



# Corporate Report

NO: R082

COUNCIL DATE: APRIL 30, 2007

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## REGULAR COUNCIL

TO: Mayor & Council DATE: April 25, 2007  
FROM: General Manager, Finance & Technology FILE: 1880-20  
SUBJECT: Quarterly Financial Report – First Quarter 2007

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## RECOMMENDATION

That Council receive this report as information.

## INTENT

The intent of this report is to provide Council with a first quarter update of the City's financial activity as compared to the 2007 Financial Plan.

## DISCUSSION

The following discussion begins with an overall economic summary followed by an outline of Surrey's financial performance for the first quarter of the year. It also includes an overview of the City's investment portfolio performance.

### **Economic Summary:**

This summary provides a high level overview of the international economy, followed by that of the United States, Canada and finally British Columbia.

### International Overview:

Overall, there is a general slowing of world growth. China remains the exception to this trend. Its first quarter growth reached double digits, mainly due to its massive trade surplus. Growth is still expected to accelerate further as China gets ready for the 2008 Olympics in Beijing. A continuation of this trend will fuel speculation that interest rates will rise.

### United States Overview:

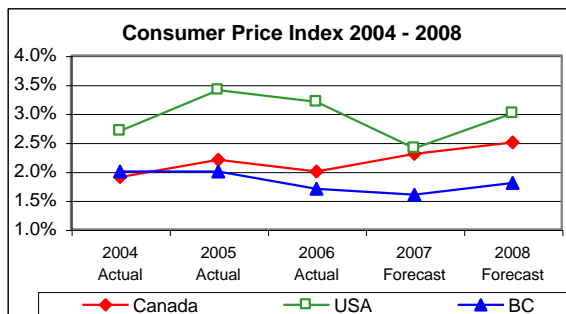
Economic growth has slowed down in the United States due to down turn in the housing market. However, a fall in oil prices has helped in sustaining consumer spending. Economic growth in the United States is expected to decline to 2.2% in 2007, from 3.3 % in 2006. Growth is not expected to pick up until the housing market stabilizes. The primary driver will be continued consumer spending, supported by stronger government spending, business capital spending, more stable oil prices, and export growth. Slower growth implies a slight upward drift in the unemployment rate.

### Canadian Overview:

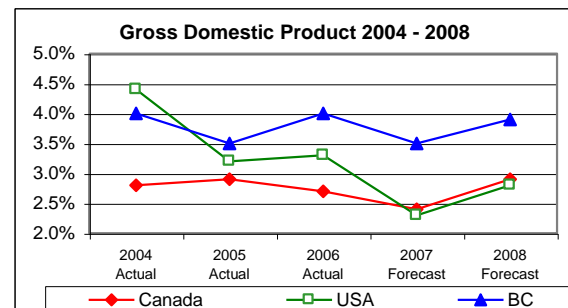
Canada's economy has enough momentum to perform well despite the slowdown in the United States growth. Real GDP growth is expected to average around 2.5% in the first half of 2007, rising to about 2.75% in the second half. Total consumer price inflation will continue to be affected by movements in energy prices and by last year's reduction in the Goods and Services Tax. The CPI figure is expected to average just above one per cent in the first half of 2007.

The rising Canadian dollar has challenged businesses, to cut costs and boost productivity in order to limit their loss of competitiveness. This has resulted in the Canadian economy expanding at healthy pace. Capacity pressures and labour shortages are a big concern, especially in Western Canada, where oil sands development is heating up the economy.

Healthy growth in real disposable income suggests that consumer spending will remain solid due to low financing rates and increased household wealth.



Graph 1 Source: BMO Capital Markets March/07



Graph 2 Source: BMO Capital Markets March/07 CUCBC April/07

### British Columbia Overview

Growth in British Columbia is forecast to continue over the next two years. A myriad of large construction projects and a boost in manufacturing activities will continue to stimulate economic growth. However, with pent-up demand for housing being fulfilled, housing starts are expected to decline in 2007.

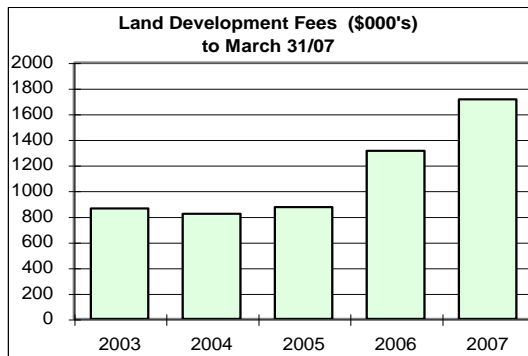
Solid job gains have helped push the employment rate to record highs. Retail sales growth will continue to remain strong as employment and personal incomes grow.

Construction output will remain the highlight of the outlook due to projects for the 2010 Olympics as well as government initiated major infrastructure developments, such as the Gateway Program targeted to improve roads, bridges and transit. Overall real GDP is forecast to grow by 3.1% in 2007.

