

NO: R194

COUNCIL DATE: October 19, 2009

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **October 15, 2009**

FROM: **General Manager, Finance & Technology**

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - Third Quarter- 2009**

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## RECOMMENDATION

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

## INTENT

The purpose of this report is to provide Council with an update on the City's financial activity for the third quarter of 2009 and compare that activity with the 2009 Financial Plan.

## DISCUSSION

Surrey City Council adopted the 2009 Five-Year Financial Plan in December 2008. Since that time, the global economic environment has continued to change in a dramatic manner. In early 2009, it became apparent that the level of the growth-related revenues outlined in the Financial Plan would not be realized in 2009. After an extensive review of the City's operating budgets and the underlying revenue assumptions, staff concluded that the 'budget targets' for 2009 had to be revised in the wake of one of the most severe recessions in decades. This new economic outlook and the revised budget targets were communicated to Council in mid-February 2009 and have been incorporated into departmental budgets.

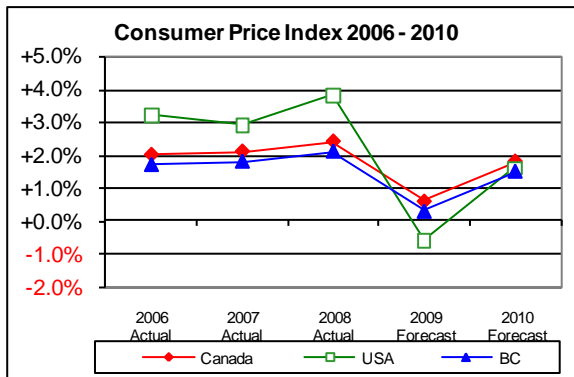
Staff remains confident that the revised budget targets for 2009 will be met and the underlying assumptions in the 2009 Five-Year Financial Plan are sound. Staff continues to monitor the City's actual budget performance very closely and report to the Senior Management Team on a monthly basis to discuss whether further adjustments are necessary.

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

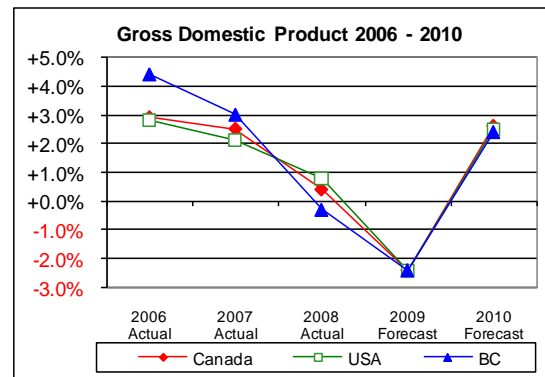
### International Overview

The global economy is showing signs of recovery in the third quarter of 2009 from the deepest recession since the Great Depression. The economic gains that have been made are mainly due to the large government stimulus programs, corporate bail-outs and historically low interest rates. A significant amount of worldwide excess production capacity will keep inflation manageable and allow monetary authorities to keep short-term interest rates at historically low levels.

The Reserve Bank of Australia recently raised its official interest rate by a quarter of a percentage point, making Australia the first developed economy to raise rates since the global financial crisis began.



Graph 1 Source: BMO Economics Oct 2, 2009



Graph 2 Source: BMO Economics Oct 2, 2009

### United States Overview

The U.S. economy is on the road to recovery due to the massive amounts of liquidity and government support. The combination of low interest rates and government spending should continue to ease financial conditions and restore stability to the labour market. Full recovery will take time however, since additional real estate foreclosures have been forecasted in the near future. This will create additional declines in real estate prices, thus pushing more homes into negative equity positions before sustained stability returns to the market. However, recent data released reaffirmed that the housing market may be beginning to stabilize, lending conditions are improving and that manufacturing activity remains positive. There are also concerns regarding the stability of the commercial office real estate market in the U.S. due to business bankruptcies and the down-sizing of businesses in response to weak market conditions.

### Canada Overview

The Canadian recession appears to have come to an end, but recovery is slow. The combination of government stimulus spending, modest inventory rebuilding and firmer domestic demand should sustain the recovery into 2010.

Consumer confidence in September rose to its highest level since April 2008. Existing home sales, housing prices and new residential construction have all been trending steadily higher in recent months. The national jobless rate dropped in September for the first time in a year, falling to 8.4 per cent from 8.7 per cent.

While exports are slowly rebounding, the sector will remain challenged by a further appreciation in the Canadian dollar. It is now anticipated that the Canadian Dollar will reach parity with the US in the near term.

### British Columbia Overview

B.C.'s economy has been insulated to some degree due to the construction related to the Olympic Games. Housing prices dipped in the early part of the year, but have since begun to rise again. Retail sales and housing starts have stabilized since the spring. These are all clear indications that consumer confidence is returning.

A strengthening global economy will likely boost demand for commodities and revitalize the Province's export sector. Spending on capital investment projects, including those by governments, will continue to assist with the recovery.

