

NO: R090

COUNCIL DATE: May 3, 2010

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **May 3, 2010**

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

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - First Quarter- 2010**

RECOMMENDATION

The Finance and 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 first quarter of 2010 and to compare that activity with the 2010 Financial Plan.

DISCUSSION

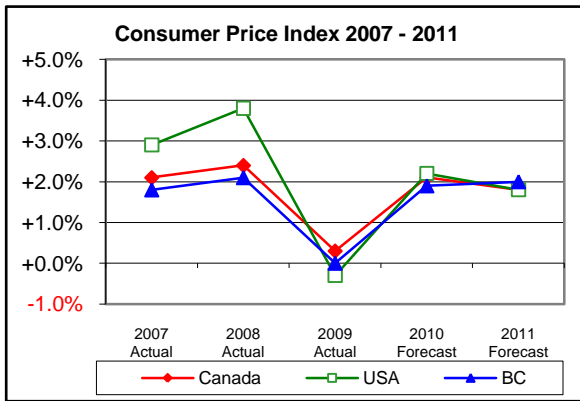
The 2010-2014 Financial Plan, which included the 2010 economic forecasts that took into consideration the economic recession that materialized in 2009, was adopted by Council on December 14, 2009.

On July 23, 2009 the Province of BC announced its intention to harmonize the current Provincial Sales Tax (PST) with the Federal Goods and Services Tax (GST) to create a single value added tax known as the Harmonized Sales Tax (HST). The HST is currently set to take effect on July 1, 2010 and will be administered by the Federal Government. The 2010-2014 Five Year Plan that was adopted by Council in December, 2009 reflects the anticipated impact of the implementation of the HST in July, 2010.

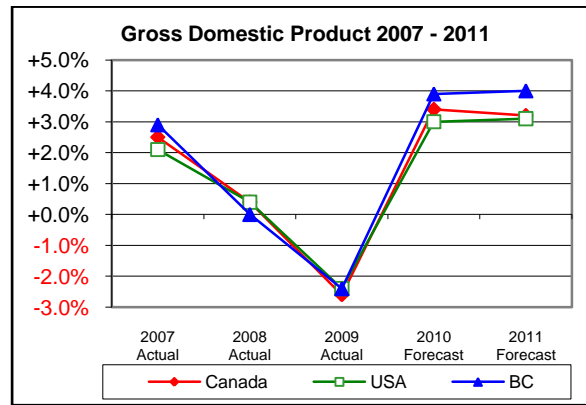
The following discussion provides a summary of current economic conditions followed by an outline of Surrey's financial performance for the first three months of the year. It also includes an overview of the City's investment portfolio performance.

International Overview

The acute phase of the financial crisis has past and a global economic recovery is underway. However, the recovery remains fragile and is expected to slow in the second half of 2010 as the growth impact of government fiscal and monetary measures diminish. Asia is expected to lead the recovery with Europe lagging.



Graph 1 Source: BMO Economics Apr 1, 2010



Graph 2 Source: BMO Economics Apr 1, 2009

United States Overview

The US economy is staging a solid recovery, but output gains have been somewhat less widespread, and inflation pressures somewhat more passive than in Canada. The US housing market remains fragile, and will be tested in the months ahead, as transitory government initiatives draw down. Consumer spending is being bolstered by both private and public-sector incentives. The unemployment rate remains close to 10% and is not expected to materially decrease until later in 2011.

Canadian Overview

The Canadian economic recovery appears to be well underway. Canada created more jobs than expected in February and the jobless rate fell to a 10-month low of 8.2%. The economy grew at an annual rate of 5% in the 4th quarter of 2009, due to high domestic spending and increased exports. The underlying factors supporting Canada's recovery include policy stimulus, increased confidence, improved financial conditions and global growth.

Stronger economic growth, combined with higher-than-expected inflation, increases the possibility that the Bank of Canada will begin its monetary policy tightening cycle in the second half of this year (i.e., interest rate increases). This in turn is adding upward pressure on the Canadian dollar, which is poised to continue to fluctuate around parity with the US dollar in the months ahead, especially if the US Federal Reserve is slower to raise interest rates from their current historic lows.