## Surrey's Financial Performance

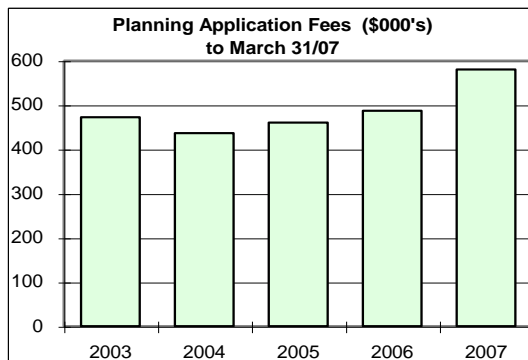
The level of new development activity continues to remain strong. Residential housing still remains a major component of growth as the general economic condition of the Lower Mainland remains strong. The level of application approval activity is expected to be higher in the first half of the year and then drop off in the second half of the year as developers work to move their projects ahead faster to avoid an increase in Development Cost Charges. The level of construction activity for the year is expected to be on par with that of 2006.

The following graphs show how the first quarter of the year compares to previous years' results for the same period:



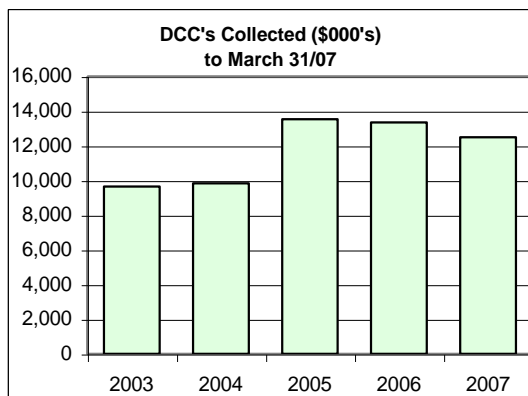
The Land Development activity for the first quarter of the year has increased significantly from previous years. This is primarily due to the increase in activity as developers attempt to avoid an increase in Development Cost Charges. It is expected that these fees will drop off in the second half of the year. However, it is expected that budget figures will be exceeded.

Graph 3



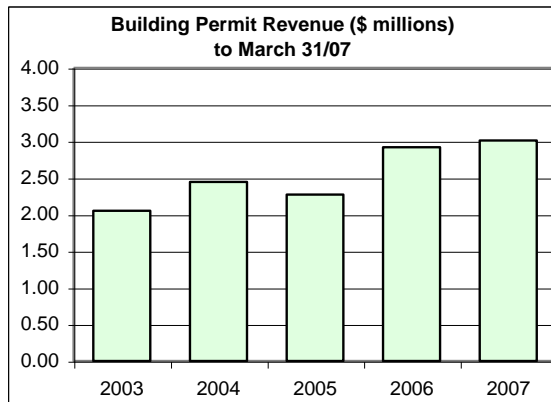
Application fees collected in the first quarter of the year have increased as comparable to prior years. It is expected that the 2007 budget figures will be exceeded.

Graph 4



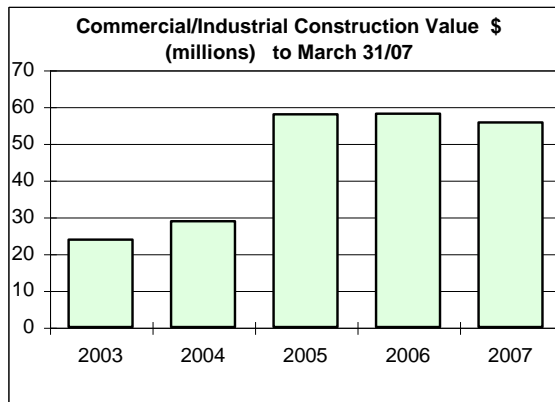
The Development Cost Charges that have been collected in the first quarter of the year are lower than those collected in the same period of 2006. While construction continues to remain strong, this slight decline is a result of small decrease in land development activity in quarter 4 of 2006. It is expected that the 2007 target will be met.

Graph 5



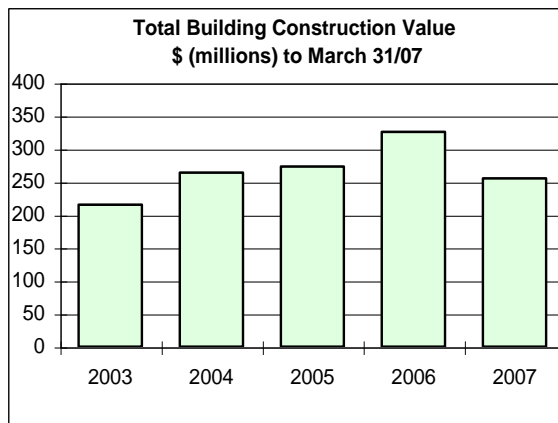
Graph 6

Building permit fees collected for the first quarter of the year is slightly higher than those collected in the same periods of previous years. Activity in the housing market has declined somewhat but it is expected that budget revenue targets will be met in 2007.



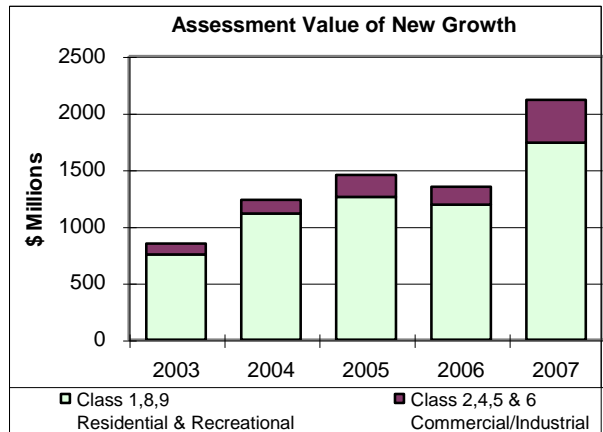
Graph 7

Construction value of commercial/industrial building permits for the first quarter of the year has remained about the same as the previous year. .

