

NO: **R196**

COUNCIL DATE: **October 17, 2011**

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **October 13, 2011**

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

FILE: **1880-20**

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

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## 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 third quarter of 2011 and to compare that activity with the 2011 Financial Plan and the financial activity for the same period in prior years.

## DISCUSSION

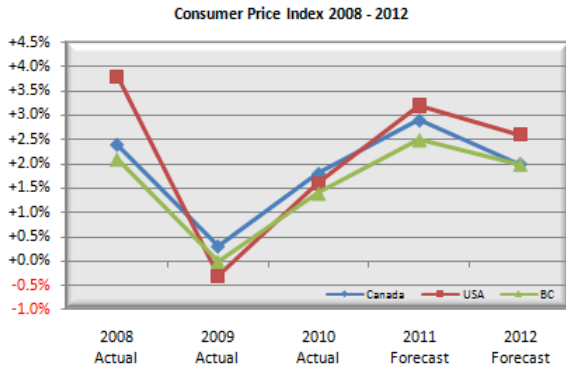
The 2011-2015 Five Year Financial Plan was adopted by Council on December 13, 2010.

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

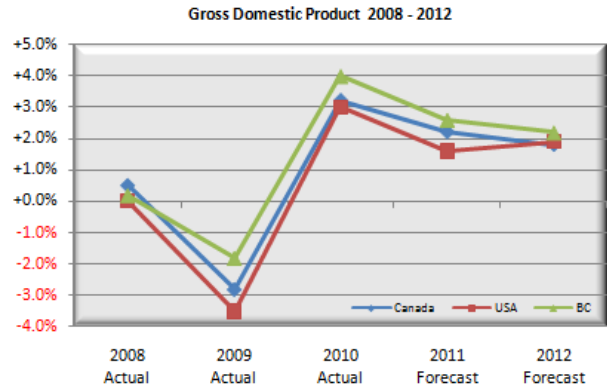
### International Overview

Financial markets continue to remain volatile and risks of another recession are looming. Consumer confidence has been shaken by the loss of momentum in the global economic recovery, high unemployment and increasing European debt concerns. This loss of confidence was shown by a large sell-off in global stock markets during August. In line with these events, forecasts for global economic growth in 2011 have been downgraded.

The global economy is currently focused on Europe as it remains to be seen whether the euro zone governments can manage the insolvency and inevitable debt default of Greece without affecting other countries or sparking a region-wide banking crisis. Japan has reported that supply disruptions caused by the earthquake have mostly been resolved, lending to the prospect of improved growth for the country. China is experiencing weak demand from the U.S. and Europe. With these two regions accounting for almost half of China's foreign shipments, GDP growth in that country will be lower than originally projected for 2011.



Graph 1 Source: BMO Economics Sep 30, 2011



Graph 2 Source: BMO Economics Sep 30, 2011

### United States Overview

US economic growth remains slow. Recent indicators point to continuing weakness in overall labour market conditions, and the unemployment rate remains high. Household spending has been increasing at only a modest pace in recent months despite some recovery in sales of motor vehicles as supply-chain disruptions eased. Investment in non-residential structures is still weak, and the housing sector remains depressed. However, business investment in equipment and software continues to expand. Inflation appears to have moderated since earlier in the year as prices of energy and some commodities have declined from their peaks.

The unemployment rate showed no improvement throughout the third quarter but held steady at 9.1%. In spite of a weak economy, the US dollar has risen by nearly 6% since late July. Given the current environment of high risk in Europe, investors moved away from the Euro and provided a lift to the US dollar.

### Canadian Overview

The Bank of Canada continues to maintain its target for the overnight rate at 1% with the rate forecasted to remain at this level until late 2012 or early 2013. The need to remove stimulus has diminished due to renewed concerns about the effects on the Canadian economy of sluggish US growth and euro-zone debt problems. In view of the risks, it is still expected that Canada's economy will post stronger growth in the last quarter of the year supported by both business and household spending.

The Canadian dollar entered the third quarter at a 13 month low and is trending lower. Rising global risk aversion and decreasing commodity prices have contributed to a dive from the late-July mark above \$1.06 US to near \$0.95 US. With these factors continuing to persist well into next year, it is expected that the Canadian dollar will weaken further.

### British Columbia Overview

BC's unemployment rate increased to 7.5% during the third quarter which is slightly above the national average of 7.3%. The inflation rate also rose to 2.1%, pushed upwards by higher energy costs, particularly for gasoline. Total housing starts in the Province declined. Exports to the US also declined while shipments to destinations other than the US improved. BC exporters continue to successfully diversify into non-traditional markets such as China, South Korea and Taiwan. By branching out of the sluggish US housing market, the prospects for the Province's wood product manufacturers have improved.

The Provincial Government is projecting larger revenue shortfalls due to the removal of the HST. Some consumers are expected to delay major purchases, such as homes, until the return of the GST/PST system. Business investment and job creation could also see a negative impact in the short-term.

