



# Corporate Report

NO: R223

COUNCIL DATE: OCTOBER 22, 2007

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## REGULAR COUNCIL

TO: Mayor & Council DATE: October 17, 2007  
FROM: General Manager, Finance & Technology FILE: 1880-20  
SUBJECT: Quarterly Financial Report – Third 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 \$3.9 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 \$5.0 million, be allocated to the 2008 Capital Financial Plan.

### 2.0 INTENT

The intent of this report is to provide Council with a third 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 third 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 continues to experience strong economic growth and the outlook for the rest of the year remains positive. China and India continue to experience robust economic development, due to strong domestic investment.

### United States Overview:

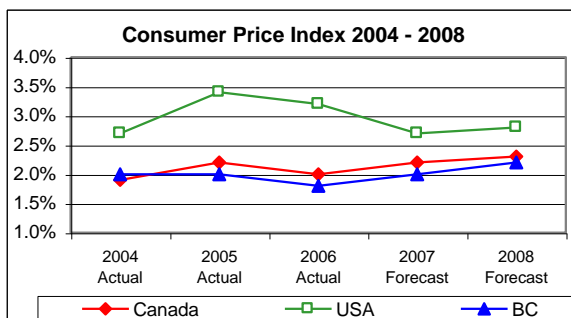
The risk of a recession in the United States remains strong as the number of delinquent mortgages leading to bankruptcies continues to rise. Tighter lending standards and fewer financing options will likely extend the slowdown as inventory levels remain elevated and housing prices continue to decline.

### Canadian Overview:

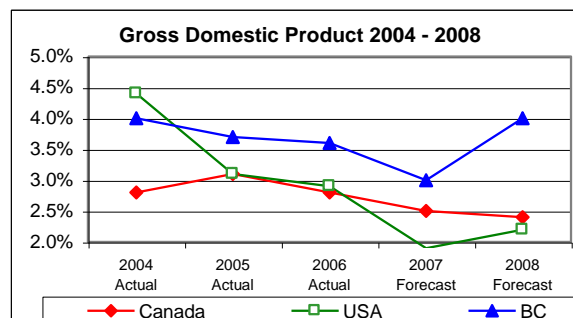
Canada's economic growth is expected to level off in the third quarter of 2007. The Bank of Canada remains concerned over inflationary pressures, but the weaker economy in the United States and the surge in the loonie are expected to sideline any further rate hikes until late 2008. On September 20<sup>th</sup>, 2007 the Canadian dollar reached parity with the USD for the first time since 1976. The Canadian dollar is expected to remain close to, or slightly above, parity over the next quarter.

The Canadian unemployment rate is at a 33-year low (6%). However, the combination of the strong loonie and weakness in the United States is hampering selected Canadian industries, including: manufacturing, tourism and hospitality. Overall, the domestic economy and real estate markets remain solid. The Canadian real Gross Domestic Product index is expected to average 2.4 percent in second half of 2007.

Graph 1 Source: BMO Capital Markets Sept/07



Graph 2 Source: BMO Capital Markets Sept/07



### British Columbia Overview

British Columbia is experiencing healthy economic growth. This is due to solid retail sales and higher household incomes. Non-residential construction continues to thrive and mining exploration in the province remains robust.

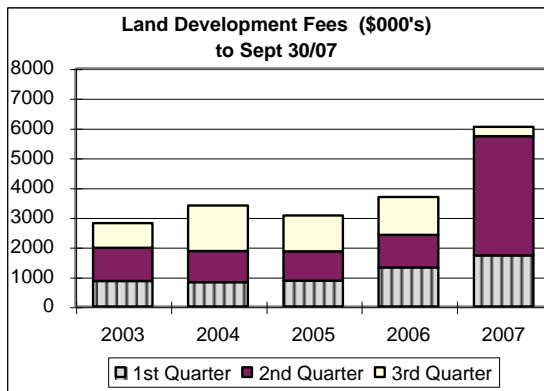
While the domestic economy continues to flourish, the sharp downturn in the housing market in the United States is affecting the province's lumber sector. A decrease in visitors from the south is dampening activity in the tourism sector. British Columbia is expected to continue to be a growth leader in Canada advancing at a solid pace of 3.3% in 2007.