British Columbia Overview

After years of planning and preparations, the 2010 Winter Olympics are now complete. The influx of guests during February and March has given a big boost to tourism, retail trade and a wide variety of other services. This has helped to speed up an economic recovery in this Province. In 2010, British Columbia is expected to be among the growth leaders in the country, with real GDP growth forecasted at 3.4%.

In addition to the Olympic 'stimulus', the BC economy should continue to benefit from exceptionally low interest rates. The effect has been clearly felt in the housing market, where low rates have fired up demand, causing sales of existing homes to surge to new heights. New home building is expected to be brisk in the first half of 2010, ahead of the introduction of the HST, but moderate in the latter part of the year.

Employment is expected to continue growing throughout 2010. The unemployment rate, however, is likely to average around 7.7%, due to the entry of more people into the labour force.

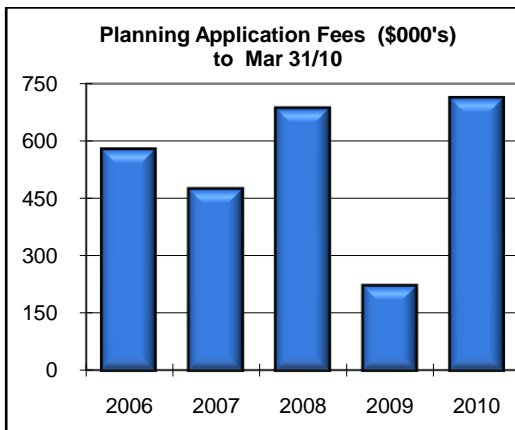
Surrey's Financial Performance

The level of new development activity has accelerated in the first quarter of the year. Residential housing continues to be a major component of growth. Activity levels are expected to increase in the first half of 2010, as interest rates remain low, and then taper off as interest rates increase in the latter part of the year and the HST takes effect.

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.

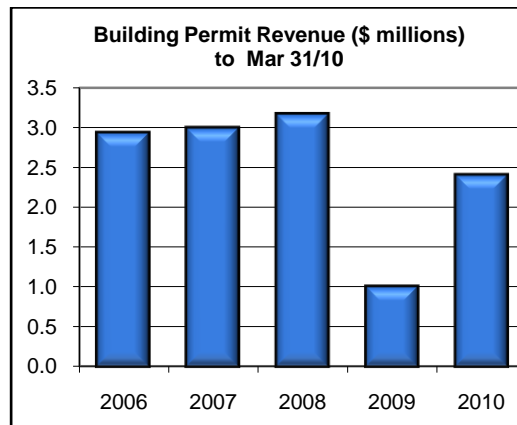
This revenue deferral process means that although there may be a significant reduction in the actual revenue collected in any given period, the effect of this reduction will not be recognized for some time into the future, which in some cases will be in the following year. The timing difference between 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 three months of 2010 compare to previous years' results for the same period:



Graph 3

Application fees collected in three months of the year are significantly higher than those collected for the same period last year. The increase is likely due to the low interest rates and the rush to beat the HST. It is expected that the 2010 budget will be met as interest rates rise and HST is implemented.



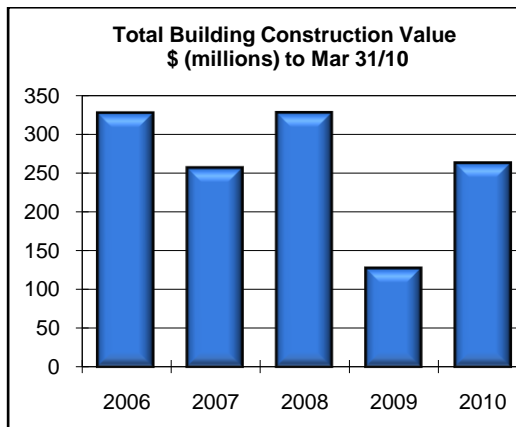
Graph 4

Building permit fees collected for first three months of this year are significantly higher than those collected in the same period last year. The increase is likely due to low interest rates and the rush in home purchases to beat the HST. Revenues are expected to meet budget for the year.