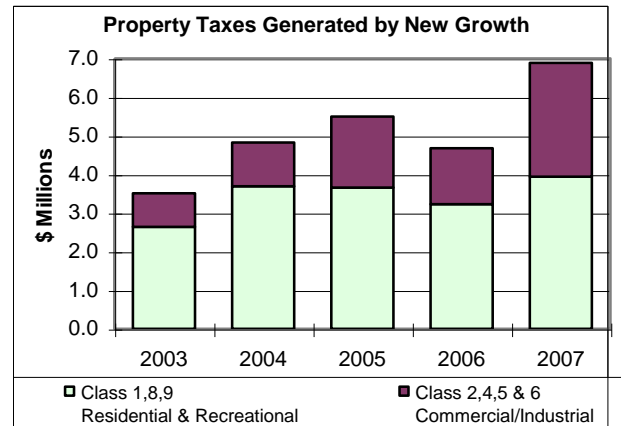


Graph 8

Overall, the value of new construction in the City for the first quarter of the year is lower than the same time period in previous years. This is expected to increase over the next two quarters as the Planning Division processes the large volume of development applications and associated building permits. Staff are projecting the same level of construction value to be issued in 2007 as was issued in 2006.

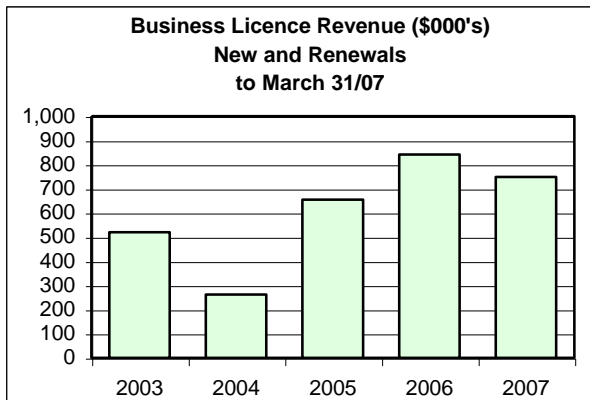


Graph 9



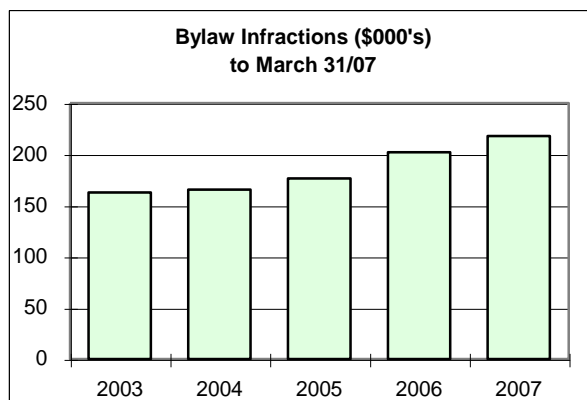
Graph 10

The value of new construction is converted into taxable assessed values and is considered to be the 'growth' component of our annual property tax levy. The number of permits issued may decline but this does not necessarily mean that our property tax growth will also decline. The tax rate for commercial/industrial properties is about three and a half times that of residential property. This means that a commercial property with the same assessed value as a residential property will generate three and a half times the amount in property taxes.



Graph 11

The minor drop in licensing activity for the first quarter is a timing variance associated with business license renewal, which renew annually on the date of application. Overall, we expect that our licensing revenue will meet our budgeted expectations.

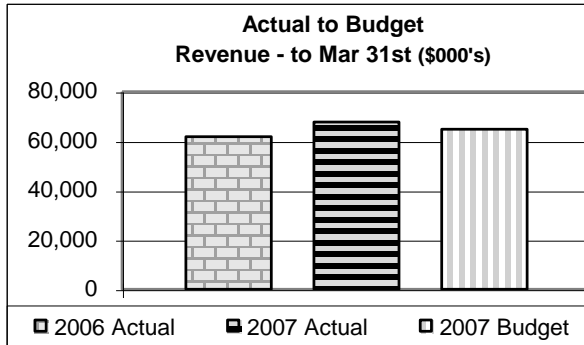


Graph 12

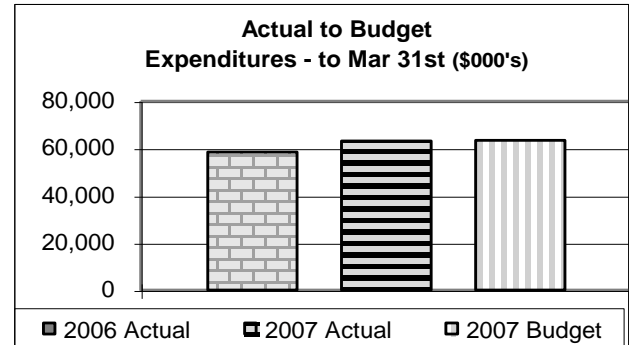
Bylaw infraction revenue has continued to increase mirroring the growth in the City.

## 1.2 Comparison of Actual versus Budget

The graphs below illustrate the variances between the actual and the budgeted revenues and expenditures for the first quarter.