### 3.2. Surrey's Financial Performance

The level of development for the first three quarters of the year continues to exceed expectations. However, residential and commercial building permits have levelled off in the third quarter. New development activity has slowed down in the third quarter as many developers rushed to apply for permits in order to avoid the June deadline for increased fees for development cost charges. Now that the new development cost charges are in effect, this activity is expected to stabilize for the rest of the year and overall is expected to be on par with that of 2006.

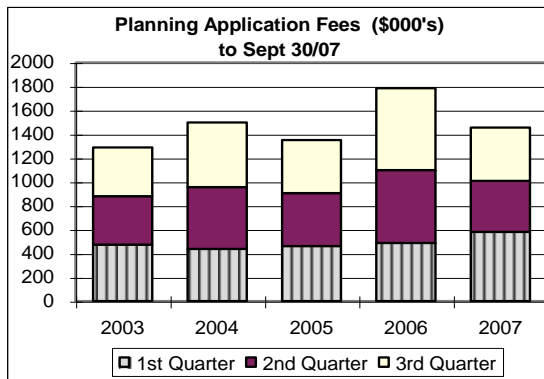
The following graphs show how the third quarter of the year compares to previous years' results for the same period:

Graph 3



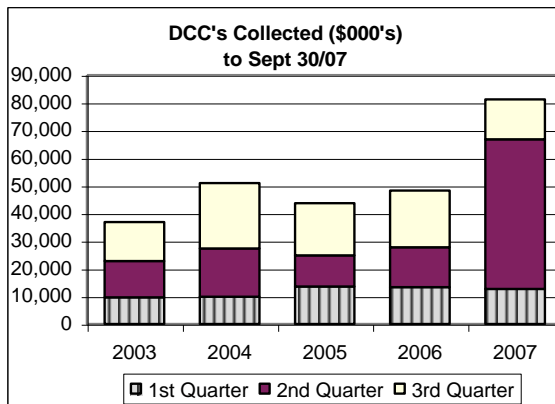
The Engineering land development activity for the third quarter of the year has decreased significantly from previous years. This is primarily due to the significant increase in activity prior to the expiry of the grace period related to increased development cost charges in the second quarter. It is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

Graph 4



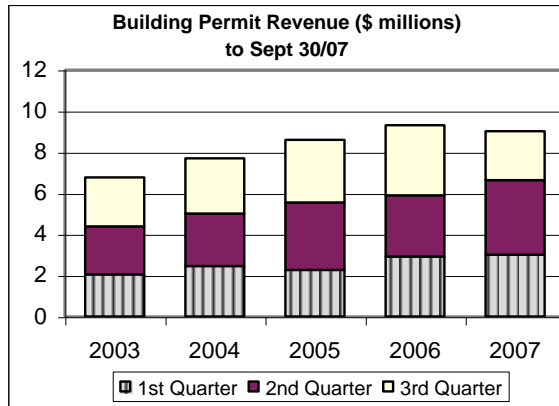
Planning and Development application fees collected in the third quarter are slightly lower than last year as many developers began the application process in the second half of 2006 or early 2007 in order to avoid the new development cost charges. However, it is expected that overall activity will surpass the 2007 budget figures.

Graph 5



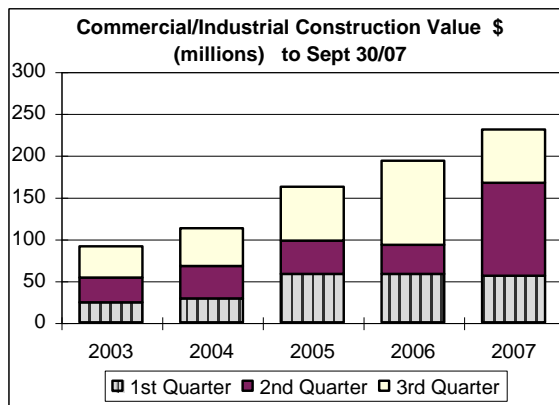
The Development Cost Charges that have been collected in the third quarter of the year have decreased in comparison to the second quarter. This was expected as developers rushed to obtain building permits in the second quarter to avoid the DCC increase. It is expected that the 2007 budget target will be met.