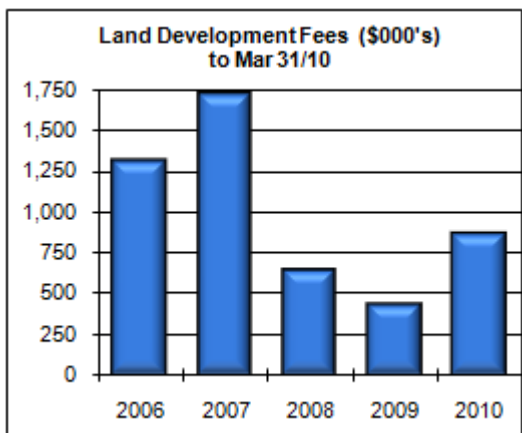
Graph 5

Construction value of commercial/industrial building permits for the first three months of 2010 has increased by 52% as compared to 2009 due to increased activity, demand and low interest rates.



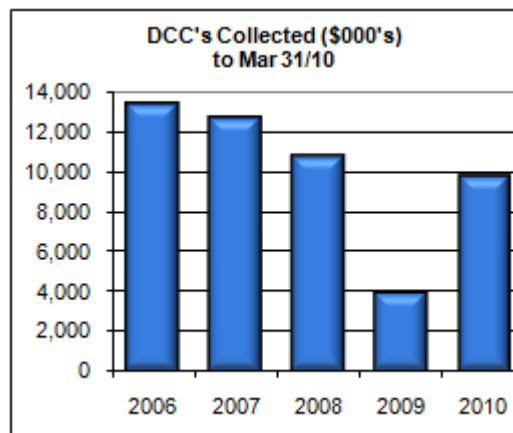
Graph 6

Overall, the value of new construction in the City for the first three months of the year is more than double the same time period last year.



Graph 7

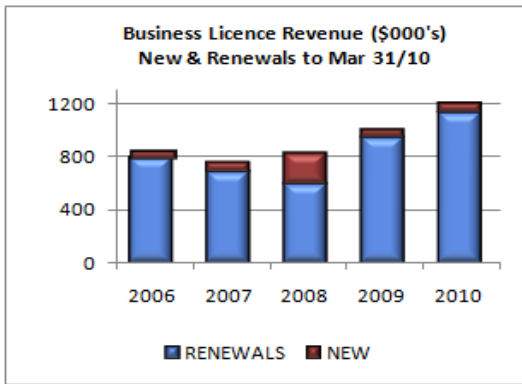
Engineering Land Development fees collected in the three months of the year has doubled from the same period in 2009. This is due to the economy recovering as well as the revised 12 month deferral period of fees adopted by the Department to more accurately match expenditures to revenues.



Graph 8

Development Cost Charges that have been collected in the three months of the year are more than double those collected in the same period of 2009. This is again a result of increased construction as a result of a strengthening economy.

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

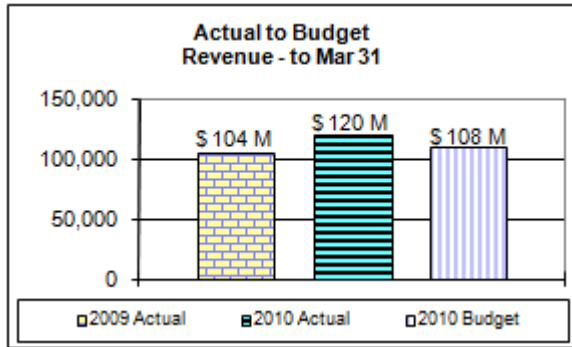


Graph 9

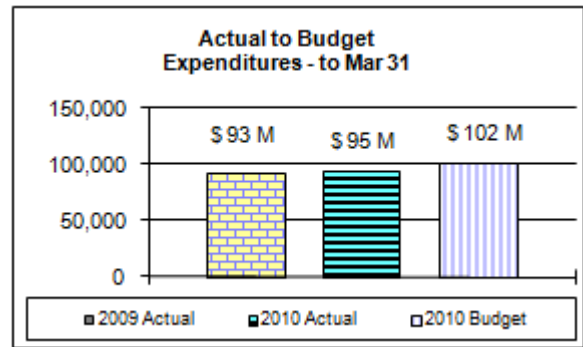
As Surrey continues to grow as a community, the growth creates more business potential, which results in new businesses being established and related increases in business licenses that are issued each year.

