



**2014 BUSINESS PLAN,
OPERATING AND
CAPITAL BUDGET
SUMMARY**



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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 the uncertainty related to the 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

The first year of the 2014 Base Plan – approved by the TransLink Board of Directors and submitted to the Mayors' Council on Regional Transportation and the Regional Transportation Commissioner in October 2013 – is the basis for the 2014 Business Plan, Operating and Capital Budget.

The major focus for 2014 will be the implementation of the Compass Card, to ensure a smooth transition for our customers. TransLink will also continue to meet the aggressive targets set for cost reductions and operational efficiencies, and support the Province and Mayor's Council for a successful referendum.

As detailed in this business plan, in 2014 TransLink will maintain existing levels of service and programs and work to keep its assets in a state of good repair. This is the focus of capital projects planned for 2014, which include:

- Meeting commitments for Evergreen Line contributions.
- Ongoing work on the Seven SkyTrain Station Upgrades Project, upgrading seven Expo Line SkyTrain stations to improve access, enhance security and better serve more people.
- Ongoing refurbishment of Mark I SkyTrain cars.
- Detailed design of the new Hamilton Transit Centre in preparation for construction through 2015.
- Design of potential Pattullo Bridge seismic work and potential deck replacement.
- Capital project contributions to support regional Major Road Network.
- Ongoing replacement of bus fleet.

TransLink's principal sources of revenue are limited by statute (in the case of transit fares and property taxes) or are in actual decline (in the case of fuel tax revenue). Therefore, in 2014, TransLink will not be able to expand bus, SeaBus or West Coast Express services, or move ahead on a number of pressing projects on the regional priority list. These projects are not accounted for in this plan, as new funding sources are not available at this time to accommodate current demands and future growth.

Given these risks, TransLink will act with caution as it delivers the projects and services outlined in the 2014 Business Plan.

2. Strategic Context

TransLink's business planning process is supported by a balanced scorecard framework that aligns the organization around five strategic goals that identify the critical success factors of the organization. TransLink has established objectives and measures for each goal for 2014 as shown below.

Customer Goal – Enhance the customer experience by providing valued service and infrastructure to road and transit users through innovation and excellent customer service

Objective: Meet our customers' expectations in the implementation of Compass Card and infrastructure upgrades

Measure:

- Customer satisfaction target 7.7

Financial Goal – Enhance the financial viability of the organization

Objective: Manage within our financial framework

Measures:

- Manage within the cumulative reserve policy range
- Maintain AA credit rating

Stakeholder Goal – Secure stakeholder support to plan, fund, build, and operate a sustainable transportation network

Objective: Increase stakeholder and public confidence in TransLink's ability to efficiently deliver and manage the regional transportation system.

Measure:

- Stakeholders demonstrate support for TransLink through communication of TransLink's message

People Goal – Build an aligned, engaged, accountable and customer-focused team

Objective: Actively engage employees to plan, build and operate a sustainable transportation network.

Measures:

- Positive trend in employee engagement

Internal Effectiveness Goal – Develop processes and infrastructure to support an integrated approach to the efficient and effective delivery of transportation services

Objective: Improve efficiency and utilization of our resources

Measures:

Meet or beat the following key performance indicators:

- Operating cost per passenger kilometre (excluding energy)
- Operating cost per revenue passenger

3. 2014 Financial and Performance Overview

The table below summarizes the 2014 revenue and expenditure budget with a comparison to the 2013 second quarter forecast and 2012 actual results. Balance sheet and operating indicators use the budgeted numbers as some measures are not forecast quarterly.

TWELVE MONTHS ENDING DECEMBER 31
(all numbers in thousands except per unit calculations)

	Actual 2012	Forecast Q2 2013	Budget 2014	Fav/(Unfav) to Forecast	%
FINANCIAL PERFORMANCE					
Revenue	1,421,470	1,425,643	1,454,669	29,026	2.0%
Expenditures	1,430,825	1,457,323	1,506,568	(49,245)	(3.4%)
Excess (deficiency) of revenue over expenses	(9,355)	(31,680)	(51,899)	(20,219)	(63.8%)
FINANCIAL INDICATORS					
Cumulative funded surplus ¹	294,793	294,884	253,730	(41,154)	(14.0%)
Capital assets	4,391,311	4,520,777	4,843,806	323,029	7.1%
Net Debt ²	1,914,065	2,033,347	2,197,641	(164,294)	(8.1%)
Deferred concessionaire credits and GEB contractor liability	1,674,959	1,663,937	1,646,916	17,021	1.0%
Total net debt ³	3,589,024	3,697,284	3,844,557	(147,273)	(4.0%)
Gross interest cost as a % of operating revenue ⁴	14.8%	14.2%	14.4%	(0.3%)	(2.1%)

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

² Includes bonds, debentures, capital leases, short-term debt net of sinking funds and debt reserve deposits.

³ Net debt + deferred concessionaire credits and GEB contractor liability.

⁴ Operating revenue includes fares, taxation, and GEB toll revenue.

Financial Performance and Indicators

Revenues for 2014 are forecast to be \$29.0 million (2.0 per cent) higher than the 2013 second quarter forecast mainly due to increased ridership and a three per cent increase in property tax revenue. Expenditures are forecast to increase by \$49.2 million (3.4 per cent) in 2014 with the increases coming from transit operations (\$28.9 million) and Compass Card start-up. The main increase comes from an overall increase in labour costs of 2.8 per cent for wage increases, annualization of vacant positions and new positions for 2014. Other increases include fuel and power rates and contracted services which include contracted labour costs and contractual increases for Canada Line service.

The cumulative funded surplus decreases by \$41.2 million in 2014 as TransLink draws on reserves to fund the deficit for the year.

Capital assets grow by \$323.0 million (7.1 per cent) with total net debt growing by \$147.3 million (4.0 per cent). Major capital purchases forecast for 2014 include the Compass Card program, Expo and Millennium Line upgrades, and contributions to the Evergreen line, Hamilton Transit Centre, conventional buses and SeaBus.

