



Corporate Report

NO: R066

COUNCIL DATE: April 28, 2008

REGULAR COUNCIL

TO: Mayor & Council DATE: April 23, 2008
FROM: General Manager, Finance & Technology FILE: 1880-20
SUBJECT: Quarterly Financial Report – First Quarter 2008

RECOMMENDATION

The Finance & Technology Department recommends that Council receive this report as information.

INTENT

The intent of this report is to provide Council with an overview of the City's financial results for the first quarter of 2008 in comparison to the 2008 Financial Plan.

DISCUSSION

The following discussion provides 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:

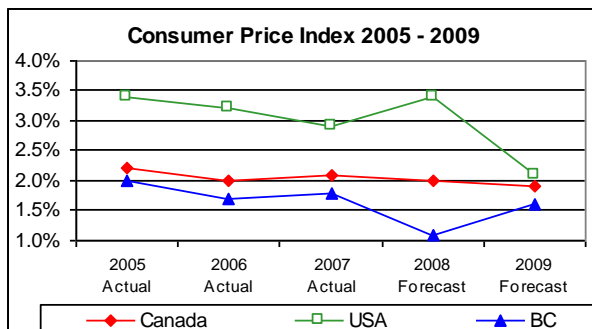
China has remained the largest contributor to global growth in the first quarter of 2008. Although exports to the United States have slowed, China continues to export to other key regions, notably Europe. Overall consumption and strong investment growth have continued to accelerate due to rising incomes and increased wealth. Much investor attention has been focused on the 2008 Olympic Games and the anticipated boost to the economy that the event will bring. Overall, the global economy remains resilient in the face of the slowdown in the United States.

United States Overview:

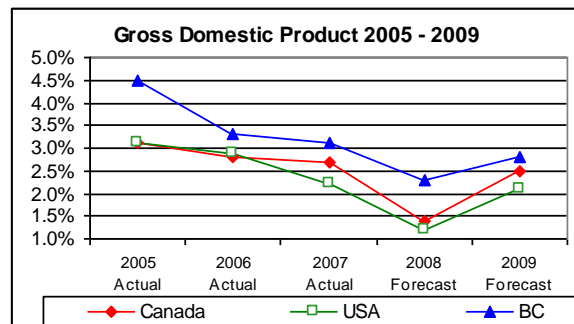
The meltdown in US sub-prime mortgage market has created a dramatic slowdown in the economy. Although housing starts may stabilize, high inventories of unsold existing homes suggest that it will take most of 2008 before real estate markets finally turn around. Recent interest rates cuts have assisted in warding off the threat of recession. There are signs that business investment is starting to recover. In addition, exports are beginning to grow due to the weakness in the U.S. dollar. However, the economy is not expected to stabilize until the end of 2008 or beginning of 2009.

Canadian Overview:

The Canadian economy will remain a model of stable economic growth as it weathers the storm of uncertainty in the United States. Employment remains very strong, wages and consumer prices continue to accelerate. The one percent reduction in GST has accrued to households in the form of increased real disposable income. The Bank of Canada cut interest rates in the first quarter by 75 basis points. This was followed by an additional cut of 50 basis points on April 22nd. The Bank of Canada will continue to ease interest rates in an effort to contain the impact of the growing reduction in exports due to weakening U.S. demand. The combination of a strong Canadian dollar and the weakness in the U.S. economy has hampered selected Canadian industries such as manufacturing, tourism and hospitality.



Graph 1 Source: BMO Capital Markets April/08
RBC Provincial Forecast April/08



Graph 2 Source: BMO Capital Markets April/08
RBC Provincial Forecast April/08

British Columbia Overview

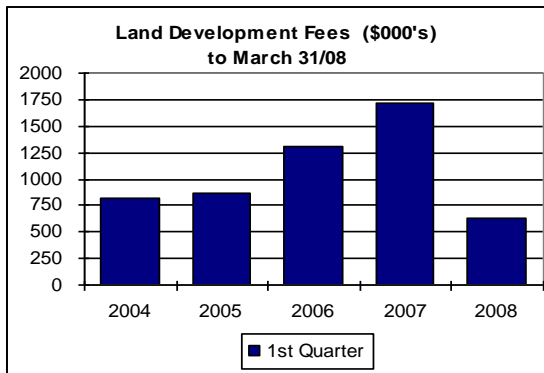
In contrast to the export sector, the domestic economy has continued to show robust growth in the first quarter of this year. BC has recently introduced a revenue neutral carbon tax with an expectation that it will generate \$1.8 billion in revenues over three years. These funds are to be returned to taxpayers in the form of tax cuts for businesses and individuals.

