

NO: **R080**

COUNCIL DATE: **April 23, 2012**

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **April 19, 2012**

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

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - First Quarter- 2012**

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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 first quarter of 2012 and to compare that activity with the 2012 Financial Plan and the same period in prior years.

## DISCUSSION

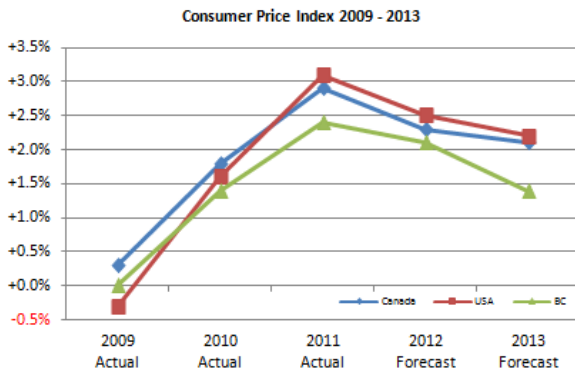
The Five Year (2012-2016) Financial Plan was adopted by Council on February 6<sup>th</sup>, 2012.

The following discussion provides a summary of current economic conditions followed by an outline of Surrey's financial performance for the first quarter of 2012. It also includes an overview of the City's investment portfolio performance.

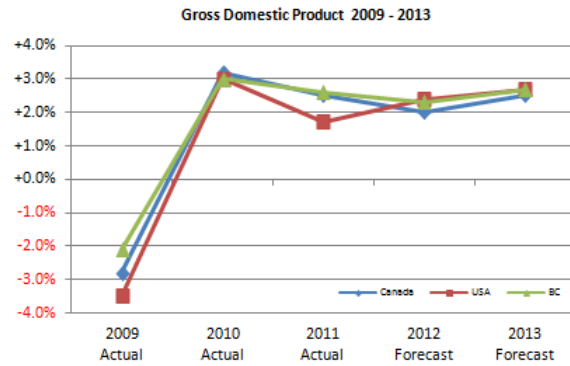
### International Overview

The global economy is showing signs of recovery with modest to strong growth expected in most parts of the world. Global GDP is expected to grow at a rate of 3.5% in 2012. However, there are large differences in the expected growth rate between various regions. Euro-zone countries are expected to experience a contraction in their GDP which is expected to deepen their recession. Contributing factors include high rates of unemployment and cost-cutting measures currently implemented by the countries that need to significantly reduce their debt. Investors are steering away from Europe as many feel that the debt crisis is not yet resolved.

The outlook for the rest of the world is brighter with modest growth of 2-3% expected in North America and strong growth of 5.6% expected in the developing countries. Although modest growth is expected in most parts of the world, the consensus is that major banks will keep interest rates at current levels until the end of 2012. The rising cost of gasoline and its impact on manufacturing and consumer spending presents risks to global growth. Inflation risk in Latin America, China and India will negatively affect purchasing power and growth in those countries.



Graph 1 Source: BMO Economics Apr 1, 2012



Graph 2 Source: BMO Economics Apr 1, 2012

### United States Overview

The US economy is showing signs of recovery through increased housing starts. For the first time since 2009, US banks are reporting an increase in residential mortgage loans on a year-over-year basis. The first quarter of 2012 saw a year-over-year increase of 3.9%.

In the first two months of 2012, net job creation exceeded the forecast number of 200,000 jobs created per month. However, March fell short of that forecast by 80,000 jobs. The unemployment rate remains at 8.2%. Future disappointing employment news may create further instability in financial markets.

In the first quarter, consumer spending increased by 0.5%. The demand for durable goods (i.e. appliances, home furnishings, and consumer electronics) rose, signalling improvements in consumer confidence. However, the rising cost of gasoline will decrease disposable income and may reduce consumer spending in the months ahead.

### Canadian Overview

The Canadian economy continues to strengthen despite restrained spending from the Federal and Provincial governments. The Canadian dollar remained strong against the US dollar, trading at or close to parity for the first three months of 2012. Exports have fallen in the first quarter due to lower exports of energy and automotive products. As exports account for 45% of Canada's GDP, an increased trade deficit is cause for concern. Canada's unemployment rate improved slightly in March to 7.2%, due partly to growth in the natural resource sector.

The Bank of Canada has maintained its overnight rate at 1% with no increases expected for 2012. Low interest rates are leading to increased consumer spending. In the first quarter, year-over-year consumer spending increased by 3.4%. Although consumer spending is beneficial to economic growth, the rising level of debt is concerning. Currently, household debt is estimated to be 150% of annual income. A rise in interest rates would make it difficult for consumers to maintain their personal debt.