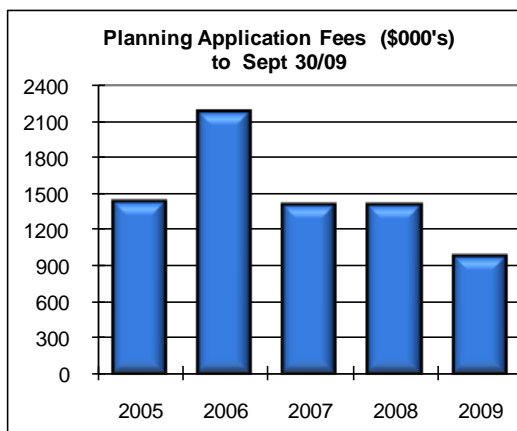
### Surrey's Financial Performance

The number of applications for new land development projects and building permits in Surrey dropped significantly in the last quarter of 2008 and the number received during 2009 to date remains below the numbers received in the same period in 2008. The third quarter has shown signs of a modest improvement, although not to the levels experienced in 2008. It is noted that applications related to business development remains level with 2008 but residential development is much slower. The 2009 Financial Plan was adopted by Council in December 2008. Since that time, economic conditions throughout the world have deteriorated more than originally expected. The City's 2009 targeted revenues and corresponding expenditures have been adjusted to reflect the current conditions. Since both the revenues and expenditures have been adjusted by the same values, there is no overall change to the City's budgeted 'bottom-line'.

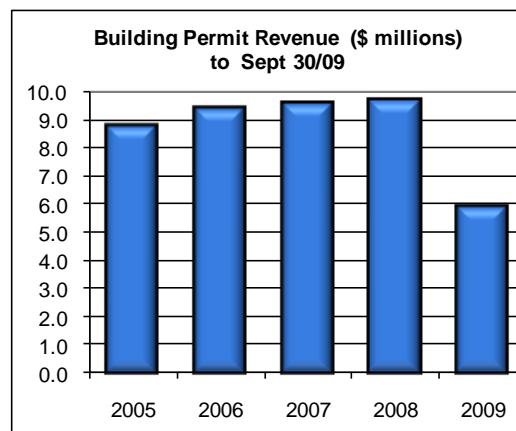
All of the following graphs indicate the actual revenue that has been collected by the City for the noted periods. The City's budget is based on recognized accounting principles, which require that development-related revenues be distributed over time to match the timing of related expenses that are incurred by the City.

This revenue deferral process means that although there may be a significant reduction in the actual revenue collected in any given period, the effect of this reduction will not be recognized for sometime into the future, which in some cases will be in the following year. The timing difference between the collection of revenue and the recognition of that revenue allows staff to take early action to address future revenue fluctuations.

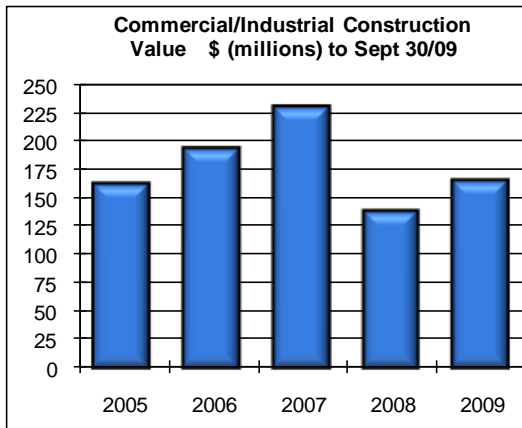
The following graphs illustrate how the results for the first nine months of 2009 compare to previous years' results for the same period:



Graph 3  
Application fees collected in nine months of the year are 31% lower than those collected for the same period last year. While the 2009 budget figures have been adjusted to reflect an anticipated reduction in overall revenues, the City is still expecting to see a short-fall as compared to the 2009 budget figures; on-going monitoring will be critical.

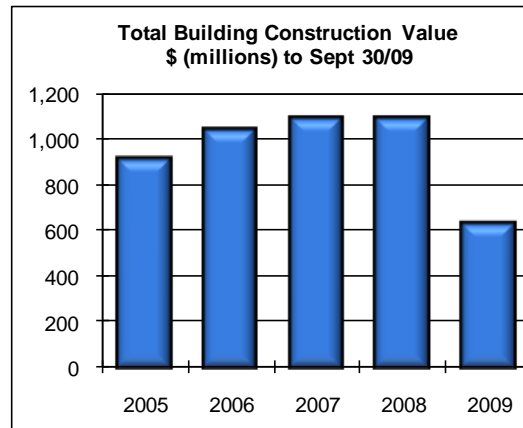


Graph 4  
Building permit fees collected for first nine months of this year are 38% lower than those collected in the same period last year. Although the budget target for building permit revenue has been reduced to reflect economic conditions, measures have been taken to monitor activity throughout the balance of the year. Revenues are expected to meet the revised budget.



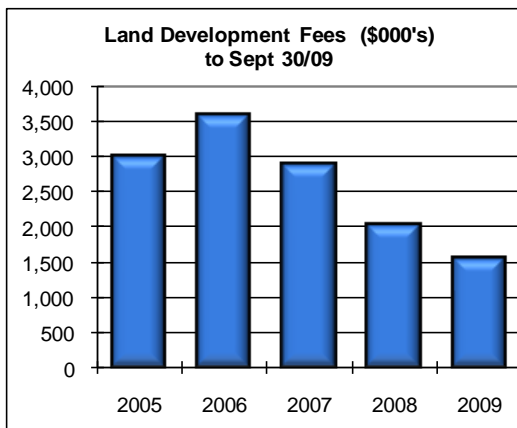
Graph 5

Construction value of commercial/industrial building permits for the first nine months of 2009 has increased by 20% as compared to 2008 with the upward trend beginning in May and continuing into September.