Housing starts have declined in the first quarter of the year in comparison to 2007, although nominal investment in residential construction is increasing due to a rise in home renovations and increased construction and labour costs. The labour market has continued to remain hot with high levels of non-residential construction and new mine developments helping to absorb job losses in forestry and manufacturing. The BC economy may ultimately be challenged by the major U.S. economic slowdown, but it has the potential to continue to perform strongly. Overall, economic growth is forecast to remain above the national pace, growing by 3.1 per cent this year.

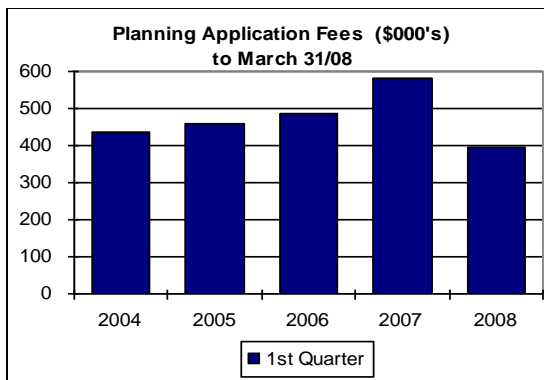
Surrey's Financial Performance

The level of new development activity has slowed in the first quarter of the year. Residential housing continues to be a major component of growth and activity levels are expected to increase throughout 2008 as interest rates are expected to drop to lower levels.

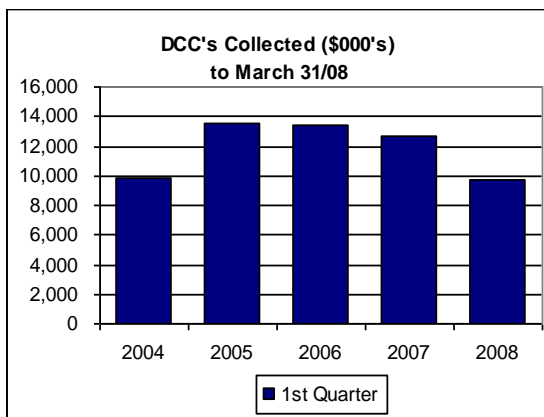
The following graphs show how the first quarter of the year compares to previous years' results for the same period:



Graph 3



Graph 4



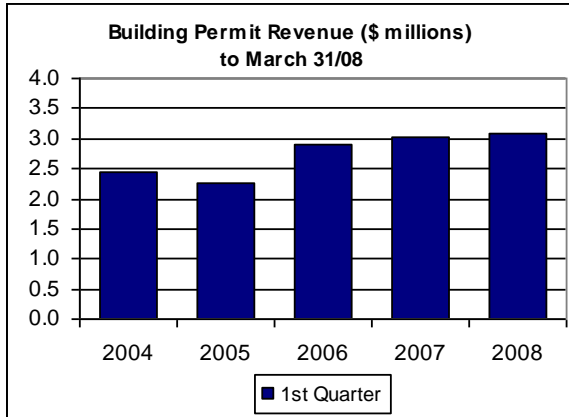
Graph 5

primarily due to the rush by developers to get their projects approved prior to the new DCC fees being implemented in mid-2007. It is also due to the uncertainty of economic conditions south of the border and the effect on the BC economy. It is expected that these fees will grow in the second half of the year and that budget expectations will be met.

Application fees collected in the first quarter of the year have decreased as compared to prior years. It is expected that the 2008 budget will be met.

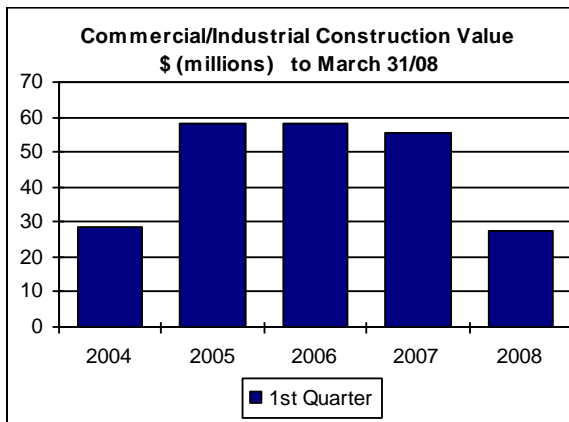
The Development Cost Charges that have been collected in the first quarter of the year are lower than those collected in the same period of 2007. While construction continues to remain strong, this decline is a result of a decrease in land development activity. It is expected that the 2008 budget expectations will be met.