Operating Indicators

TWELVE MONTHS ENDING DECEMBER 31
(all numbers in thousands except per unit calculations or otherwise stated)

	Actual 2012	Q2 Forecast 2013	Budget 2014	Fav/(Unfav) to Forecast	%
OPERATING INDICATORS					
Scheduled Transit Service					
Overall Performance Rating (out of 10)	7.7	7.7	7.7	-	-
Revenue passengers (in millions)	237.5	236.3	240.2	3.9	1.6%
Service hours	6,336	6,309	6,237	(72)	(1.1%)
Operating cost per revenue passenger ¹	\$3.76	\$3.87	\$3.98	(\$0.10)	(2.7%)
Boardings per service hour	57.08	56.99	58.88	1.89	3.3%
Passenger kilometres (in millions)	2,804	2,838	2,813	(25)	(0.9%)
Operating cost per passenger kilometre	\$0.32	\$0.32	\$0.34	(\$0.02)	(5.0%)
Operating cost per passenger kilometre (excluding energy)	\$0.29	\$0.32	\$0.31	\$0.01	3.1%
Access Transit Service					
Revenue passengers (in millions)	1.4	1.4	1.4	-	-
Service hours	592	598	598	-	-
Operating cost per revenue passenger	\$34.53	\$34.79	\$35.16	(\$0.37)	(1.1%)
Boardings per service hour	2.55	2.55	2.55	0.00	0.0%
Passenger kilometres (in millions)	7.4	7.5	7.5	0.0	0.3%
Operating cost per passenger kilometre	\$6.41	\$6.47	\$6.52	(\$0.05)	(0.7%)
Operating cost per passenger kilometre (excluding energy)	\$6.02	\$6.06	\$6.11	(\$0.05)	(0.8%)
Golden Ears Bridge					
Crossings	10.8	11.2	11.5	0.3	2.6%
Average toll per crossing	\$3.60	\$3.45	\$3.45	(\$0.00)	(0.1%)

¹ Excludes one time cost related to Compass card \$11M in 2014 and office relocation \$4M in 2013

Conventional System

Ridership is expected to grow by 3.9 million (1.6 per cent) in 2014 compared to the 2013 annual forecast, mainly due to the full year impact of the King George B-line, general background growth and continued service optimization.

Scheduling efficiencies have reduced non-revenue service hours which will enable existing service, including the King George B-Line service, to be provided with 72,000 fewer service hours.

Operating cost per revenue passenger is forecast to increase due to start-up costs for Compass operations, overlap of fare media, contractual labour cost and higher fuel and power costs. Revenue passenger numbers have increased but not at the same rate as costs.

Boardings per service hour are higher in 2014, resulting from redirecting existing service hours to serve more customers and reduce pass-ups.

Operating costs per passenger kilometre (excluding energy) will be lower in 2014 than 2013.

Access Transit

Service hours are held constant in 2014. Fuel and contractual labour increase will result in higher operating cost per revenue passenger and per passenger kilometre.

Key Drivers

The following table highlights the primary drivers of change between the 2014 budget and 2013 second quarter forecast.

(\$ Million)	2012 Actual	2013 Second Quarter Forecast	2014 Budget	Drivers
Revenues				
Transit	460.6	497.5	518.0	<ul style="list-style-type: none"> • Growth in ridership • U-Pass rate increase
Golden Ears Bridge Tolls	38.9	38.7	39.6	<ul style="list-style-type: none"> • Growth in crossings of 2.5 per cent
Taxation	714.4	729.6	736.4	<ul style="list-style-type: none"> • Property tax revenue increase of 3 per cent • Reduced gasoline fuel volume sales
Expenditures				
Roads & Bridges (Operating and Maintenance)	52.2	45.2	48.1	<ul style="list-style-type: none"> • 2013 included transfers of funds from operating to capital • Labour cost increases • Reduced costs related to GEB interoperability
Transit	864.6	868.5	897.4	<ul style="list-style-type: none"> • Annualization of King George B-line and other service adjustments • Increased operating costs related to Compass Card • Inflationary increases for labour and contracts • Increased fuel and insurance costs due to rate increases
TransLink	61.2	70.8	85.4	<ul style="list-style-type: none"> • Compass Card start-up and operating costs • Increase in labour costs due to vacancies in 2013 and new positions
Transit Police	28.4	31.2	32.2	<ul style="list-style-type: none"> • Increase in allocated lease costs
Provision for Contingencies and Reinvestments	0.0	8.9	13.5	<ul style="list-style-type: none"> • Policy for contingency provision is one per cent of operating expenditures
Debt Service Costs	216.6	213.2	222.2	<ul style="list-style-type: none"> • New debt
Golden Ears Bridge capital repayments	54.3	55.1	61.9	<ul style="list-style-type: none"> • Sculpted payments for the first five years with 2014 being the fifth year
Other Items				
Gain on Disposal	40.7	0.0	0.0	<ul style="list-style-type: none"> • No change

Assumptions and Sensitivity Analysis

The following table highlights the financial impact of changes in key assumptions used in the budget development:

Key Assumptions & Sensitivity Factors for 2014 Budget

Assumptions	Rate/ Volume	Sensitivity Analysis			Impact \$ million
		Change			
Revenue					
Regional Fuel Consumption	(millions of litres)	1,987	1 per cent	+/-	\$3.4
Ridership	(on Fare Revenue)		1 per cent	+/-	\$5.0
Golden Ears Bridge Traffic	(millions of crossings)	11.49	1 per cent	+/-	\$0.4
Expense					
Diesel cost	dollars per litre	\$1.39	\$0.10	+/-	\$5.0
Operational Diesel Usage	(millions of litres)	49.96	1 per cent	+/-	\$0.7
Interest Rates	- Short Term	2.50%	0.50%	+/-	\$0.6
	- Long Term	4.80%	0.50%	+/-	\$1.5
Inflation	General	2.20%			
	Construction	1.50%			
	Road Construction	1.50%			

4. Consolidated Statement of Operations Analysis

Consolidated Revenues

2014 Budget and 2013/2012 Comparatives (\$000's)

Consolidated Revenues	Actual 2012	Q2 Forecast 2013	Budget 2014	Increase/ (Decrease)	% Change
Taxation	714,414	729,606	736,396	6,790	0.9%
Transit	460,600	497,546	518,001	20,455	4.1%
Golden Ears Bridge Tolls	38,859	38,706	39,648	942	2.4%
Real estate	1,608	-	-	-	-
Emissions Testing	20,253	19,948	12,846	(7,102)	(35.6%)
Transfers from other governments	85,164	80,859	88,147	7,288	9.0%
Amortization of deferred concessionaire credit	23,337	23,190	23,337	147	0.6%
Interest Income	31,662	33,405	34,231	826	2.5%
Miscellaneous revenue	3,973	2,383	2,063	(320)	(13.4%)
Gain on disposal	41,600	-	-	-	n/a
PSAB/GAAP Total	1,421,470	1,425,643	1,454,669	29,026	2.0%
Funding Adjustments:					
Emissions Testing	(20,253)	(19,948)	(12,846)	7,102	(35.6%)
Transfers from other governments	(65,070)	(61,199)	(68,847)	(7,648)	12.5%
Amortization of deferred concessionaire credit	(23,337)	(23,190)	(23,337)	(147)	0.6%
Interest Income	(27,409)	(28,449)	(30,108)	(1,659)	5.8%
Gain on disposal	(873)	-	-	-	n/a
Funded Total	1,284,528	1,292,857	1,319,531	26,674	2.1%

Context/overview

TransLink receives its revenue mainly through taxation, user fees and government transfers. Total consolidated revenues for 2014 are \$1,454.7 million, an increase of \$29.0 million (2.0 per cent) over the 2013 second quarter forecast.

