



# Corporate Report

NO: R182

COUNCIL DATE: JULY 23, 2007

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## REGULAR COUNCIL

TO: Mayor & Council DATE: July 18, 2007  
FROM: General Manager, Finance & Technology FILE: 1880-20  
SUBJECT: Quarterly Financial Report – Second Quarter 2007

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### 1.0 RECOMMENDATION

It is recommended that Council:

- i. Receive this report as information;
- ii. Direct that the projected 2007 operating surplus for Fire and Police services, estimated at \$1.5 million, be allocated to future capital needs for Fire and Police services, and
- iii. Direct that the projected 2007 operating surplus from the remainder of the City's operations, estimated at \$2.8 million, be allocated to the 2008 Capital Financial Plan.

### 2.0 INTENT

The intent of this report is to provide Council with a second quarter update of the City's financial activity and projected results to the end of the year, as compared to the 2007 Financial Plan.

### 3.0 DISCUSSION

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

#### 3.1 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:

The world economy continued to grow in the first half of 2007. Most of the major economies continue to flourish, with the United Kingdom growing at 2.9%, the European economies at 3.1% and Japan at 2%. The growth is due to strong consumer spending and business investment activity. In light of inflationary pressures, many central banks have tightened short-term rates, however this has not yet significantly impacted growth.

### United States Overview:

With marginal first quarter growth, the U.S. economy appears to be slowly rebounding in the first half of the year, on the strength of inventory rebuilding. The exception is the housing market, which continues to remain sluggish. Residential investment has declined more than 10% in the last four quarters and signs of turn around have yet to appear.

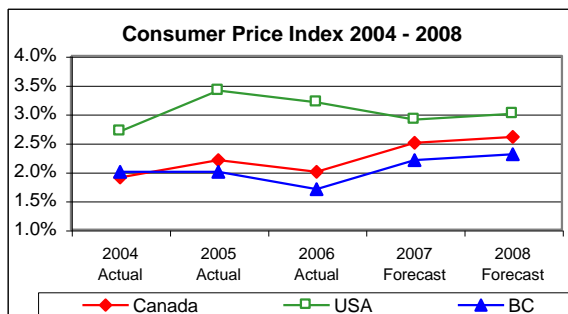
On a positive note, the unemployment rate remains low. However, a deceleration in consumer spending due to lower housing prices, and rising gasoline and food prices, means that the US GDP will remain below trend for 2007.

### Canadian Overview:

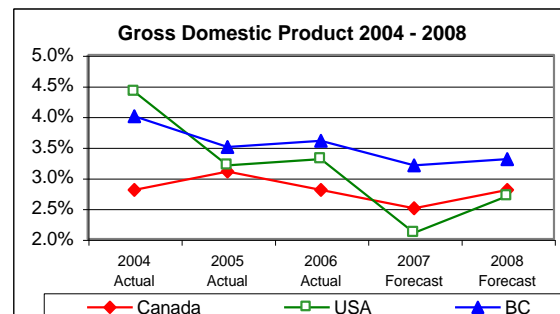
The Canadian economy remains strong, although the dollar is higher now than it has been for over twenty years. Economic growth and inflation in Canada in the first half of this year have been higher than expected. The Canadian economy is now projected to grow by 2.5 per cent in 2007, which is higher than first predicted.

The resale housing market finished the second quarter very strong. Healthy and robust conditions are expected to prevail through to the end of the year. The recent Bank of Canada's 0.25% interest rate increase is not forecasted to have a significant affect on the economy. Consumer spending is likely to remain supported by the strength of the labour market. Canadian household wealth is increasing relative to income, which will leave consumers in a better position to continue to spend.

The strong Canadian dollar will affect the growth of exports however this will be counteracted by the strong domestic economy.



Graph 1 Source: BMO Capital Markets June /07



Graph 2 Source: BMO Capital Markets June/07

## British Columbia Overview

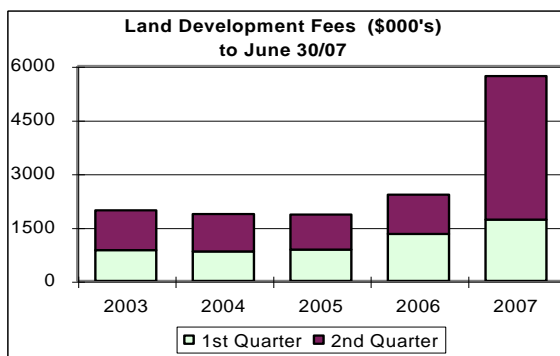
The economy continued to grow at a strong pace in the second quarter. The improvement occurred even though the housing market in the United States continues to decline. Retail sales rose sharply and employment is at an all time high. This healthy outlook is expected to continue for the second half of the year, despite a slumping lumber industry, a weaker US economy, and an appreciating Canadian dollar.

Strong job and income growth will continue to support household consumption, while healthy business investment, large infrastructure projects, and preparations for the 2010 Olympics will maintain the construction activity at its current high levels. There is some chance that the export sector may weaken due to the rising Canadian dollar. However, it is expected that BC will continue to out perform the Canadian benchmark by a substantial margin.