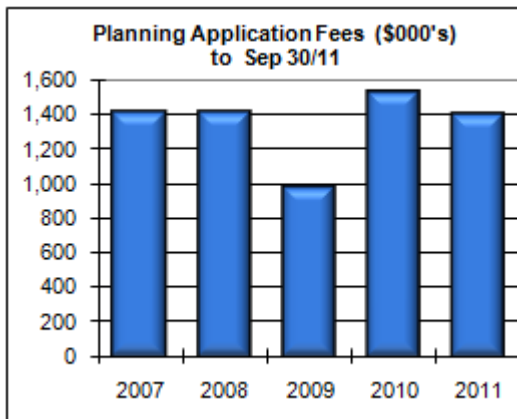
### Surrey's Financial Performance

The level of new development activity has softened compared to last year. There has been a significant drop in the construction of single family homes. This has been partially offset by increased construction in multi- family dwellings. Although Surrey remains a relatively affordable market in the region, housing prices remain high and market uncertainties, including the affects of the removal of the HST, are contributing to the drop in development activity. On the flip side, the expansion of the City Centre will provide many businesses an opportunity to move into the area. 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 local building activity.

The following graphs indicate the actual revenue that has been collected by the City in the subject areas for the noted periods and provide a comparison for the same time period in previous years. 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 the related expenses that are incurred by the City.

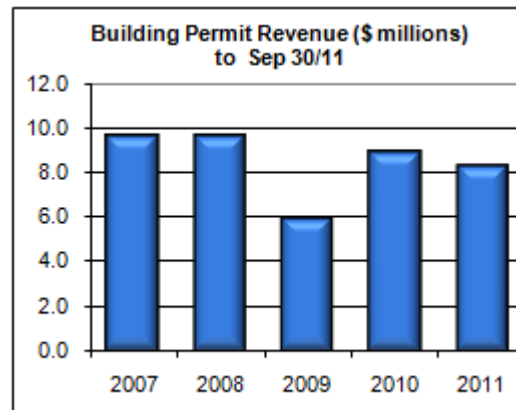
This revenue deferral process means that although there may be a significant reduction in the actual revenue collected in any given period, the effect of this reduction will not be recognized for some time into the future, which in some cases will be in the following year. The timing difference between 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 nine months of 2011 compare to previous years' results for the same period:



Graph 3

Application fees collected in the third quarter of the year are 8% lower than those collected for the same period last year. Earlier in the year, developers were taking a “wait and see” approach as to the future of the HST. It is expected that the 2011 budget will be met.



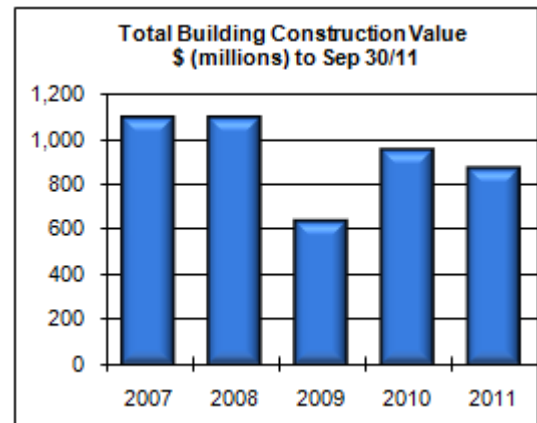
Graph 4

Building permit fees collected are 7% lower than those collected in the same period last year. This is mainly due to the uncertainty of how the removal of the HST is going to affect developers and buyers. Revenues are expected to meet budget for the year.



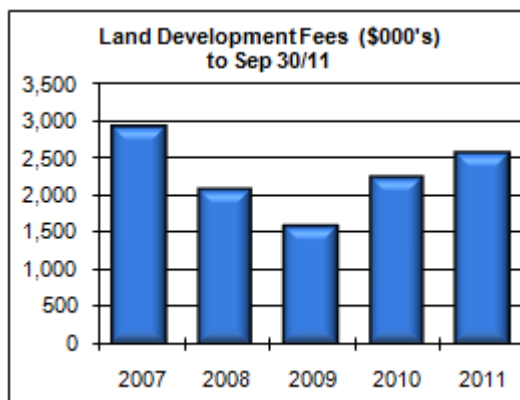
Graph 5

Construction value of commercial and industrial building permits for nine months of 2011 has increased by 17% compared to 2010 primarily due to the new RCMP E-Division Headquarters.



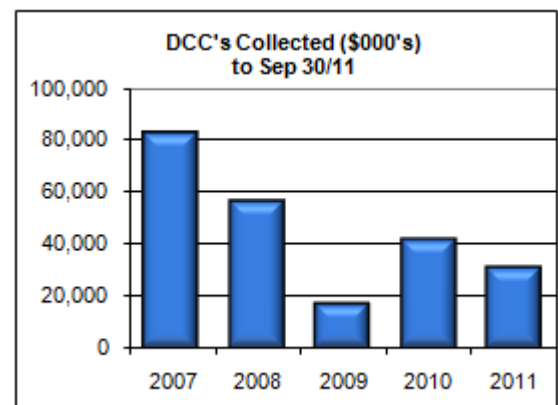
Graph 6

Overall, the value of new construction in the City for the first nine months of the year is 8% lower than the same time period last year. The overall decrease is primarily due to the uncertainty around the effects of the removal of the HST.