Comparison of Actual Revenues and Expenditures versus the 2010 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 three months of 2010.



Graph 10



Graph 11

Appendix A documents the general fund revenues and expenditures for the first three 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 2010 Financial Plan:

RCMP currently shows a favourable variance of \$9,000.

Fire Services has a favourable variance of \$179,000 as a result of vacancies and timing in purchasing supplies.

Engineering Services currently has a favourable variance of \$27,000 which is due primarily to the timing of expenses.

Parks, Recreation & Culture Department is showing a favourable departmental variance of \$294,000, which is primarily due to the timing of the opening of new facilities and other related expenses.

Library Services has a favourable variance of \$117,000 due to vacancies and the timing of expenses.

Planning and Development Department, which also includes Civic Facilities, is reporting a positive variance of \$153,000 due to increased building permit revenue.

Mayor and Council has a favourable variance of \$39,000 due to the timing of expenses.

City Grants has a favourable variance of \$48,000 due to the timing of grant distributions.

City Manager's Department is currently reporting a favourable variance of \$225,000 due to revenue increases from fees and fines and the timing of some expenditures.

Finance & Technology Department currently has a favourable variance of \$97,000. This is primarily due to the timing of the payments on IT maintenance contracts.

Human Resources Department has a favourable variance of \$52,000 due primarily to the timing of expenses.

Staff will continue to closely monitor all areas to ensure that immediate action is taken to address variances and to reduce as much as possible the 2010 budgeted transfer from surplus of \$4.0 million.

City Investment Portfolio

The schedules in **Appendix B** 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 March 31, 2010 sub-totalled by issuer type.

It is important to note that although the investment portfolio is currently valued in excess of \$629 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 4.2%, while maintaining investment security as outlined in the investment policy. This is on par with the investment interest return that was anticipated in our 2010 Financial Plan. As the City continues to invest additional funds, interest income is expected to meet budget by year-end.

CONCLUSION

Development activity experienced in the first quarter of 2010 is significantly higher than that of 2009. This is primarily due to the positive effects of the economic recovery that is creating among other things a boom in the housing market. The 2010 adopted budget anticipates a transfer from surplus of \$4.0 million. Staff will continue to closely monitor all areas to ensure that immediate action is taken to address variances and to reduce as much as possible by year end this budgeted transfer from surplus.

Vivienne Wilke, CGA
General Manager,
Finance & Technology

2010 1st QUARTER COUNCIL REPORT
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES
\$ 000's

REVENUE SUMMARY	2009 1st Qtr Actual	2010 1st Qtr Actual	2010 1st Qtr Budget	2010 1st Qtr Variance	2010 Annual Budget
Net Taxation	\$ 51,622	\$ 53,734	\$ 53,681	\$ (53)	\$ 214,724
Non-Tax Revenues	6,142	5,594	5,608	14	20,206
Provincial Casino Revenue Sharing	730	700	700	0	2,800
Utility Recoveries	864	1,014	1,014	0	4,056
Program Revenues	14,896	14,772	13,890	(882)	54,632
TOTAL REVENUES	\$ 74,254	\$ 75,814	\$ 74,893	\$ (921)	\$ 296,418
EXPENDITURE SUMMARY	2009 1st Qtr Actual	2010 1st Qtr Actual	2010 1st Qtr Budget	2010 1st Qtr Variance	2010 Annual Budget
Program Expenditures	\$ 61,194	\$ 59,341	\$ 59,700	\$ 359	\$ 261,139
Council Projects	57	64	62	(2)	250
City Beautification	334	448	450	2	1,808
Crime Reduction	46	136	137	1	560
Social Well-Being Plan	291	310	321	11	1,285
Sustainability	0	54	98	44	400
Fiscal Services	296	278	304	26	1,215
Interest Allocations	173	0	0	0	123
TOTAL EXPENDITURES	\$ 62,481	\$ 60,631	\$ 61,072	\$ 441	\$ 266,780
TRANSFER SUMMARY	2009 1st Qtr Actual	2010 1st Qtr Actual	2010 1st Qtr Budget	2010 1st Qtr Variance	2010 Annual Budget
Transfer to Capital Program	\$ 1,600	\$ 1,435	\$ 1,425	\$ (10)	\$ 5,700
Transfer to Capital Program - Gaming	730	700	700	0	2,800
Transfers To(From) Own Sources	(366)	6,323	6,323	0	25,166
	1,964	8,458	8,448	(10)	33,666
Surplus(Deficit)	9,809	6,725	5,373	(1,352)	(4,028)
Transfer (to)from Surplus	(9,809)	(6,725)	(5,373)	1,352	4,028
BALANCED BUDGET	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**2010 1st QUARTER COUNCIL REPORT
DEPARTMENTAL DETAIL
\$ 000's**