Graph 6



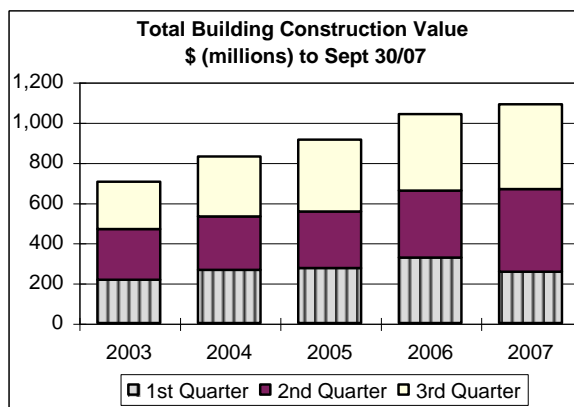
Building permit fees collected for the third quarter are lower than those collected in the same periods of previous years, due again to the DCC increase deadline in the second quarter. Although activity has dropped in the last half of the year, it is expected that budget revenue targets will be met in 2007.

Graph 7

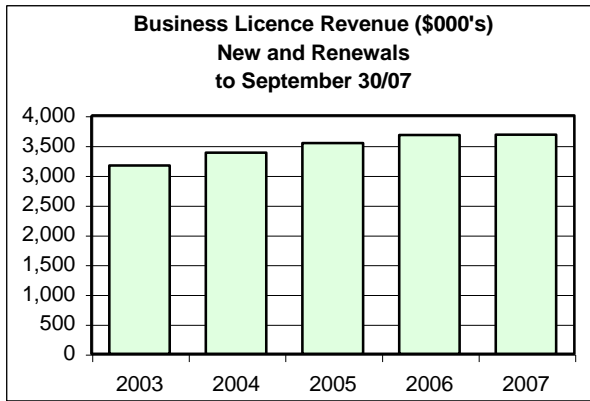


Construction value of commercial/industrial building permits for the third quarter are less than that of the prior year. Although overall, the 2007 activity is well ahead of last year's level.

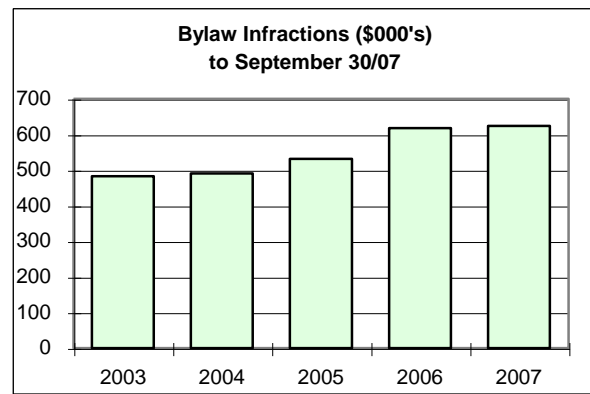
Graph 8



Overall, the value of new construction in the City for the 3<sup>rd</sup> quarter 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

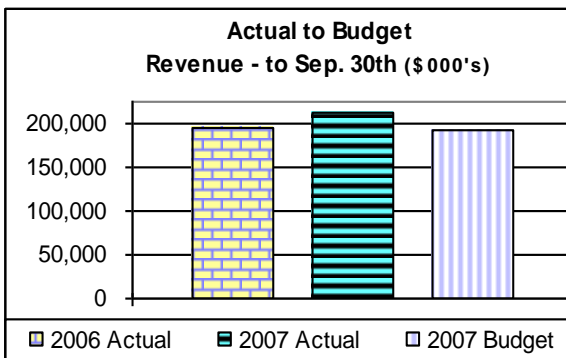


Graph 10

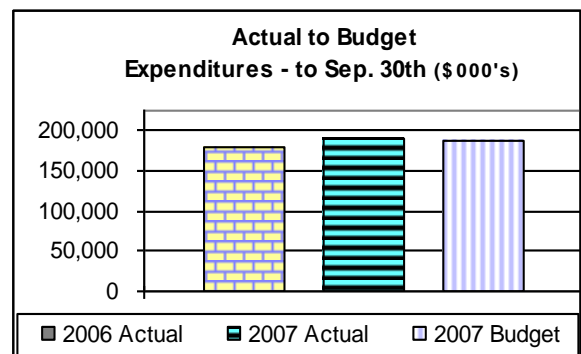
Graph 9 shows the level of licensing activity up to the end of the third quarter, which is consistent with prior years activity. Overall, we expect that our licensing revenue will meet our budgeted expectations. Graph 10 shows the revenue generated from bylaw infractions.