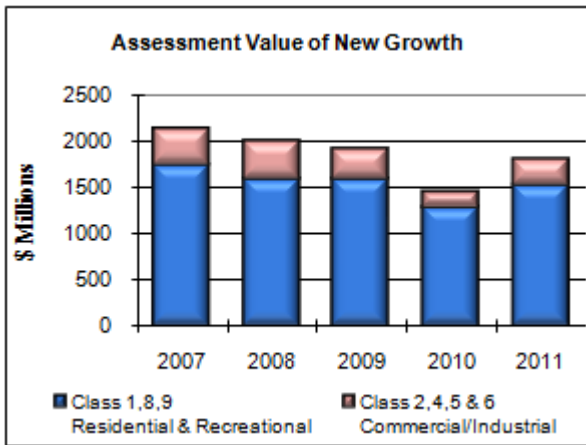
Graph 7

Engineering Land Development fees collected for the nine months of the year are 15% higher than the same period in 2010. The expansion of City Centre is spurring Land Development activity. It is expected that fees collected in 2011 will meet the amounts that were budgeted for this area of revenue.

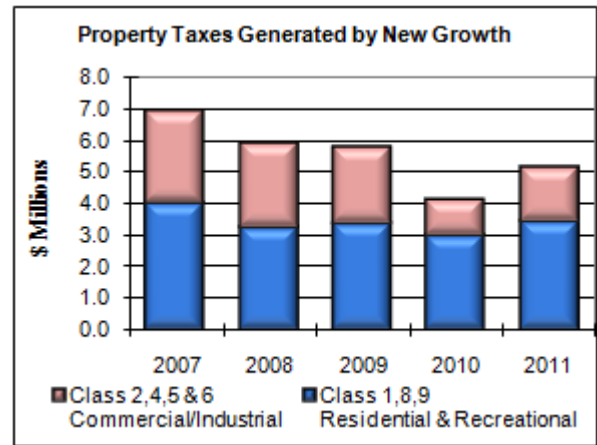


Graph 8

Development Cost Charges collected in nine months of the year are 27% lower than those collected in the same period of 2010. This is due to the shift from constructing single to multi-family dwellings. The DCC revenues collected in any year are used to fund construction programs in the following year.

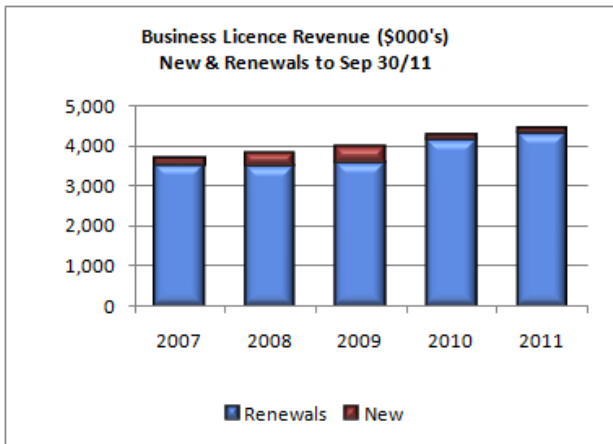


Graph 9



Graph 10

The value of new construction is converted into taxable assessed values and is the 'growth' component of the City's annual property tax levy. The tax rate for commercial/industrial properties is a little over three times that of residential properties. This means that a commercial property with the same assessed value as a residential property will generate a little over three times the amount in property taxes. In 2011, increases in commercial assessment will account for 15% of the assessment growth and 37% of the property tax revenue growth while residential assessment will account for 85% of the assessment growth and 63% of property tax revenue growth.

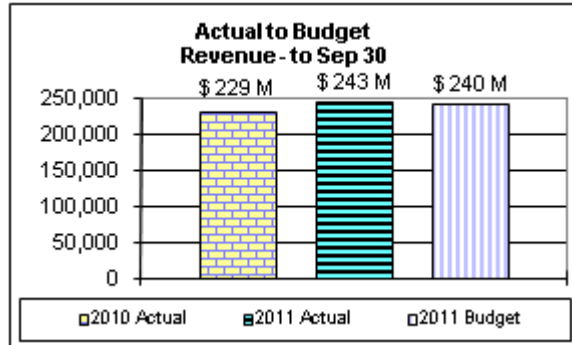


Graph 11

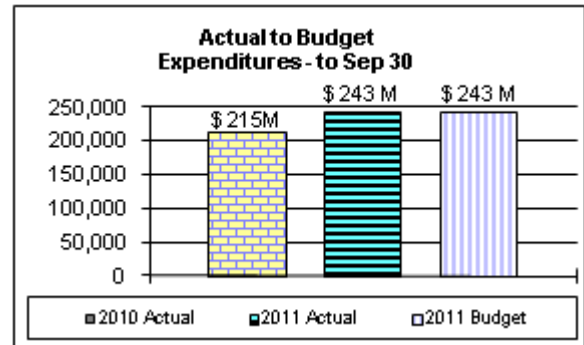
Business license renewal revenue is 4% higher in 2011 than for the same period in 2010; however new business license revenue is 18% lower than that of the same period in 2010.