Graph 13



Graph 14

**Appendix A** shows these revenues and expenditures at a more detailed level. Departments are closely monitoring their actual results on a monthly basis. Following are explanations of variances from the adopted 2007 Financial Plan:

RCMP is currently showing a small favourable variance of \$35,000. This is a result of the timing in filling new positions approved in the 2007 budget. With the increases in both RCMP members and civilian staff, this budget will require close monitoring throughout the year.

Fire Services has a favourable variance of \$61,000. This favourable variance is expected to increase when the costs associated with the hazardous material disposal are recovered later in the year.

Engineering is reporting an \$83,000 negative variance, due to a significant increase in costs associated with wire theft (\$700,000). Increased Land Development activity has helped reduce the impact of the wire theft costs.

Parks, Recreation & Culture is showing a favourable departmental variance of \$361,000. This is primarily due to expenditure timing variances, vacancies and recruitment processes and increased participation in the leisure services area at South Surrey and Fraser Heights multi-purpose centres, which are now established within their communities.

Library Services has also achieved a favourable variance of \$53,000 due to the timing of branch supplies.

Planning and Development, which also includes Civic Facilities Management, is reporting a favourable variance of \$520,000 due primarily to increased development activity.

Mayor and Council has a favourable variance of \$23,000 due to the timing of expenditures

City Manager's Department is currently reporting a favourable variance of \$118,000 due to revenue increases from fees and fines.

Finance & Technology currently has a favourable variance of \$12,000. This is primarily due to temporary departmental vacancies offset by an increase in IT maintenance contracts.

Human Resources is on target for the first quarter.

Council Initiatives: An update of allocations that have been made by Council to date in 2007 is attached as **Appendix B**.

### **1.3 City Investment Portfolio**

The schedules in **Appendix C** include a summary of our investment portfolio. **Schedule I** is a summary of investments by issuer type, with comparative totals for each month-end from January through March. **Schedule 2** is a detailed listing of securities as at March 31, 2007 sub-totaled by issuer type.

It is important to note that although the investment portfolio is currently valued in excess of \$621 million, most of these funds have either been committed to specific capital projects or they are operating funds that have been invested until needed to pay operating expenses.

The City's investment portfolio is currently earning a combined rate of approximately 4.25%, while maintaining investment security as outlined in the investment policy. This is slightly higher than the investment interest return of 4.20% that was anticipated in our 2007 Financial Plan.

## **CONCLUSION**

The development activity experienced in the first quarter of 2007 is similar to the activity in the first quarter of 2006. Building activity in the first quarter is somewhat behind the same quarter last year but is expected to pick up and reach similar levels to 2006 by the end of the year. The 2007 adopted budget required a transfer from surplus of \$3.0 million. Based on the favourable first quarter financial results and the anticipated continuation of development activity, it is expected that this transfer will not be required at the end of the year.

Vivienne Wilke, CGA  
General Manager,  
Finance & Technology



**2007 1st QUARTER COUNCIL REPORT**  
**EXECUTIVE SUMMARY - REVENUES & EXPENDITURES**  
**\$ 000's**

<b>REVENUE SUMMARY</b>	<b>2006 1st Qtr Actual</b>	<b>2007 1st Qtr Actual</b>	<b>2007 1st Qtr Budget</b>	<b>2007 1st Qtr Variance</b>	<b>2007 Total Budget</b>
Net Taxation	40,900	43,529	43,514	(15)	174,056
Non-Tax Revenues	2,335	3,116	3,129	13	14,415
Provincial Casino Revenue Sharing	700	800	0	(800)	0
Utility Recoveries	856	811	883	72	3,533
Program Revenues	16,993	19,400	17,264	(2,136)	67,606
<b>TOTAL REVENUES</b>	<b>\$ 61,784</b>	<b>\$ 67,656</b>	<b>\$ 64,790</b>	<b>\$ (2,866)</b>	<b>\$ 259,610</b>

<b>EXPENDITURE SUMMARY</b>	<b>2006 1st Qtr Actual</b>	<b>2007 1st Qtr Actual</b>	<b>2007 1st Qtr Budget</b>	<b>2007 1st Qtr Variance \$</b>	<b>2007 Total Budget</b>
Program Expenditures	\$ 55,755	\$ 60,286	\$ 59,253	\$ (1,033)	\$ 253,446
Council Projects	62	107	62	(45)	250
City Beautification	0	0	143	143	570
Community Health Care	0	0	100	100	400
Social Well-Being Plan	0	82	164	82	656
2010 Opportunities	0	0	25	25	100
Other Council Initiatives	0	0	56	56	225
Fiscal Services	242	297	221	(76)	883
Interest Allocations	143	158	161	3	643
<b>TOTAL EXPENDITURES</b>	<b>\$ 56,202</b>	<b>\$ 60,930</b>	<b>\$ 60,185</b>	<b>\$ (745)</b>	<b>\$ 257,173</b>