The Land Development activity for the first quarter of the year has decreased significantly from previous years. This is



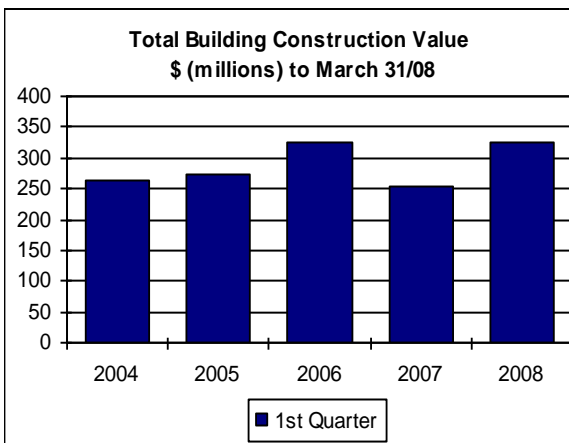
Graph 6

Building permit fees collected for the first quarter of the year are on par with those collected in the same periods of previous years. It is expected that the budgeted amounts for 2008 will be fully met by year-end.



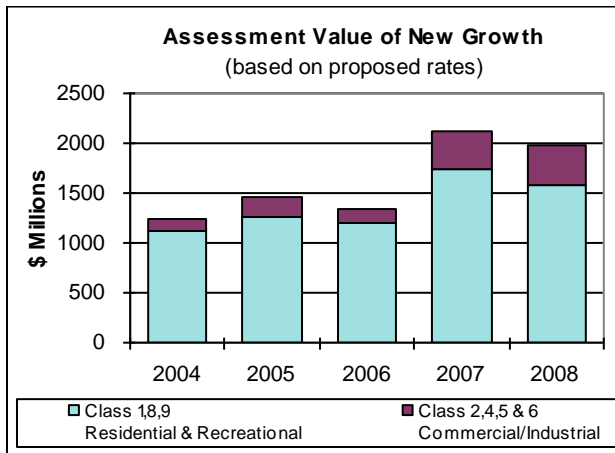
Graph 7

Construction value of commercial/industrial building permits for the first quarter of the year are lower than in the same period of 2007. However, it is expected that these values will be similar to prior years' by year-end based on projects for which permits are expected to be issued during the remainder of 2008.



Graph 8

Overall, the value of new construction in the City for the first quarter of the year is higher than the same time period in previous years. It is anticipated that by year-end 2008 construction values will meet or exceed the total construction value achieved in 2007.

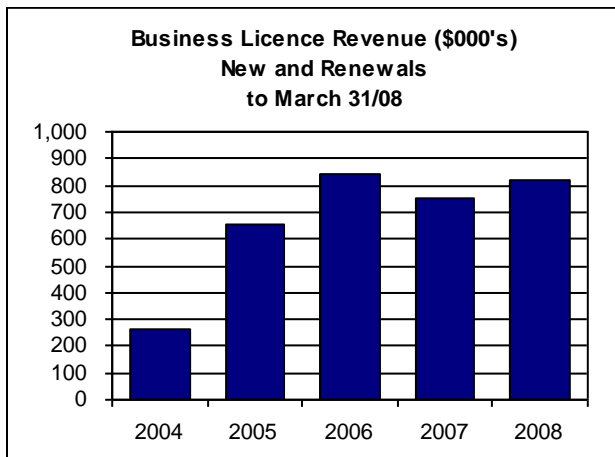


Graph 9

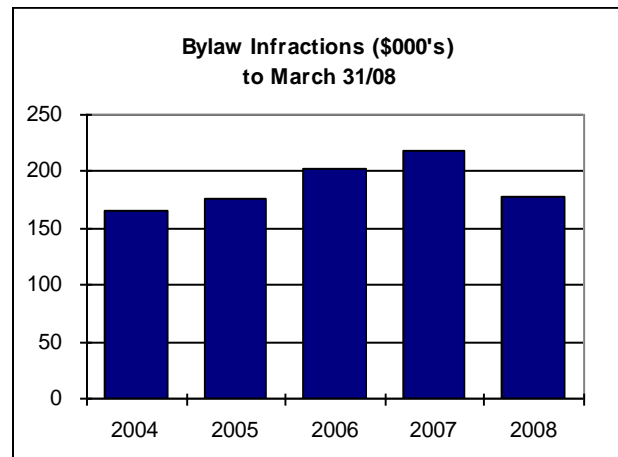


Graph 10

The value of new construction is converted into taxable assessed values and is considered to be the 'growth' component of the City's annual property tax levy. The tax rate for commercial/industrial properties is about three and a half times that of residential properties. 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. The 2008 tax growth is slightly less than that of 2007. However, 2008 growth is higher than the average of the last four years.



