

NO: R077

COUNCIL DATE: May 9, 2011

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **May 3, 2011**

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

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - First Quarter- 2011**

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 2011 and to compare that activity with the 2011 Financial Plan and the same period in prior years.

DISCUSSION

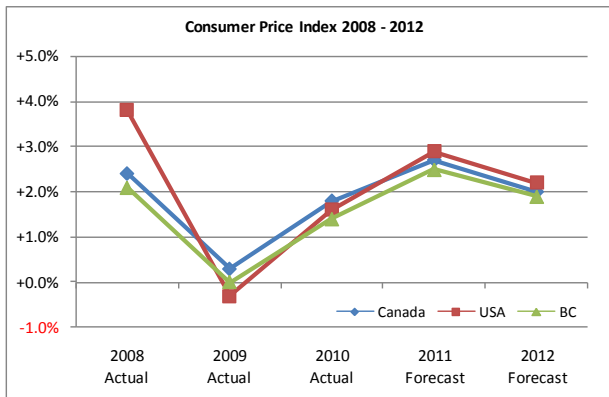
The 2011-2015 Financial Plan was adopted by Council on December 13, 2010.

The following discussion provides a summary of current economic conditions followed by an outline of Surrey's financial performance for the first quarter of 2011. It also includes an overview of the City's investment portfolio performance.

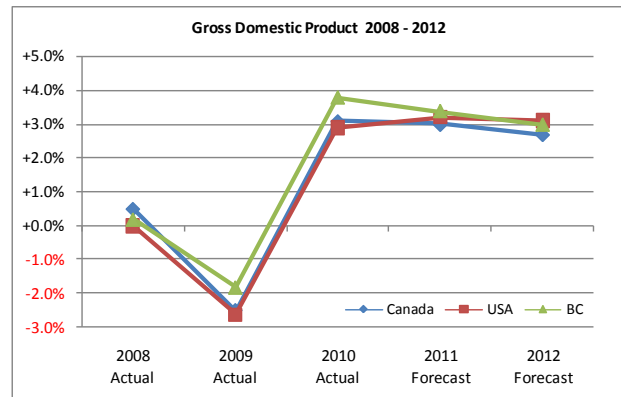
International Overview

The global economy has bounced back from the recession with significant momentum. Global economic activity is expected to modestly decelerate in 2011 as most countries scale back fiscal and monetary stimulus plans. Global economic growth for 2011 is forecasted at approximately 3.9%.

With the recovery firmly established across emerging markets and most advanced economies rising, inflation has become a more immediate threat. This is particularly true in key developing economies such as Brazil, China, and India. In addition, risks grow in the global economic outlook with events unfolding in Japan in the aftermath of the earthquake, political turmoil in the Middle East and North Africa, and Europe's sovereign debt crisis.



Graph 1 Source: BMO Economics Apr 1, 2011



Graph 2 Source: BMO Economics Apr 1, 2011

United States Overview

Broad signs pointing to stronger growth have been increasingly visible in the past few months. The March labour market report indicates that the pace of hiring has strengthened. The sharp rises in equity prices and a falling dollar are also highly supportive of US economic activity.

In spite of the indications of stronger growth, new significant challenges have arisen over the past few months. The price of gasoline has increased dramatically since the last quarter of 2010, and these increases continued into early April 2011. These increased prices will increase the rate of inflation and decrease consumer spending which will threaten further growth. Effects of the earthquake in Japan, although short-lived, slightly dampened exports in March and may result in a roughly 5% cut to automobile output in the next quarter due to parts shortages. Additionally, job cuts at the state and local government level are now being reinforced by a gradual reduction in spending under the stimulus program.

Canadian Overview

The Canadian economy continues to strengthen, in part to unexpectedly robust conditions in commodity markets and improving US demand. The improvement in the economy is measured by strong GDP growth, strong consumer spending, and a sharp increase in net exports. The improvement in Canadian export growth occurred as the US economy showed signs of renewed vigour.

The Bank of Canada has continued to maintain its target for the overnight rate at 1%. However, this rate is unlikely to continue for long if indicators continue to show that the economy is maintaining its upward momentum. Forecasts suggest that the overnight rate will increase by 1% in 2011 with the first hike expected by mid-July.

British Columbia Overview

Growth in the British Columbia economy (GDP) was at its highest point of 3.6% during the hosting of the Winter Olympic Games last year. The rate of expansion for 2011 is forecasted at 2.75%. Weakness is expected to come from a reduction in regional housing market activity and relatively slower growth in a number of core industries including construction and tourism.