### 3.3. Comparison of Actual versus Budget

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



Graph 11



Graph 12

**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 \$5.0 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 \$1.8 million. This is a result of higher than anticipated traffic fine sharing revenue and the timing in filling new positions approved in the 2007 budget. A variance of \$2.4 million is expected by the end of the year and will be transferred to future RCMP capital projects as per Council's direction.

Fire Services has a favourable variance of \$1.1 million, which is a result of the timing in filling vacancies caused by retirements. By the end of the year, this variance is expected to be \$1.5 million and will be transferred to future capital projects related to fire services as per Council's direction.

Engineering is reporting a \$1.0 million favourable variance due to the large volume of land development activity as a result of the DCC grace period deadline. This variance is expected to increase to \$1.5 million as revenue associated with the land development activity continues to be realized.

Parks, Recreation & Culture is showing a favourable departmental variance of \$1.3 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. The variance at year-end is expected to drop to \$0.4 million 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 \$173,000 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 \$2.5 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 \$3.4 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 \$103,000 due to the timing of expenditures and is expected to meet budget by year-end.

City Manager's Department is currently reporting a favourable variance of \$0.7 million due to the timing of revenue received for fees and fines. This variance is expected to reduce to \$0.3 million at year-end, reflecting increased revenue from fees and fines and minor departmental expenditure reductions.

Finance & Technology currently has a favourable variance of \$1.0 million. This is primarily due to temporary departmental vacancies offset by the timing of maintenance contracts. This variance is expected to increase to \$1.2 million by year-end.

Human Resources has an unfavourable variance of \$123,000 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. As directed by Council in July of this year, the surpluses that are generated in the Police and Fire Department will be allocated to future capital works specific to public safety and that the remaining surplus, projected at \$5.0 million will 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 July through September. *Schedule 2* is a detailed listing of securities as at September 30, 2007 sub-totaled by issuer type.

It is important to note that although the investment portfolio is currently valued in excess of \$765 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 4.41%, 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. As a result, it is projected that interest revenue will exceed the 2007 budget by approximately \$500,000 by year-end.

### **4.0 CONCLUSION**

Overall, it is anticipated that the activity in 2007 will result in a surplus. It is recommended that the surplus generated by the fire and police services be allocated to future capital needs related to public safety. It is further recommended that the remaining surplus of approximately \$5.0 million be allocated to the 2008 Capital Program.

Vivienne Wilke, CGA  
General Manager,  
Finance & Technology

## APPENDIX A-1



**2007 3rd QUARTER COUNCIL REPORT**  
**EXECUTIVE SUMMARY - REVENUES & EXPENDITURES**  
**\$ 000's**

<b>REVENUE SUMMARY</b>	<b>2007 3rd Qtr Actual</b>	<b>2007 3rd Qtr Budget</b>	<b>2007 3rd Qtr Variance</b>	<b>2007 Annual Projected</b>	<b>2007 Total Budget</b>	<b>2007 Projected Variance</b>
Net Taxation	131,496	130,542	\$ (954)	175,069	174,056	\$ (1,013)
Non-Tax Revenues	11,534	10,786	(748)	14,915	14,415	(500)
Provincial Casino Revenue Sharing	2,846	2,850	4	3,800	3,800	0
Utility Recoveries	2,134	2,650	516	3,533	3,533	0
Program Revenues	62,721	52,806	(9,915)	77,062	67,762	(9,300)
<b>TOTAL REVENUES</b>	<b>\$ 210,731</b>	<b>\$ 199,634</b>	<b>\$ (11,097)</b>	<b>\$ 274,379</b>	<b>\$ 263,566</b>	<b>\$ (10,813)</b>