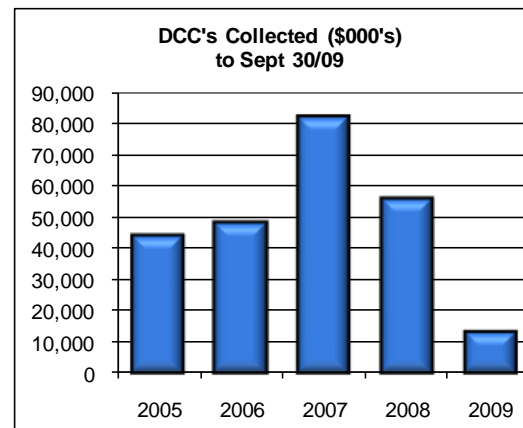
Graph 6

Overall, the value of new construction in the City for the first nine months of the year is 42% lower than the same time period last year. This is primarily a result of a significant decline in residential building activity.



Graph 7

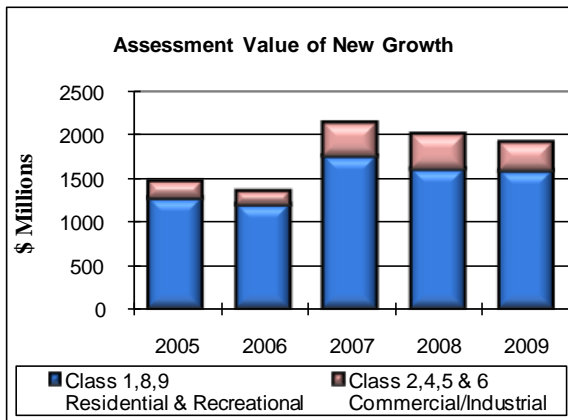
Engineering Land Development fees collected in the nine months of the year has decreased by 23% from the same period in 2008. However, overall land development activity remains on pace with 2008 due to the reactivation of a number of projects held over from the 2006/07 DCC deadline. Fees are expected to remain flat throughout 2009 as a result of the slowdown in new applications. The 2009 budget has been amended to reflect an anticipated reduction in Land Development revenues.



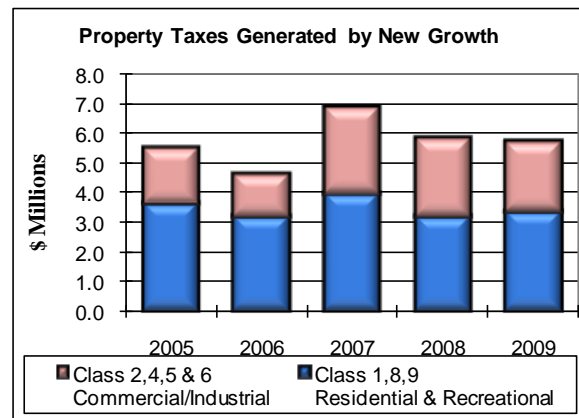
Graph 8

The Development Cost Charges that have been collected in the nine months of the year are 76% lower than those collected in the same period of 2008. The 2007 activity was unusually high due to the accelerated projects received in advance of the June 30/07 DCC deadline. This activity has created a large inventory of available lots that will take some time to develop.

The City collects DCC revenue throughout the year and distributes it to the related construction programs in the following year.

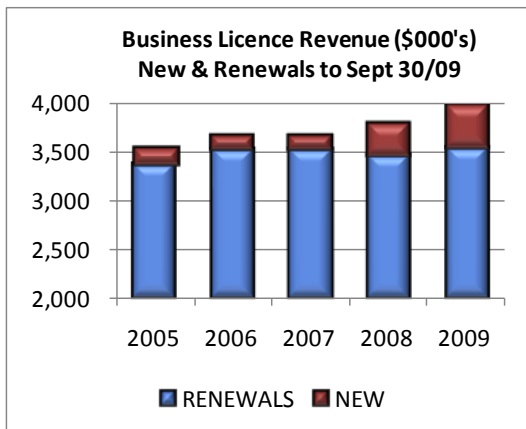


Graph 9



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 more in property taxes. In 2009, increases in commercial assessment account for 17% of the assessment growth and 37% of the property tax growth while residential accounts for 83% of assessment growth and 59% of property tax growth.

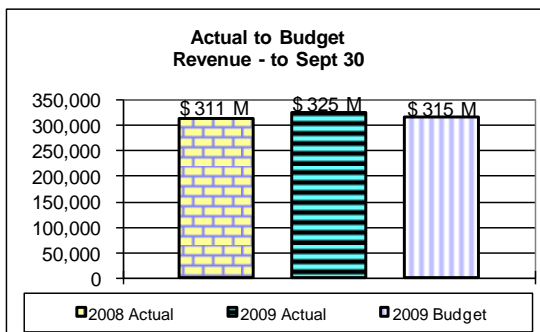


Graph 11

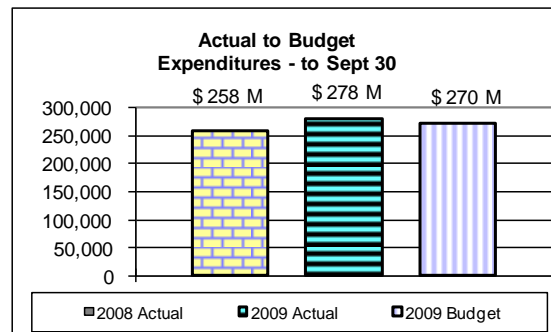
As Surrey continues to grow as a community, the growth creates more business potential, which results in new businesses being established and related increases in business licenses that are issued each year.

**Comparison of Actual Revenues and Expenditures versus the 2009 Budget (Financial Plan)**

The following graphs illustrate the variances between the actual and the budgeted revenues and expenditures, excluding transfers to reserves, for the first nine months of 2009.