<b>TRANSFER SUMMARY</b>	<b>2006 1st Qtr Actual</b>	<b>2007 1st Qtr Actual</b>	<b>2007 1st Qtr Budget</b>	<b>2007 1st Qtr Variance \$</b>	<b>2007 Total Budget</b>
Transfer to Capital Program	\$ 1,451	\$ 1,627	\$ 1,350	\$ (277)	\$ 5,400
Transfer to Capital Program - Gaming	700	800	0	(800)	0
Transfers To(From) Own Sources	48	(214)	13	227	50
	<b>2,199</b>	<b>2,213</b>	<b>1,363</b>	<b>(850)</b>	<b>5,450</b>
Surplus(Deficit)	3,383	4,513	3,242	(1,271)	(3,013)
Transfer (to)/from Surplus	(3,383)	(4,513)	(3,242)	1,271	3,013
<b>BALANCED BUDGET</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>





**2007 1st QUARTER COUNCIL REPORT**  
\$ 000's

	2006 1st Qtr Actual	2007 1st Qtr Actual	2007 1st Qtr Budget	2007 1st Qtr Variance	2007 Total Budget
<b>PROGRAM REVENUES</b>					
R.C.M.P.	\$ 1,325	\$ 1,549	\$ 1,427	\$ (122)	\$ 5,715
Fire	29	48	31	(17)	1,243
Engineering Services	6,393	7,428	6,722	(706)	26,000
Parks, Recreation & Culture	3,739	4,038	3,801	(237)	12,679
Surrey Public Library	390	482	500	18	1,628
Planning & Development	3,553	4,313	3,323	(990)	14,037
City Manager	1,349	1,364	1,276	(88)	5,461
Finance & Technology	215	178	184	6	843
Human Resources	0	0	0	0	0
<b>TOTAL PROGRAM REVENUES</b>	<b>\$ 16,993</b>	<b>\$ 19,400</b>	<b>\$ 17,264</b>	<b>\$ (2,136)</b>	<b>\$ 67,606</b>

	2006 1st Qtr Actual	2007 1st Qtr Actual	2007 1st Qtr Budget	2007 1st Qtr Variance \$	2007 Total Budget
<b>PROGRAM EXPENDITURES</b>					
R.C.M.P.	\$ 17,429	\$ 18,973	\$ 18,886	\$ (87)	\$ 78,828
Fire	9,270	10,068	10,112	44	42,553
Engineering Services	7,909	8,915	8,125	(790)	34,245
Parks, Recreation & Culture	7,902	8,259	8,383	124	38,939
Surrey Public Library	2,694	2,755	2,827	72	11,558
Planning & Development	3,289	3,982	3,512	(470)	15,495
Mayor & Council	191	215	238	23	1,000
City Grants	490	336	336	0	601
City Manager	2,389	2,500	2,530	30	10,190
Finance & Technology	3,640	3,703	3,720	17	14,293
Human Resources	404	543	544	1	2,123
Operating Contingency	148	37	40	3	3,621
<b>TOTAL PROGRAM EXPENDITURES</b>	<b>\$ 55,755</b>	<b>\$ 60,286</b>	<b>\$ 59,253</b>	<b>\$ (1,033)</b>	<b>\$ 253,446</b>

	2006 1st Qtr Actual	2007 1st Qtr Actual	2007 1st Qtr Budget	2007 1st Qtr Variance \$	2007 Total Budget
<b>NET PROGRAM</b>					
R.C.M.P.	\$ 16,104	\$ 17,424	\$ 17,459	\$ 35	\$ 73,113
Fire	9,241	10,020	10,081	61	41,310
Engineering Services	1,516	1,486	1,403	(83)	8,245
Parks, Recreation & Culture	4,163	4,221	4,582	361	26,260
Surrey Public Library	2,304	2,274	2,327	53	9,930
Planning & Development	(264)	(331)	189	520	1,458
Mayor & Council	191	215	238	23	1,000
City Grants	490	336	336	0	601
City Manager	1,040	1,136	1,254	118	4,729
Finance & Technology	3,425	3,524	3,536	12	13,450
Human Resources	404	543	544	1	2,123
Operating Contingency	148	37	40	3	0
<b>NET PROGRAM TOTAL</b>	<b>\$ 38,762</b>	<b>\$ 40,885</b>	<b>\$ 41,989</b>	<b>\$ 1,104</b>	<b>\$ 182,219</b>



## 2007 FINANCIAL PLAN COUNCIL INITIATIVES

Description	Amount	Allocation to date	Remaining
Carried Forward from Prior Year	95,721		
<b>2007 Proposed Budget</b>	<b>\$ 250,000</b>		<b>\$ 345,721</b>
Surrey Crime Prevention Society - Graffiti Removal	26,000		
Critter Care Wildlife Society	1,150		
Relocate Currie House & Parr House	32,500		
Local Government Leadership Academy	3,100		
2010 Community Opportunities Strategy	20,000		
"A Night at the Oscars", Surrey Foundation's annual fundraising event	1,600		
FCM Workshop "Increasing Women's Participation in Municipal Gov't" Mar 16/07	2,000		
Royal Canadian Legion, Cloverdale Branch No. 6 80th Year Celebration Event	1,400		
Peace Arch Hospital & Community Health Foundation 18th Annual Fundraising Gala (200/cllr)			
CPGA Greater Vancouver Charity Classic Golf Tournament	30,000		
Surrey Memorial Hospital Foundation Emergency Centre Campaign (\$250/cllr)			
Surrey Tourism and Convention Association (STCA)	10,000		
Delegatin to Folklorama Cultural Celebration in Winnipeg, Manitoba, August 2007	4,500		
<b>Allocations for 2007</b>		<b>\$ 132,250</b>	<b>\$ 213,471</b>