Graph 11

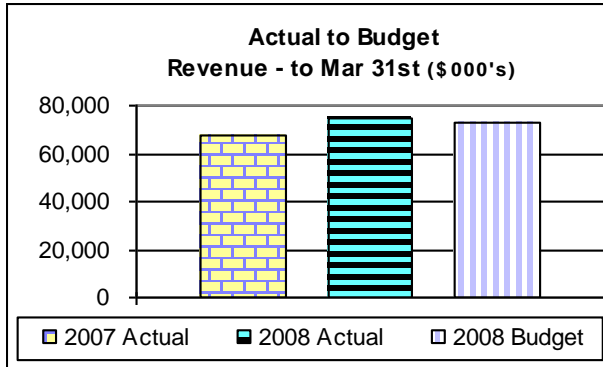


Graph 12

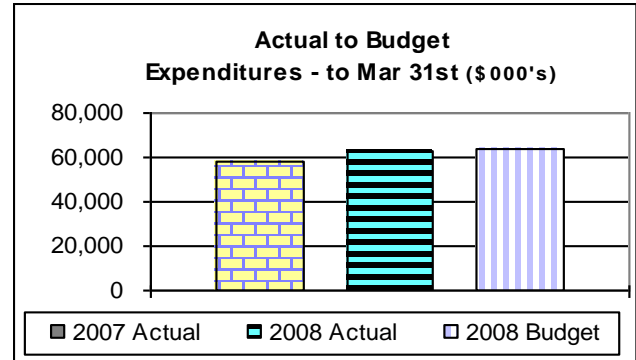
As indicated in *Graph 11*, licensing revenue is on line with that of prior years and it is expected that revenues will meet the 2008 budget expectations. Bylaw infraction revenue has decreased slightly in the first quarter of 2008 in comparison to the same period in the prior year. The number of tickets issued in this quarter is consistent with prior years; however, collections have dropped in the first quarter.

1.2 Comparison of Actual versus Budget

The following graphs 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. The following provides an explanation of variances in each Department from the adopted 2008 Financial Plan:

RCMP is currently showing a favourable variance of \$183,000. This is a result of the timing in filling new positions approved in the 2008 budget.

Fire Services has a favourable variance of \$245,000. This favourable variance is due to temporary vacancies.

Engineering is reporting a \$437,000 unfavourable variance, due to a significant increase in costs associated with solid waste collection as a result of the transition to the new solid waste collection contract. The Engineering Department is working with the contractor to recover these costs.

Parks, Recreation & Culture is showing a favourable departmental variance of \$768,000. This variance is temporary and is primarily due to timing of the collection of revenues in comparison to when the related expenditures will occur.

City Manager's Department is currently reporting a favourable variance of \$194,000 due to increased fee revenue and temporary vacancies, which have now been filled.

Finance & Technology currently has a favourable variance of \$219,000. This is primarily due to temporary vacancies and the timing of software maintenance contract payments.

The first quarter results of the other departments are all in line with budget. Overall it is expected that the City will not be required to use the budgeted transfer from surplus for 2008.

An update of allocations that have been made by Council in 2008 from the Council Initiative Fund is attached as **Appendix B**.

1.3 City Investment Portfolio

The schedules in *Appendix C* include a summary of the City's investment portfolio. *Schedule 1* 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, 2008 sub-totaled by issuer type.

It is important to note that although the investment portfolio is currently valued in excess of \$671 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 4.15%, while maintaining investment security as outlined in the investment policy. This is lower than the investment interest return of 4.25% that was anticipated in our 2008 Financial Plan. As the City continues to invest additional funds, interest revenue is expected to meet budget by year-end.

CONCLUSION

Development activity experienced in the first quarter of 2008 is similar to the activity in the first quarter of 2007. The 2008 adopted budget anticipates a transfer from surplus of \$4.0 million. Based on the favourable first quarter financial results and activity expectations for the remainder of the year, it is expected that this use of prior years' surplus will not be necessary in 2008.