In its 2011 Budget, the BC government projected lower deficits over the next two years and a return to a small surplus by 2013-14. To achieve its targets, the government will cut capital spending and restrain expenditure growth significantly. These measures signal a shift in provincial fiscal policy to a more restrictive stance.

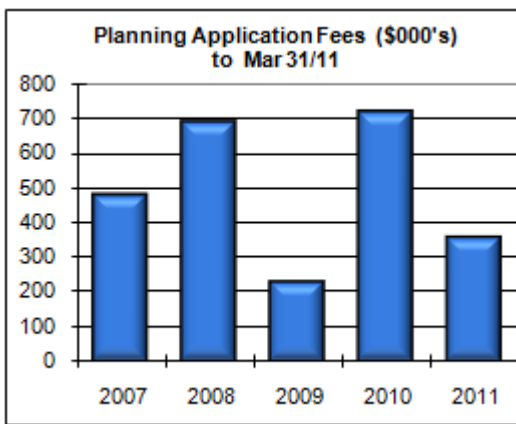
Surrey's Financial Performance

The level of new development activity is expected to be similar to last year. As the expansion of the City Centre continues, many businesses are looking for an opportunity to move into the area. Applications for multi-family dwellings are expected to increase as Surrey remains a relatively affordable market in the Region. Growth in areas such as Campbell Heights and Grandview Heights, as well as the construction of new facilities identified as part of the Build Surrey Program will continue to bolster development in surrounding areas.

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 to be distributed over time to match the timing of the related expenses that are incurred by the City.

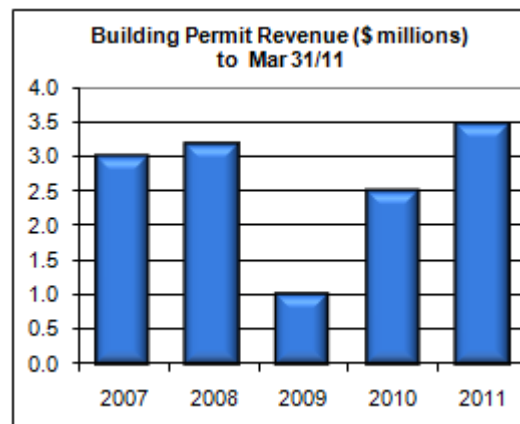
This revenue deferral process means that although there may be a significant reduction in the actual revenue collected in any given period, the effect of this reduction will not be recognized for some time into the future, which in some cases will be in the following year. The timing difference between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

The following graphs illustrate how the results for the first three months of 2011 compare to previous years' results for the same period:



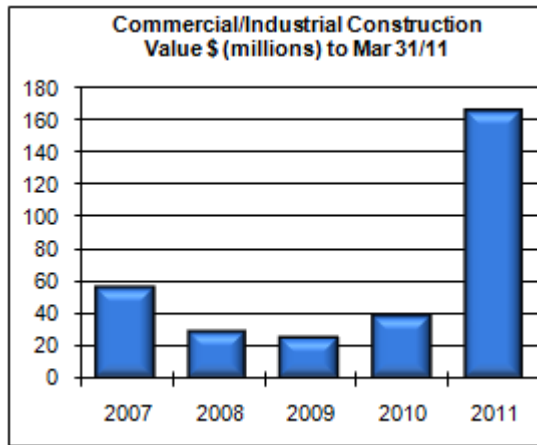
Graph 3

Application fees collected in the first quarter of the year are significantly lower than those collected for the same period last year. Although the number of applications remains the same in 2011, the scale of the applications is smaller. Also in the first half of 2010 there was an increase in Planning Applications due to the rush to beat the implementation of the HST. In the first part of 2011, developers may be taking a “wait and see” approach as to the future of the HST. It is expected that the 2011 budget will be met.