	2009 1st Qtr Actual	2010 1st Qtr Actual	2010 1st Qtr Budget	1st Qtr Variance	2010 Annual Budget
PROGRAM REVENUES					
R.C.M.P.	\$ 1,822	\$ 1,794	\$ 1,782	\$ (12)	\$ 7,070
Fire	30	47	24	(23)	1,332
Engineering Services	923	1,043	1,032	(11)	4,762
Parks, Recreation & Culture	6,077	5,784	5,311	(473)	18,237
Surrey Public Library	321	373	391	18	1,549
Planning & Development	4,013	3,953	3,632	(321)	14,527
Mayor & Council	0	0	0	0	0
City Grants	0	0	0	0	0
City Manager	1,534	1,595	1,542	(53)	6,169
Finance & Technology	139	180	175	(5)	981
Human Resources	37	3	1	(2)	5
TOTAL PROGRAM REVENUES	\$ 14,896	\$ 14,772	\$ 13,890	\$ (882)	\$ 54,632
PROGRAM EXPENDITURES					
R.C.M.P.	\$ 21,319	\$ 24,397	\$ 24,394	\$ (3)	\$ 98,350
Fire	10,414	10,415	10,571	156	48,042
Engineering Services	5,216	934	951	17	5,550
Parks, Recreation & Culture	9,949	10,663	10,484	(179)	52,709
Surrey Public Library	2,696	192	327	135	1,549
Planning & Development	3,368	4,599	4,431	(168)	18,514
Mayor & Council	234	253	292	39	1,246
City Grants	400	393	441	48	1,086
City Manager	2,705	2,581	2,753	172	11,496
Finance & Technology	4,315	4,296	4,388	92	16,599
Human Resources	578	618	668	50	2,670
Operating Contingency	0	0	0	0	3,328
TOTAL PROGRAM EXPENDITURES	\$ 61,194	\$ 59,341	\$ 59,700	\$ 359	\$ 261,139
NET PROGRAM					
R.C.M.P.	\$ 19,496	\$ 22,603	\$ 22,612	\$ 9	\$ 91,280
Fire	10,384	10,368	10,547	179	46,710
Engineering Services	4,293	(108)	(81)	27	788
Parks, Recreation & Culture	3,872	4,879	5,173	294	34,472
Surrey Public Library	2,375	(181)	(64)	117	0
Planning & Development	(645)	646	799	153	3,987
Mayor & Council	234	253	292	39	1,246
City Grants	400	393	441	48	1,086
City Manager	1,171	986	1,211	225	5,328
Finance & Technology	4,176	4,116	4,213	97	15,618
Human Resources	541	615	667	52	2,665
Operating Contingency	0	0	0	0	3,328
NET PROGRAM TOTAL	\$ 46,297	\$ 44,570	\$ 45,810	\$ 1,240	\$ 206,508