Taxation

2014 Budget and 2013/2012 Comparatives (\$000's)

Taxation Revenues	Actual 2012	Q2 Forecast 2013	Budget 2014	Increase/ (Decrease)	% Change
Fuel tax	335,274	341,569	337,761	(3,808)	(1.1%)
Property and replacement tax	306,689	314,064	322,946	8,882	2.8%
Parking rights tax	53,207	54,653	56,019	1,366	2.5%
Hydro levy	19,243	19,320	19,670	350	1.8%
Total taxation	714,413	729,606	736,396	6,790	0.9%

Context/overview

Taxation revenues account for just over 50 per cent of the total consolidated revenues with the majority of the taxation revenues coming from fuel and property tax. Fuel tax volume/revenues are forecast to decrease \$3.8 million in 2014. Both the US Department of Energy and Exxon-Mobil's forecasts predict that more stringent fuel economy standards (in both the US and Canada) will lead to a continued decline in gasoline consumption.

Property tax revenues include an allowable three per cent increase in property tax revenue received as per TransLink's legislation.

Parking rights tax rate is set at 21 per cent, the maximum permitted under the SCBCTA Act.

Risks and Challenges

Total fuel tax volumes, specifically gasoline, have declined over the last three years and are forecast to continue to decline over the coming decade.

Transit

2014 Budget and 2013/2012 Comparatives (\$000's)

Transit Revenues	Actual 2012	Q2 Forecast 2013	Budget 2014	Increase/ (Decrease)	% Change
Transit - fares					
Farebox	109,245	108,653	72,352	(36,301)	(33.4%)
Prepaid fares	253,143	276,655	326,010	49,355	17.8%
Prepaid contract	85,951	97,731	104,794	7,063	7.2%
Total transit fares	448,339	483,039	503,156	20,117	4.2%
Transit - other	12,261	14,507	14,845	338	2.3%
Total transit revenue	460,600	497,546	518,001	20,455	4.1%

Context/overview

Transit revenue makes up 36 per cent of the total consolidated revenue for TransLink. This consists of cash fares and discounted prepaid daily, monthly and annual passes. Also included are other transit revenues such as advertising, property rental and parking lot fees. Total transit revenue in 2014 will be \$518.0 million, up \$20.5 million (4.1 per cent) from the 2013 second quarter forecast. This increase is mainly due to expected growth in ridership, U-Pass rate increase, and a reduction in fare evasion.

Risks and Challenges

More customers than forecast will migrate to discounted prepaid fare media and change their purchase behaviour as fares increase. The introduction of discounted fare products becomes more convenient with Compass Card. Both these trends may have an impact on future fare revenues.

Consolidated Expenses by Segment

2014 Budget and 2013/2012 Comparatives (\$'000's)

Consolidated Expenditures by Segment	Actual 2012	Q2 Forecast 2013	Budget 2014	Increase/ (Decrease)	% Change
AirCare	17,380	16,802	16,859	57	0.3%
Bus division	624,141	624,099	641,133	17,034	2.7%
Corporate	52,121	68,114	79,868	11,754	17.3%
One-time Costs	9,121	11,655	19,108	7,453	63.9%
Rail division	239,456	244,415	256,299	11,884	4.9%
Roads & Bridges	118,540	116,782	112,656	(4,126)	(3.5%)
Transit Police	28,438	31,172	32,201	1,029	3.3%
Depreciation *	163,955	167,034	165,830	(1,204)	(0.7%)
Interest *	177,671	177,248	182,614	5,366	3.0%
PSAB/GAAP Total	1,430,823	1,457,321	1,506,568	49,247	3.4%
Funding Adjustments:					
AirCare	(17,380)	(16,802)	(16,859)	(57)	0.3%
Corporate	(15)	(97)	(101)	(4)	0
Roads & Bridges	(66,337)	(71,626)	(64,603)	7,023	(9.8%)
Depreciation	(154,983)	(157,389)	(152,848)	4,541	(2.9%)
Interest	(66,889)	(67,407)	(68,258)	(851)	1.3%
Debt Repayment	96,853	93,669	94,871	1,202	1.3%
GEB Capital Payments	54,342	55,097	61,918	6,821	12.4%
In-house insurance (TPCC)	1,039	-	-	-	-
Funded Total	1,277,453	1,292,766	1,360,688	67,922	5.3%

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

Context/overview

TransLink is responsible for delivering transit services; owns and operates several bridges; provides a vehicle emissions testing program; and provides operating and capital funding for the Major Road Network (MRN) in Metro Vancouver. Total expenditures for 2014 are forecast at \$1.51 billion, an increase of \$49.2 million (3.4 per cent) over the 2013 second quarter forecast.

AirCare

The budget for AirCare is \$16.9 million and is essentially the same as the 2013 second quarter forecast. In May 2012, the Ministry of Environment announced that the AirCare Program will end on December 31, 2014.

Bus Division

The bus division's budget is \$641.1 million, \$17.0 million (2.7 per cent) higher than the 2013 second quarter forecast.

Included in the budget is \$8.1 million contractual labour and benefit increases for staff and \$2.1 million for the full year impact of the September 2013 King George B-line and other service adjustments; these increases are offset by improved productivity and savings initiatives. Fuel and insurance increased \$4.5 million due to forecast increases in diesel and electricity prices and insurance rates. Additional costs will

also be incurred for bus maintenance major repairs, Contracted Transit Services' contractual increases and fare media costs for the new Compass Card.

The bus division continues to implement scheduling efficiencies for non-revenue hours that reduce total service hours without reducing delivered service. Overall, TransLink is providing higher levels of service through increased productivity for bus operators and improved fleet utilization.