### Comparison of Actual Revenues and Expenditures in Comparison to the 2011 Budget (Financial Plan)

The following graphs illustrate the variances between the actual and the budgeted revenues and expenditures for the general operating fund for nine months of 2011.



Graph 12



Graph 13

**Appendix A** documents the general fund revenues and expenditures for the third quarter of 2011 at a more detailed level. Departments are closely monitoring their actual results on a monthly basis. The following is an explanation of departmental variances on a year-to-date basis, in relation to the 2011 Financial Plan:

RCMP currently shows an unfavourable variance of \$449,000. This is mainly due to an increase in RCMP contract expenses. It is expected that the RCMP will be somewhat over budget at year end.

Fire Services is currently over budget by \$48,000 due to an increase in overtime and staffing pools. It is expected that Fire Services will meet budget by the end of the year.

Engineering Services currently has a favourable variance of \$38,000 which is due to a savings in fleet maintenance costs. It is expected that Engineering will have a positive variance of \$50,000 at the end of the year.

Parks, Recreation & Culture Department is showing an unfavourable departmental variance of \$180,000, which is primarily due to the timing of expenditures. Parks, Recreation & Culture is expected to meet budget by year end.

Library Services has a favourable variance of \$102,000 due to vacancies and the timing of expenses. Library Services is expected to have a favourable variance of \$75,000 at year end.

Planning and Development Department, which also includes Civic Facilities, is reporting a positive variance of \$672,000. It is expected that Planning and Development will have a positive variance of about \$600,000 by the end of the year.

Mayor & Council has a positive variance of \$20,000 due to savings in operating expenses. It is expected that Mayor and Council will have a positive variance of about \$25,000 by the end of the year.

City Manager's Department is currently reporting a favourable variance of \$311,000 due to revenue increases from fees and fines, vacancies and the timing of expenditures. It is expected that City Manager's Department will have a favourable variance of about \$400,000 at year end.

Investment & Intergovernmental Relations Department is currently reporting an unfavourable variance of \$66,000 due to the timing of recoveries. It is expected that Investment and Intergovernmental Relations will have a positive variance of \$25,000 by the end of the year.

Finance & Technology Department currently has a favourable variance of \$552,000. This is primarily due to the timing of the payments on IT maintenance contracts and temporary vacancies. It is expected that Finance & Technology will have a favourable variance of about \$370,000 at year end.

Human Resources Department has a favourable variance of \$3,000 due primarily to some temporary vacancies. It is expected that Human Resources will have a positive variance of about \$5,000 at the end of the year.

Staff will continue to closely monitor all areas to address negative budget variances in a timely manner.

### **City Investment Portfolio**

The schedules in **Appendix B** 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 July through September 2011. **Schedule 2** is a detailed listing of securities as at September 30, 2011 sub-totalled by issuer type.

It is important to note that although the investment portfolio is currently valued at \$797 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 3.35%, while maintaining investment security as outlined in the City's investment policy. This will result in returns that are in line with the budget amount that was anticipated in the 2011 Financial Plan. Interest revenue is expected to meet budget targets for 2011.

### **CONCLUSION**

Development activity experienced in the third quarter of 2011 is less with that of the same period in 2010. This appears to be due to the uncertainty around the removal of the HST. Staff are closely monitoring the financial performance in all areas to reduce negative variances as much as possible and the use of transfers from surplus.