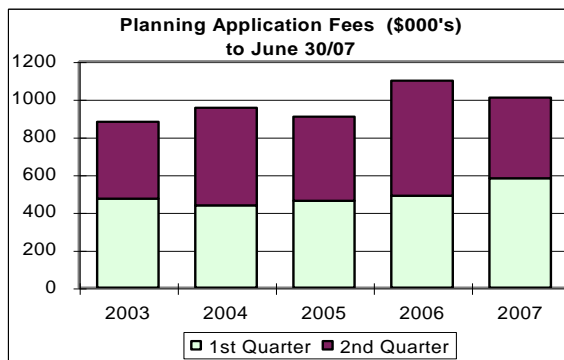
### 3.2. Surrey's Financial Performance

New development activity was extremely high for the first half of the year, which was due to the pending increase in the development cost charges. Residential housing has started to slow down; however commercial building permits have significantly increased in the second quarter. The level of application approval activity is higher than in previous years as developers work to accelerate their projects to avoid the increased development cost charges. Now that the new development cost charges are in effect, this activity is expected to drop off in the second half of the year. The level of construction activity for the year is expected to be on par with that of 2006.

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



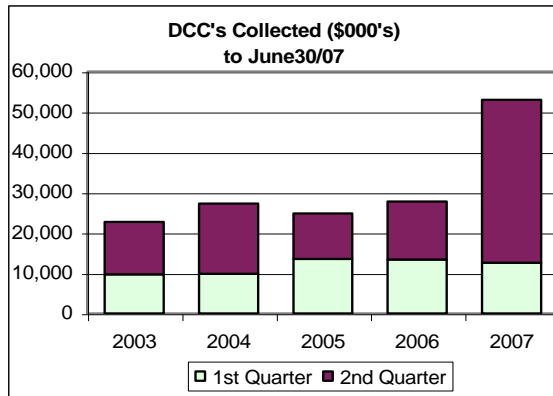
Graph 3



Graph 4

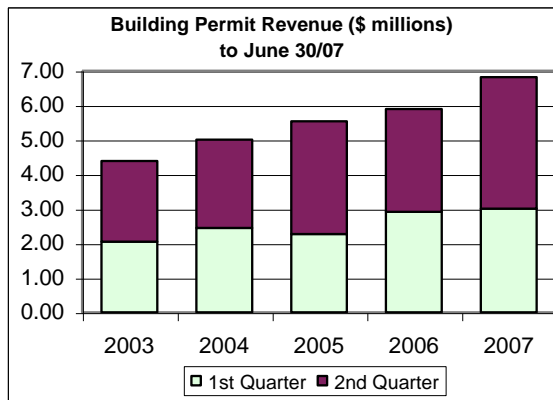
The Engineering land development activity for the second quarter of the year has increased significantly from previous years. This is primarily due to the increase in activity prior to the expiry of the grace period related to increased development cost charges. It is expected that Engineering land development fees will drop off in the second half of the year. However, it is expected that total year budget figures will be exceeded.

Planning and Development application fees collected in the first half of the year are slightly lower last year as many developers began the application process in the second half of 2006 in order to avoid the new development cost charges. However, overall 2007 budget figures are expected to be surpassed.



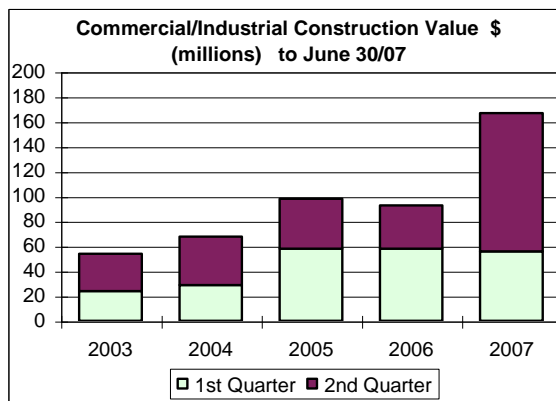
Graph 5

The Development Cost Charges that have been collected in the second quarter of the year have significantly exceeded those of all previous years. The level of activity is expected to drop off in the second half of the year. It is expected that the 2007 budget target will be met.



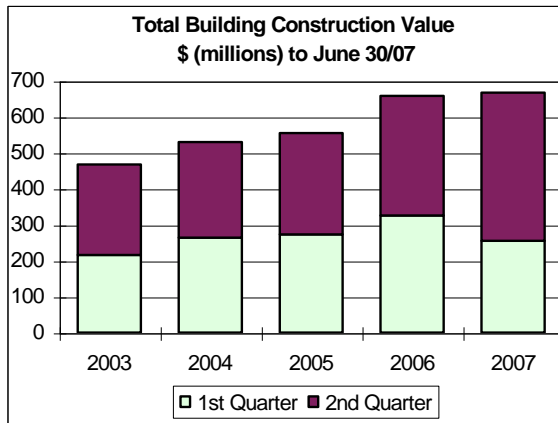
Graph 6

Building permit fees collected for the second quarter is higher than those collected in the same periods of previous years, again due to the pending increase in development cost charges. Although it is now expected that the activity will drop off in the last half of the year, it is expected that budget revenue targets will be met in 2007.



Graph 7

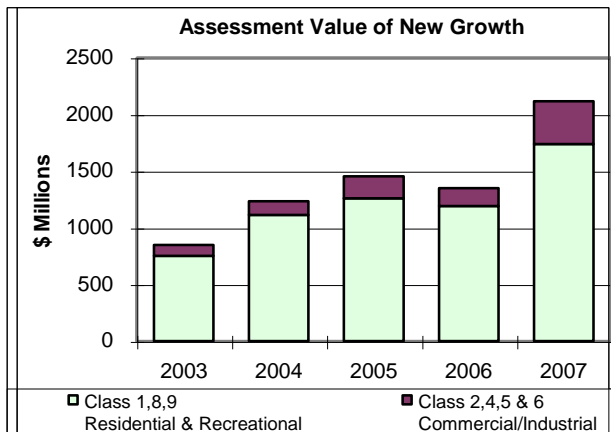
Construction value of commercial/industrial building permits for the first half of the year have significantly exceeded previous years. Although this level of activity is not expected to continue through the second half of the year, values are expected to exceed last years level.