Corporate

For 2014, expenditures will be \$79 million, \$11.7 million (17.3%) higher than the 2013 second quarter forecast primarily due to the revised schedule of the implementation of Compass Card (\$10.2m); The annualization of vacant positions and positions transferred from the subsidiaries during 2013 as well as length of service and merit increases. The corporate contingency of \$13.5 million (one per cent of the consolidated expenditure) is \$4.6 million higher than the 2013 second quarter forecast.

One-time Costs

These costs include feasibility and transit studies, regional transportation strategy, and Compass Card one-time costs. The increase over 2013 is due to the timing of Compass Card project implementation and some feasibility studies carried forward to 2014.

Rail Division

Efficiencies implemented in 2013 continue to be realized and service on the Expo, Millennium and Canada Lines and West Coast Express will be maintained at 2013 levels. The rail division's operating budget of \$256.3 million is \$11.9 million (4.9 per cent) higher than the 2013 second quarter forecast.

Included in 2014 is \$2.8 million to support BCRTC's initiative to improve maintenance, asset management and resource utilization through increased supervision, training and the use of dedicated crews to support capital projects. The increased supervision and training initiative is in line with findings from both the vehicles and wayside APTA peer reviews conducted in 2012 and 2013. The initiative, which includes improved maintenance practices and early development of skilled staff in areas with current shortages, will help position BCRTC to successfully assume the planned station upgrades and the Evergreen Line in 2016.

The remainder of the increase primarily results from \$4.4 million for inflationary and contractual increases, \$1.8 million for the net impact of Compass Card and fare gate implementation and \$1.2 million for additional costs to maintain the systems in a state of good repair.

With the Expo Line station and power rail upgrades still in progress in 2014, as well as the MKI refurbishment project and Evergreen Line construction, the rail division will make ongoing efforts to minimize operational and customer impacts.

Roads and Bridges

The budget for roads and bridges is \$112.7 million, a decrease of \$4.1 million (3.5 per cent) over the 2013 second quarter forecast. The roads and bridges budget includes both operating costs and contributions to the municipalities for capital road rehabilitation. Capital contributions for 2014 are forecast to be \$64.6 million, a decrease of \$7.0 million from the 2013 second quarter forecast.

Operating expenditures increased \$2.9 million mainly related to MRN operating and maintenance transfers to capital in 2013, differences in the forecast lane kilometres and annualization of labour costs, which are offset by reduced expenditures related to GEB interoperability.

Transit Police

The Transit Police budget of \$32.2 million is \$1.0 million (3.3 per cent) higher than the 2013 second quarter forecast due to the allocation of leasing and shared services costs. Revenue for recoveries of \$0.2 million for secondments is included in the miscellaneous revenue section. Transit Police costs per police officer relative to other British Columbia municipal police departments are now among the lowest. Transit Police is committed to zero growth in the number of police officers employed in the coming years.

Depreciation and Interest

Interest expense is forecast to be \$5.4 million (3.0 per cent) higher in 2014 compared to the 2013 second quarter forecast due to higher levels of debt from annualization of 2013 forecasted borrowing and new borrowing forecast for 2014.

Depreciation is forecast to be slightly lower in 2014 mainly due to ticket vending machines being fully amortized by June 30, 2013.

Risks and Challenges

The Compass Card and Fare Gate Project will be in full swing in 2014 with implementation of the new fare media system by late spring. This is a large complex project which affects every division and aspect of how TransLink does business, so any unforeseen circumstances could have a significant impact on operating costs.

Any sudden increases in short- or long-term borrowing rates would have an impact on our operating costs.

Consolidated expenses by Category

2014 Budget and 2013/2012 Comparatives by expense category (\$000's)

Consolidated Expenditures by Category	Actual 2012	Q2 Forecast 2013	Budget 2014	Increase/ (Decrease)	% Change
AirCare	17,380	16,802	16,859	57	0.3%
Administration	24,000	26,028	37,577	11,549	44.4%
Amortization of Capital Assets	163,956	167,035	165,830	(1,205)	(0.7%)
Capital Infrastructure contributions	66,337	71,626	64,603	(7,023)	(9.8%)
Contracted Services	193,308	189,911	203,294	13,383	7.0%
Fuel and Power	69,697	72,773	76,593	3,820	5.2%
Insurance	17,882	19,185	21,354	2,169	11.3%
Interest	177,671	177,248	182,614	5,366	3.0%
Maintenance, Materials and Utilities	108,057	104,583	109,964	5,381	5.1%
Professional and Legal	18,689	21,092	22,876	1,784	8.5%
Rentals, Leases and Property Tax	38,307	48,077	40,432	(7,645)	(15.9%)
Salaries, Wages and Benefits	535,539	542,961	564,572	21,610	4.0%
PSAB/GAAP Total	1,430,823	1,457,321	1,506,568	49,246	3.4%
Funding Adjustments:					
AirCare	(17,380)	(16,802)	(16,859)	(57)	0.3%
Amortization of Capital Assets	(154,983)	(157,389)	(152,848)	4,541	(2.9%)
Government Funding Admin	(15)	(97)	(101)	(4)	0
Interest	(66,889)	(67,407)	(68,258)	(851)	1.3%
GEB Capital Payments	54,342	55,097	61,918	6,821	12.4%
MRN Capital Funding	(66,337)	(71,626)	(64,603)	7,023	(9.8%)
Principal Repayments	78,644	72,801	67,283	(5,518)	(7.6%)
Debt Repayment Reserves	18,209	20,868	27,588	6,720	32.2%
In-house insurance (TPCC)	1,039	-	-	-	-
Funded Total	1,277,453	1,292,766	1,360,688	67,921	5.3%

Administration

The increase in the Administration cost of \$11.5 million (44.4 per cent) relates to fare media and public awareness costs associated with the new Compass Card, and an increase in computer & systems costs.

Amortization of Capital Assets

The reduction of \$1.2 million (0.7 per cent) in 2014 is largely due to ticket vending machines being fully amortized in 2013.

Capital Infrastructure Contributions

TransLink provides funding to municipalities for rehabilitation and minor capital improvements on the Major Road Network (MRN). The reduction in 2014 is due to the timing of the MRN capital contribution costs.

Contracted Services

The increase in the Contracted Services of \$13.4 million (7.0 per cent) is predominantly the result of the operating and maintenance costs to Cubic for the new Compass Card, contractual increases for Canada Line and Golden Ears Bridge, and increases to fuel and labour costs for other contracted transit services.