Vivienne Wilke, CGA  
General Manager,  
Finance & Technology

**2011 3rd QUARTER COUNCIL REPORT  
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES  
\$ 000's**

<b>REVENUE SUMMARY</b>	<b>2011 3rd Qtr - Sept Actual</b>	<b>2011 3rd Qtr - Sept Budget</b>	<b>2011 3rd Quarter Variance</b>	<b>2011 Projected Actual</b>	<b>2011 Annual Budget</b>	<b>2011 Projected Variance</b>
Net Taxation	\$ 170,162	\$ 169,973	\$ 189	\$ 226,881	\$ 226,631	\$ 250
Non-Tax Revenues	16,494	15,872	622	21,120	20,420	700
Provincial Casino Revenue Sharing	2,100	2,100	-	3,000	3,000	-
Build Surrey Program	2,937	2,937	-	4,405	4,405	-
Utility Recoveries	3,042	3,042	-	4,056	4,056	-
Program Revenues	47,457	47,546	(89)	61,823	61,723	100
<b>TOTAL REVENUES</b>	<b>\$ 242,192</b>	<b>\$ 241,470</b>	<b>\$ 722</b>	<b>\$ 321,285</b>	<b>\$ 320,235</b>	<b>\$ 1,050</b>
<b>EXPENDITURE SUMMARY</b>	<b>2011 3rd Qtr - Sept Actual</b>	<b>2011 3rd Qtr - Sept Budget</b>	<b>2011 3rd Quarter Variance</b>	<b>2011 Projected Actual</b>	<b>2011 Annual Budget</b>	<b>2011 Projected Variance</b>
Program Expenditures	\$ 216,933	\$ 217,877	\$ 944	\$ 286,244	\$ 287,144	\$ 900
Council Projects	104	104	-	250	250	-
City Beautification	1,560	1,560	-	2,078	2,078	-
Crime Reduction	224	224	-	300	300	-
Social Well-Being Plan	1,164	1,164	-	1,552	1,552	-
Clean Energy	75	75	-	100	100	-
Sustainability	190	190	-	250	250	-
Build Surrey Program	2,937	2,937	-	4,405	4,405	-
Fiscal Services	426	631	205	591	841	250
<b>TOTAL EXPENDITURES</b>	<b>\$ 223,613</b>	<b>\$ 224,762</b>	<b>\$ 1,149</b>	<b>\$ 295,770</b>	<b>\$ 296,920</b>	<b>\$ 1,150</b>
<b>TRANSFER SUMMARY</b>	<b>2011 3rd Qtr - Sept Actual</b>	<b>2011 3rd Qtr - Sept Budget</b>	<b>2011 3rd Quarter Variance</b>	<b>2011 Projected Actual</b>	<b>2011 Annual Budget</b>	<b>2011 Projected Variance</b>
Transfer to Capital Program	\$ 6,000	\$ 6,000	-	\$ 7,800	\$ 7,800	-
Transfer to Capital Program - Gaming	2,100	2,100	-	3,000	3,000	-
Transfers To(From) Own Sources	11,163	11,163	-	16,467	16,467	-
Transfers To(From) Surplus	(684)	(2,555)	1,871	(1,752)	(3,952)	2,200
<b>TOTAL TRANSFERS</b>	<b>\$ 18,579</b>	<b>\$ 16,708</b>	<b>\$ 1,871</b>	<b>\$ 25,515</b>	<b>\$ 23,315</b>	<b>\$ 2,200</b>



**2011 3rd QUARTER COUNCIL REPORT**  
**DEPARTMENTAL DETAIL**  
**\$ 000's**

	2011 3rd Qtr - Sept Actual	2011 3rd Qtr - Sept Budget	2011 3rd Quarter Variance	2011 Projected Actual	2011 Annual Budget	2011 Projected Variance
<b>PROGRAM REVENUES</b>						
R.C.M.P.	\$ 5,536	\$ 5,349	\$ 187	\$ 7,300	\$ 7,100	\$ 200
Fire	1,439	1,368	71	1,467	1,392	75
Engineering Services	3,700	4,134	(434)	4,974	5,474	(500)
Parks, Recreation & Culture	16,843	16,551	292	21,501	21,131	370
Surrey Public Library	1,374	1,390	(16)	1,561	1,571	(10)
Planning & Development	12,240	12,856	(616)	16,641	17,141	(500)
City Manager	5,414	5,139	275	7,152	6,852	300
Investment & Intergov Relations	12	4	8	15	5	10
Finance & Technology	886	747	139	1,197	1,047	150
Human Resources	13	8	5	15	10	5
<b>TOTAL PROGRAM REVENUES</b>	<b>\$ 47,457</b>	<b>\$ 47,546</b>	<b>\$ (89)</b>	<b>\$ 61,823</b>	<b>\$ 61,723</b>	<b>\$ 100</b>

	2011 3rd Qtr - Sept Actual	2011 3rd Qtr - Sept Budget	2011 3rd Quarter Variance	2011 Projected Actual	2011 Annual Budget	2011 Projected Variance
<b>PROGRAM EXPENDITURES</b>						
R.C.M.P.	\$ 79,911	\$ 79,275	\$ (636)	\$ 105,988	\$ 105,238	\$ (750)
Fire	36,102	35,983	(119)	48,824	48,749	(75)
Engineering Services	5,167	5,639	472	5,774	6,324	550
Parks, Recreation & Culture	44,143	43,571	(572)	57,972	57,602	(370)
Surrey Public Library	9,164	9,282	118	11,919	12,004	85
Planning & Development	15,007	16,294	1,287	20,262	21,362	1,100
Mayor & Council	893	913	20	1,186	1,211	25
City Grants	907	907	0	1,209	1,209	0
City Manager	8,656	8,692	36	11,214	11,314	100
Investment & Intergov Relations	1,044	971	(73)	1,147	1,162	15
Finance & Technology	13,895	14,308	413	18,013	18,233	220
Human Resources	2,044	2,042	(2)	2,736	2,736	0
<b>TOTAL PROGRAM EXPENDITURES</b>	<b>\$ 216,933</b>	<b>\$ 217,877</b>	<b>\$ 944</b>	<b>\$ 286,244</b>	<b>\$ 287,144</b>	<b>\$ 900</b>