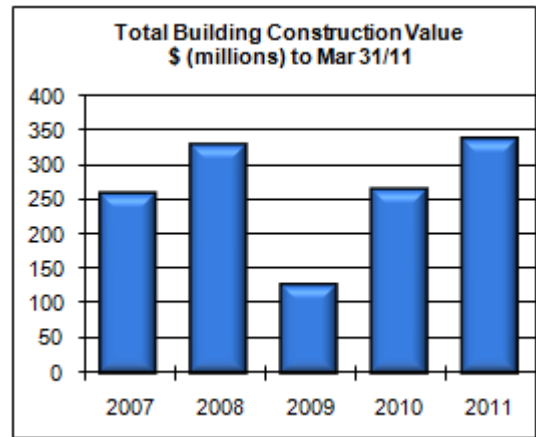
Graph 4

Building permit fees collected for the first three months of this year are significantly higher than those collected in the same period last year. This is attributable mainly to the permit revenue collected for the RCMP E-Division Headquarters. Revenues are expected to meet budget for the year.



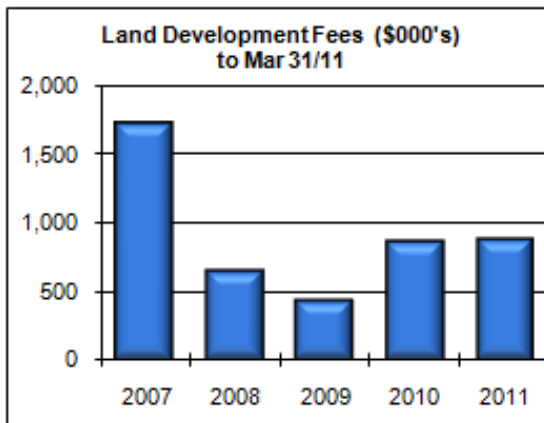
Graph 5

Construction value of commercial and industrial building permits for the first three months of 2011 has increased substantially compared to 2010 due to the new RCMP E-Division Headquarters.



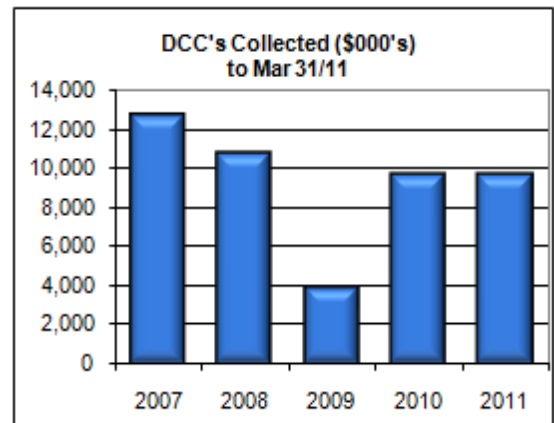
Graph 6

Overall, the value of new construction in the City for the first three months of the year is 28% more than the same time period last year. The overall increase is due to the new RCMP E-Division Headquarters building.



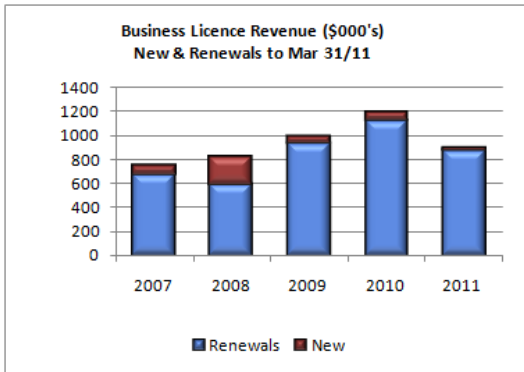
Graph 7

Engineering Land Development fees collected in the first three months of the year are consistent with the same period in 2010. It is expected that fees collected in 2011 will meet the budgeted amounts.



Graph 8

Development Cost Charges that have been collected in the first three months of the year are approximately the same amount as those collected in the same period of 2010. The City collects DCC revenue throughout the year and distributes it to the related construction programs in the following year.

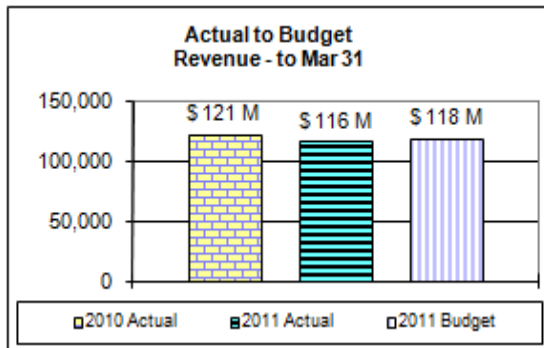


Graph 9

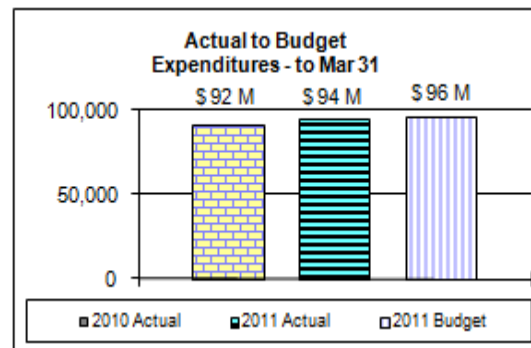
Business license revenue is down when compared to the same period for 2009 and 2010. This is mainly due to the timing of the renewals and is expected to meet budget by the end of the year.