Fuel and Power

The cost increases of \$3.8 million (5.2 per cent) are the result of increases to diesel and gasoline prices as well as a consumption increase for the full-year impact of service implemented in September 2013. At CMBC, diesel rate increases account for \$2.0 million of the increase while volume increases were \$1.5 million.

Interest

Growing debt levels relating to financing capital expenditures has increased the interest expense by \$5.4 million (3.0 per cent) over the 2013 second quarter forecast. Interest rates are also forecast to increase slightly in 2014.

Maintenance, Materials and Utilities

The increase to Maintenance, Materials and Utilities of \$5.4 million (5.1 per cent) is due to increased Major Road Network operating costs, and materials costs for revenue vehicles.

Professional and Legal

The cost increase for Professional and Legal of \$1.8 million (8.5 per cent) is the result of an increase to the Feasibility Studies for the Pattullo Bridge.

Rentals, Leases and Property Tax

Costs were higher in 2013 due to a provision for the sublease of the Gateway offices and an overlap of occupancy costs for Metrotown and Sapperton offices during the transition. An increase for the West Coast Express Rail car lease is included in 2014.

Salaries, Wages and Benefits

The budget for 2014 is \$564.6 million. Compared to the 2013 second quarter forecast this is \$21.6 million (4.0 per cent) higher which accounts for economic and contractual increases, salary annualization costs for positions that were vacant during part of 2013, new positions related to the Compass Card and fare gates implementation, and merit and length-of-service increases.

5. Investment in Capital Assets

Summary of Capital by Program

(in \$ 000)

	2014 Capital Cash Flow			Total Current Budget		
	Gross Cost	Less Funding	TransLink Net Cost	Gross Cost *	Less Funding *	TransLink Net Cost
1. 2014 Capital Program						
Equipment	5,974	-	5,974	13,484	-	13,484
Facilities	16,969	-	16,969	16,975	-	16,975
Infrastructure	39,581	(499)	39,082	56,938	(500)	56,438
Technology Applications	10,846	-	10,846	13,818	-	13,818
Vehicle - Convention Revenue	23	(21)	2	71,830	(64,647)	7,183
Vehicle - Other Revenue	1,462	-	1,462	1,507	-	1,507
SubTotal	74,855	(520)	74,335	174,552	(65,147)	109,405
Capital Infrastructure Contributions	19,950	-	19,950	19,950	-	19,950
Total	94,805	(520)	94,285	194,502	(65,147)	129,355

2. Active / Approved in Principal (AIP)

Capital Programs *

Equipment	3,339	(1)	3,338	77,006	(123)	76,883
Facilities	63,815	(48,832)	14,983	226,779	(103,643)	123,136
Infrastructure	161,941	(127,736)	34,205	524,624	(234,061)	290,563
Major Construction Projects	89,725	-	89,725	582,841	-	582,841
Technology Applications	9,502	-	9,502	57,631	(3,004)	54,627
Vehicle - Convention Revenue	83,497	(79,307)	4,190	601,782	(396,245)	205,537
Vehicle - Other Revenue	3,497	(3,339)	158	32,425	(28,676)	3,749
SubTotal	415,316	(259,215)	156,101	2,103,088	(765,752)	1,337,336
Capital Infrastructure Contributions	42,608	-	42,608	318,254	(1,500)	316,754
Total	457,924	(259,215)	198,709	2,421,342	(767,252)	1,654,090
Grand Total	552,729	(259,735)	292,994	2,615,844	(832,399)	1,783,445

* Active/AIP includes substantially completed projects totalling \$829.5 million less funding of \$298.4 million.

Context/Overview

At TransLink's current funding level our priority is to maintain existing service levels and ensure assets are in a state of good repair. Capital projects are planned through an integrated enterprise system where bus, rail and TransLink initiatives are evaluated against Transport 2040 goals and corporate strategies.

Table 1 highlights capital projects, grouped into asset categories, and includes capital project contributions to provide regional Major Road Network needs. The total budget for the 2014 Capital Program (including capital infrastructure contributions) is \$194.5 million. The projected 2014 cash flow for this Capital Program is 94.8 million less government funding of \$0.5 million. Table 2 highlights the active and approved in principle capital programs already underway.

The total projected cash flow for 2014 is \$552.7 million less government funding of \$259.7 million leaving a net cash impact to 2014 of \$293 million.

2014 Capital Program (\$000's)

The 2014 Capital Program is focused on maintaining existing service levels and keeping the system in a state of good repair with some minor upgrades. The total budget envelope is \$174.6 million (excluding capital infrastructure contributions) with anticipated senior government contribution of \$65.1 million, netting the capital expenditures to \$109.4 million. The following provides further breakdown by category.

2014 Capital Program Projects (based on total project budget)
(in \$ 000)

Project Name	Description	2014 Capital Cash Flow			Total Project Budget		
		Gross Cost	Less Funding	TransLink Net Cost	Gross Cost	Less Funding	TransLink Net Cost
Equipment							
Automatic Train Control Existing Equipment Replacement - Phase 2	Replace existing ATC equipment with new that offers same or better functionality and performance	2,140	0	2,140	6,515	0	6,515
Other	Nine (9) other projects in this asset category	3,834	0	3,834	6,969	0	6,969
Facilities							
Operational Facility - Real Estate Acquisition	Purchase Board approved operations-related property	14,450	0	14,450	14,450	0	14,450
Other	Five (5) other projects in this asset category	2,519	0	2,519	2,525	0	2,525
Infrastructure							
Pattullo Bridge Phase 2 Design	Design structural seismic, new deck and pier strengthening upgrades	22,000	0	22,000	22,000	0	22,000
Trolley Overhead Relocation - Design and Construction	Relocate Trolley Overhead group currently located at Oakridge Transit Centre	5,622	0	5,622	8,350	0	8,350
Trolley Overhead Metrotown Group Rectifier Replacement	Replace Metrotown Group rectifier stations to provide TOH network with greater capacity and reliability, and more consistent grid voltage levels	287	0	287	6,300	0	6,300
Pattullo Bridge - bridge deck Phase 2	Two year repair of most deteriorated bridge components that pose safety concern and/or risk of partial to total bridge closures	2,924	0	2,924	6,000	0	6,000
Surrey Transit Centre CNG Facility Retrofit	Install new CNG compression and dispensing system at fueling building and complete fire safety modifications to all bus related buildings to support incoming CNG bus fleet	252	0	252	5,000	0	5,000
Other	Fifteen (14) other projects in this asset category	8,496	(498)	7,997	9,288	(500)	8,788
Technology Applications							
Other	Total of seventeen (17) projects in this asset category	10,846	0	10,846	13,818	0	13,818
Vehicles Conventional Revenue							
2015 Conventional Replacement Buses	Procure 51 - 40ft CNG and 21 - 60ft hybrid buses to replace 51 standard and 21 articulated diesel buses	0	0	0	58,000	(52,200)	5,800
2015 HandyDART Vehicle Replacement	Procure 30 minibuses and 25 midibuses to replace 55 retiring vehicles	23	(21)	2	8,980	(8,082)	898
Other	One (1) other project in this asset category	0	0	0	4,850	(4,365)	485
Vehicles Non-Revenue							
Other	Total of five (5) projects in this asset category	1,462	0	1,462	1,507	0	1,507
Total		74,856	(520)	74,335	174,552	(65,147)	109,405