Graph 12



Graph 13

**Appendix A** documents the general fund revenues and expenditures for the first nine months of the year at a more detailed level. Departments are closely monitoring their actual results on a monthly basis. The following section provides an explanation on a Department-by-Department basis of year to date variances in relation to the revised 2009 Financial Plan:

RCMP currently shows a favourable variance of \$216,000. This is primarily due the timing of contract expenses and savings in municipal salaries and expenses. RCMP is projecting to meet budget by year-end.

Fire Services has a favourable variance of \$201,000 as a result of increased revenues and temporary vacancies. This variance is expected to continue to the end of the year.

Engineering Services currently has a negative variance of \$672,000. This variance is a result of lower land development revenues, higher than anticipated maintenance costs for rental properties and a significant reduction in revenues generated from bus shelter advertising. The land development revenue reduction will be offset at year end with a transfer from the revenue stabilization reserve to reconcile 2006/07 projects that were reactivated in 2009. As a result of this transfer, it is expected that Engineering will meet budget by the end of the year.

Parks, Recreation & Culture Department is showing a favourable departmental variance of \$130,000. This is primarily due to timing associated with increased revenue for recreation programs and reduced utility expenses. Parks, Recreation and Culture are anticipated to have a favourable variance of \$100,000 by year-end.

Library Services has a favourable variance of \$223,000 due to vacancy gapping. It is expected that the Department will meet budget at year end.

Planning and Development Department, which also includes Civic Facilities, is reporting a positive variance of \$86,000 due to increased building permit revenue. It is expected that the Department will meet budget at year end.

Mayor and Council has a favourable variance of \$20,000 and is expected to meet budget at year-end.

City Manager's Department is currently reporting a favourable variance of \$165,000 primarily due to bylaw cleanup/grow op recoveries, some temporary vacancies, and revenue increases. It is expected that the City Manager's Department will have a \$200,000 favourable variance by year-end.

Finance & Technology Department currently has a favourable variance of \$141,000. This is primarily due some temporary salary vacancies. Finance & Technology are anticipating a favourable variance of \$200,000 by year-end.

Human Resources Department has a favourable variance of \$2,000 due primarily to the timing of expenses. The Department is expected to meet budget by year-end.

**Appendix C** outlines the allocations that have been made from the Council Initiatives Fund to date in 2009.

With the initiatives that have been taken to manage the 2009 budget it is anticipated that the budget will be fully balanced at year end. Staff will continue to closely monitor all areas to ensure that immediate action is taken to address variances and to make unnecessary any transfer from surplus.

## City Investment Portfolio

The schedules in *Appendix D* 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 2009. *Schedule 2* is a detailed listing of securities as at September 30, 2009 sub-totalled by issuer type.

It is important to note that although the investment portfolio is currently valued in excess of \$760 million, most of these funds have either been committed to specific capital projects or 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 4.0%, while maintaining investment security as outlined in the investment policy. This is on par with the investment interest return that was anticipated in our 2009 Financial Plan. A number of higher-yield investments will be maturing and will be replaced with new investments yielding lower interest rates. As the City continues to invest additional funds, interest income is expected to meet budget by year-end.

## CONCLUSION

Surrey City Council adopted the 2009 Five-Year Financial Plan in December 2008. Since that time, staff has adjusted 'budget targets' to reflect the new economic conditions for 2009. Staff will continue to closely monitor the City's financial performance against the budget targets over the remainder of the year and will take further actions that are considered necessary in relation to managing the City's net budget position.

Vivienne Wilke, CGA  
General Manager,  
Finance & Technology

**2009 3rd QUARTER COUNCIL REPORT  
GENERAL FUND - EXECUTIVE SUMMARY  
\$ 000's**

<b>REVENUE SUMMARY</b>	<b>2009 3rd Qtr Actual</b>	<b>2009 3rd Qtr Budget</b>	<b>2009 3rd Qtr Variance</b>	<b>2009 Annual Projected</b>	<b>2009 Annual Budget</b>	<b>2009 Projected Variance</b>
Net Taxation	\$ 155,141	\$ 155,108	\$ (33)	\$ 206,861	\$ 206,811	\$ (50)
Non-Tax Revenues	15,586	15,552	(34)	19,910	19,810	(100)
Provincial Casino Revenue Sharing	2,255	3,075	820	3,100	4,100	1,000
Utility Recoveries	3,042	3,042	0	4,056	4,056	0
Program Revenues	45,368	41,967	(3,401)	58,594	55,444	(3,150)
<b>TOTAL REVENUES</b>	<b>\$ 221,392</b>	<b>\$ 218,744</b>	<b>\$ (2,648)</b>	<b>\$ 292,521</b>	<b>\$ 290,221</b>	<b>\$ (2,300)</b>

<b>EXPENDITURE SUMMARY</b>	<b>2009 3rd Qtr Actual</b>	<b>2009 3rd Qtr Budget</b>	<b>2009 3rd Qtr Variance</b>	<b>2009 Annual Projected</b>	<b>2009 Annual Budget</b>	<b>2009 Projected Variance</b>
Program Expenditures	\$ 201,278	\$ 198,455	\$ (2,823)	\$ 274,305	\$ 271,855	\$ (2,450)
Council Projects	152	187	35	250	250	0
City Beautification	847	1,010	163	1,346	1,346	0
Crime Reduction	86	100	14	560	560	0
Social Well-Being Plan	711	879	168	1,172	1,172	0
2010 Opportunities	150	150	0	150	150	0
Sustainability	72	100	28	250	250	0
Fiscal Services	946	898	(48)	1,297	1,197	(100)
Interest Allocations	495	533	38	610	710	100
Operating Contingency	28	50	22	1,019	4,246	3,227
<b>TOTAL EXPENDITURES</b>	<b>\$ 204,765</b>	<b>\$ 202,362</b>	<b>\$ (2,403)</b>	<b>\$ 280,959</b>	<b>\$ 281,736</b>	<b>\$ 777</b>