### British Columbia Overview

The Provincial economy is expected to have modest growth of 2.6% in 2012. BC's exports should increase due to growth in Asian markets such as China, Korea, and Japan. BC is seeing a shift away from exports to the US. A decade ago exports to the US were 70% of total exports as compared to the current percentage of 50%.

Natural resource industries (oil and gas, mining, utilities, and aluminum) are reporting increases in capital expenditures which will contribute to growth in the economy. The unemployment rate in BC was at 7% in March, which is down from 8.1% for the same period in the previous year. The consumer

price index rose 0.3% in February compared to the same quarter last year. The increase is due to higher energy and food costs. Similar to the rest of the country, consumer personal debts continue to increase in BC.

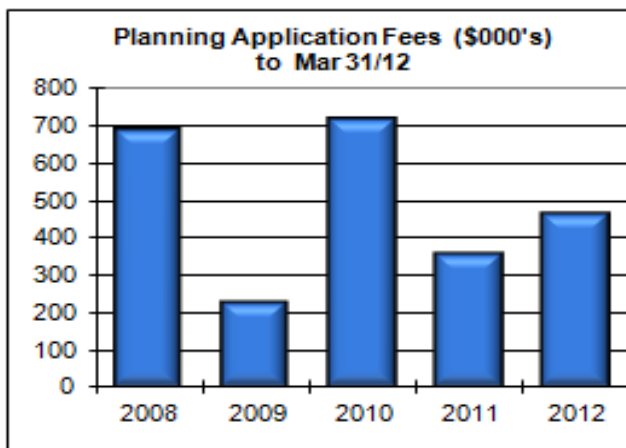
### Surrey's Financial Performance

The level of new development activity in 2012 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 that area. Applications for multi-family residential development 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 the City economy.

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 the related expenses incurred by the City.

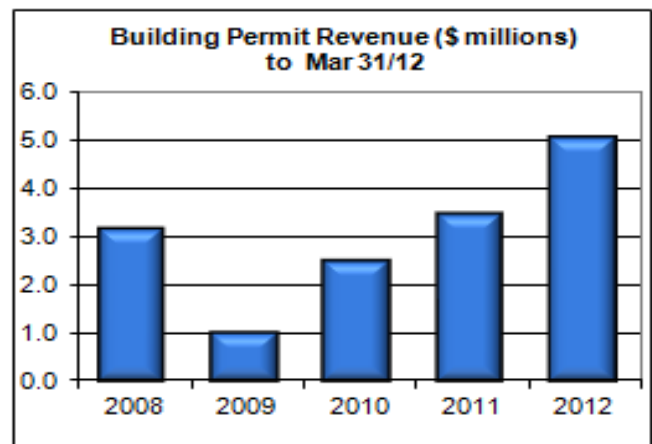
This revenue deferral process means that although there may be a significant reduction in the actual revenue collected in any given period, the effect of this reduction will not be recognized for some time into the future, which in some cases will be in the following year. The timing difference between 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 quarter of 2012 compare to previous years' results for the same period:



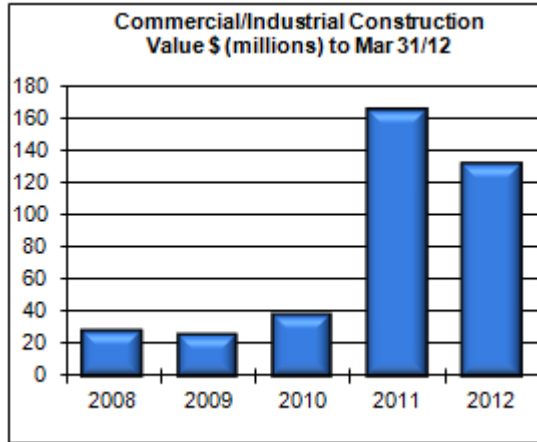
Graph 3

Application fees collected in the first quarter of the year are higher than those collected for the same period last year. Uncertainty about the future of the HST in 2011 caused a slowdown in development applications in comparison to the prior year. An increase in developer confidence, growth in the City and demand for multi-housing units, coupled with low interest rates, has spurred applications in 2012.