Graph 8

Overall, the value of new construction in the City for the first half of the year is comparable to the same time period in 2006. It is expected that construction value growth will remain strong into the next quarter as the Planning and Development Department continues to process the large volume of development applications and associated building permits related to the DCC grace period applications. Staff are projecting the same level of construction value to be issued in 2007 as was issued in 2006.

Graph 9

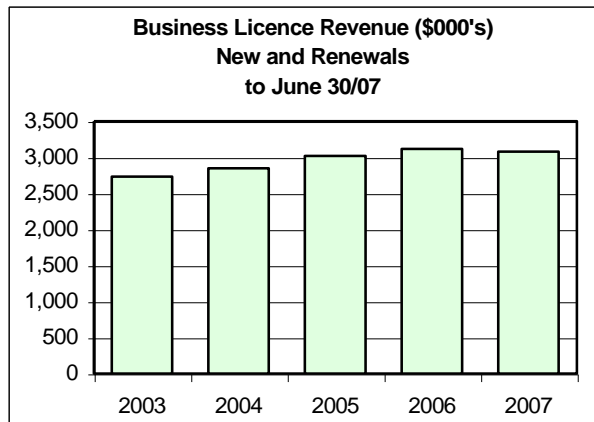


Graph 10

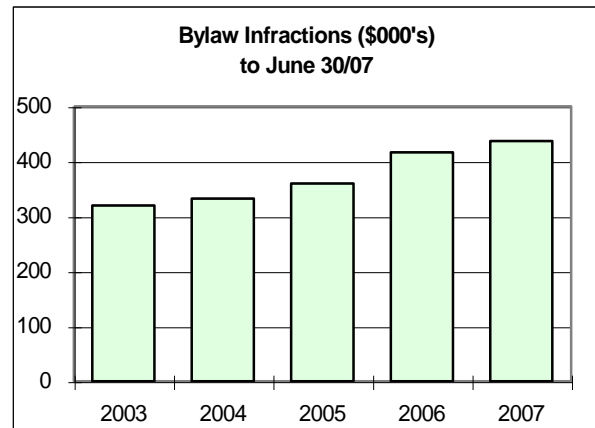


The value of new construction is converted into taxable assessed values and is considered to be the 'growth' component of our annual property tax levy. The number of permits issued may decline but this does not necessarily mean that our property tax growth will also decline. The tax rate for commercial/industrial 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.

Although the total value of building activity for the first half of the year is comparable to the level for 2006, the commercial activity has significantly increased and the residential has decreased. It is therefore expected that the growth in property tax revenue in 2008 will at least equal the growth rate that Surrey experienced in 2007.



Graph 11

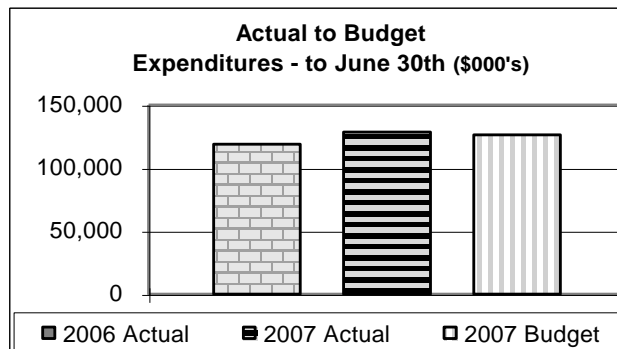


Graph 12

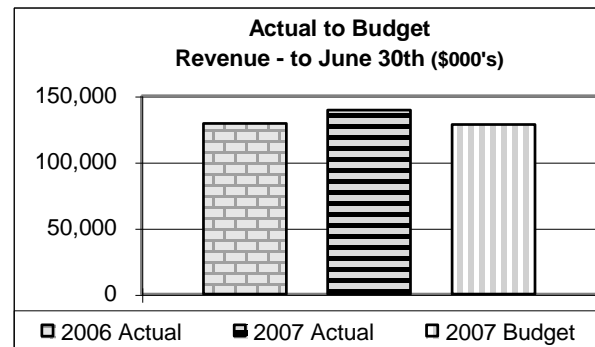
Graph 11 shows the level of licensing activity for the first half, which is consistent with prior years activity. Overall, we expect that our licensing revenue will meet our budgeted expectations. Graph 12 shows the revenue generated from bylaw infractions, which continues to increase, mirroring the growth in the City.

### 3.3. Comparison of Actual versus Budget

The graphs below illustrate the variances between the actual and the budgeted revenues and expenditures for the first half of the year.



Graph 13



Graph 14

**Appendix A** shows these revenues and expenditures at a more detailed level. The current surplus is primarily the result of timing variances between budget and actual expenditures as well as strong revenue performances. The forecast for year-end indicates a favourable variance of \$7.3 million. The value of new properties added to the tax roll in 2007 was higher than budgeted, which has resulted in increased property tax revenue of \$1 Million.