	2011 3rd Qtr - Sept Actual	2011 3rd Qtr - Sept Budget	2011 3rd Quarter Variance	2011 Projected Actual	2011 Annual Budget	2011 Projected Variance
<b>NET PROGRAM</b>						
R.C.M.P.	\$ 74,375	\$ 73,926	\$ (449)	\$ 98,688	\$ 98,138	\$ (550)
Fire	34,663	34,615	(48)	47,357	47,357	0
Engineering Services	1,467	1,505	38	800	850	50
Parks, Recreation & Culture	27,300	27,020	(280)	36,471	36,471	0
Surrey Public Library	7,790	7,892	102	10,358	10,433	75
Planning & Development	2,766	3,438	672	3,621	4,221	600
Mayor & Council	893	913	20	1,186	1,211	25
City Grants	907	907	0	1,209	1,209	0
City Manager	3,242	3,553	311	4,062	4,462	400
Investment & Intergov Relations	1,033	967	(66)	1,132	1,157	25
Finance & Technology	13,009	13,561	552	16,816	17,186	370
Human Resources	2,031	2,034	3	2,721	2,726	5
<b>NET PROGRAM TOTAL</b>	<b>\$ 169,476</b>	<b>\$ 170,331</b>	<b>\$ 855</b>	<b>\$ 224,421</b>	<b>\$ 225,421</b>	<b>\$ 1,000</b>

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) JULY/11	INVESTMENT (MILLIONS) AUGUST/11	INVESTMENT (MILLIONS) SEPTEMBER/11
<i>RBC Month End Balance</i>	229.3	119.3	72.4
<i>RBC USD Account Month End Balance</i>	8.6	8.6	8.4
<i>Overnight</i>	20.0	20.0	20.0
<b>MAJOR BANKS - SCHEDULE I</b>			
Bank of Montreal	63.3	71.2	91.2
Bank of Nova Scotia	97.0	100.3	100.2
Canadian Imperial Bank of Commerce	49.3	52.1	52.0
Canadian Western Bank	10.1	10.1	10.1
Laurentian Bank of Canada	5.1	5.1	5.1
Manulife Bank of Canada	0.0	2.0	2.0
National Bank of Canada	63.8	63.8	63.8
Royal Bank of Canada	68.3	83.3	83.3
Toronto Dominion	84.7	85.8	85.8
<b>SUB TOTAL - SCHEDULE I BANKS</b>	<b>441.6</b>	<b>473.7</b>	<b>493.5</b>
<b>MAJOR BANKS - SCHEDULE II</b>			
HSBC Bank of Canada	10.0	10.0	10.0
<b>SUB TOTAL - SCHEDULE II BANKS</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>
<b>CREDIT UNIONS</b>			
Coast Capital Credit Union	20.0	20.0	20.0
Envision Credit Union	40.0	40.0	40.0
Gulf & Fraser Credit Union	10.0	10.0	10.0
Vancity Savings	50.0	50.0	50.0
Westminster Savings Credit Union	30.0	30.0	30.0
<b>SUB TOTAL - CREDIT UNIONS</b>	<b>150.0</b>	<b>150.0</b>	<b>150.0</b>
<b>PROVINCES</b>			
British Columbia	2.6	2.6	2.6
Ontario	25.1	25.0	25.0
Quebec	14.4	14.4	14.4
<b>SUB TOTAL - PROVINCES</b>	<b>42.1</b>	<b>42.0</b>	<b>42.0</b>
<b>OTHER</b>			
MFA	1.0	1.0	1.0
<b>SUB TOTAL - OTHER</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
<b>TOTAL PORTFOLIO</b>	<b>902.6</b>	<b>824.6</b>	<b>797.3</b>