## APPENDIX C

## SCHEDULE 1

DESCRIPTION	INVESTMENT	INVESTMENT	INVESTMENT
	(MILLIONS) JAN. 31/07	(MILLIONS) FEB. 28/07	(MILLIONS) MARCH 31/07
RBC Bank Balance	23.9	39.4	35.2
CALL LOAN	10.0	10.0	10.0
<b>MAJOR BANKS</b>			
Bank of Montreal	39.2	39.2	39.2
Bank of Nova Scotia	39.6	39.6	39.5
Canadian Imperial Bank of Commerce	45.0	45.0	45.0
Manulife Bank of Canada	15.0	15.0	15.0
National Bank of Canada	36.9	36.9	36.8
Royal Bank of Canada	40.2	40.2	40.1
Toronto Dominion	39.7	39.7	39.7
<b>SUB TOTAL - MAJOR BANKS</b>	<b>255.7</b>	<b>255.7</b>	<b>255.3</b>
<b>SCHEDULE B BANKS</b>			
Citibank of Canada	10.0	10.0	10.0
Hong Kong Bank of Canada (HSBC)	24.8	14.9	14.9
<b>SUB TOTAL - SCHEDULE B BANKS</b>	<b>34.8</b>	<b>24.9</b>	<b>24.9</b>
<b>CREDIT UNIONS</b>			
Coast Capital Credit Union	2.0	2.0	10.0
Credit Union Central BC	2.0	2.0	2.0
Envision Credit Union	2.0	2.0	10.0
Vancity Savings	10.0	10.0	10.0
<b>SUB TOTAL - CREDIT UNIONS</b>	<b>16.0</b>	<b>16.0</b>	<b>32.0</b>
<b>GOVERNMENT OF CANADA</b>			
Gov't Cda Bonds/Cpns	81.6	81.6	81.6
<b>SUB TOTAL - GOV'T OF CANADA</b>	<b>81.6</b>	<b>81.6</b>	<b>81.6</b>
<b>PROVINCES</b>			
Alberta	21.3	21.3	21.3
British Columbia	20.3	20.3	20.2
Manitoba	39.1	39.1	39.1
New Brunswick	2.9	2.9	2.9
Newfoundland	10.4	10.4	10.4
Nova Scotia	2.7	2.7	2.7
Ontario	27.0	27.0	27.0
Quebec	55.3	54.3	54.1
Saskatchewan	5.0	5.0	0.0
<b>SUB TOTAL - PROVINCES</b>	<b>183.9</b>	<b>182.9</b>	<b>177.7</b>
<b>OTHER</b>			
MFA	5.0	5.0	5.0
<b>SUB TOTAL - OTHER</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
<b>TOTAL PORTFOLIO .....</b>	<b>611.0</b>	<b>615.5</b>	<b>621.7</b>

## SCHEDULE 2 -1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
<b>BANK BALANCE</b>					
31-Mar-07		RBC Bank Balance		35,202,500.00	
<b>CALL LOAN</b>					<b>35,202,500.00</b>
2-Apr-07	30-Mar-07	Vancity Credit Union call	3	10,000,000.00	
<b>*** CALL LOAN</b>					<b>10,000,000.00</b>
<b>MAJOR BANKS</b>					
4-Apr-07	3-Apr-06	Bank of Montreal step up	366	10,000,000.00	
20-Dec-08	23-Mar-04	Bank of Montreal residuals	1733	4,207,500.00	
21-Jan-10	28-Jan-05	Bank of Montreal fixed floater	1819	2,007,791.41	
7-Dec-11	7-Dec-06	Bank of Montreal accrual note	1826	10,000,000.00	
29-Feb-12	4-Mar-05	Bank of Montreal futures certificate of deposit	2553	3,000,000.00	
15-Jul-12	15-Jul-05	Bank of Montreal step up	2557	9,993,958.91	
<b>*** BANK OF MONTREAL</b>					<b>39,209,250.32</b>
16-Jul-07	30-Jun-03	Bank of Nova Scotia fixed floaters	1477	2,417,072.94	
16-Jul-07	18-Jun-03	Bank of Nova Scotia fixed floaters	1489	5,037,015.35	
16-Jul-07	1-Dec-00	Bank of Nova Scotia fixed floaters	2418	3,998,644.36	
19-Apr-08	19-Apr-04	Bank of Nova Scotia step up	1461	8,000,000.00	
22-Jul-08	21-Nov-05	Bank of Nova Scotia fixed floaters	974	3,061,670.02	
24-Mar-09	24-Mar-04	Bank of Nova Scotia step up	1826	10,000,000.00	
5-Dec-11	5-Dec-06	Bank of Nova Scotia step up	1826	7,000,000.00	
<b>*** BANK OF NOVA SCOTIA</b>					<b>39,514,402.67</b>
20-Apr-07	25-Apr-06	CIBC bankers acceptance	360	4,797,500.00	
26-Feb-08	27-Mar-02	CIBC fixed floaters	2162	2,433,254.83	
10-Mar-08	10-Mar-04	CIBC step up	1461	5,000,000.00	
21-Aug-09	21-Aug-06	CIBC step up	1096	10,000,000.00	
15-Oct-09	13-Jun-05	CIBC fixed floaters	1585	2,538,382.69	
15-Oct-09	17-Jun-05	CIBC fixed floaters	1581	5,100,480.07	
9-Nov-09	9-Nov-06	CIBC step up	1096	5,084,550.00	
28-Mar-11	25-Sep-06	CIBC fixed floaters	1645	5,029,577.77	
10-Oct-13	10-Oct-06	CIBC accrual note	2557	5,000,000.00	
<b>*** CIBC</b>					<b>44,983,745.36</b>
3-Aug-08	3-Aug-05	Manulife step up	1096	10,000,000.00	
18-Aug-07	18-Aug-05	Manulife step up	730	5,000,000.00	
<b>*** MANULIFE BANK OF CANADA</b>					<b>15,000,000.00</b>
31-Oct-07	3-Apr-01	National Bank fixed floaters	2402	2,503,083.79	
4-Jun-08	20-Feb-06	National Bank bearer deposit note	835	1,089,264.00	
16-Apr-09	13-Jun-05	National Bank fixed floaters	1403	1,702,032.52	
16-Apr-09	14-Jun-05	National Bank fixed floaters	1402	5,212,591.29	
16-Apr-09	4-Jul-05	National Bank fixed floaters	1382	5,217,694.84	
16-Apr-09	6-Jul-05	National Bank fixed floaters	1380	3,130,643.80	
30-Jun-09	20-Feb-06	National Bank bearer deposit note	1226	2,767,392.00	
10-Sep-09	10-Sep-03	National Bank deposit note	2192	4,997,876.83	
10-Sep-09	19-Mar-04	National Bank deposit note	2001	5,084,291.45	
10-Sep-09	17-Jun-05	National Bank deposit note	1546	5,120,857.71	
<b>*** NATIONAL BANK OF CANADA</b>					<b>36,825,728.23</b>