Departments have been closely monitoring their actual results on a monthly basis. The following are explanations of departmental variances from the adopted 2007 Financial Plan:

**RCMP** is currently showing a favourable variance of \$0.6 million. This is a result of timing in filling new positions approved in the 2007 budget as well as keeping up with the large staff turnover. A variance of \$1.3 million is expected by the end of the year. It is recommended that this surplus be directed to future RCMP capital projects.

Fire Services has a favourable variance of \$.8 million. This favourable variance is a result of the timing in filling vacancies caused by retirements. By the end of the year, this variance is expected to be \$0.2 million. It is recommended that this surplus be directed to future capital projects related to fire services.

Engineering is reporting a \$1.0 million favourable variance due to the large volume of Land Development activity that has taken place as a result of the DCC grace period deadline. This variance is expected to increase to \$2.4 million as revenue associated with the Land Development activity continues to be realized.

Parks, Recreation & Culture is showing a favourable departmental variance of \$1.2 million. This is primarily due to revenue and expenditure timing variances, vacancies and recruitment processes, as well as increased participation in most of the leisure services areas, particularly at North Surrey, South Surrey and Guildford multi-purpose centres and the Surrey Arts Centre. At year-end this Department is expected to meet budget as the Department prepares for the busy fall season and assumes operations at the Surrey Sport and Leisure Complex.

Library Services has also achieved a favourable variance of \$49,000 due to the timing of branch supplies. The Library is expected to meet budget at year-end.

Planning and Development, which also includes Civic Facilities Management, is reporting a favourable variance of \$2.3 million, due primarily to increased development activity and the timing necessary to fill vacant positions. The variance at year-end is expected to stabilize at \$2.4 million as the Department works through the summer to clear the backlog of building permits created from the DCC fee deadline.

Mayor and Council has a favourable variance of \$27,000 due to the timing of expenditures and is expected to meet budget at year-end.

City Manager's Department is currently reporting a favourable variance of \$1.4 million due to the timing of revenue received for fees and fines. This variance is expected to reduce to \$0.4 million at year-end, reflecting increased revenue from fees and fines and minor departmental expenditure reductions.

Finance & Technology currently has a favourable variance of \$0.4 million. This is primarily due to temporary departmental vacancies offset by an increase in IT maintenance contracts. This variance is expected to increase to \$0.8 million by year-end.

Human Resources has an unfavourable variance of \$0.1 million at this time due to increased expenses associated with recruitment and arbitration. They are expected to meet budget by the end of the year.

Council Initiatives Allocations from the Council Initiatives Fund that have been approved by Council to date in 2007 are listed in **Appendix B**.

Overall the \$3.0 million budgeted transfer from surplus will not be needed. It is recommended that any surpluses that are generated in the Police and Fire Department be allocated to future capital works specific to public safety and that the remaining surplus, projected at \$2.8 million be allocated to the 2008 Capital Financial Plan.

### **3.4. City Investment Portfolio**

The schedules in *Appendix C* include a summary of our investment portfolio. *Schedule 1* is a summary of investments by issuer type, with comparative totals for each month-end from April through June. *Schedule 2* is a detailed listing of securities as at June 30, 2007 sub-totaled by issuer type.

It is important to note that although the investment portfolio is currently valued in excess of \$837 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 4.35%, 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.

### **4.0 CONCLUSION**

Development activity experienced in the first half of 2007 has exceeded that in the same period of 2006. Although it is expected to fall off in the second half of the year, it is expected that the overall activity for this year will be comparable to that of 2006.

The 2007 adopted budget indicated a transfer from surplus of \$3.0 million, which based on the second quarter results will not be required. Based on the favourable second quarter financial results and anticipated activity for the remainder of the year, it is recommended that any year end surplus generated by Fire and Police services be allocated to future capital needs related to public safety and that the remainder of the surplus be allocated to the 2008 Capital Financial Plan.

Vivienne Wilke, CGA  
General Manager,  
Finance & Technology





**2007 2nd QUARTER COUNCIL REPORT**  
**EXECUTIVE SUMMARY - REVENUES & EXPENDITURES**  
**\$ 000's**

<b>REVENUE SUMMARY</b>	<b>2007 2nd Qtr Actual</b>	<b>2007 2nd Qtr Budget</b>	<b>2007 2nd Qtr Variance</b>	<b>2007 Annual Projected</b>	<b>2007 Total Budget</b>	<b>2007 Projected Variance</b>
Net Taxation	87,855	87,028	\$ (827)	175,000	174,000	\$ (1,000)
Non-Tax Revenues	7,331	6,957	(374)	14,815	14,415	(400)
Provincial Casino Revenue Sharing	1,747	1,900	153	3,800	3,800	0
Utility Recoveries	1,423	1,766	343	3,433	3,533	100
Program Revenues	42,269	34,303	(7,966)	81,208	67,558	(13,650)
<b>TOTAL REVENUES</b>	\$ 140,625	\$ 131,954	\$ (8,671)	\$ 278,256	\$ 263,306	\$ (14,950)