Comparison of Actual Revenues and Expenditures versus the 2011 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 2011.



Graph 10



Graph 11

Appendix A documents the general fund revenues and expenditures for the first quarter of 2011 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 2011 Financial Plan:

RCMP currently shows a favourable variance of \$15,000.

Fire Services has a favourable variance of \$43,000 as a result of 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 \$273,000, which is primarily due to the timing of revenue received for programming and the timing of related expenditures.

Library Services has a favourable variance of \$106,000 due to vacancies and the timing of expenses.

Planning and Development Department, which also includes Civic Facilities, is reporting a positive variance of \$350,000 due to vacancies.

Mayor and Council has a favourable variance of \$3,000.

City Grants is currently on budget.

City Manager's Department is currently reporting a favourable variance of \$126,000 due to revenue increases from fees and fines, vacancies and the timing of expenditures.

Investment & Intergovernmental Relations Department is currently reporting a favourable variance of \$11,000 due to the timing of expenditures.

Finance & Technology Department currently has a favourable variance of \$133,000. This is primarily due to the timing of the payments on IT maintenance contracts.

Human Resources Department has a favourable variance of \$26,000 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 2011 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 January through March 2011. **Schedule 2** is a detailed listing of securities as at March 31, 2011 sub-totaled by issuer type.

It is important to note that although the investment portfolio is currently valued at \$569 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 3.5%, while maintaining investment security as outlined in the investment policy. This is in line with the budget amount for returns on investment that was anticipated in the 2011 Financial Plan. Interest revenue is expected to meet budget targets for 2011.

CONCLUSION

Development activity experienced in the first quarter of 2011 is higher than that of the same period in 2010. This is primarily due to low interest rates and the construction that has commenced on the new RCMP E-Division Headquarters in Green Timbers. The 2011 adopted Financial Plan 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

2011 1st QUARTER COUNCIL REPORT
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES
\$ 000's

REVENUE SUMMARY	2010 1st Qtr - Mar Actual	2011 1st Qtr - Mar Actual	2011 1st Qtr - Mar Budget	2011 1st Quarter Variance	2011 Annual Budget
Net Taxation	\$ 53,734	\$ 56,663	\$ 56,658	\$ 5	\$ 226,631
Non-Tax Revenues	5,594	5,723	5,632	91	20,420
Provincial Casino Revenue Sharing	700	700	700	-	3,000
Build Surrey Program	-	-	-	-	4,405
Utility Recoveries	1,014	1,014	1,014	-	4,056
Program Revenues	14,772	15,709	15,236	473	59,723
TOTAL REVENUES	\$ 75,814	\$ 79,809	\$ 79,240	\$ 569	\$ 318,235
EXPENDITURE SUMMARY	2010 1st Qtr - Mar Actual	2011 1st Qtr - Mar Actual	2011 1st Qtr - Mar Budget	2010 1st Quarter Variance	2011 Annual Budget
Program Expenditures	\$ 61,882	\$ 66,405	\$ 67,045	\$ 640	\$ 286,143
Council Projects	64	15	62	47	250
City Beautification	448	520	518	(2)	2,078
Crime Reduction	136	58	73	15	300
Social Well-Being Plan	310	230	388	158	1,552
Sustainability	54	51	60	9	250
Clean Energy	-	-	25	25	100
Build Surrey Program	-	-	-	-	4,405
Fiscal Services	278	203	210	7	841
TOTAL EXPENDITURES	\$ 63,173	\$ 67,482	\$ 68,381	\$ 899	\$ 295,919
TRANSFER SUMMARY	2010 1st Qtr - Mar Actual	2011 1st Qtr - Mar Actual	2011 1st Qtr - Mar Budget	2010 1st Quarter Variance	2011 Annual Budget
Transfer to Capital Program	\$ 1,435	\$ 2,000	\$ 2,000	-	\$ 7,800
Transfer to Capital Program - Gaming	700	700	700	-	3,000
Transfers To(From) Own Sources	3,783	3,721	3,721	-	15,467
	5,918	\$ 6,421	\$ 6,421	-	\$ 26,267
Surplus(Deficit)	6,724	5,906	4,438	1,468	(3,951)
Transfer (to)/from Surplus	(6,724)	(5,906)	(4,438)	(1,468)	3,951
BALANCED BUDGET	\$ -	\$ -	\$ -	\$ -	\$ -