**SCHEDULE 2 -2**

4-Jun-07	10-Dec-02	Royal Bank fixed floaters	1637	5,017,477.80	
22-Jan-08	21-Jun-04	Royal Bank fixed floaters	1310	5,065,181.29	
22-Jan-08	19-Jul-04	Royal Bank fixed floaters	1282	4,060,512.01	
25-Jan-10	2-Jun-03	Royal Bank fixed floaters	2429	5,296,429.16	
25-Jan-10	14-Jan-04	Royal Bank fixed floaters	2203	5,317,068.77	
12-Apr-11	27-Mar-06	Royal Bank fixed floaters	1842	5,328,666.13	
10-Oct-13	10-Oct-06	Royal Bank accrual note	2557	10,000,000.00	
		<b>*** ROYAL BANK OF CANADA</b>			<b>40,085,335.16</b>
4-Sep-07	27-Sep-02	Toronto Dominion fixed floaters	1803	5,008,393.24	
4-Sep-07	26-May-03	Toronto Dominion fixed floaters	1562	5,018,518.66	
5-Sep-08	9-Sep-03	Toronto Dominion fixed floaters	1823	5,001,773.84	
5-Sep-08	1-Dec-03	Toronto Dominion fixed floaters	1740	1,202,542.02	
22-Aug-09	22-Aug-06	Toronto Dominion step up	1096	20,000,000.00	
18-Jan-11	27-Mar-06	Toronto Dominion fixed floaters	1758	3,480,365.97	
		<b>*** TORONTO DOMINION</b>			<b>39,711,593.73</b>
<b>SCHEDULE B BANKS</b>					
10-Oct-13	10-Oct-06	Citibank accrual note	2557	10,000,000.00	
		<b>*** Citibank of Canada</b>			<b>10,000,000.00</b>
23-Apr-07	20-Feb-07	HSBC bearer deposit note	62	9,927,300.00	
26-Mar-10	26-Mar-04	HSBC step up	2191	5,000,000.00	
		<b>*** Hong Kong Bank of Canada (HSBC)</b>			<b>14,927,300.00</b>
<b>CREDIT UNION TERM DEPOSITS</b>					
29-Feb-08	1-Mar-07	Coast Capital Credit Union	365	10,000,000.00	
11-Apr-07	16-Jan-07	Credit Union Central BC	85	2,000,000.00	
29-Feb-08	1-Mar-07	Envision Credit Union	365	5,000,000.00	
28-Mar-08	30-Mar-07	Envision Credit Union	364	5,000,000.00	
18-Jun-07	20-Mar-07	Vancity Savings	90	4,000,000.00	
2-Oct-07	2-Oct-06	Vancity Savings	365	6,000,000.00	
		<b>*** CREDIT UNIONS</b>			<b>32,000,000.00</b>
<b>FEDERAL GUARANTEED PAPER</b>					
6-Jul-07	6-Jul-05	Farm Credit Corp. accrual note	730	10,000,000.00	
31-Jul-07	8-Feb-05	Export Dev. Corp accrual note	903	5,599,027.86	
3-Dec-07	2-Jul-03	CMHC	1615	2,523,833.76	
15-Sep-08	13-Jun-05	Canada Mortgage Bond residuals	1190	4,522,100.00	
15-Mar-10	28-Jan-05	Canada Mortgage Bond bond	1872	2,000,000.00	
23-Apr-11	23-Apr-04	Export Dev. Corp. step up	2556	10,000,000.00	
25-Apr-12	25-Apr-05	Farm Credit Corp. dyno step up frn	2557	5,000,000.00	
6-Jul-12	6-Jul-05	Farm Credit Corp. accrual note	2557	10,000,000.00	
3-Aug-12	3-Aug-05	Export Dev. Corp. accrual note	2557	10,000,000.00	
1-Oct-14	1-Oct-04	Farm Credit Corp. dyno	3652	2,000,000.00	
10-Feb-15	10-Feb-05	Farm Credit Corp. step up accrual note	3652	10,000,000.00	
17-Jun-15	17-Jun-05	Export Dev. Corp. accrual note	3652	9,989,596.55	
		<b>*** OTHER FEDERAL GUARANTEED</b>			<b>81,634,558.17</b>