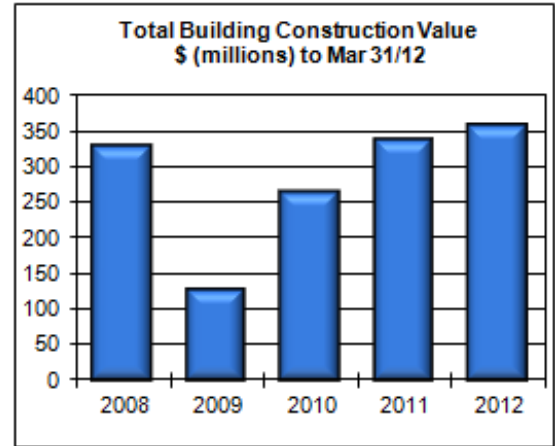
Graph 4

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 to the increase in the number of multi-housing units being built in the City. It also includes the value of permits for the final phase of the Surrey Memorial Hospital expansion, a portion of which fees will be granted to the Surrey Memorial Hospital Foundation (approximately \$600,000) in accordance with a prior decision of Council.



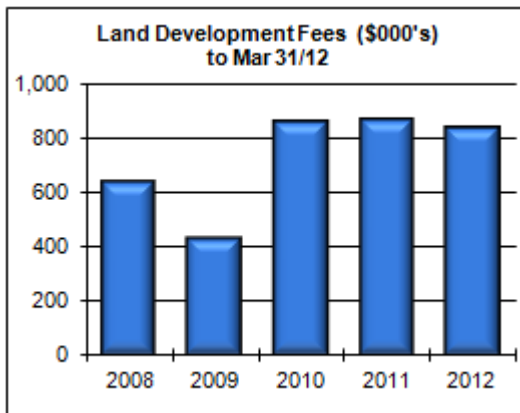
Graph 5

Construction value of commercial and industrial building permits for the first quarter of 2012 is lower compared to the same period in 2011; however, construction value in this area remains higher in comparison to the same period in the years 2008 through 2010. Projects for which building permits have been issued in the first quarter include developments in City Centre, the Wal-Mart expansion in Guildford and developments in Campbell Heights.



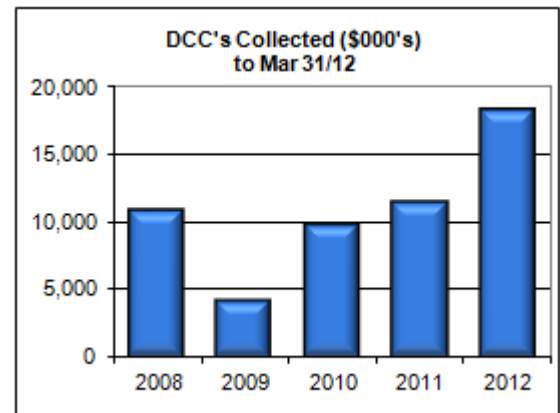
Graph 6

Overall, the value of new construction in the City for the first three months of the year is 6% greater than during the same time period last year. The increase is primarily attributable to the number of multi-family dwelling units for which permits have been issued.



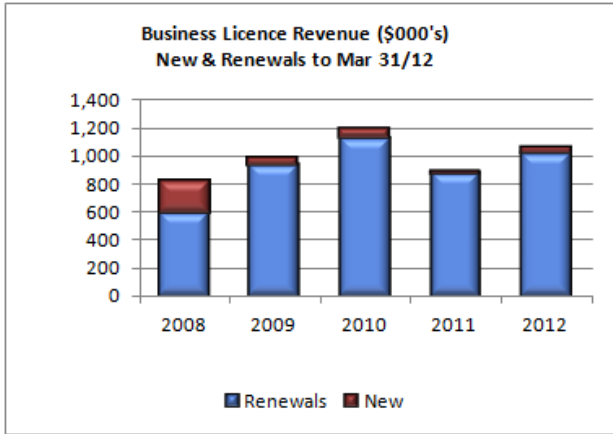
Graph 7

Engineering Land Development fees collected in the first three months of the year are slightly lower than the same period in 2011. It is expected that fees collected in 2012 will meet the 2012 budget in this area.



Graph 8

Development Cost Charges that have been collected in the first three months of the year are 40% higher than those collected in the same period of 2011. This mirrors the increase in development and related construction value. The City collects DCC revenue throughout the year and distributes it to the related construction programs in the following year.