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) JANUARY/10	INVESTMENT (MILLIONS) FEBRUARY/10	INVESTMENT (MILLIONS) MARCH/10
<i>RBC Month End Balance</i>	21.8	9.7	23.1
<i>Overnight</i>	20.0	20.0	20.0
MAJOR BANKS			
Bank of Montreal	113.1	94.2	93.9
Bank of Nova Scotia	66.4	66.4	66.3
Canadian Imperial Bank of Commerce	125.6	125.6	133.0
Citizens Bank of Canada	0.0	0.0	0.0
Manulife Bank of Canada	0.0	0.0	0.0
National Bank of Canada	58.4	58.4	58.4
Royal Bank of Canada	85.6	85.6	85.6
Toronto Dominion	58.5	67.8	67.8
SUB TOTAL - MAJOR BANKS	<u>549.4</u>	<u>527.7</u>	<u>548.0</u>
SCHEDULE B BANKS			
Banque Nationale de Paris	0.0	0.0	0.0
Citibank of Canada	0.0	0.0	0.0
Hong Kong Bank of Canada (HSBC)	0.0	0.0	0.0
JP Morgan Canada	0.0	0.0	0.0
Societe Generale Canada	0.0	0.0	0.0
SUB TOTAL - SCHEDULE B BANKS	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
CREDIT UNIONS			
Coast Capital Credit Union	0.0	0.0	0.0
Central1 (CUCBC)	0.0	0.0	0.0
Envision Credit Union	15.0	15.0	0.0
Gulf & Fraser Credit Union	0.0	0.0	0.0
Vancity Savings	15.0	20.0	0.0
Westminster Savings Credit Union	20.0	20.0	15.0
SUB TOTAL - CREDIT UNIONS	<u>50.0</u>	<u>55.0</u>	<u>15.0</u>
GOVERNMENT OF CANADA			
Canada Treasury Bills	0.0	0.0	0.0
Gov't Cda Bonds/Cpns	2.0	2.0	0.0
SUB TOTAL - GOV'T OF CANADA	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>
PROVINCES			
Alberta	1.3	1.3	1.3
British Columbia	2.6	2.6	2.6
Manitoba	4.0	4.0	4.0
New Brunswick	0.8	0.8	0.8
Newfoundland	0.0	0.0	0.0
Nova Scotia	0.0	0.0	0.0
Ontario	19.8	19.8	25.2
Quebec	18.9	18.9	23.8
Saskatchewan	0.0	0.0	0.0
SUB TOTAL - PROVINCES	<u>47.4</u>	<u>47.4</u>	<u>57.7</u>
OTHER			
GVHD	0.0	0.0	0.0
GVRD	0.0	0.0	0.0
MFA	8.5	8.5	8.5
SUB TOTAL - OTHER	<u>8.5</u>	<u>8.5</u>	<u>8.5</u>
TOTAL PORTFOLIO	<u>657.3</u>	<u>640.6</u>	<u>629.2</u>