Vivienne Wilke, CGA
General Manager,
Finance & Technology



2008 1st QUARTER COUNCIL REPORT
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES
\$ 000's

REVENUE SUMMARY	2007 1st Qtr Actual	2008 1st Qtr Actual	2008 1st Qtr Budget	2008 1st Qtr Variance	2008 Total Budget
Net Taxation	\$ 43,529	\$ 46,551	\$ 46,763	212	\$ 187,051
Non-Tax Revenues	3,116	4,275	4,192	(83)	17,170
Provincial Casino Revenue Sharing	800	1,100	1,100	0	4,400
Utility Recoveries	811	876	910	34	3,639
Program Revenues	19,400	20,570	19,748	(822)	77,867
TOTAL REVENUES	\$ 67,656	\$ 73,372	\$ 72,713	\$ (659)	\$ 290,127

EXPENDITURE SUMMARY	2007 1st Qtr Actual	2008 1st Qtr Actual	2008 1st Qtr Budget	2008 1st Qtr Variance	2008 Total Budget
Program Expenditures	\$ 60,286	\$ 65,128	\$ 65,570	\$ 442	\$ 266,084
Council Projects	107	145	145	0	250
Crime Reduction Strategy	0	24	24	0	553
City Beautification	0	176	176	0	978
Community Health Care	0	0	0	0	2,050
Social Well-Being Plan	82	88	88	0	949
Sustainability	0	0	0	0	200
2010 Opportunities	0	0	0	0	150
Fiscal Services	297	323	281	(42)	1,124
Interest Allocations	158	151	182	31	728
TOTAL EXPENDITURES	\$ 60,930	\$ 66,035	\$ 66,466	\$ 431	\$ 273,066

TRANSFER SUMMARY	2007 1st Qtr Actual	2008 1st Qtr Actual	2008 1st Qtr Budget	2008 1st Qtr Variance	2008 Total Budget
Transfer to Capital Program	\$ 1,627	\$ 1,450	\$ 1,450	0	\$ 5,800
Transfer to Capital Program - Gaming	800	1,100	1,100	0	4,400
Transfers To(From) Own Sources	(214)	254	11	(243)	10,845
	2,213	2,804	2,561	(243)	21,045
Surplus(Deficit)	4,513	4,533	3,686	(847)	(3,984)
Transfer (to)from Surplus	(4,513)	(4,533)	(3,686)	847	3,984
BALANCED BUDGET	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0



2008 1st QUARTER COUNCIL REPORT

\$ 000's

APPENDIX A

PROGRAM REVENUES	2007 1st Qtr Actual	2008 1st Qtr Actual	2008 1st Qtr Budget	2008 1st Qtr Variance	2008 Total Budget
R.C.M.P.	\$ 1,549	\$ 1,635	\$ 1,683	\$ 48	\$ 6,736
Fire	48	32	33	1	1,280
Engineering Services	7,428	7,438	7,257	(181)	28,470
Parks, Recreation & Culture	4,038	5,177	4,730	(447)	15,941
Surrey Public Library	482	305	470	165	1,583
Planning & Development	4,313	4,399	4,069	(330)	17,274
City Manager	1,364	1,396	1,307	(89)	5,675
Finance & Technology	178	188	199	11	908
TOTAL PROGRAM REVENUES	\$ 19,400	\$ 20,570	\$ 19,748	\$ (822)	\$ 77,867

PROGRAM EXPENDITURES	2007 1st Qtr Actual	2008 1st Qtr Actual	2008 1st Qtr Budget	2008 1st Qtr Variance	2008 Total Budget
R.C.M.P.	\$ 18,973	\$ 20,115	\$ 20,345	\$ 230	\$ 87,123
Fire	10,068	10,331	10,578	247	45,669
Engineering Services	8,915	9,841	9,222	(619)	37,306
Parks, Recreation & Culture	8,259	9,809	10,129	320	45,811
Surrey Public Library	2,755	2,832	3,002	170	1,583
Planning & Development	3,982	4,188	3,888	(300)	16,980
Mayor & Council	215	226	247	21	1,053
City Grants	336	518	518	0	1,086
City Manager	2,500	2,637	2,743	106	10,975
Finance & Technology	3,703	4,024	4,254	230	15,332
Human Resources	543	607	644	37	2,566
Operating Contingency	37	0	0	0	600
TOTAL PROGRAM EXPENDITURES	\$ 60,286	\$ 65,128	\$ 65,570	\$ 442	\$ 266,084