<b>EXPENDITURE SUMMARY</b>	<b>2007 2nd Qtr Actual</b>	<b>2007 2nd Qtr Budget</b>	<b>2007 2nd Qtr Variance</b>	<b>2007 Annual Projected</b>	<b>2007 Total Budget</b>	<b>2007 Projected Variance</b>
Program Expenditures	\$ 124,040	\$ 123,578	\$ (462)	\$ 260,948	\$ 253,398	\$ (7,550)
Council Projects	109	449	340	250	250	0
City Beautification	160	143	(17)	570	570	0
Community Health Care	0	100	100	400	400	0
Social Well-Being Plan	221	328	107	656	656	0
2010 Opportunities	21	25	4	100	100	0
Other Council Initiatives	0	56	56	225	225	0
Bank Charges and Interest	450	441	(9)	970	883	(87)
Interest Allocations	315	321	6	643	643	0
<b>TOTAL EXPENDITURES</b>	\$ 125,316	\$ 125,441	\$ 125	\$ 264,762	\$ 257,125	\$ (7,637)

<b>TRANSFER SUMMARY</b>	<b>2007 2nd Qtr Actual</b>	<b>2007 2nd Qtr Budget</b>	<b>2007 2nd Qtr Variance</b>	<b>2007 Annual Projected</b>	<b>2007 Total Budget</b>	<b>2007 Projected Variance</b>
Transfer to Capital Program	\$ 2,977	\$ 2,700	\$ (277)	\$ 5,400	\$ 5,400	\$ 0
Transfer to Capital Program - Gaming	1,747	1,900	153	3,800	3,800	0
Transfers To(From) Own Sources	(150)	25	175	50	50	0
<b>TOTAL TRANSFERS</b>	\$ 4,574	\$ 4,625	\$ 51	\$ 9,250	\$ 9,250	\$ 0

PROJECTED SURPLUS	\$ 7,313
BUDGETED TRANSFER FROM SURPLUS	(3,013)
<b>AVAILABLE FOR ALLOCATION</b>	\$ 4,300

## APPENDIX A-2

	<b>2007 2nd QUARTER COUNCIL REPORT</b> <b>DEPARTMENTAL DETAIL</b> <b>\$ 000's</b>
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PROGRAM REVENUES	2007 2nd Qtr Actual	2007 2nd Qtr Budget	2007 2nd Qtr Variance	2007 Annual Projected	2007 Total Budget	2007 Projected Variance
R.C.M.P.	\$ 3,041	\$ 2,855	\$ (186)	\$ 6,615	\$ 5,715	\$ (900)
Fire	75	63	(12)	1,243	1,243	0
Engineering Services	15,340	13,138	(2,202)	31,000	26,000	(5,000)
Parks, Recreation & Culture	7,512	6,827	(685)	14,131	12,631	(1,500)
Surrey Public Library	1,281	1,316	35	1,678	1,628	(50)
Planning & Development	10,611	6,897	(3,714)	19,737	14,037	(5,700)
City Manager	3,967	2,840	(1,127)	5,711	5,461	(250)
Finance & Technology	442	367	(75)	1,093	843	(250)
<b>TOTAL PROGRAM REVENUES</b>	<b>\$ 42,269</b>	<b>\$ 34,303</b>	<b>\$ (7,966)</b>	<b>\$ 81,208</b>	<b>\$ 67,558</b>	<b>\$ (13,650)</b>

PROGRAM EXPENDITURES	2007 2nd Qtr Actual	2007 2nd Qtr Budget	2007 2nd Qtr Variance	2007 Annual Projected	2007 Total Budget	2007 Projected Variance
R.C.M.P.	\$ 38,313	\$ 38,726	\$ 413	\$ 78,784	\$ 79,184	\$ 400
Fire	20,563	21,324	761	43,254	43,454	200
Engineering Services	18,396	17,223	(1,173)	37,454	34,854	(2,600)
Parks, Recreation & Culture	18,040	18,550	510	40,907	39,407	(1,500)
Surrey Public Library	5,764	5,848	84	11,814	11,764	(50)
Planning & Development	8,982	7,589	(1,393)	18,795	15,495	(3,300)
Mayor & Council	441	498	57	1,019	1,019	0
City Grants	512	418	(94)	601	601	0
City Manager	4,880	5,124	244	10,199	10,349	150
Finance & Technology	6,861	7,221	360	13,957	14,507	550
Human Resources	1,197	1,057	(140)	2,164	2,164	0
Operating Contingency	91	0	(91)	2,000	600	(1,400)
<b>TOTAL PROGRAM EXPENDITURES</b>	<b>\$ 124,040</b>	<b>\$ 123,578</b>	<b>\$ (462)</b>	<b>\$ 260,948</b>	<b>\$ 253,398</b>	<b>\$ (7,550)</b>

NET PROGRAM	2007 2nd Qtr Actual	2007 2nd Qtr Budget	2007 2nd Qtr Variance	2007 Annual Projected	2007 Total Budget	2007 Projected Variance
R.C.M.P.	\$ 35,271	\$ 35,871	\$ 600	\$ 72,169	\$ 73,469	\$ 1,300
Fire	20,488	21,261	773	42,011	42,211	200
Engineering Services	3,056	4,085	1,029	6,454	8,854	2,400
Parks, Recreation & Culture	10,528	11,723	1,195	26,776	26,776	0
Surrey Public Library	4,483	4,532	49	10,136	10,136	0
Planning & Development	(1,630)	692	2,322	(942)	1,458	2,400
Mayor & Council	441	498	57	1,019	1,019	0
City Grants	512	418	(94)	601	601	0
City Manager	913	2,284	1,371	4,488	4,888	400
Finance & Technology	6,418	6,854	436	12,864	13,664	800
Human Resources	1,197	1,057	(140)	2,164	2,164	0
Operating Contingency	91	0	(91)	2,000	600	(1,400)
<b>NET PROGRAM TOTAL</b>	<b>\$ 81,768</b>	<b>\$ 89,275</b>	<b>\$ 7,507</b>	<b>\$ 179,740</b>	<b>\$ 185,840</b>	<b>\$ 6,100</b>