SCHEDULE 2 - 1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
Royal Bank Month End Balance					
31-Mar-10		Royal Bank		23,084,200.00	23,084,200.00
CALL LOAN					
01-Apr-10	31-Mar-10	VanCity Credit Union Call Loan	1	20,000,000.00	20,000,000.00
MAJOR BANKS					
31-Jan-11	06-Feb-09	Bank of Montreal deposit note	724	10,140,168.13	
29-Feb-12	04-Mar-05	Bank of Montreal futures cd	2553	3,000,000.00	
21-Jun-12	01-Nov-07	Bank of Montreal fixed floaters	1694	10,013,385.89	
21-Jun-12	01-Nov-07	Bank of Montreal fixed floaters	1694	5,006,694.44	
21-Jun-12	29-Aug-08	Bank of Montreal fixed floaters	1392	10,058,315.39	
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	
22-Apr-15	14-Jan-10	Bank of Montreal fixed floaters	1924	2,702,666.61	
10-Jun-15	10-Jun-09	Bank of Montreal deposit note	2191	1,740,655.98	
21-Apr-16	15-Jan-10	Bank of Montreal residuals	2288	4,675,938.00	
26-Sep-17	14-Jan-10	Bank of Montreal fixed floaters	2812	10,981,484.84	
26-Sep-17	26-Jan-10	Bank of Montreal fixed floaters	2800	5,553,201.97	
		*** BANK OF MONTREAL			93,872,511.25
27-Mar-13	10-Apr-08	Bank of Nova Scotia fixed floaters	1812	9,982,904.37	
27-Mar-13	18-Apr-08	Bank of Nova Scotia fixed floaters	1804	9,986,698.14	
27-Mar-13	21-Apr-08	Bank of Nova Scotia fixed floaters	1801	1,295,897.69	
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	704,426.09	
03-Oct-13	08-Oct-08	Bank of Nova Scotia fixed floaters	1821	5,002,954.02	
03-Oct-13	31-Jul-09	Bank of Nova Scotia fixed floaters	1525	537,708.65	
15-Apr-14	28-Apr-09	Bank of Nova Scotia fixed floaters	1813	2,022,613.42	
15-Apr-14	01-May-09	Bank of Nova Scotia fixed floaters	1810	5,106,939.75	
15-Apr-14	17-Jun-09	Bank of Nova Scotia fixed floaters	1763	5,168,136.58	
15-Apr-14	31-Jul-09	Bank of Nova Scotia fixed floaters	1719	5,229,491.35	
22-Jan-16	22-Jan-09	Bank of Nova Scotia fixed floaters	2556	1,999,717.83	
22-Jan-16	06-Feb-09	Bank of Nova Scotia fixed floaters	2541	2,051,770.38	
22-Jan-16	10-Feb-09	Bank of Nova Scotia fixed floaters	2537	5,142,174.81	
22-Jan-16	11-Jun-09	Bank of Nova Scotia fixed floaters	2416	11,060,699.35	
		*** BANK OF NOVA SCOTIA			66,342,324.03
09-Sep-10	11-Dec-08	CIBC fixed floaters	637	6,036,587.50	
07-Mar-11	29-Aug-08	CIBC deposit note	920	9,988,182.53	
28-Mar-11	25-Sep-06	CIBC fixed floaters	1645	5,007,344.93	
28-Mar-11	10-Apr-08	CIBC fixed floaters	1082	9,957,490.19	
28-Mar-11	05-Jun-08	CIBC fixed floaters	1026	5,002,109.66	
28-Mar-11	11-Aug-08	CIBC fixed floaters	959	9,986,532.99	
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	9,976,423.91	
10-Sep-12	29-Feb-08	CIBC deposit note	1655	10,036,680.94	
10-Sep-12	10-Apr-08	CIBC deposit note	1614	5,003,595.28	
06-Jun-13	11-Aug-08	CIBC fixed floaters	1760	10,035,842.67	
06-Jun-13	31-Jul-09	CIBC fixed floaters	1406	3,144,268.55	
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	
31-Oct-14	19-Mar-10	CIBC residuals	1687	2,410,240.00	
02-Mar-15	19-Mar-10	CIBC deposit note	1809	4,962,055.98	
16-Jun-18	26-Jan-10	CIBC residuals	3063	2,122,890.00	
		*** CIBC			132,980,360.62