NET PROGRAM	2007 1st Qtr Actual	2008 1st Qtr Actual	2008 1st Qtr Budget	2008 1st Qtr Variance	2008 Total Budget
R.C.M.P.	\$ 17,424	\$ 18,479	\$ 18,662	\$ 183	\$ 80,387
Fire	10,020	10,300	10,545	245	44,389
Engineering Services	1,487	2,402	1,965	(437)	8,836
Parks, Recreation & Culture	4,221	4,631	5,399	768	29,870
Surrey Public Library	2,274	2,527	2,532	5	0
Planning & Development	(331)	(211)	(181)	30	(294)
Mayor & Council	215	226	247	21	1,053
City Grants	336	518	518	0	1,086
City Manager	1,136	1,242	1,436	194	5,300
Finance & Technology	3,525	3,836	4,055	219	14,424
Human Resources	543	607	644	37	2,566
Operating Contingency	37	0	0	0	600
NET PROGRAM TOTAL	\$ 40,887	\$ 44,557	\$ 45,822	\$ 1,265	\$ 188,217

APPENDIX B



2008 FINANCIAL PLAN COUNCIL INITIATIVES

Description	Amount	Allocation to date	Remaining
Carried Forward from Prior Year	\$ 61,371		
2008 Adopted Budget	250,000		\$ 311,371
Fraser Valley Heritage Railway Society		75,000	
Peace Arch Hospital & Community Health Foundation 2008 - In Caring Gala April 26, 2008		1,600	
Surrey Crime Prevention Society - Anti-Graffiti Program		29,000	
2010 Community Opportunities Strategy		20,000	
Surrey Foundation Annual Event - Feb 29, 2008		1,600	
City Grants - Property Taxes		16,300	
SFFC & YJC (South Fraser Family Court & Youth Justice Centre)		6,500	
Steering Committee of the Community Literacy Plan/ DIVERSEcity Community Resources Society		5,000	
Allocations for 2008		\$ 155,000	\$ 156,371

APPENDIX C

SCHEDULE 1

DESCRIPTION	INVESTMENT	INVESTMENT	INVESTMENT
	(MILLIONS) JAN. 31/08	(MILLIONS) FEB. 29/08	(MILLIONS) MARCH 31/08
RBC Month End Balance	11.5	5.4	37.0
CALL LOAN	20.0	20.0	20.0
MAJOR BANKS			
Bank of Montreal	59.2	59.2	59.2
Bank of Nova Scotia	28.0	28.0	18.0
Canadian Imperial Bank of Commerce	35.0	32.9	27.7
Citizens Bank of Canada	0.0	0.0	0.0
Manulife Bank of Canada	15.0	15.0	15.0
National Bank of Canada	63.0	76.8	76.8
Royal Bank of Canada	55.5	55.5	55.5
Toronto Dominion	29.7	9.7	9.7
SUB TOTAL - MAJOR BANKS	<u>285.5</u>	<u>277.1</u>	<u>261.8</u>
SCHEDULE B BANKS			
Citibank of Canada	10.0	10.0	10.0
Hong Kong Bank of Canada (HSBC)	15.0	15.0	10.0
SUB TOTAL - SCHEDULE B BANKS	<u>25.0</u>	<u>25.0</u>	<u>20.0</u>
CREDIT UNIONS			
Coast Capital Credit Union	13.5	13.5	13.5
Envision Credit Union	13.5	8.5	10.0
Vancity Savings	15.0	10.0	10.0
Westminster Savings Credit Union	0.0	5.0	5.0
SUB TOTAL - CREDIT UNIONS	<u>42.0</u>	<u>37.0</u>	<u>38.5</u>
GOVERNMENT OF CANADA			
Gov't Cda Bonds/Cpns	79.1	79.1	79.1
SUB TOTAL - GOV'T OF CANADA	<u>79.1</u>	<u>79.1</u>	<u>79.1</u>
PROVINCES			
Alberta	21.3	21.3	21.3
British Columbia	6.9	6.9	6.9
Manitoba	39.0	39.0	39.0
New Brunswick	0.8	0.8	0.8
Newfoundland	5.2	5.2	5.2
Nova Scotia	2.7	2.7	2.7
Ontario	20.0	20.0	15.0
Quebec	45.2	45.2	45.2
SUB TOTAL - PROVINCES	<u>141.1</u>	<u>141.1</u>	<u>136.1</u>
OTHER			
BCMFA	79.3	79.3	79.3
SUB TOTAL - OTHER	<u>79.3</u>	<u>79.3</u>	<u>79.3</u>
TOTAL PORTFOLIO	<u>683.5</u>	<u>664.0</u>	<u>671.8</u>