**SCHEDULE 2 - 1**

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
<b>ROYAL BANK MONTH END BALANCE</b>					
30-Sep-11		Royal Bank		72,405,800.00	
30-Sep-11		Royal Bank USD Account (\$CDN)		8,437,100.00	
					<b>80,842,900.00</b>
<b>CALL LOAN</b>					
03-Oct-11	30-Sep-11	VanCity Savings Credit Union Call Loan	1	20,000,000.00	<b>20,000,000.00</b>
<b>MAJOR BANKS - SCHEDULE I</b>					
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 floater	1694	10,004,368.61	
21-Jun-12	01-Nov-07	Bank of Montreal fixed floater	1694	5,002,184.90	
21-Jun-12	29-Aug-08	Bank of Montreal fixed floater	1392	10,018,983.41	
24-Aug-12	24-Aug-11	Bank of Montreal gic	366	5,000,000.00	
04-Sep-12	02-Sep-11	Bank of Montreal gic	368	5,000,000.00	
22-Apr-15	14-Jan-10	Bank of Montreal fixed floater	1924	2,623,248.21	
10-Jun-15	10-Jun-09	Bank of Montreal deposit note	2191	1,714,474.26	
21-Apr-16	15-Jan-10	Bank of Montreal residual	2288	4,675,938.00	
08-Jul-16	24-Aug-11	Bank of Montreal fixed floater	1780	2,910,921.48	
18-Jul-16	18-Jul-11	Bank of Montreal step up note	1827	10,000,000.00	
08-Sep-16	08-Sep-11	Bank of Montreal step up note	1827	10,000,000.00	
01-Sep-17	01-Sep-11	Bank of Montreal step up note	2192	5,000,000.00	
26-Sep-17	14-Jan-10	Bank of Montreal fixed floater	2812	10,785,769.75	
26-Sep-17	26-Jan-10	Bank of Montreal fixed floater	2800	5,443,930.03	
		<b>*** BANK OF MONTREAL</b>			<b>91,179,818.65</b>
31-Dec-11	28-Jul-11	Bank of Nova Scotia investment savings account	156	3,000,000.00	
04-Jun-12	31-Mar-11	Bank of Nova Scotia bond	431	5,039,790.86	
30-Jun-12	31-Mar-11	Bank of Nova Scotia bond	457	5,158,309.10	
01-Nov-12	24-Aug-11	Bank of Nova Scotia residual	435	3,333,122.00	
27-Mar-13	10-Apr-08	Bank of Nova Scotia fixed floater	1812	9,991,485.51	
27-Mar-13	18-Apr-08	Bank of Nova Scotia fixed floater	1804	9,993,375.06	
27-Mar-13	21-Apr-08	Bank of Nova Scotia fixed floater	1801	1,297,956.89	
27-Sep-13	24-Jun-09	Bank of Nova Scotia residual	1556	1,050,191.60	
03-Oct-13	06-Oct-08	Bank of Nova Scotia fixed floater	1823	702,533.93	
03-Oct-13	08-Oct-08	Bank of Nova Scotia fixed floater	1821	5,001,691.32	
03-Oct-13	31-Jul-09	Bank of Nova Scotia fixed floater	1525	521,588.75	
15-Apr-14	28-Apr-09	Bank of Nova Scotia fixed floater	1813	2,014,218.22	
15-Apr-14	01-May-09	Bank of Nova Scotia fixed floater	1810	5,067,238.41	
15-Apr-14	17-Jun-09	Bank of Nova Scotia fixed floater	1763	5,105,716.00	
15-Apr-14	31-Jul-09	Bank of Nova Scotia fixed floater	1719	5,144,292.85	
15-Apr-14	19-Aug-10	Bank of Nova Scotia fixed floater	1335	7,657,967.10	
16-Jul-14	19-Aug-10	Bank of Nova Scotia deposit note	1427	10,205,421.35	
22-Jan-16	22-Jan-09	Bank of Nova Scotia fixed floater	2556	1,999,790.73	
22-Jan-16	06-Feb-09	Bank of Nova Scotia fixed floater	2541	2,038,411.50	
22-Jan-16	10-Feb-09	Bank of Nova Scotia fixed floater	2537	5,105,487.75	
22-Jan-16	11-Jun-09	Bank of Nova Scotia fixed floater	2416	10,786,994.59	
		<b>*** BANK OF NOVA SCOTIA</b>			<b>100,215,583.52</b>
31-Dec-11	28-Jul-11	CIBC investment savings account	156	2,000,000.00	
10-Sep-12	10-Apr-08	CIBC deposit note	1614	5,001,390.28	
10-Sep-12	31-Mar-11	CIBC deposit note	529	10,268,773.76	
06-Jun-13	11-Aug-08	CIBC fixed floater	1760	10,018,951.11	
06-Jun-13	31-Jul-09	CIBC fixed floater	1406	3,076,278.95	
06-Jun-13	11-May-09	CIBC residual	1487	5,175,000.00	
31-Oct-14	12-Jun-09	CIBC residual	1967	4,135,115.49	
31-Oct-14	19-Mar-10	CIBC residual	1687	2,410,240.00	
02-Mar-15	19-Mar-10	CIBC deposit note	1809	4,968,673.04	
02-Nov-15	24-Aug-11	CIBC fixed floater	1531	2,840,814.08	
06-Jun-18	26-Jan-10	CIBC residual	3053	2,122,890.00	
		<b>*** CIBC</b>			<b>52,018,126.71</b>