Active and Approval in Principle (AIP) Projects Underway

The table below provides a breakdown by category for the active and approved in principle capital projects based on forecasted remaining cash flows to project completion.

Active / Approved in Principle (AIP) Capital Projects (based on remaining gross cashflows in 2014 - 2016)

(in \$ 000)

Project Name	Description	2014 Capital Cash Flow			Total Project Budget		
		Gross Cost	Less Funding	TransLink Net Cost	Gross Cost	Less Funding	TransLink Net Cost
Equipment							
Other	Twenty four (24) projects in this asset category	3,339	(1)	3,338	77,006	(123)	76,883
Facilities							
Hamilton Transit Centre Preliminary and Detailed Design	Design and construction of a new transit centre in the Hamilton area of Richmond	58,846	(46,049)	12,797	125,633	(78,188)	47,445
Other	Twenty seven (27) other projects in this asset category	4,969	(2,784)	2,185	101,146	(25,455)	75,691
Infrastructure							
Smart Card and Faregate - Phase 3	Design and construction of system wide Compass Card and Fare gates infrastructure and supporting ancillary facilities. As of Q2 the budget was increased to 194.2 million	75,987	(60,707)	15,280	194,200	(96,329)	97,871
Metrotown Station & Exchange Upgrade Construction	Upgrade construction of Metrotown SkyTrain station and new bus exchange	12,185	(10,495)	1,690	35,024	(30,167)	4,857
Commercial Broadway SkyTrain Station Phase 2 Upgrade Construction	Design and construction of Phase 2 Commercial Broadway SkyTrain station development to increase capacity	9,122	(7,568)	1,554	32,181	(26,700)	5,481
EXPO Line Propulsion Power Upgrade	Design, supply and install transformer-rectifier units at 10 substations, 19.1 Km of power rail, and power cable feeders	27,996	(27,996)	0	58,361	(43,000)	15,361
Main St. SkyTrain Stn Upgrade - Construction	Construction of Main Street SkyTrain station	15,928	(11,348)	4,580	33,195	(20,852)	12,343
Other	Fourty six (46) projects in this asset category	20,723	(9,621)	11,102	171,662	(17,013)	154,649
Major Construction							
Evergreen Line - TransLink Contribution (excluding contributions expensed)	TransLink monetary and in-kind contributions to the design and construction of the Evergreen Line by the Province	89,725	0	89,725	402,841	0	402,841
Other	One (1) other project in this asset category	0	0	0	180,000	0	180,000
Technology Applications							
Other	Thirty three (33) projects in this asset category	9,502	0	9,502	57,631	(3,004)	54,627
Vehicle Convention Revenue							
2014 Conventional Replacement Buses	Procure 45 - 40ft CNG buses to replace 52 - 40ft diesel buses	32,462	(29,216)	3,246	34,000	(30,600)	3,400
100-400 Series MK I Refurbishment Project	Refurbish the original 114 MK I SkyTrain cars to extend service lives by another 15 years	17,384	(17,384)	0	37,875	(28,460)	9,415
Other	Fourteen (14) projects in this asset category	33,651	(32,707)	944	529,907	(337,185)	192,722
Vehicle - Other Revenue							
Other	Thirteen (13) projects in this asset category	3,497	(3,339)	158	32,425	(28,676)	3,749
Total		415,316	(259,215)	156,101	2,103,087	(765,752)	1,337,335

6. Changes in Financial Position

	Projected December 31, 2014	Projected December 31, 2013	Increase / (Decrease)
FINANCIAL ASSETS			
Cash	\$ 190,068	\$ 217,000	\$ (26,932)
Accounts receivable	113,556	110,249	3,307
Restricted cash and investments	356,121	326,004	30,117
Investments	119,329	116,856	2,473
Debt reserve deposits	37,652	38,958	(1,306)
	<u>816,726</u>	<u>809,067</u>	<u>7,659</u>
LIABILITIES			
Accounts payable and accrued liabilities	236,883	229,833	7,050
Debt	2,319,671	2,127,587	192,084
Deferred government transfer	1,405,225	1,211,930	193,295
Employee future benefits	94,684	86,076	8,608
Deferred concessionaire credits	595,688	619,025	(23,337)
Golden Ears Bridge contractor liability	1,051,375	1,045,059	6,316
	<u>5,703,526</u>	<u>5,319,510</u>	<u>384,016</u>
NET DEBT	(4,886,800)	(4,510,443)	376,357
NON-FINANCIAL ASSETS			
Tangible capital assets	\$ 4,843,806	\$ 4,520,777	\$ 323,029
Supplies inventory	40,147	38,978	1,169
Prepaid expenses	8,944	8,684	260
	<u>4,892,897</u>	<u>4,568,439</u>	<u>324,458</u>

Financial Assets

Financial assets increase by \$7.7 million in 2014, an increase of less than one per cent.

Liabilities

Deferred government transfer increased by \$193 million in 2014 due to the budgeted government transfers of \$262 million for capital project funding, offset by the government transfer amortized and recognized into revenue of \$69 million (see non-cash charges to the Statement of Cash flows).

Employee future benefits, which represent post-retirement and post-employment benefits, have increased by \$9 million primarily due to the current service cost and related interest.

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 Golden Ears Bridge contractor liability has increased as interest expense exceeds the payments in the early years. The liability is set up so that principal payments commence during 2015. Interest accretion on contractor liability decreases as the monthly payments increase, starting July 2014 (see Golden Ears Bridge note 9a to the 2012 audited financial statements for details).