**2011 1st QUARTER COUNCIL REPORT
DEPARTMENTAL DETAIL
\$ 000's**

	2010 1st Qtr - Mar Actual	2011 1st Qtr - Mar Actual	2011 1st Qtr - Mar Budget	2011 1st Quarter Variance	2011 Annual Budget
PROGRAM REVENUES					
R.C.M.P.	\$ 1,794	\$ 1,832	\$ 1,790	\$ 42	\$ 7,100
Fire	47	31	22	9	1,392
Engineering Services	1,043	1,282	1,291	(9)	5,474
Parks, Recreation & Culture	5,784	6,099	5,553	546	19,101
Surrey Public Library	373	380	392	(12)	1,571
Planning & Development	3,953	3,950	4,285	(335)	17,141
City Manager	1,595	1,894	1,714	180	6,857
Investment & Intergov Rel	-	16	1	15	5
Finance & Technology	180	221	184	37	1,047
Human Resources	3	4	4	-	10
TOTAL PROGRAM REVENUES	\$ 14,772	\$ 15,709	\$ 15,236	\$ 473	\$ 59,698
PROGRAM EXPENDITURES					
R.C.M.P.	\$ 24,397	\$ 26,041	\$ 26,014	\$ (27)	\$ 105,238
Fire	10,415	10,191	10,225	34	48,749
Engineering Services	934	1,185	1,221	36	6,324
Parks, Recreation & Culture	10,663	11,417	11,144	(273)	55,374
Surrey Public Library	2,733	2,840	2,958	118	13,056
Planning & Development	4,599	4,396	5,081	685	21,362
Mayor & Council	253	281	284	3	1,211
City Grants	393	849	849	-	1,209
City Manager	2,434	2,796	2,742	(54)	12,476
Investment & Intergov Rel	147	270	266	(4)	1,162
Finance & Technology	4,296	5,557	5,653	96	18,923
Human Resources	618	582	608	26	2,736
TOTAL PROGRAM EXPENDITURES	\$ 61,882	\$ 66,405	\$ 67,045	\$ 640	\$ 287,820
NET PROGRAM					
R.C.M.P.	\$ 22,603	\$ 24,209	\$ 24,224	\$ 15	\$ 98,138
Fire	10,368	10,160	10,203	43	47,357
Engineering Services	(108)	(97)	(70)	27	850
Parks, Recreation & Culture	4,880	5,318	5,591	273	36,273
Surrey Public Library	2,360	2,460	2,566	106	11,485
Planning & Development	646	446	796	350	4,221
Mayor & Council	253	281	284	3	1,211
City Grants	393	849	849	-	1,209
City Manager	839	902	1,028	126	5,619
Investment & Intergov Rel	147	254	265	11	1,157
Finance & Technology	4,116	5,336	5,469	133	17,876
Human Resources	615	578	604	26	2,726
NET PROGRAM TOTAL	\$ 47,112	\$ 50,696	\$ 51,809	\$ 1,113	\$ 228,122