<b>TRANSFER SUMMARY</b>	<b>2009 3rd Qtr Actual</b>	<b>2009 3rd Qtr Budget</b>	<b>2009 3rd Qtr Variance</b>	<b>2009 Annual Projected</b>	<b>2009 Annual Budget</b>	<b>2009 Projected Variance</b>
Transfer to Capital Program	\$ 4,725	\$ 4,725	0	\$ 6,300	\$ 6,300	0
Transfer to Capital Program - Gaming	2,255	3,075	820	3,100	4,100	1,000
Transfers To(From) Own Sources	1,621	1,621	0	2,161	2,161	0
<b>TOTAL TRANSFERS</b>	<b>\$ 8,601</b>	<b>\$ 9,421</b>	<b>\$ 820</b>	<b>\$ 11,561</b>	<b>\$ 12,561</b>	<b>\$ 1,000</b>

PROJECTED SURPLUS	\$ 4,077
BUDGETED TRANSFER FROM SURPLUS	(4,077)



**2009 3rd QUARTER COUNCIL REPORT  
GENERAL FUND - DEPARTMENTAL PROGRAMS  
\$ 000's**

	2009 3rd Qtr Actual	2009 3rd Qtr Budget	2009 3rd Qtr Variance	2009 Annual Projected	2009 Annual Budget	2009 Projected Variance
<b>PROGRAM REVENUES</b>						
R.C.M.P.	\$ 5,444	\$ 5,276	\$ (168)	\$ 7,240	\$ 7,040	(200)
Fire	1,338	1,295	(43)	1,387	1,337	(50)
Engineering Services	3,181	4,029	848	4,972	5,372	400
Parks, Recreation & Culture	16,302	13,367	(2,935)	18,901	16,901	(2,000)
Surrey Public Library	1,559	1,537	(22)	1,695	1,695	0
Planning & Development	12,329	11,360	(969)	16,310	15,210	(1,100)
City Manager	4,536	4,452	(84)	7,087	6,937	(150)
Finance & Technology	679	650	(29)	1,002	952	(50)
<b>TOTAL PROGRAM REVENUES</b>	<b>\$ 45,368</b>	<b>\$ 41,967</b>	<b>\$ (3,401)</b>	<b>\$ 58,594</b>	<b>\$ 55,444</b>	<b>\$ (3,150)</b>

	2009 3rd Qtr Actual	2009 3rd Qtr Budget	2009 3rd Qtr Variance	2009 Annual Projected	2009 Annual Budget	2009 Projected Variance
<b>PROGRAM EXPENDITURES</b>						
R.C.M.P.	\$ 68,338	\$ 68,386	\$ 48	\$ 93,114	\$ 92,914	(200)
Fire	33,546	33,704	158	47,152	47,302	150
Engineering Services	14,452	14,627	175	19,809	20,209	400
Parks, Recreation & Culture	37,514	34,709	(2,805)	50,817	48,917	(1,900)
Surrey Public Library	8,316	8,517	201	11,552	11,552	0
Planning & Development	14,289	13,406	(883)	19,543	18,443	(1,100)
Mayor & Council	782	802	20	1,161	1,161	0
City Grants	804	872	68	1,086	1,086	0
City Manager	8,572	8,653	81	12,394	12,444	50
Finance & Technology	12,635	12,747	112	15,156	15,306	150
Human Resources	2,030	2,032	2	2,521	2,521	0
<b>TOTAL PROGRAM EXPENDITURES</b>	<b>\$ 201,278</b>	<b>\$ 198,455</b>	<b>\$ (2,823)</b>	<b>\$ 274,305</b>	<b>\$ 271,855</b>	<b>\$ (2,450)</b>

	2009 3rd Qtr Actual	2009 3rd Qtr Budget	2009 3rd Qtr Variance	2009 Annual Projected	2009 Annual Budget	2009 Projected Variance
<b>NET PROGRAM</b>						
R.C.M.P.	\$ 62,894	\$ 63,110	\$ 216	\$ 85,874	\$ 85,874	0
Fire	32,208	32,409	201	45,765	45,965	200
Engineering Services	11,270	10,598	(672)	14,837	14,837	0
Parks, Recreation & Culture	21,212	21,342	130	31,916	32,016	100
Surrey Public Library	6,757	6,980	223	9,857	9,857	0
Planning & Development	1,960	2,046	86	3,233	3,233	0
Mayor & Council	782	802	20	1,161	1,161	0
City Grants	804	872	68	1,086	1,086	0
City Manager	4,036	4,201	165	5,307	5,507	200
Finance & Technology	11,956	12,097	141	14,154	14,354	200
Human Resources	2,030	2,032	2	2,521	2,521	0
<b>NET PROGRAM TOTAL</b>	<b>\$ 155,909</b>	<b>\$ 156,489</b>	<b>\$ 580</b>	<b>\$ 215,711</b>	<b>\$ 216,411</b>	<b>\$ 700</b>