<b>EXPENDITURE SUMMARY</b>	<b>2007 3rd Qtr Actual</b>	<b>2007 3rd Qtr Budget</b>	<b>2007 3rd Qtr Variance</b>	<b>2007 Annual Projected</b>	<b>2007 Total Budget</b>	<b>2007 Projected Variance</b>
Program Expenditures	\$ 185,427	\$ 185,138	\$ (289)	\$ 252,527	\$ 253,827	\$ 1,300
Council Projects	270	270	0	250	250	0
City Beautification	160	143	(17)	570	570	0
Community Health Care	0	100	100	400	400	0
Social Well-Being Plan	492	492	0	656	656	0
2010 Opportunities	25	25	0	100	100	0
Bank Charges and Interest	763	662	(101)	983	883	(100)
Interest Allocations	473	482	9	643	643	0
<b>TOTAL EXPENDITURES</b>	<b>\$ 187,610</b>	<b>\$ 187,312</b>	<b>\$ (298)</b>	<b>\$ 256,129</b>	<b>\$ 257,329</b>	<b>\$ 1,200</b>

<b>TRANSFER SUMMARY</b>	<b>2007 3rd Qtr Actual</b>	<b>2007 3rd Qtr Budget</b>	<b>2007 3rd Qtr Variance</b>	<b>2007 Annual Projected</b>	<b>2007 Total Budget</b>	<b>2007 Projected Variance</b>
Transfer to Capital Program	\$ 4,050	\$ 4,050	-	\$ 5,400	\$ 5,400	\$ 0
Transfer to Capital Program - Gaming	2,846	1,850	(996)	3,800	3,800	0
Transfer to Capital Program - Public Safety				3,900	0	(3,900)
Transfers To(From) Own Sources	106	37	(69)	150	50	(100)
<b>TOTAL TRANSFERS</b>	<b>\$ 7,002</b>	<b>\$ 5,937</b>	<b>\$ (1065)</b>	<b>\$ 13,250</b>	<b>\$ 9,250</b>	<b>\$ (4000)</b>

PROJECTED SURPLUS	\$ 8,013
BUDGETED TRANSFER FROM SURPLUS	(3,013)
<b>AVAILABLE FOR 2008 CAPITAL PROGRAM</b>	<b>\$ 5,000</b>



## APPENDIX A-2



**2007 3rd QUARTER COUNCIL REPORT**  
**DEPARTMENTAL DETAIL**  
**\$ 000's**

	2007 3rd Qtr Actual	2007 3rd Qtr Budget	2007 3rd Qtr Variance	2007 Annual Projected	2007 Total Budget	2007 Projected Variance
<b>PROGRAM REVENUES</b>						
R.C.M.P.	\$ 4,493	\$ 4,283	\$ (210)	\$ 6,615	\$ 5,715	\$ (900)
Fire	1,248	1,211	(37)	1,243	1,243	0
Engineering Services	22,306	20,572	(1,734)	28,500	26,000	(2,500)
Parks, Recreation & Culture	11,424	9,942	(1,482)	13,235	12,835	(400)
Surrey Public Library	1,587	1,470	(117)	1,728	1,628	(100)
Planning & Development	15,901	10,639	(5,262)	19,037	14,037	(5,000)
City Manager	4,920	4,138	(782)	5,661	5,461	(200)
Finance & Technology	842	551	(291)	1,043	843	(200)
<b>TOTAL PROGRAM REVENUES</b>	<b>\$ 62,721</b>	<b>\$ 52,806</b>	<b>\$ (9,915)</b>	<b>\$ 77,062</b>	<b>\$ 67,762</b>	<b>\$ (9,300)</b>
<b>PROGRAM EXPENDITURES</b>						
R.C.M.P.	\$ 56,421	\$ 58,040	\$ 1,619	\$ 77,684	\$ 79,184	\$ 1,500
Fire	30,016	31,073	1,057	41,954	43,454	1,500
Engineering Services	26,955	26,234	(721)	35,954	34,854	(1,100)
Parks, Recreation & Culture	28,480	28,317	(163)	39,611	39,611	0
Surrey Public Library	8,487	8,543	56	11,864	11,764	(100)
Planning & Development	13,257	10,550	(2,707)	17,095	15,495	(1,600)
Mayor & Council	629	732	103	1,019	1,019	0
City Grants	757	757	0	601	601	0
City Manager	7,633	7,549	(84)	10,249	10,349	100
Finance & Technology	11,110	11,784	674	13,507	14,507	1,000
Human Resources	1,682	1,559	(123)	2,164	2,164	0
Operating Contingency	0	0	0	825	825	0
<b>TOTAL PROGRAM EXPENDITURES</b>	<b>\$ 185,427</b>	<b>\$ 185,138</b>	<b>\$ (289)</b>	<b>\$ 252,527</b>	<b>\$ 253,827</b>	<b>\$ 1,300</b>
<b>NET PROGRAM</b>						
R.C.M.P.	\$ 51,928	\$ 53,757	\$ 1,829	\$ 71,069	\$ 73,469	\$ 2,400
Fire	28,768	29,862	1,094	40,711	42,211	1,500
Engineering Services	4,649	5,662	1,013	7,454	8,854	1,400
Parks, Recreation & Culture	17,056	18,375	1,319	26,376	26,776	400
Surrey Public Library	6,900	7,073	173	10,136	10,136	0
Planning & Development	(2,644)	(89)	2,555	(1,942)	1,458	3,400
Mayor & Council	629	732	103	1,019	1,019	0
City Grants	757	757	0	601	601	0
City Manager	2,713	3,411	698	4,588	4,888	300
Finance & Technology	10,268	11,233	965	12,464	13,664	1,200
Human Resources	1,682	1,559	(123)	2,164	2,164	0
Operating Contingency	0	0	0	825	825	0
<b>NET PROGRAM TOTAL</b>	<b>\$ 122,706</b>	<b>\$ 132,332</b>	<b>\$ 9,626</b>	<b>\$ 175,465</b>	<b>\$ 186,065</b>	<b>\$ 10,600</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	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		
2007 Mayor's Charity Ball (1 table), Sept 7, 2007	2,500		
2007 Hargobind International Wrestling Event, Nov 2-3	5,000		
<b>Allocations for 2007</b>		<b>\$ 202,850</b>	<b>\$ 142,871</b>