**SCHEDULE 2 - 2**

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
17-Jan-12	26-Sep-11	Canadian Western Bank term deposit	113	5,000,000.00	
30-Nov-15	30-Nov-10	Canadian Western Bank fixed floater	1826	2,010,497.08	
30-Nov-15	23-Jun-11	Canadian Western Bank fixed floater	1621	3,062,694.83	
		<b>*** CANADIAN WESTERN BANK</b>			<b>10,073,191.91</b>
02-Nov-15	23-Jun-11	Laurentian Bank fixed floater	1593	1,016,092.94	
02-Nov-15	28-Jun-11	Laurentian Bank fixed floater	1588	4,082,805.73	
		<b>*** LAURENTIAN BANK OF CANADA</b>			<b>5,098,898.67</b>
31-Dec-11	09-Aug-11	Manulife Bank investment savings account	144	2,000,000.00	
		<b>*** MANULIFE BANK OF CANADA</b>			<b>2,000,000.00</b>
31-Dec-11	28-Jul-11	National Bank investment savings account	156	5,000,000.00	
02-Nov-11	26-Nov-07	National Bank fixed floater	1437	9,984,778.15	
02-Nov-11	27-Nov-07	National Bank fixed floater	1436	9,986,905.36	
02-Nov-11	10-Apr-08	National Bank fixed floater	1301	19,978,020.28	
15-Nov-13	05-Jun-08	National Bank fixed floater	1989	5,031,807.24	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	3,954,499.05	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	9,867,873.00	
		<b>*** NATIONAL BANK OF CANADA</b>			<b>63,803,883.08</b>
31-Dec-11	28-Jul-11	Royal Bank investment savings account	156	7,500,000.00	
30-Apr-12	01-Nov-07	Royal Bank fixed floater	1642	4,986,077.37	
30-Apr-12	05-Jun-08	Royal Bank fixed floater	1425	4,995,248.69	
30-Apr-12	11-Dec-08	Royal Bank fixed floater	1236	3,883,256.88	
07-Aug-12	04-Aug-11	Royal Bank gic	369	7,500,000.00	
08-Aug-12	08-Aug-11	Royal Bank gic	366	7,500,000.00	
11-Mar-13	18-Apr-08	Royal Bank fixed floater	1788	9,977,058.17	
11-Mar-13	18-Apr-08	Royal Bank fixed floater	1788	4,986,877.61	
11-Mar-13	05-Jun-08	Royal Bank fixed floater	1740	5,000,541.95	
06-Jun-13	08-Apr-09	Royal Bank residual	1520	4,924,435.00	
04-Nov-13	15-Apr-08	Royal Bank fixed floater	2029	1,769,126.61	
04-Nov-13	15-Oct-08	Royal Bank fixed floater	1846	3,972,689.81	
04-Nov-13	19-Aug-10	Royal Bank fixed floater	1173	5,290,312.29	
04-Nov-13	24-Jun-09	Royal Bank residual	1594	1,006,335.00	
17-Mar-14	17-Mar-09	Royal Bank step up note	1826	9,977,863.50	
		<b>*** ROYAL BANK OF CANADA</b>			<b>83,269,822.88</b>
01-Nov-12	11-Apr-08	Toronto Dominion fixed floater	1665	10,035,836.12	
01-Nov-12	11-Dec-08	Toronto Dominion fixed floater	1421	9,991,557.26	
01-Nov-12	21-Apr-08	Toronto Dominion fixed floater	1655	5,014,881.77	
01-Nov-12	08-Apr-09	Toronto Dominion residual	1303	8,645,300.00	
01-Nov-12	24-Aug-11	Toronto Dominion residual	435	1,078,363.00	
04-Aug-14	05-Aug-09	Toronto Dominion residual	1825	3,964,656.00	
02-Apr-15	28-Apr-09	Toronto Dominion fixed floater	2165	5,125,561.47	
02-Apr-15	12-Feb-10	Toronto Dominion residual	1875	9,284,000.00	
08-Oct-16	08-Oct-09	Toronto Dominion step up note	2557	4,987,446.57	
09-Jul-18	26-Jan-10	Toronto Dominion residual	3086	2,114,700.00	
09-Jul-18	27-Jun-11	Toronto Dominion fixed floater	2569	5,626,172.40	
24-Nov-19	24-Nov-09	Toronto Dominion step up note	3652	4,987,775.49	
07-Jul-20	07-Jul-10	Toronto Dominion step up note	3653	9,956,174.69	
07-Jul-21	07-Jul-11	Toronto Dominion step up note	3653	4,975,609.09	
		<b>*** TORONTO DOMINION BANK</b>			<b>85,788,033.86</b>
<b>MAJOR BANKS - SCHEDULE II</b>					
08-Apr-21	08-Apr-11	HSBC step up note	3653	10,000,000.00	
		<b>*** HSBC BANK CANADA</b>			<b>10,000,000.00</b>

**SCHEDULE 2 - 3**

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
<b>CREDIT UNIONS</b>					
13-Dec-11	13-Sep-11	Coast Capital Credit Union term deposit	91	20,000,000.00	
14-Dec-11	14-Sep-11	Envision Credit Union term deposit	91	40,000,000.00	
19-Jan-12	15-Sep-11	Gulf & Fraser Credit Union term deposit	126	10,000,000.00	
21-Dec-11	21-Sep-11	Vancity Savings Credit Union term deposit	91	50,000,000.00	
20-Dec-11	20-Sep-11	Westminster Savings Credit Union term deposit	91	30,000,000.00	
		<b>*** CREDIT UNIONS</b>			<b>150,000,000.00</b>
<b>PROVINCIAL GUARANTEED PAPER</b>					
09-Jul-15	19-Jan-10	BC residual	1997	2,552,912.00	
		<b>*** BRITISH COLUMBIA</b>			<b>2,552,912.00</b>
08-Mar-14	29-Mar-10	Ontario bond	1440	5,248,557.71	
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	
		<b>*** ONTARIO</b>			<b>25,033,177.54</b>
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	
		<b>*** QUEBEC</b>			<b>14,432,573.00</b>
open	17-Dec-03	BCMFA investment pool-money market fund	2574	1,000,000.00	
		<b>*** BC MUNICIPAL FINANCE AUTHORITY</b>			<b>1,000,000.00</b>
<b>TOTAL PORTFOLIO</b>				<b>\$</b>	<b>797,308,921.82</b>