## APPENDIX B



**2007 FINANCIAL PLAN  
COUNCIL INITIATIVES**

Description	Amount	Allocation to date	Remaining
Carried Forward from Prior Year	95,721		
<b>2007 Proposed Budget</b>	<u>\$ 250,000</u>		<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	1,800		
CPGA Greater Vancouver Charity Classic Golf Tournament	30,000		
Surrey Memorial Hospital Foundation Emergency Centre Campaign (\$250/cllr)	2,250		
Surrey Tourism and Convention Association (STCA)	10,000		
Delegation to Folklorama Cultural Celebration in Winnipeg, Manitoba, August 2007	4,500		
Surrey Health Services/Fraser Health Authority - Community Health Fair, June 2/07	1,000		
Joint Family Court Committee	3,250		
Young People's Opera Society of BC	20,000		
2007 Salmon Habitat and Restoration Program: "SHaRP"	33,000		
SFU Annual President's Gala Dinner (for all council members)- Oct 19, 2007	1,800		
<b>Allocations for 2007</b>		<u><u>\$ 195,350</u></u>	<u><u>\$ 150,371</u></u>

## SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) April 30/07	INVESTMENT (MILLIONS) May 31/07	INVESTMENT (MILLIONS) June 30/07
<i>RBC Month End Balance</i>	39.2	19.9	42.0
<i>CALL LOAN</i>	10.0	0.0	24.0
<b>MAJOR BANKS</b>			
Bank of Montreal	39.2	39.2	39.2
Bank of Nova Scotia	39.5	39.5	39.5
Canadian Imperial Bank of Commerce	40.2	40.2	40.2
Citizens Bank of Canada	0.0	0.0	0.0
Manulife Bank of Canada	15.0	15.0	15.0
National Bank of Canada	36.8	36.8	46.3
Royal Bank of Canada	50.1	50.1	45.0
Toronto Dominion	39.7	39.7	39.7
<b>SUB TOTAL - MAJOR BANKS</b>	<u>260.5</u>	<u>260.5</u>	<u>264.7</u>
<b>SCHEDULE B BANKS</b>			
Citibank of Canada	10.0	10.0	10.0
Hong Kong Bank of Canada (HSBC)	15.0	15.0	15.0
<b>SUB TOTAL - SCHEDULE B BANKS</b>	<u>25.0</u>	<u>25.0</u>	<u>25.0</u>
<b>CREDIT UNIONS</b>			
Coast Capital Credit Union	10.0	10.0	10.0
Credit Union Central BC	5.0	5.0	5.0
Envision Credit Union	10.0	10.0	10.0
Vancity Savings	10.0	10.0	13.0
<b>SUB TOTAL - CREDIT UNIONS</b>	<u>35.0</u>	<u>35.0</u>	<u>38.0</u>
<b>GOVERNMENT OF CANADA</b>			
Gov't Cda Bonds/Cpns	81.6	81.6	81.6
<b>SUB TOTAL - GOV'T OF CANADA</b>	<u>81.6</u>	<u>81.6</u>	<u>81.6</u>
<b>PROVINCES</b>			
Alberta	21.3	21.3	21.3
British Columbia	20.2	20.2	20.2
Manitoba	39.1	39.1	39.1
New Brunswick	2.9	2.9	2.9
Newfoundland	10.4	10.4	10.3
Nova Scotia	2.7	2.7	2.7
Ontario	27.0	27.0	27.0
Quebec	54.1	54.1	53.9
Saskatchewan	0.0	0.0	0.0
<b>SUB TOTAL - PROVINCES</b>	<u>177.7</u>	<u>177.7</u>	<u>177.4</u>
<b>OTHER</b>			
MFA	5.0	40.0	185.0
<b>SUB TOTAL - OTHER</b>	<u>5.0</u>	<u>40.0</u>	<u>185.0</u>
<b>TOTAL PORTFOLIO .....</b>	<u><u>634.0</u></u>	<u><u>639.7</u></u>	<u><u>837.8</u></u>