SCHEDULE 2 - 1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
RBC Month End Balance				36,976,600.00	36,976,600.00
31-Mar-08					
CALL LOAN					
01-Apr-08	31-Mar-08	VanCity Credit Union Call Loan	1	20,000,000.00	
*** CALL LOAN					20,000,000.00
MAJOR BANKS					
20-Dec-08	23-Mar-04	Bank of Montreal residuals	1733	4,207,500.00	
21-Jan-10	01-Nov-07	Bank of Montreal fixed floater	812	4,904,981.28	
21-Jan-10	28-Jan-05	Bank of Montreal fixed floater	1819	2,005,705.10	
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 cd	2553	3,000,000.00	
03-Apr-08	03-Apr-07	Bank of Montreal accrual note	366	10,000,000.00	
21-Jun-12	01-Nov-07	Bank of Montreal fixed floaters	1694	10,026,911.80	
21-Jun-12	01-Nov-07	Bank of Montreal fixed floaters	1694	5,013,458.79	
15-Jul-12	15-Jul-05	Bank of Montreal step up	2557	10,000,000.00	
*** BANK OF MONTREAL					59,158,556.97
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	3,026,264.48	
05-Dec-11	05-Dec-06	Bank of Nova Scotia step up	1826	7,000,000.00	
*** BANK OF NOVA SCOTIA					18,026,264.48
15-Oct-09	13-Jun-05	CIBC fixed floaters	1585	2,519,324.31	
15-Oct-09	17-Jun-05	CIBC fixed floaters	1581	5,070,736.24	
28-Mar-11	25-Sep-06	CIBC fixed floaters	1645	5,024,019.57	
10-Sep-12	29-Feb-08	CIBC deposit note	1655	10,068,000.00	
10-Oct-13	10-Oct-06	CIBC accrual note	2557	5,000,000.00	
*** CIBC					27,682,080.12
03-Aug-08	03-Aug-05	Manulife step up	1096	10,000,000.00	
18-Aug-08	18-Aug-05	Manulife step up	1096	5,000,000.00	
*** MANULIFE BANK OF CANADA					15,000,000.00
04-Jun-08	20-Feb-06	National Bank bearer deposit note	835	1,089,264.00	
12-Jun-08	13-Jun-07	National Bank bearer deposit note	365	9,535,600.00	
16-Apr-09	13-Jun-05	National Bank fixed floaters	1403	1,675,514.53	
16-Apr-09	14-Jun-05	National Bank fixed floaters	1402	5,134,328.10	
16-Apr-09	04-Jul-05	National Bank fixed floaters	1382	5,137,552.83	
16-Apr-09	06-Jul-05	National Bank fixed floaters	1380	3,082,548.69	
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	4,998,529.21	
10-Sep-09	19-Mar-04	National Bank deposit note	2001	5,055,884.40	
10-Sep-09	17-Jun-05	National Bank deposit note	1546	5,083,681.12	
02-Nov-11	26-Nov-07	National Bank bond	1437	9,721,941.56	
02-Nov-11	27-Nov-07	National Bank bond	1436	9,760,800.83	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	3,941,168.66	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	9,814,121.64	
*** NATIONAL BANK OF CANADA					76,798,327.57
25-Jan-10	02-Jun-03	Royal Bank fixed floaters	2429	5,217,438.84	
25-Jan-10	14-Jan-04	Royal Bank fixed floaters	2203	5,232,496.60	
24-Jun-10	01-Nov-07	Royal Bank fixed floaters	966	9,697,624.84	
12-Apr-11	27-Mar-06	Royal Bank fixed floaters	1842	5,267,306.19	
12-Apr-11	01-Nov-07	Royal Bank fixed floaters	1258	5,186,651.81	
20-Apr-08	20-Apr-07	Royal Bank accrual note	366	10,000,000.00	
30-Apr-12	01-Nov-07	Royal Bank fixed floaters	1642	4,896,714.99	
10-Apr-08	10-Oct-06	Royal Bank accrual note	548	10,000,000.00	
*** ROYAL BANK OF CANADA					55,498,233.27
05-Sep-08	09-Sep-03	Toronto Dominion Bank fixed floaters	1823	5,000,592.82	
05-Sep-08	01-Dec-03	Toronto Dominion Bank fixed floaters	1740	1,201,462.34	
18-Jan-11	27-Mar-06	Toronto Dominion Bank fixed floaters	1758	3,484,253.20	
*** TORONTO DOMINION					9,686,308.36

SCHEDULE 2 - 2**SCHEDULE B BANKS**

10-Apr-08	10-Oct-06	Citibank accrual note	548	10,000,000.00	
		*** Citibank of Canada			10,000,000.00
11-Apr-12	11-Apr-07	HSBC step up	1827	10,000,000.00	
		*** Hong Kong Bank of Canada (HSBC)			10,000,000.00