**2009 FINANCIAL PLAN  
COUNCIL INITIATIVES**

Description	Amount	Allocation to date	Remaining
Carried Forward from Prior Year	119,397		
<b>2009 Proposed Budget</b>	<b>250,000</b>		<b>\$ 369,397</b>
Surrey Crime Prevention Society - Anti-Graffiti Program	30,000		
2010 Community Opportunities Strategy	20,000		
Canada West Chamber Orchestra	34,500		
BC High School Bhangra Society	1,500		
2009 CPGA City of Surrey Invitational Golf Tournament	32,500		
On-Site Corporate Hospitality	6,000		
Surrey Children's Choir (London and Wales)	5,000		
Peace Arch Hospital Foundation Gala	1,800		
BC Crime Prevention 31st Annual Symposium	5,000		
2009 Flavours of Surrey Event	15,000		
Red FM 3rd Annual Run	2,500		
2009 Mayor's Charity Ball	3,000		
2009 Surrey Regional Economic Summit	6,300		
2009 Polish Independence Day Event on Oct 31, 2009	1,500		
Dinner for Delegation-Hosting a Bolivian Delegation on Aug 27, 2009	3,500		
SFU Surrey Gala Sponsorship	3,000		
Councillors Attendance at SFU Surrey Gala Dinner	2,000		
SFU Diwali Dinner and Sponsorship	3,000		
National Women's Under-18 Hockey Championships	15,000		
<b>Allocations for 2009</b>		<b>\$ 191,100</b>	<b>\$ 178,297</b>

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) JULY/09	INVESTMENT (MILLIONS) AUGUST/09	INVESTMENT (MILLIONS) SEPTEMBER/09
<b>RBC Month End Balance</b>	68.8	14.4	36.4
<b>Overnight</b>	20.0	20.0	20.0
<b>MAJOR BANKS</b>			
Bank of Montreal	86.0	96.0	96.0
Bank of Nova Scotia	66.6	66.6	66.5
Canadian Imperial Bank of Commerce	130.9	130.9	130.9
Citizens Bank of Canada	0.0	0.0	0.0
Manulife Bank of Canada	35.0	35.0	35.0
National Bank of Canada	73.2	73.3	58.3
Royal Bank of Canada	90.9	90.8	90.8
Toronto Dominion	47.4	47.4	51.3
<b>SUB TOTAL - MAJOR BANKS</b>	530.0	540.0	528.8
<b>CREDIT UNIONS</b>			
Coast Capital Credit Union	15.0	15.0	15.0
Envision Credit Union	40.0	40.0	30.0
Gulf & Fraser Credit Union	5.0	5.0	0.0
Vancity Savings	50.0	50.0	25.0
Westminster Savings Credit Union	30.0	30.0	25.0
<b>SUB TOTAL - CREDIT UNIONS</b>	140.0	140.0	95.0
<b>GOVERNMENT OF CANADA</b>			
Gov't Cda Bonds/Cpns	2.0	2.0	2.0
<b>SUB TOTAL - GOV'T OF CANADA</b>	2.0	2.0	2.0
<b>PROVINCES</b>			
Alberta	1.3	1.3	1.3
British Columbia	5.0	5.0	5.0
Manitoba	4.0	4.0	4.0
New Brunswick	0.8	0.8	0.8
Newfoundland	5.0	5.0	5.0
Ontario	19.8	19.8	19.8
Quebec	33.5	33.5	33.5
<b>SUB TOTAL - PROVINCES</b>	69.3	69.3	69.3
<b>OTHER</b>			
bcMFA	9.3	9.3	9.3
<b>SUB TOTAL - OTHER</b>	9.3	9.3	9.3
<b>TOTAL PORTFOLIO .....</b>	834.4	794.9	760.8