Non-Financial Assets

Tangible capital assets are forecast to increase \$323 million in 2014 with additions of \$488 million offset by amortization of \$165 million. Capital additions consist primarily of SkyTrain upgrades, TransLink's contribution to the Evergreen Line, revenue vehicle replacements, Pattullo Bridge seismic upgrade and Hamilton Transit Centre.

7. Liquidity and Capital Resources

Cash Flows and Liquidity

Cash and liquidity decreased \$26.9 million, partly due to higher capital expenditures.

Debt

Net debt increased by \$192.1 due to issuance of new debt, partially offset by sinking fund contributions.

8. Appendices and Consolidated Financial Statements

Schedule 1 Funded Statement of Operations

TransLink (Excluding AirCare)
2014 Revenue and Expenditure Summary Statement
On a Funding Basis
\$000's

	2012 Actual	2013 Q2 Forecast	2014 Budget	Fav/(Unfav) To Q2 Forecast
A. Revenues and Expenditures				
Revenues				
Transit Revenues	460,600	497,546	518,001	20,455
Real Estate	1,608	-	-	-
Golden Ears Bridge Toll Revenues	38,859	38,706	39,648	942
Taxation				
Fuel	335,274	341,569	337,761	(3,808)
Property and Replacement	306,689	314,064	322,946	8,882
Hydro Levy	19,243	19,320	19,670	350
Parking Sales	53,207	54,653	56,019	1,366
Total Taxation Revenue	714,414	729,606	736,396	6,790
Operating Contribution	20,094	19,660	19,300	(360)
Interest Income	4,253	4,957	4,123	(834)
Miscellaneous Revenue	3,973	2,383	2,063	(321)
Gain on disposal	40,728	-	-	-
Total Revenues	1,284,529	1,292,857	1,319,531	26,673
Expenditures				
Roads & Bridges				
Major Road Network Operation	34,630	25,972	28,529	(2,557)
Golden Ears Bridge Operations	12,011	12,726	12,709	17
Admin, Studies & Allocated costs	5,562	6,458	6,815	(357)
Total Roads & Bridges	52,204	45,156	48,053	(2,897)
Transit				
Bus Division				
Coast Mountain Bus Co.	523,881	517,635	525,616	(7,981)
Access Transit	49,245	49,923	50,507	(584)
Other Contractors	19,039	19,127	20,418	(1,291)
Total before allocated costs	592,165	586,684	596,540	(9,856)
Allocated costs	33,015	37,415	44,592	(7,177)
Total Bus Division	625,180	624,099	641,132	(17,033)
Rail Division				
Expo & Millennium Lines	98,131	100,785	106,411	(5,626)
West Coast Express	18,090	18,997	19,983	(986)
Canada Line	105,382	105,083	106,027	(943)
Total before allocated costs	221,603	224,865	232,420	(7,555)
Allocated costs	17,853	19,549	23,878	(4,328)
Total Rail Division	239,456	244,415	256,298	(11,883)
Total Transit	864,636	868,514	897,430	(28,916)
TransLink				
Board, Mayors' Council, Commissioner	1,196	1,744	1,639	105
Divisions	50,925	57,489	64,729	(7,240)
Studies and Other One-time Projects	9,106	11,558	19,007	(7,449)
Total TransLink	61,227	70,791	85,376	(14,585)
Transit Police	28,438	31,172	32,201	(1,028)
Provision for Contingencies and Reinvestments	-	8,881	13,500	(4,619)
Interest Expense	110,782	109,841	114,356	(4,515)
Depreciation Expense	8,972	9,645	12,982	(3,337)
Debt Repayment	96,853	93,669	94,871	(1,202)
GEB Capital Payments	54,342	55,097	61,918	(6,821)
Total Expenditures	1,277,455	1,292,766	1,360,686	(67,920)
Annual Surplus/(Deficit) before AirCare	7,075	91	(41,156)	(41,247)
B. Cumulative Funded Surplus				
Opening Balance	287,720	294,795	294,886	**
Surplus/(Deficit) for the year	7,075	91	(41,156)	.
Closing Balance	294,795	294,886	253,730	

* The funded statement of operations does not include AirCare as it is a self-funded program

** Opening balance for 2013 reflects adjustments made after 2012 Q2 forecast

*** Under the PSAB Accounting format, recoveries are reclassified into the revenues section.

Schedule 2 Consolidated Financial Statements

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Financial Position
(in thousands of dollars)

Projected December 31, 2014 with Projected December 31, 2013 and Actual December 31, 2012 comparative figures

	Projected December 31, 2014	Projected December 31, 2013	Actual December 31, 2012
FINANCIAL ASSETS			
Cash	\$ 190,068	\$ 217,000	\$ 187,093
Accounts receivable	113,556	110,249	107,037
Restricted cash and investments	356,121	326,004	359,896
Investments	119,329	116,856	114,271
Debt reserve deposits	37,652	38,958	41,263
	816,726	809,067	809,560
LIABILITIES			
Accounts payable and accrued liabilities	236,883	229,833	222,694
Debt	2,319,671	2,127,587	2,042,039
Deferred government transfer	1,405,225	1,211,930	1,137,878
Employee future benefits	94,684	86,076	78,251
Deferred concessionaire credits	595,688	619,025	642,215
Golden Ears Bridge contractor liability	1,051,375	1,045,059	1,032,744
Deferred lease inducements	-	-	1,650
	5,703,526	5,319,510	5,157,471
NET DEBT	(4,886,800)	(4,510,443)	(4,347,911)
NON-FINANCIAL ASSETS			
Tangible capital assets	\$ 4,843,806	\$ 4,520,777	\$ 4,391,311
Supplies inventory	40,147	38,978	37,843
Prepaid expenses	8,944	8,684	8,431
	4,892,897	4,568,439	4,437,585
ACCUMULATED SURPLUS	\$ 6,097	\$ 57,996	\$ 89,674

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations

(in thousands of dollars)