CREDIT UNION TERM DEPOSITS

28-Apr-08	29-Feb-08	Coast Capital Credit Union	59	10,000,000.00	
28-Apr-08	30-Jan-08	Coast Capital Credit Union	89	3,500,000.00	
25-Jul-08	28-Mar-08	Envision Credit Union	119	10,000,000.00	
28-Apr-08	30-Jan-08	Vancity Savings	89	10,000,000.00	
28-Apr-08	30-Jan-08	Westminster Savings Credit Union	89	5,000,000.00	
		*** CREDIT UNIONS			38,500,000.00

FEDERAL GUARANTEED PAPER

06-Jul-08	06-Jul-05	Farm Credit Corp. accrual note	1096	10,000,000.00	
31-Jul-08	08-Feb-05	Export Dev. Corp accrual note	1269	5,600,000.00	
15-Sep-08	13-Jun-05	Canada Mortgage residuals	1190	4,522,100.00	
15-Mar-10	28-Jan-05	Canada Mortgage 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	
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	exp dev corp accrual note	3652	10,000,000.00	
		***FEDERAL GUARANTEED			79,122,100.00

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28-Jun-08	28-Jun-05	Alberta Capital Finance accrual note	1096	10,000,000.00	
20-Aug-10	21-Nov-03	Alberta Capital Finance bond	2464	1,294,151.05	
23-Dec-13	23-Jun-05	Alberta Capital Finance step up accrual note	3105	10,000,000.00	
		*** ALBERTA			21,294,151.05
18-Jun-09	05-Apr-02	Province of BC coupons	2631	1,849,474.07	
01-Dec-09	05-Apr-02	Province of BC bond	2797	5,023,128.12	
		*** BRITISH COLUMBIA			6,872,602.19
15-Apr-08	15-Apr-05	Manitoba step up	1096	10,000,000.00	
02-Mar-09	10-Mar-05	Manitoba bond	1453	5,090,410.57	
15-Mar-10	15-Mar-05	Manitoba accrual note	1826	9,973,548.74	
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	
		*** MANITOBA			39,036,664.31
17-Dec-10	17-Dec-03	Now Brunswick Municipal Finance Authority	2,557	763,775.25	
		*** NEW BRUNSWICK			763,775.25
03-Nov-09	02-Feb-04	Newfoundland/Labrador bond	2101	5,209,011.19	
		*** NEWFOUNDLAND			5,209,011.19
19-Feb-10	01-Apr-04	Nova Scotia step up	2150	2,700,000.00	
		***NOVA SCOTIA			2,700,000.00
05-May-08	05-May-04	Ontario step up	1461	5,000,000.00	
19-May-10	04-Apr-05	Ontario bond	1871	4,989,770.00	
19-Nov-10	21-Nov-03	Ontario bond	2555	4,999,999.53	
		*** ONTARIO			14,989,769.53

SCHEDULE 2 - 3

15-Apr-08	24-Jun-04	Hydro Quebec coupon	1391	4,242,500.00	
01-Dec-08	28-Jan-05	Quebec Municipal Finance Authority	1403	10,189,434.07	
01-Dec-08	08-Feb-05	Quebec Municipal Finance Authority	1392	4,073,958.62	
01-Jun-09	13-Jun-05	Quebec bond	1449	5,143,710.14	
01-Dec-09	21-Oct-03	Quebec Municipal Finance Authority	2233	4,002,980.26	
01-Dec-09	21-Oct-03	Quebec Municipal Finance Authority	2233	3,000,000.00	
01-Dec-09	09-Jan-04	Quebec Municipal Finance Authority	2153	5,022,807.73	
16-Aug-10	05-Mar-04	Hydro Quebec coupon	2355	5,305,300.00	
01-Dec-10	28-Jan-05	Quebec bond	2133	4,231,491.40	
		*** QUEBEC			45,212,182.22
03-Apr-08	03-Mar-08	BCMFA term deposit	31	45,000,000.00	
03-Apr-08	04-Mar-08	BCMFA term deposit	30	10,000,000.00	
16-Apr-08	17-Mar-08	BCMFA term deposit	30	15,000,000.00	
03-Oct-09	03-Oct-03	BCMFA bond	2192	799,400.05	
03-Oct-10	03-Oct-03	BCMFA bond	2557	1,798,015.54	
03-Oct-10	10-Oct-03	BCMFA bond	2550	698,893.16	
01-Jun-11	11-Apr-01	BCMFA bond	3703	4,994,046.77	
open	17-Dec-03	BCMFA investment pool - money market fund	1843	1,000,000.00	
		*** BC Municipal Finance Authority			79,290,355.52
		TOTAL PORTFOLIO			671,816,982.03