## SCHEDULE 2 -1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
<b>BANK BALANCE</b>					
30-Jun-07				42,005,889.69	
<b>CALL LOAN</b>					
03-Jul-07	29-Jun-07	Vancity Credit Union call	14	24,000,000.00	42,005,889.69
*** CALL LOAN					24,000,000.00
<b>MAJOR BANKS</b>					
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	2,007,101.03	
07-Dec-11	07-Dec-06	Bank of Montreal accrual note	1826	10,000,000.00	
29-Feb-12	04-Mar-05	Bank of Montreal futures cert. of deposit	2553	3,000,000.00	
03-Apr-12	03-Apr-07	Bank of Montreal accrual note	1827	10,000,000.00	
15-Jul-12	15-Jul-05	Bank of Montreal step up	2557	9,995,972.61	
*** BANK OF MONTREAL					39,210,573.64
16-Jul-07	30-Jun-03	Bank of Nova Scotia fixed floaters	1477	2,402,552.97	
16-Jul-07	18-Jun-03	Bank of Nova Scotia fixed floaters	1489	5,005,535.00	
16-Jul-07	01-Dec-00	Bank of Nova Scotia fixed floaters	2418	3,999,797.29	
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	3,049,954.00	
24-Mar-09	24-Mar-04	Bank of Nova Scotia mtn step up	1826	10,000,000.00	
05-Dec-11	05-Dec-06	Bank of Nova Scotia step up	1826	7,000,000.00	
*** BANK OF NOVA SCOTIA					39,457,839.26
26-Feb-08	27-Mar-02	CIBC fixed floaters	2162	2,433,185.19	
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	2,532,076.10	
15-Oct-09	17-Jun-05	CIBC fixed floaters	1581	5,090,637.56	
09-Nov-09	09-Nov-06	CIBC us\$ step up	1096	5,084,550.00	
28-Mar-11	25-Sep-06	CIBC fixed floaters	1645	5,027,725.03	
10-Oct-13	10-Oct-06	CIBC accrual note	2557	5,000,000.00	
*** CIBC					40,168,173.88
03-Aug-08	03-Aug-05	Manulife Bank step up	1096	10,000,000.00	
18-Aug-07	18-Aug-05	Manulife Bank step up	730	5,000,000.00	
*** MANULIFE BANK OF CANADA					15,000,000.00
31-Oct-07	03-Apr-01	National Bank of Canada fixed floaters	2402	2,501,772.46	
04-Jun-08	20-Feb-06	National Bank of Canada bearer deposit note	835	1,089,264.00	
12-Jun-08	13-Jun-07	National Bank of Canada bearer deposit note	365	9,535,600.00	
16-Apr-09	13-Jun-05	National Bank of Canada fixed floaters	1403	1,693,257.47	
16-Apr-09	14-Jun-05	National Bank of Canada fixed floaters	1402	5,186,693.29	
16-Apr-09	04-Jul-05	National Bank of Canada fixed floaters	1382	5,191,175.12	
16-Apr-09	06-Jul-05	National Bank of Canada fixed floaters	1380	3,114,728.69	
30-Jun-09	20-Feb-06	National Bank of Canada bearer deposit note	1226	2,767,392.00	
10-Sep-09	10-Sep-03	National Bank of Canada deposit note	2192	4,998,092.71	
10-Sep-09	19-Mar-04	National Bank of Canada deposit note	2001	5,074,891.30	
10-Sep-09	17-Jun-05	National Bank of Canada deposit note	1546	5,108,555.64	
*** NATIONAL BANK OF CANADA					46,261,422.68

## APPENDIX C-3

## SCHEDULE 2 -2

22-Jan-08	21-Jun-04	Royal Bank fixed floaters	1310	5,045,209.92	
22-Jan-08	19-Jul-04	Royal Bank fixed floaters	1282	4,041,971.29	
25-Jan-10	02-Jun-03	Royal Bank fixed floaters	2429	5,270,290.54	
25-Jan-10	14-Jan-04	Royal Bank fixed floaters	2203	5,289,083.07	
12-Apr-11	27-Mar-06	Royal Bank fixed floaters	1842	5,308,361.57	
20-Apr-12	20-Apr-07	Royal Bank accrual note	1827	10,000,000.00	
10-Oct-13	10-Oct-06	Royal Bank accrual note	2557	10,000,000.00	
<b>*** ROYAL BANK OF CANADA</b>					<b>44,954,916.39</b>
04-Sep-07	27-Sep-02	Toronto Dominion Bank fixed floaters	1803	5,003,528.37	
04-Sep-07	26-May-03	Toronto Dominion Bank fixed floaters	1562	5,007,784.92	
05-Sep-08	09-Sep-03	Toronto Dominion Bank fixed floaters	1823	5,001,449.37	
05-Sep-08	01-Dec-03	Toronto Dominion Bank fixed floaters	1740	1,202,118.40	
22-Aug-09	22-Aug-06	Toronto Dominion Bank step up	1096	20,000,000.00	
18-Jan-11	27-Mar-06	Toronto Dominion Bank fixed floaters	1758	3,481,652.29	
<b>*** TORONTO DOMINION</b>					<b>39,696,533.35</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>
26-Mar-10	26-Mar-04	HABC step up deposit note	2191	5,000,000.00	
11-Apr-12	11-Apr-07	HSBC step up	1827	10,000,000.00	
<b>*** Hong Kong Bank of Canada (HSBC)</b>					<b>15,000,000.00</b>
<b>CREDIT UNIONS</b>					
29-Feb-08	01-Mar-07	Coast Capital Credit Union	365	10,000,000.00	
10-Jul-07	11-Apr-07	Credit Union Central BC	90	5,000,000.00	
29-Feb-08	01-Mar-07	Envision Credit Union	365	5,000,000.00	
28-Mar-08	30-Mar-07	Envision Credit Union	364	5,000,000.00	
25-Sep-07	18-Jun-07	Vancity Savings Credit Union	99	7,000,000.00	
02-Oct-07	02-Oct-06	Vancity Savings Credit Union	365	6,000,000.00	
<b>*** CREDIT UNIONS</b>					<b>38,000,000.00</b>
<b>FEDERAL GUARANTEED PAPER</b>					
06-Jul-07	06-Jul-05	Farm Credit Corp accrual note	730	10,000,000.00	
31-Jul-07	08-Feb-05	Export Dev. Corp accrual note	903	5,599,752.98	
03-Dec-07	02-Jul-03	CMHC	1615	2,515,052.90	
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	2557	5,000,000.00	
06-Jul-12	06-Jul-05	Farm Credit Corp accrual note	2557	10,000,000.00	
03-Aug-12	03-Aug-05	Export Dev. Corp accrual note	2557	10,000,000.00	
01-Oct-14	01-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	9,993,039.15	
<b>*** OTHER FEDERAL GUARANTEED</b>					<b>81,629,945.03</b>