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) JANUARY/11	INVESTMENT (MILLIONS) FEBRUARY/11	INVESTMENT (MILLIONS) MARCH/11
<i>RBC Month End Balance</i>	27.1	10.0	32.3
<i>RBC USD Account Month End Balance</i>	8.0	7.9	7.8
<i>Overnight</i>	20.0	20.0	20.0
MAJOR BANKS			
Bank of Montreal	53.5	53.4	53.4
Bank of Nova Scotia	84.1	84.0	94.4
Canadian Imperial Bank of Commerce	116.9	116.9	87.4
Canadian Western Bank	2.0	2.0	2.0
National Bank of Canada	58.6	58.7	58.7
Royal Bank of Canada	70.8	70.8	70.8
Toronto Dominion	74.2	74.1	74.1
<i>SUB TOTAL - MAJOR BANKS</i>	460.1	459.9	440.8
CREDIT UNIONS			
Envision Credit Union	15.0	10.0	0.0
Gulf & Fraser Credit Union	5.0	5.0	0.0
Vancity Savings	25.0	15.0	15.0
Westminster Savings Credit Union	5.0	5.0	5.0
<i>SUB TOTAL - CREDIT UNIONS</i>	50.0	35.0	20.0
PROVINCES			
British Columbia	2.6	2.6	2.6
Ontario	25.1	25.1	25.1
Quebec	14.4	14.4	14.4
<i>SUB TOTAL - PROVINCES</i>	42.1	42.1	42.1
OTHER			
MFA	6.0	6.0	6.0
<i>SUB TOTAL - OTHER</i>	6.0	6.0	6.0
TOTAL PORTFOLIO	613.3	580.9	569.0

SCHEDULE 2 - 1

MATURITY PURCHASE		SECURITY	# OF DAYS	PRINCIPAL	TOTAL
DATE	DATE				
ROYAL BANK MONTH END BALANCE					
31-Mar-11		Royal Bank		32,276,600.00	
31-Mar-11		Royal Bank USD Account (\$CDN)		7,303,600.00	
					39,580,200.00
CALL LOAN					
01-Apr-11	31-Mar-11	VanCity Savings Credit Union Call Loan	1	20,000,000.00	20,000,000.00
MAJOR BANKS					
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	10,007,374.37	
21-Jun-12	01-Nov-07	Bank of Montreal fixed floaters	1694	5,003,688.08	
21-Jun-12	29-Aug-08	Bank of Montreal fixed floaters	1392	10,032,094.07	
22-Apr-15	14-Jan-10	Bank of Montreal fixed floaters	1924	2,641,203.99	
10-Jun-15	10-Jun-09	Bank of Montreal deposit note	2191	1,723,201.50	
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	10,853,848.03	
26-Sep-17	26-Jan-10	Bank of Montreal fixed floaters	2800	5,483,658.61	
*** BANK OF MONTREAL					53,421,006.65
04-Jun-12	31-Mar-11	Bank of Nova Scotia Bond	431	5,120,463.01	
30-Jun-12	31-Mar-11	Bank of Nova Scotia Bond	457	5,355,190.41	
27-Mar-13	10-Apr-08	Bank of Nova Scotia fixed floaters	1812	9,988,625.13	
27-Mar-13	18-Apr-08	Bank of Nova Scotia fixed floaters	1804	9,991,149.42	
27-Mar-13	21-Apr-08	Bank of Nova Scotia fixed floaters	1801	1,297,270.49	
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	703,164.65	
03-Oct-13	08-Oct-08	Bank of Nova Scotia fixed floaters	1821	5,002,112.22	
03-Oct-13	31-Jul-09	Bank of Nova Scotia fixed floaters	1525	526,962.05	
15-Apr-14	28-Apr-09	Bank of Nova Scotia fixed floaters	1813	2,017,016.62	
15-Apr-14	01-May-09	Bank of Nova Scotia fixed floaters	1810	5,080,472.19	
15-Apr-14	17-Jun-09	Bank of Nova Scotia fixed floaters	1763	5,126,522.86	
15-Apr-14	31-Jul-09	Bank of Nova Scotia fixed floaters	1719	5,172,692.35	
15-Apr-14	19-Aug-10	Bank of Nova Scotia fixed floaters	1335	7,728,421.68	
16-Jul-14	19-Aug-10	Bank of Nova Scotia deposit note	1427	10,242,202.73	
22-Jan-16	22-Jan-09	Bank of Nova Scotia fixed floaters	2556	1,999,766.43	
22-Jan-16	06-Feb-09	Bank of Nova Scotia fixed floaters	2541	2,042,864.46	
22-Jan-16	10-Feb-09	Bank of Nova Scotia fixed floaters	2537	5,117,716.77	
22-Jan-16	11-Jun-09	Bank of Nova Scotia fixed floaters	2416	10,878,229.51	
*** BANK OF NOVA SCOTIA					94,441,034.58
30-Nov-15	30-Nov-10	Canadian Western Bank fixed floaters	1826	2,011,756.42	
*** CANADIAN WESTERN BANK					2,011,756.42
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	9,993,056.54	
10-Sep-12	10-Apr-08	CIBC deposit note	1614	5,002,125.28	
10-Sep-12	31-Mar-11	CIBC deposit note	529	10,451,267.12	
06-Jun-13	11-Aug-08	CIBC fixed floaters	1760	10,024,581.63	
06-Jun-13	31-Jul-09	CIBC fixed floaters	1406	3,098,942.15	
06-Jun-13	11-May-09	CIBC residuals	1487	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	4,964,092.88	
06-Jun-18	26-Jan-10	CIBC residuals	3053	2,122,890.00	
*** CIBC					87,377,311.09