## SCHEDULE 2 -3

## PROVINCIAL GUARANTEED PAPER

28-Jun-07	28-Jun-05	Alberta Capital Finance accrual note	730	9,992,684.93	
20-Aug-10	21-Nov-03	Alberta Capital Finance bond	2464	1,292,482.52	
23-Dec-13	23-Jun-05	Alberta Capital Finance step up accrual note	3105	10,000,000.00	
		<b>*** ALBERTA</b>			<b>21,285,167.45</b>
24-Mar-08	4-Jun-03	BC Municipal Finance Authority bond	1755	5,070,738.46	
18-Jun-09	5-Apr-02	Prov. BC coupons	2631	1,849,474.07	
1-Dec-09	5-Apr-02	Prov. BC bonds	2797	5,032,188.27	
3-Oct-09	3-Oct-03	BC Municipal Finance Authority bond	2192	799,165.70	
3-Oct-10	3-Oct-03	BC Municipal Finance Authority bond	2557	1,797,505.03	
3-Oct-10	10-Oct-03	BC Municipal Finance Authority bond	2550	698,591.20	
1-Jun-11	11-Apr-01	BC Municipal Finance Authority bond	3703	4,992,736.01	
		<b>*** BRITISH COLUMBIA</b>			<b>20,240,398.74</b>
15-Apr-07	15-Apr-05	Manitoba step up	730	10,000,000.00	
2-Mar-09	10-Mar-05	Manitoba bond	1453	5,148,637.52	
15-Mar-10	15-Mar-05	Manitoba accrual note	1826	9,964,512.59	
5-Sep-10	1-Dec-03	Manitoba residuals	2470	3,972,705.00	
30-Jun-15	30-Jun-05	Manitoba step up	3652	10,000,000.00	
		<b>*** MANITOBA</b>			<b>39,085,855.11</b>
17-Dec-07	17-Dec-03	New Brunswick Municipal Finance Authority bond	1461	2,102,446.90	
17-Dec-10	17-Dec-03	New Brunswick Municipal Finance Authority bond	2557	763,505.16	
		<b>*** NEW BRUNSWICK</b>			<b>2,865,952.06</b>
12-Dec-07	18-Jun-03	Newfoundland/Labrador Bond	1638	5,080,697.51	
3-Nov-09	2-Feb-04	Newfoundland/Labrador Bond	2101	5,294,416.95	
		<b>*** NEWFOUNDLAND</b>			<b>10,375,114.46</b>
19-Feb-10	1-Apr-04	Nova Scotia step up	2150	2,700,000.00	
		<b>***NOVA SCOTIA</b>			<b>2,700,000.00</b>
7-Sep-07	7-Sep-04	Ontario step up	1095	5,000,000.00	
12-Sep-07	2-Jul-03	Ontario bond	1533	5,049,812.98	
2-Dec-07	18-Jun-03	Ontario coupon	1628	1,962,684.21	
5-May-08	5-May-04	Ontario step up	1461	5,000,000.00	
19-May-10	4-Apr-05	Ontario bond	1871	4,986,536.30	
19-Nov-10	21-Nov-03	Ontario bond	2555	4,999,999.53	
		<b>*** ONTARIO</b>			<b>26,999,033.02</b>
1-Oct-07	11-Jul-03	Prov. Quebec bond	1543	5,059,051.80	
29-Nov-07	2-Jul-03	Prov. Quebec bond	1611	3,465,861.68	
15-Apr-08	24-Jun-04	Hydro Quebec coupon	1391	4,242,500.00	
1-Dec-08	28-Jan-05	Quebec MFA	1403	10,344,476.83	
1-Dec-08	8-Feb-05	Quebec MFA	1392	4,134,490.23	
1-Jun-09	13-Jun-05	Prov. Quebec bond	1449	5,220,004.14	
1-Dec-09	21-Oct-03	Quebec MFA	2233	4,004,147.75	
1-Dec-09	21-Oct-03	Quebec MFA	2233	3,000,000.00	
1-Dec-09	9-Jan-04	Quebec MFA	2153	5,031,755.13	
16-Aug-10	5-Mar-04	Hydro Quebec coupon	2355	5,305,300.00	
1-Dec-10	28-Jan-05	Prov. Quebec bond	2133	4,291,210.10	
		<b>*** QUEBEC</b>			<b>54,098,797.66</b>
open	17-Dec-03	MFA investment pool - money market fund	1477	1,000,000.00	
	17-Dec-03	MFA investment pool - intermediate fund	1477	4,000,000.00	
		<b>*** BC Municipal Finance Authority</b>			<b>5,000,000.00</b>
		<b>TOTAL</b>			<b>621,744,732.14</b>