## APPENDIX C-1

## SCHEDULE 1

DESCRIPTION	INVESTMENT	INVESTMENT	INVESTMENT
	(MILLIONS) July 31/07	(MILLIONS) August 31/07	(MILLIONS) Sept. 30/07
<i>RBC Month End Balance</i>	27.0	11.0	11.0
<b>CALL LOAN</b>	24.0	15.0	22.0
<b>MAJOR BANKS</b>			
Bank of Montreal	39.2	39.2	39.2
Bank of Nova Scotia	28.0	28.0	28.0
Canadian Imperial Bank of Commerce	40.2	40.2	40.1
Citizens Bank of Canada	0.0	0.0	0.0
Manulife Bank of Canada	15.0	15.0	15.0
National Bank of Canada	46.3	46.3	46.2
Royal Bank of Canada	45.0	45.0	44.8
Toronto Dominion	39.7	39.7	29.7
<b>SUB TOTAL - MAJOR BANKS</b>	<u>253.3</u>	<u>253.3</u>	<u>243.1</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
Envision Credit Union	10.0	10.0	10.0
Vancity Savings	13.0	13.0	6.0
<b>SUB TOTAL - CREDIT UNIONS</b>	<u>33.0</u>	<u>33.0</u>	<u>26.0</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	10.3	10.3	10.3
Nova Scotia	2.7	2.7	2.7
Ontario	27.0	27.0	22.0
Quebec	53.9	53.9	53.8
<b>SUB TOTAL - PROVINCES</b>	<u>177.4</u>	<u>177.4</u>	<u>172.1</u>
<b>OTHER</b>			
MFA	255.0	205.0	185.0
<b>SUB TOTAL - OTHER</b>	<u>255.0</u>	<u>205.0</u>	<u>185.0</u>
<b>TOTAL PORTFOLIO</b>	<u><u>876.4</u></u>	<u><u>801.4</u></u>	<u><u>765.8</u></u>