SCHEDULE 2 - 2

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
02-Nov-11	26-Nov-07	National Bank fixed floaters	1437	9,954,334.51	
02-Nov-11	27-Nov-07	National Bank fixed floaters	1436	9,960,716.32	
02-Nov-11	10-Apr-08	National Bank fixed floaters	1301	19,934,060.68	
15-Nov-13	05-Jun-08	National Bank fixed floaters	1989	5,039,285.22	
22-Dec-14	29-Feb-08	National Bank fixed floaters	2488	3,947,451.39	
22-Dec-14	29-Feb-08	National Bank fixed floaters	2488	9,847,407.78	
*** NATIONAL BANK OF CANADA					58,683,255.90
12-Apr-11	27-Mar-06	Royal Bank fixed floaters	1842	5,017,236.59	
12-Apr-11	01-Nov-07	Royal Bank fixed floaters	1258	5,012,035.83	
30-Apr-12	01-Nov-07	Royal Bank fixed floaters	1642	4,974,162.39	
30-Apr-12	05-Jun-08	Royal Bank fixed floaters	1425	4,991,163.23	
30-Apr-12	11-Dec-08	Royal Bank fixed floaters	1236	3,868,860.66	
11-Mar-13	18-Apr-08	Royal Bank fixed floaters	1788	9,969,117.17	
11-Mar-13	18-Apr-08	Royal Bank fixed floaters	1788	4,982,335.55	
11-Mar-13	05-Jun-08	Royal Bank fixed floaters	1740	5,000,723.75	
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	1,772,018.67	
04-Nov-13	15-Oct-08	Royal Bank fixed floaters	1846	3,966,176.75	
04-Nov-13	19-Aug-10	Royal Bank fixed floaters	1173	5,359,547.13	
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	9,973,365.96	
*** ROYAL BANK OF CANADA					70,817,513.68
01-Nov-12	11-Apr-08	Toronto Dominion fixed floaters	1665	10,052,299.46	
01-Nov-12	11-Dec-08	Toronto Dominion fixed floaters	1421	9,987,678.68	
01-Nov-12	21-Apr-08	Toronto Dominion fixed floaters	1655	5,021,718.65	
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	5,143,474.29	
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	4,986,197.55	
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	4,987,025.91	
07-Jul-20	07-Jul-10	Toronto Dominion step up	3653	9,953,674.67	
*** TORONTO DOMINION					74,140,725.21
CREDIT UNIONS					
29-Apr-11	29-Mar-11	Vancity Savings Credit Union	31	15,000,000.00	
27-Apr-11	25-Mar-11	Westminster Savings Credit Union	33	5,000,000.00	
*** CREDIT UNIONS					20,000,000.00
PROVINCIAL GUARANTEED PAPER					
09-Jul-15	19-Jan-10	BC residuals	1997	2,552,912.00	
*** BRITISH COLUMBIA					2,552,912.00
08-Mar-14	29-Mar-10	Ontario bond	1440	5,299,568.99	
02-Dec-14	10-Jun-09	Ontario coupon	2001	4,903,800.00	
02-Dec-14	22-Apr-10	Ontario coupon	1685	9,999,999.83	
02-Jun-15	01-May-09	Ontario coupon	2223	4,880,820.00	
*** ONTARIO					25,084,188.82

SCHEDULE 2 - 3

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
30-Mar-14	29-Mar-10	Quebec coupon	1462	2,222,500.00	
15-Jul-14	29-Mar-10	Quebec Hydro coupon	1569	2,631,810.00	
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	Quebec Hydro coupon	2287	4,018,150.00	
		*** QUEBEC			14,432,573.00
01-Jun-11	11-Apr-01	BCMFA bond	3703	4,999,449.52	
open	17-Dec-03	BCMFA investment pool-money market fund	2574	1,000,000.00	
		*** BCMFA			5,999,449.52
TOTAL PORTFOLIO					\$ 568,541,926.87