Year ending December 31, 2014, with comparative figures for 2013 and 2012

	2014 Budget	2013 Q2Forecast	2012 Actual
Revenue:			
Taxation	\$ 736,396	\$ 729,606	\$ 714,414
Transit	518,001	497,546	460,600
Golden Ears Bridge tollings	39,648	38,706	38,859
Emissions testing	12,846	19,948	20,253
Government transfers	88,147	80,859	85,164
Amortization of deferred concessionaire credit	23,337	23,190	23,337
Interest income	34,231	33,405	31,662
Miscellaneous revenue	2,063	2,383	5,581
Gain on disposal of tangible capital assets	-	-	41,600
	1,454,669	1,425,643	1,421,470
Expenses:			
Aircare	16,859	16,802	17,380
Bus division	785,441	767,303	765,892
Corporate	111,173	91,873	73,223
Rail division	347,529	334,947	329,070
Roads & Bridges	213,340	215,199	216,797
Transit Police	32,226	31,197	28,463
	1,506,568	1,457,321	1,430,825
Surplus (deficit) for the year	(51,899)	(31,678)	(9,355)
Accumulated surplus, beginning of year	57,996	89,674	99,029
Accumulated surplus, end of year	\$ 6,097	\$ 57,996	\$ 89,674

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Changes in Net Financial Liabilities
(in thousands of dollars)

Year ending December 31, 2014, with comparative figures for 2013 and 2012

	2014 Budget	2013 Q2Forecast	2012 Actual
Surplus (deficit) for the year	\$ (51,899)	\$ (31,679)	\$ (9,355)
Acquisition of tangible capital assets	(488,859)	(296,501)	(178,764)
Amortization of tangible capital assets	165,830	167,035	163,956
Gain on disposal of tangible capital assets	-	-	(41,600)
Net proceeds on disposal of tangible capital assets	-	-	91,501
Write down of tangible capital assets	-	-	-
	(323,029)	(129,466)	35,093
Change in supplies inventories	(1,169)	(1,135)	1,591
Change in prepaid expenses	(260)	(253)	(979)
	(1,429)	(1,388)	612
(Increase) / Decrease in net debt	(376,357)	(162,533)	26,350
Net debt, beginning of year	(4,510,444)	(4,347,911)	(4,374,261)
Net debt, end of period	\$ (4,886,802)	\$ (4,510,444)	\$ (4,347,911)

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows
(in thousands of dollars)

Year ending December 31, 2014, with comparative figures for 2013 and 2012

	2014 Budget	2013 Q2Forecast	2012 Actual
Cash provided by (used for):			
Operating Transactions:			
Excess (deficit) for the year	\$ (51,899)	\$ (31,679)	\$ (9,355)
Non-cash charges to operations	81,179	94,593	49,167
Changes in non-cash operating working capital	10,923	10,365	26,048
Net change in cash from operating transactions	40,203	73,279	65,860
Capital Transactions:			
Purchase of capital assets	(488,859)	(296,501)	(178,764)
Net proceeds from disposal of capital assets	-	-	91,501
Net change in cash from capital transactions	(488,859)	(296,501)	(87,263)
Investing Transactions:			
Decrease (increase) in restricted cash and investments	(30,117)	33,892	(50,963)
Decrease (increase) in investments	(2,473)	(2,585)	14,040
Decrease (increase) in debt reserve deposits	1,306	2,305	987
Net change in cash from investing transactions	(31,284)	33,612	(35,936)
Financing Transactions:			
Debt proceeds	292,617	234,891	255,246
Premiums (issue costs) on financing	-	-	1,119
Repayments of debt	(101,851)	(150,718)	(131,116)
Government transfers received for capital additions	262,243	135,344	23,594
Lease inducements received	-	-	1,299
Net change in cash from financing transactions	453,009	219,517	150,142
Decrease in cash	(26,931)	29,907	92,803
Cash, beginning of year	217,000	187,093	94,290
Cash, end of year	\$ 190,068	\$ 217,000	\$ 187,093

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows (continued)

(in thousands of dollars)

Year ending December 31, 2014, with comparative figures for 2013 and 2012

	2014 Budget	2013 Q2Forecast	2012 Actual
Non-cash charges to operations:			
Amortization of capital assets	165,830	167,035	\$ 163,956
Amortization of bond discount	-	-	1,643
Amortization of debt issue cost	1,318	1,375	1,075
Amortization of deferred concessionaire credits	(23,337)	(23,190)	(23,337)
Amortization of deferred government transfers	(68,948)	(61,292)	(65,069)
Amortization of deferred lease inducements	-	(1,650)	(95)
Interest accretion on contractor liability	6,316	12,315	12,594
Writedown of tangible capital asset	-	-	-
Gain on disposal of tangible capital assets	-	-	(41,600)
	\$ 81,179	\$ 94,593	\$ 49,167
Changes in non-cash operating working capital:			
(Increase) decrease in accounts receivable	\$ (3,307)	\$ (3,212)	\$ (27,978)
(Increase) decrease in supplies inventory	(1,169)	(1,135)	1,591
(Increase) decrease in prepaid expenses	(260)	(253)	(803)
Increase (decrease) in accounts payable and accrued liabilities	7,051	7,140	42,131
Employee future benefit payable	8,608	7,825	11,107
	\$ 10,923	\$ 10,365	\$ 26,048

Appendix 1 Allocated Costs between Divisions

Allocated Cost Breakdown 12 Months ending December 31st

(\$ thousands)

	Actual	Q2 Forecast	Budget	Fav./ (Unfav.) To Q2 Forecast
	2012	2013	2014	
<u>Shared services costs allocated</u> ¹				
CMBC	16,257	21,624	26,013	(4,389)
BCRTC	348	718	802	(84)
WCE	26	68	83	(14)
Canada Line	-	-	-	
Police	68	1,375	1,692	(317)
TransLink	(16,700)	(23,785)	(28,589)	4,804
Total	-	-	-	-
<u>Costs administered by TransLink and allocated to subsidiaries</u> ²				
CMBC	16,756	15,789	18,579	(2,790)
BCTRC	3,839	3,443	5,437	(1,994)
WCE	11,853	13,456	14,748	(1,292)
Canada Line	1,786	1,865	2,808	(943)
Police	-	1,272	1,847	(575)
Total	34,234	35,825	43,419	(7,595)
<u>Total Allocated costs to Subsidiaries from TransLink</u>				
CMBC	33,013	37,413	44,592	(7,179)
BCRTC	4,187	4,160	6,239	(2,078)
WCE	11,879	13,524	14,831	(1,307)
Canada Line	1,786	1,865	2,808	(943)
Police	68	2,647	3,539	(892)
Total	50,934	59,609	72,008	(12,399)

¹ Includes Business Technology & Human Resources costs

² Includes property tax, building leases, insurance, fare media costs, and compass card operating costs

* Negatives represent allocations out, positives represent allocations in