## SCHEDULE 2 -1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
<b>RBC Month End Balance</b>					
30-Sep-07		RBC		11,148,000.00	<b>11,148,000.00</b>
<b>CALL LOAN</b>					
1-Oct-07	28-Sep-07	Vancity call	3	22,000,000.00	
*** CALL LOAN					<b>22,000,000.00</b>
<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	2,006,403.07	
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	
3-Apr-12	3-Apr-07	Bank of Montreal accrual note	1827	10,000,000.00	
15-Jul-12	15-Jul-05	Bank of Montreal step up	2557	9,997,986.31	
*** BANK OF MONTREAL					<b>39,211,889.38</b>
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	3,038,109.24	
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	
*** BANK OF NOVA SCOTIA					<b>28,038,109.24</b>
26-Feb-08	27-Mar-02	CIBC deposit note	2162	2,433,114.79	
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	2,525,700.21	
15-Oct-09	17-Jun-05	CIBC fixed floaters	1581	5,080,686.90	
9-Nov-09	9-Nov-06	CIBC us\$ step up	1096	5,084,550.00	
28-Mar-11	25-Sep-06	CIBC fixed floaters	1645	5,025,872.29	
10-Oct-13	10-Oct-06	CIBC accrual note	2557	5,000,000.00	
*** CIBC					<b>40,149,924.19</b>
3-Aug-08	3-Aug-05	Manulife Bank step up	1096	10,000,000.00	
18-Feb-08	18-Aug-05	Manulife Bank step up	914	5,000,000.00	
*** MANULIFE BANK OF CANADA					<b>15,000,000.00</b>
31-Oct-07	3-Apr-01	National Bank of Canada fixed floaters	2402	2,500,446.72	
4-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	1,684,386.00	
16-Apr-09	14-Jun-05	National Bank of Canada fixed floaters	1402	5,160,510.69	
16-Apr-09	4-Jul-05	National Bank of Canada fixed floaters	1382	5,164,363.98	
16-Apr-09	6-Jul-05	National Bank of Canada fixed floaters	1380	3,098,638.69	
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	4,998,310.96	
10-Sep-09	19-Mar-04	National Bank of Canada deposit note	2001	5,065,387.85	
10-Sep-09	17-Jun-05	National Bank of Canada deposit note	1546	5,096,118.38	
*** NATIONAL BANK OF CANADA					<b>46,160,419.27</b>

## APPENDIX C-3

## SCHEDULE 2 -2

22-Jan-08	21-Jun-04	Royal Bank fixed floaters	1310	5,025,019.08	
22-Jan-08	19-Jul-04	Royal Bank fixed floaters	1282	4,023,226.83	
25-Jan-10	2-Jun-03	Royal Bank fixed floaters	2429	5,243,864.69	
25-Jan-10	14-Jan-04	Royal Bank fixed floaters	2203	5,260,789.83	
12-Apr-11	27-Mar-06	Royal Bank fixed floaters	1842	5,287,833.88	
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>44,840,734.31</b>
5-Sep-08	9-Sep-03	Toronto Dominion Bank fixed floaters	1823	5,001,021.09	
5-Sep-08	1-Dec-03	Toronto Dominion Bank fixed floaters	1740	1,201,790.37	
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	3,482,952.74	
<b>*** TORONTO DOMINION</b>					<b>29,685,764.20</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	HSBC 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	1-Mar-07	Coast Capital Credit Union	365	10,000,000.00	
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	
2-Oct-07	2-Oct-06	Vancity Savings	365	6,000,000.00	
<b>*** CREDIT UNIONS</b>					<b>26,000,000.00</b>
<b>FEDERAL GUARANTEED PAPER</b>					
6-Jan-08	6-Jul-05	Farm Credit Corp accrual note	914	10,000,000.00	
31-Jan-08	8-Feb-05	Export Dev. Corp accrual note	1087	5,600,000.00	
3-Dec-07	2-Jul-03	CMHC bond	1615	2,506,175.55	
15-Sep-08	13-Jun-05	CMHC residuals	1190	4,522,100.00	
15-Mar-10	28-Jan-05	CMHC bond	1872	2,000,000.00	
23-Apr-11	23-Apr-04	Export Development 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 Development 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 Development Corp accrual note	3652	9,996,519.58	
<b>*** OTHER FEDERAL GUARANTEED</b>					<b>81,624,795.13</b>

