenditures, funded by senior government or other parties from TransLink's consolidated financial statements

Appendix III – Allocated Costs between Divisions

Allocated Cost Breakdown					
(\$ thousands)	2014	2015	2016	Change	
	ACTUAL	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Shared Services					
Bus Division	23,777	23,999	26,129	(2,130)	(8.9%)
Access Transit	-	1,020	704	316	31.0%
SkyTrain - Expo & Millenium Line	837	871	1,087	(216)	(24.8%)
West Coast Express	47	76	70	6	7.9%
Transit Police	1,525	1,666	1,623	43	2.6%
Total Shared Services allocated	26,186	27,632	29,613	(1,981)	(7.2%)
Costs Administered by TransLink and allocated to subsidiaries					
Bus Division	15,135	16,033	17,605	(1,572)	(9.8%)
SkyTrain - Expo & Millenium Line	3,581	4,009	4,186	(177)	(4.4%)
SkyTrain - Canada Line	2,009	2,066	2,234	(168)	(8.1%)
West Coast Express	14,616	15,824	2,739	13,085	82.7%
Transit Police	1,639	1,862	2,014	(152)	(8.2%)
Total Costs Administered by TransLink allocated	36,981	39,794	28,778	11,016	27.7%
Costs Administered by TransLink and allocated to subsidiaries					
Bus Division	38,913	40,032	43,734	(3,702)	(9.2%)
Access Transit	-	1,020	704	316	31.0%
SkyTrain - Expo & Millenium Line	4,418	4,880	5,273	(393)	(8.1%)
SkyTrain - Canada Line	2,009	2,066	2,234	(168)	(8.1%)
West Coast Express	14,662	15,900	2,809	13,091	82.3%
Transit Police	3,164	3,528	3,637	(109)	(3.1%)
Total costs allocated to Subsidiaries from TransLink	63,166	67,426	58,391	9,035	13.4%