## SCHEDULE 2-1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
30-Sep-09		RBC Month End Balance		36,350,400.00	<b>36,350,400.00</b>
01-Oct-09	30-Sep-09	CALL LOAN-Vancity Credit Union	1	20,000,000.00	<b>20,000,000.00</b>
<b>MAJOR BANKS</b>					
21-Jan-10	01-Nov-07	Bank of Montreal fixed floaters	812	4,985,690.35	
21-Jan-10	28-Jan-05	Bank of Montreal fixed floaters	1819	2,000,862.35	
31-Jan-11	06-Feb-09	Bank of Montreal deposit note	724	10,224,299.71	
13-Feb-12	13-Feb-09	Bank of Montreal step up	1095	10,000,000.00	
29-Feb-12	04-Mar-05	Bank of Montreal futures certificate of deposit	2553	3,000,000.00	
21-Jun-12	01-Nov-07	Bank of Montreal fixed floaters	1694	10,016,391.65	
21-Jun-12	01-Nov-07	Bank of Montreal fixed floaters	1694	5,008,197.62	
21-Jun-12	29-Aug-08	Bank of Montreal fixed floaters	1392	10,071,426.02	
09-Apr-14	09-Apr-09	Bank of Montreal accrual note	1826	10,000,000.00	
07-Aug-14	07-Aug-09	Bank of Montreal accrual note	1826	10,000,000.00	
07-Aug-14	07-Aug-09	Bank of Montreal accrual note	1826	10,000,000.00	
10-Jun-15	01-May-09	Bank of Montreal deposit note	2231	5,382,999.25	
10-Jun-15	10-Jun-09	Bank of Montreal deposit note	2191	5,301,909.17	
<b>*** BANK OF MONTREAL</b>					<b>95,991,776.12</b>
27-Mar-13	10-Apr-08	Bank of Nova Scotia fixed floaters	1812	9,980,043.99	
27-Mar-13	18-Apr-08	Bank of Nova Scotia fixed floaters	1804	9,984,472.53	
27-Mar-13	21-Apr-08	Bank of Nova Scotia fixed floaters	1801	1,295,211.29	
27-Sep-13	24-Jun-09	Bank of Nova Scotia residuals	1556	1,050,191.60	
03-Oct-13	06-Oct-08	Bank of Nova Scotia fixed floaters	1823	705,056.78	
03-Oct-13	08-Oct-08	Bank of Nova Scotia fixed floaters	1821	5,003,374.92	
03-Oct-13	31-Jul-09	Bank of Nova Scotia fixed floaters	1525	543,098.12	
15-Apr-14	28-Apr-09	Bank of Nova Scotia fixed floaters	1813	2,025,275.08	
15-Apr-14	01-May-09	Bank of Nova Scotia fixed floaters	1810	5,120,191.65	
15-Apr-14	17-Jun-09	Bank of Nova Scotia fixed floaters	1763	5,189,178.94	
15-Apr-14	17-Jun-09	Bank of Nova Scotia fixed floaters	1763	5,257,976.44	
22-Jan-16	22-Jan-09	Bank of Nova Scotia fixed floaters	2556	1,999,693.47	
22-Jan-16	06-Feb-09	Bank of Nova Scotia fixed floaters	2541	2,056,233.51	
22-Jan-16	10-Feb-09	Bank of Nova Scotia fixed floaters	2537	5,154,454.08	
22-Jan-16	11-Jun-09	Bank of Nova Scotia fixed floaters	2416	11,156,659.36	
<b>*** BANK OF NOVA SCOTIA</b>					<b>66,521,111.76</b>
15-Oct-09	13-Jun-05	CIBC fixed floaters	1585	2,478,589.87	
15-Oct-09	17-Jun-05	CIBC fixed floaters	1581	5,001,953.62	
09-Sep-10	11-Dec-08	CIBC fixed floaters	637	6,000,323.58	
07-Mar-11	29-Aug-08	CIBC deposit note	920	9,981,834.78	
28-Mar-11	25-Sep-06	CIBC fixed floaters	1645	5,011,050.41	
28-Mar-11	10-Apr-08	CIBC fixed floaters	1082	9,935,984.87	
28-Mar-11	05-Jun-08	CIBC fixed floaters	1026	5,003,176.91	
28-Mar-11	11-Aug-08	CIBC fixed floaters	959	9,979,720.17	
23-Jun-11	23-Jun-08	CIBC accrual note	1095	10,000,000.00	
27-Jun-11	27-Jun-08	CIBC step up	1095	20,000,000.00	
27-Jun-11	27-Jun-08	CIBC step up	1095	9,966,878.45	
10-Sep-12	29-Feb-08	CIBC deposit note	1655	10,044,179.44	
10-Sep-12	10-Apr-08	CIBC deposit note	1614	5,004,330.28	
06-Jun-13	11-Aug-08	CIBC fixed floaters	1760	10,041,473.19	
06-Jun-13	31-Jul-09	CIBC fixed floaters	1406	3,167,000.06	
16-Jun-13	11-May-09	CIBC residuals	1497	5,175,000.00	
31-Oct-14	12-Jun-09	CIBC residuals	1967	4,135,115.49	
<b>*** CIBC</b>					<b>130,926,611.12</b>

**SCHEDULE 2-2**

<b>MATURITY</b>	<b>PURCHASE</b>		<b># OF</b>		
<b>DATE</b>	<b>DATE</b>	<b>SECURITY</b>	<b>DAYS</b>	<b>PRINCIPAL</b>	<b>TOTAL</b>
04-Dec-09	04-Dec-08	Manulife Bank of Canada GIC	365	35,000,000.00	
		<b>*** MANULIFE BANK OF CANADA</b>			<b>35,000,000.00</b>
02-Nov-11	26-Nov-07	National Bank fixed floaters	1437	9,848,624.74	
02-Nov-11	27-Nov-07	National Bank fixed floaters	1436	9,869,779.75	
02-Nov-11	10-Apr-08	National Bank fixed floaters	1301	19,780,992.28	
15-Nov-13	05-Jun-08	National Bank fixed floaters	1989	5,061,719.16	
22-Dec-14	29-Feb-08	National Bank fixed floaters	2488	3,926,308.41	
22-Dec-14	29-Feb-08	National Bank fixed floaters	2488	9,786,012.12	
		<b>*** NATIONAL BANK OF CANADA</b>			<b>58,273,436.46</b>
27-Sep-10	06-Feb-09	Royal Bank deposit note	598	10,248,207.36	
25-Jan-10	02-Jun-03	Royal Bank fixed floaters	2429	5,034,085.53	
25-Jan-10	14-Jan-04	Royal Bank fixed floaters	2203	5,036,186.60	
24-Jun-10	01-Nov-07	Royal Bank fixed floaters	966	9,910,805.98	
12-Apr-11	27-Mar-06	Royal Bank fixed floaters	1842	5,124,876.77	
12-Apr-11	01-Nov-07	Royal Bank fixed floaters	1258	5,087,132.76	
30-Apr-12	01-Nov-07	Royal Bank fixed floaters	1642	4,938,417.45	
30-Apr-12	05-Jun-08	Royal Bank fixed floaters	1425	4,978,906.85	
30-Apr-12	11-Dec-08	Royal Bank fixed floaters	1236	3,825,672.00	
11-Mar-13	18-Apr-08	Royal Bank fixed floaters	1788	9,945,294.17	
11-Mar-13	18-Apr-08	Royal Bank fixed floaters	1788	4,968,709.37	
11-Mar-13	05-Jun-08	Royal Bank fixed floaters	1740	5,001,269.15	
04-Nov-13	15-Apr-08	Royal Bank fixed floaters	2029	1,780,694.85	
04-Nov-13	15-Oct-08	Royal Bank fixed floaters	1846	3,946,637.57	
04-Nov-13	24-Jun-09	Royal Bank residuals	1594	1,006,335.00	
17-Mar-14	17-Mar-09	Royal Bank step up	1826	9,959,863.08	
		<b>*** ROYAL BANK OF CANADA</b>			<b>90,793,094.49</b>
18-Jan-11	27-Mar-06	Toronto Dominion Bank fixed floaters	1758	3,493,276.25	
01-Nov-12	11-Apr-08	Toronto Dominion Bank fixed floaters	1665	10,101,689.48	
01-Nov-12	11-Dec-08	Toronto Dominion Bank fixed floaters	1421	9,976,042.94	
01-Nov-12	21-Apr-08	Toronto Dominion Bank fixed floaters	1655	5,042,229.29	
01-Nov-12	08-Apr-09	Toronto Dominion Bank residuals	1303	8,645,300.00	
06-Jun-13	08-Apr-09	Toronto Dominion Bank residuals	1520	4,924,435.00	
04-Aug-14	05-Aug-09	Toronto Dominion Bank residuals	1825	3,964,656.00	
02-Apr-15	28-Apr-09	Toronto Dominion Bank fixed floaters	2165	5,196,337.56	
		<b>*** TORONTO DOMINION</b>			<b>51,343,966.52</b>
<b>CREDIT UNIONS</b>					
27-Jan-10	27-Jan-09	Coast Capital Credit Union	365	15,000,000.00	
12-Nov-09	17-Sep-09	Envision Credit Union	56	5,000,000.00	
19-Nov-09	24-Sep-09	Envision Credit Union	56	15,000,000.00	
14-Jan-10	14-Jan-09	Envision Credit Union	365	10,000,000.00	
15-Jan-10	16-Jan-09	Vancity Savings Credit Union	364	10,000,000.00	
25-Jan-10	26-Jan-09	Vancity Savings Credit Union	364	15,000,000.00	
16-Oct-09	20-Aug-09	Westminster Savings Credit Union	57	25,000,000.00	
		<b>*** CREDIT UNIONS</b>			<b>95,000,000.00</b>