APPENDIX B-3

SCHEDULE 2 - 2

02-Nov-11	26-Nov-07	National Bank fixed floaters	1437	9,884,819.92	
02-Nov-11	27-Nov-07	National Bank fixed floaters	1436	9,900,916.57	
02-Nov-11	10-Apr-08	National Bank fixed floaters	1301	19,833,427.72	
15-Nov-13	05-Jun-08	National Bank fixed floaters	1989	5,054,241.18	
22-Dec-14	29-Feb-08	National Bank fixed floaters	2488	3,933,356.07	
22-Dec-14	29-Feb-08	National Bank fixed floaters	2488	9,806,477.34	
*** NATIONAL BANK OF CANADA					58,413,238.80
27-Sep-10	06-Feb-09	Royal Bank deposit note	598	10,123,531.77	
24-Jun-10	01-Nov-07	Royal Bank fixed floaters	966	9,971,469.33	
12-Apr-11	27-Mar-06	Royal Bank fixed floaters	1842	5,084,063.12	
12-Apr-11	01-Nov-07	Royal Bank fixed floaters	1258	5,058,698.76	
30-Apr-12	01-Nov-07	Royal Bank fixed floaters	1642	4,950,332.43	
30-Apr-12	05-Jun-08	Royal Bank fixed floaters	1425	4,982,992.31	
30-Apr-12	11-Dec-08	Royal Bank fixed floaters	1236	3,840,068.22	
11-Mar-13	18-Apr-08	Royal Bank fixed floaters	1788	9,953,235.17	
11-Mar-13	18-Apr-08	Royal Bank fixed floaters	1788	4,973,251.43	
11-Mar-13	05-Jun-08	Royal Bank fixed floaters	1740	5,001,087.35	
06-Jun-13	08-Apr-09	Royal Bank residuals	1520	4,924,435.00	
04-Nov-13	15-Apr-08	Royal Bank fixed floaters	2029	1,777,802.79	
04-Nov-13	15-Oct-08	Royal Bank fixed floaters	1846	3,953,150.63	
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	9,964,370.88	
*** ROYAL BANK OF CANADA					85,564,824.19
18-Jan-11	27-Mar-06	Toronto Dominion fixed floaters	1758	3,495,861.83	
01-Nov-12	11-Apr-08	Toronto Dominion fixed floaters	1665	10,085,226.14	
01-Nov-12	11-Dec-08	Toronto Dominion fixed floaters	1421	9,979,921.52	
01-Nov-12	21-Apr-08	Toronto Dominion fixed floaters	1655	5,035,392.41	
01-Nov-12	08-Apr-09	Toronto Dominion residuals	1303	8,645,300.00	
04-Aug-14	05-Aug-09	Toronto Dominion residuals	1825	3,964,656.00	
02-Apr-15	28-Apr-09	Toronto Dominion fixed floaters	2165	5,179,299.93	
02-Apr-15	12-Feb-10	Toronto Dominion residuals	1875	9,284,000.00	
08-Oct-16	08-Oct-09	Toronto Dominion step up	2557	4,983,699.51	
09-Jul-18	26-Jan-10	Toronto Dominion residuals	3086	2,114,700.00	
24-Nov-19	24-Nov-09	Toronto Dominion step up	3652	4,985,526.75	
*** TORONTO DOMINION					67,753,584.09
CREDIT UNIONS					
27-May-10	29-Mar-10	Westminster Savings Credit Union	59	15,000,000.00	
*** CREDIT UNIONS					15,000,000.00
PROVINCIAL GUARANTEED PAPER					
20-Aug-10	21-Nov-03	Alberta Capital Finance Bond	2464	1,299,130.98	
*** ALBERTA					1,299,130.98
09-Jul-15	19-Jan-10	BC residuals	1997	2,552,912.00	
*** BRITISH COLUMBIA					2,552,912.00
05-Sep-10	01-Dec-03	Manitoba residuals	2470	3,972,705.00	
*** MANITOBA					3,972,705.00
17-Dec-10	17-Dec-03	New Brunswick MFA	2557	764,622.42	
*** NEW BRUNSWICK					764,622.42
19-May-10	04-Apr-05	Ontario Bond	1871	4,999,419.75	
19-Nov-10	21-Nov-03	Ontario coupon	2555	4,999,999.53	
02-Dec-14	10-Jun-09	Ontario coupon	2001	4,903,800.00	
02-Jun-15	01-May-09	Ontario coupon	2223	4,880,820.00	
08-Mar-14	29-Mar-10	Ontario Bond	1440	5,416,459.31	
*** ONTARIO					25,200,498.59

SCHEDULE 2 - 3

16-Aug-10	05-Mar-04	Hydro Quebec coupon	2355	5,305,300.00	
01-Dec-10	28-Jan-05	Quebec bond	2133	4,053,362.77	
01-Jun-15	11-May-09	Quebec Coupon	2212	4,038,650.00	
16-Jul-15	01-May-09	Quebec Coupon	2267	1,521,463.00	
15-Aug-15	11-May-09	Hydro Quebec coupon	2287	4,018,150.00	
30-Mar-14	29-Mar-10	Quebec Coupon	1462	2,222,500.00	
15-Jul-14	29-Mar-10	Hydro Quebec coupon	1569	2,631,810.00	
		*** QUEBEC			23,791,235.77
03-Oct-10	03-Oct-03	BCMFA bond	2557	1,799,575.87	
03-Oct-10	10-Oct-03	BCMFA bond	2550	699,794.26	
01-Jun-11	11-Apr-01	BCMFA bond	3703	4,997,961.19	
open	17-Dec-03	BCMFA investment pool-money market fund	2574	1,000,000.00	
		*** BCMFA			8,497,331.32
TOTAL PORTFOLIO					<u>629,089,479.06</u>