## APPENDIX C-4

## SCHEDULE 2 -3

## PROVINCIAL GUARANTEED PAPER

28-Jun-08	28-Jun-05	Alberta Capital Finance accrual note	1096	10,000,061.25	
20-Aug-10	21-Nov-03	Alberta Capital Finance bond	2464	1,293,592.85	
23-Dec-13	23-Jun-05	Alberta Capital Finance step up accrual note	3105	10,000,000.00	
<b>*** ALBERTA</b>					<b>21,293,654.10</b>
24-Mar-08	4-Jun-03	BCMFA	1755	5,034,779.74	
18-Jun-09	5-Apr-02	Prov. Of BC coupons	2631	1,849,474.07	
1-Dec-09	5-Apr-02	Prov. Of BC bond	2797	5,026,159.15	
3-Oct-09	3-Oct-03	BCMFA	2192	799,321.65	
3-Oct-10	3-Oct-03	BCMFA	2557	1,797,844.75	
3-Oct-10	10-Oct-03	BCMFA	2550	698,792.14	
1-Jun-11	11-Apr-01	BCMFA	3703	4,993,608.26	
<b>*** BRITISH COLUMBIA</b>					<b>20,199,979.76</b>
15-Oct-07	15-Apr-05	Manitoba step up	913	10,000,000.00	
2-Mar-09	10-Mar-05	Manitoba bond	1453	5,109,890.13	
15-Mar-10	15-Mar-05	Manitoba accrual note	1826	9,970,525.73	
5-Sep-10	1-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>39,053,120.86</b>
17-Dec-07	17-Dec-03	New Brunswick MFA	1,461	2,104,237.00	
17-Dec-10	17-Dec-03	New Brunswick MFA	2,557	763,684.89	
<b>*** NEW BRUNSWICK</b>					<b>2,867,921.89</b>
12-Dec-07	18-Jun-03	Newfoundland bond	1638	5,023,011.40	
3-Nov-09	2-Feb-04	Newfoundland bond	2101	5,237,583.30	
<b>*** NEWFOUNDLAND</b>					<b>10,260,594.70</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-Mar-08	7-Sep-04	prov ont step up	1277	5,000,000.00	
2-Dec-07	18-Jun-03	prov ont cpn	1628	1,962,684.21	
5-May-08	5-May-04	prov ont step up	1461	5,000,000.00	
19-May-10	4-Apr-05	prov ont	1871	4,988,688.18	
19-Nov-10	21-Nov-03	prov ont	2555	4,999,999.53	
<b>*** ONTARIO</b>					<b>21,951,371.92</b>
1-Oct-07	11-Jul-03	Quebec bond	1543	5,000,320.93	
29-Nov-07	2-Jul-03	Quebec bond	1611	3,456,175.73	
15-Apr-08	24-Jun-04	Hydro Quebec coupon	1391	4,242,500.00	
1-Dec-08	28-Jan-05	Quebec MFA	1403	10,241,302.92	
1-Dec-08	8-Feb-05	Quebec MFA	1392	4,094,209.20	
1-Jun-09	13-Jun-05	Quebec bond	1449	5,169,233.95	
1-Dec-09	21-Oct-03	Quebec MFA	2233	4,003,370.84	
1-Dec-09	21-Oct-03	Quebec MFA	2233	3,000,000.00	
1-Dec-09	9-Jan-04	Quebec MFA	2153	5,025,801.04	
16-Aug-10	5-Mar-04	Hydro Quebec coupon	2355	5,305,300.00	
1-Dec-10	28-Jan-05	Quebec bond	2133	4,251,470.02	
<b>*** QUEBEC</b>					<b>53,789,684.63</b>
1-Oct-07	28-Jun-07	BCMFA term deposit	95	35,000,000.00	
1-Oct-07	3-Jul-07	BCMFA term deposit	90	100,000,000.00	
1-Oct-07	4-Jul-07	BCMFA term deposit	89	25,000,000.00	
26-Oct-07	25-Jul-07	BCMFA term deposit	93	20,000,000.00	
open	17-Dec-03	BCMFA investment pool - money market fund	1477	1,000,000.00	
open	17-Dec-03	BCMFA investment pool - intermediate fund	1477	4,000,000.00	
<b>*** BCMFA</b>					<b>185,000,000.00</b>
<b>*** TOTAL PORTFOLIO</b>					<b>765,975,963.58</b>