**SCHEDULE 2-3**

<b>MATURITY</b>	<b>PURCHASE</b>		<b># OF</b>		
<b>DATE</b>	<b>DATE</b>	<b>SECURITY</b>	<b>DAYS</b>	<b>PRINCIPAL</b>	<b>TOTAL</b>
<b>FEDERAL GUARANTEED PAPER</b>					
15-Mar-10	28-Jan-05	Canada Mortgage bond	1872	2,000,000.00	
		<b>*** OTHER FEDERAL GUARANTEED</b>			<b>2,000,000.00</b>
<b>PROVINCIAL GUARANTEED PAPER</b>					
20-Aug-10	21-Nov-03	Alberta Capital Finance bond	2464	1,298,024.04	
		<b>*** ALBERTA</b>			<b>1,298,024.04</b>
01-Dec-09	05-Apr-02	Prov. BC bond	2797	5,002,029.98	
03-Oct-09	03-Oct-03	BCMFA bond	2192	799,997.91	
03-Oct-10	03-Oct-03	BCMFA bond	2557	1,799,200.51	
03-Oct-10	10-Oct-03	BCMFA bond	2550	699,594.06	
01-Jun-11	11-Apr-01	BCMFA bond	3703	4,997,089.33	
<b>open</b>	17-Dec-03	BCMFA investment pool	2208	1,000,000.00	
		<b>*** BRITISH COLUMBIA</b>			<b>14,297,911.79</b>
05-Sep-10	01-Dec-03	Manitoba resid	2,470	3,972,705.00	
		<b>*** MANITOBA</b>			<b>3,972,705.00</b>
17-Dec-10	17-Dec-03	New Brunswick MFA	2,557	764,402.18	
		<b>*** NEW BRUNSWICK</b>			<b>764,402.18</b>
03-Nov-09	02-Feb-04	Newfoundland bond	2101	5,010,219.74	
		<b>*** NEWFOUNDLAND</b>			<b>5,010,219.74</b>
19-May-10	04-Apr-05	Prov. Ontario bond	1871	4,997,276.10	
19-Nov-10	21-Nov-03	Prov. Ontario bond	2555	4,999,999.53	
02-Dec-14	10-Jun-09	Prov. Ontario coupon	2001	4,903,800.00	
02-Jun-15	01-May-09	Prov. Ontario coupon	2223	4,880,820.00	
		<b>*** ONTARIO</b>			<b>19,781,895.63</b>
01-Dec-09	21-Oct-03	Finque bond (Quebec MFA)	2233	4,000,261.58	
01-Dec-09	21-Oct-03	Finque bond (Quebec MFA)	2233	3,000,000.00	
01-Dec-09	09-Jan-04	Finque bond (Quebec MFA)	2153	5,001,998.77	
16-Aug-10	05-Mar-04	Hydro Quebec coupon	2355	5,305,300.00	
01-Dec-10	28-Jan-05	Prov. Quebec bond	2133	4,092,871.64	
01-Jun-15	11-May-09	Prov. Quebec coupon	2212	4,038,650.00	
16-Jul-15	01-May-09	Prov. Quebec coupon	2267	4,003,850.00	
15-Aug-15	11-May-09	Hydro Quebec coupon	2287	4,018,150.00	
		<b>*** QUEBEC</b>			<b>33,461,081.99</b>
<b>TOTAL PORTFOLIO</b>					<b>760,786,636.84</b>