## SCHEDULE 2 -3

## PROVINCIAL GUARANTEED PAPER

28-Jun-08	28-Jun-05	Alberta Capital Finance accrual note	1096	9,996,352.94	
20-Aug-10	21-Nov-03	Alberta Capital Finance bond	2464	1,293,034.65	
23-Dec-13	23-Jun-05	Alberta Capital Finance step up accrual note	3105	10,000,000.00	
<b>*** ALBERTA</b>					<b>21,289,387.59</b>
24-Mar-08	04-Jun-03	BC Municipal Finance Authority bond	1755	5,052,857.35	
18-Jun-09	05-Apr-02	BC coupons	2631	1,849,474.07	
01-Dec-09	05-Apr-02	BC bond	2797	5,029,190.18	
03-Oct-09	03-Oct-03	BC Municipal Finance Authority bond	2192	799,243.25	
03-Oct-10	03-Oct-03	BC Municipal Finance Authority bond	2557	1,797,673.96	
03-Oct-10	10-Oct-03	BC Municipal Finance Authority bond	2550	698,691.12	
01-Jun-11	11-Apr-01	BC Municipal Finance Authority bond	3703	4,993,169.75	
<b>*** BRITISH COLUMBIA</b>					<b>20,220,299.68</b>
15-Oct-07	15-Apr-05	Manitoba step up	913	10,000,000.00	
02-Mar-09	10-Mar-05	Manitoba bond	1453	5,129,369.69	
15-Mar-10	15-Mar-05	Manitoba accrual note	1826	9,967,502.73	
05-Sep-10	01-Dec-03	Manitoba residuals	2,470	3,972,705.00	
30-Jun-15	30-Jun-05	Manitoba step up	3652	10,000,000.00	
<b>*** MANITOBA</b>					<b>39,069,577.42</b>
17-Dec-07	17-Dec-03	New Brunswick Municipal Finance Authority	1,461	2,103,337.06	
17-Dec-10	17-Dec-03	New Brunswick Municipal Finance Authority	2,557	763,594.53	
<b>*** NEW BRUNSWICK</b>					<b>2,866,931.59</b>
12-Dec-07	18-Jun-03	Newfoundland/Labrador Bond	1638	5,052,012.07	
03-Nov-09	02-Feb-04	Newfoundland/Labrador Bond	2101	5,266,155.41	
<b>*** NEWFOUNDLAND</b>					<b>10,318,167.48</b>
19-Feb-10	01-Apr-04	Nova Scotia step up	2150	2,700,000.00	
<b>***NOVA SCOTIA</b>					<b>2,700,000.00</b>
07-Sep-07	07-Sep-04	Ontario step up	1095	5,000,000.00	
12-Sep-07	02-Jul-03	Ontario bond	1533	5,022,340.37	
02-Dec-07	18-Jun-03	Ontario coupon	1628	1,962,684.21	
05-May-08	05-May-04	Ontario step up	1461	5,000,000.00	
19-May-10	04-Apr-05	Ontario bond	1871	4,987,606.36	
19-Nov-10	21-Nov-03	Ontario bond	2555	4,999,999.53	
<b>*** ONTARIO</b>					<b>26,972,630.47</b>
01-Oct-07	11-Jul-03	Quebec bond	1543	5,029,846.83	
29-Nov-07	02-Jul-03	Quebec bond	1611	3,461,045.17	
15-Apr-08	24-Jun-04	Hydro Quebec coupon	1391	4,242,500.00	
01-Dec-08	28-Jan-05	Quebec MFA	1403	10,293,171.77	
01-Dec-08	08-Feb-05	Quebec MFA	1392	4,114,459.77	
01-Jun-09	13-Jun-05	Quebec bond	1449	5,194,757.76	
01-Dec-09	21-Oct-03	Quebec MFA	2233	4,003,761.42	
01-Dec-09	21-Oct-03	Quebec MFA	2233	3,000,000.00	
01-Dec-09	09-Jan-04	Quebec MFA	2153	5,028,794.35	
16-Aug-10	05-Mar-04	Hydro Quebec coupon	2355	5,305,300.00	
01-Dec-10	28-Jan-05	Quebec bond	2133	4,271,448.64	
<b>*** QUEBEC</b>					<b>53,945,085.71</b>
10-Jul-07	10-May-07	BC Municipal Finance Authority	61	35,000,000.00	
10-Jul-07	07-Jun-07	BC Municipal Finance Authority	33	10,000,000.00	
24-Jul-07	15-Jun-07	BC Municipal Finance Authority	39	20,000,000.00	
24-Jul-07	22-Jun-07	BC Municipal Finance Authority	32	20,000,000.00	
30-Jul-07	28-Jun-07	BC Municipal Finance Authority	32	20,000,000.00	
01-Aug-07	28-Jun-07	BC Municipal Finance Authority	34	40,000,000.00	
01-Oct-07	28-Jun-07	BC Municipal Finance Authority	95	35,000,000.00	
<b>open</b>	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>*** BCMFA</b>					<b>185,000,000.00</b>
<b>TOTAL PORTFOLIO</b>					<b>837,767,373.86</b>