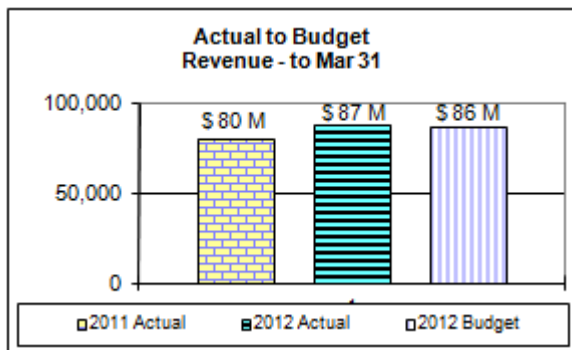


Graph 9

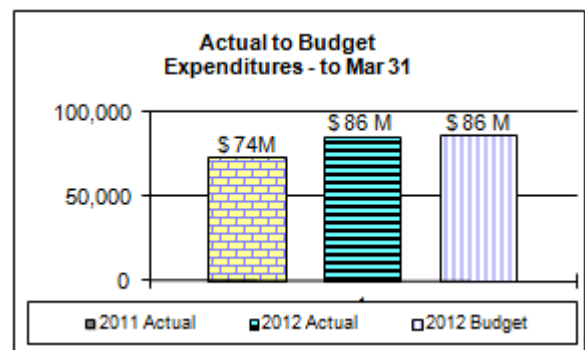
Business license revenue has increased in the first quarter of 2012 in comparison to the same period for 2011. General growth and economic development efforts have contributed to the increase in the number of new businesses within the City.

**Actual Revenues and Expenditures Relative to the 2012 Budget (Financial Plan)**

The following graphs illustrate the variances between the actual and the budgeted revenues and expenditures, respectively, excluding transfers to reserves, for the first quarter of 2012.



Graph 10



Graph 11

**Appendix A** documents the general fund revenues and expenditures for the first quarter of 2012 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 2012 Financial Plan:

RCMP currently shows a favourable variance of \$78,000. This is due to the timing of expenditures.

Fire Services has a favourable variance of \$104,000 as a result of temporary staff vacancies and the timing of purchases of supplies.

Engineering Services currently has a favourable variance of \$63,000 which is due primarily to temporary staff vacancies.

Parks, Recreation & Culture Department is showing a favourable departmental variance of \$56,000, which is primarily due to the timing of revenue received for programming and the timing of related expenditures.

Library Services is currently on budget.

Planning and Development Department, which also includes Civic Facilities, is reporting a positive variance of \$147,000 due to staff vacancies and the timing of maintenance costs for civic facilities.

Mayor and Council has a favourable variance of \$21,000.

City Grants has a positive variance of \$70,000, due to timing of grant payments.

City Manager's Department is currently reporting a favourable variance of \$120,000 due to revenue increases from fees and fines, staff vacancies and the timing of expenditures.

Investment & Intergovernmental Relations Department is currently on budget.

Finance & Technology Department currently has a favourable variance of \$139,000. This is primarily due to the timing of the payments on IT maintenance contracts.

Human Resources Department has a favourable variance of \$14,000 due primarily to the timing of expenses.

Staff will continue to closely monitor all areas to ensure that immediate action is taken to address negative 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 the City's investment portfolio. **Schedule 1** is a summary of investments by issuer type, with comparative totals for each month-end from January through March 2012. **Schedule 2** is a detailed listing of securities as at March 31, 2012 sub-totalled by issuer type.

It is important to note that although the investment portfolio is currently valued at \$650 million, most of these funds have either been committed to specific capital projects or are funds that have been invested until they are needed to pay current operating expenses.

The City's investment portfolio is currently earning a combined rate of approximately 3.33%, while maintaining investment security as outlined in the City's investment policy. This is currently below the budget amount for returns on investment that was anticipated in the 2012 Financial Plan due to the timing of funds received. Interest revenue is expected to meet budget targets for 2012.

### **CONCLUSION**

Development activity experienced in the first quarter of 2012 is higher than that of the same period in 2011. The 2012 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 negative variances in relation to the 2012 budget and to reduce as much as possible by year end the budgeted transfer from surplus.

Vivienne Wilke, CGA  
General Manager,  
Finance & Technology

<b>2012 1ST QUARTER COUNCIL REPORT</b> <b>EXECUTIVE SUMMARY - REVENUES &amp; EXPENDITURES</b> <b>\$ 000's</b>					
<b>REVENUE SUMMARY</b>	<b>2011 1st Qtr - Mar Actual</b>	<b>2012 1st Qtr - Mar Actual</b>	<b>2012 1st Qtr - Mar Budget</b>	<b>2012 1st Quarter Variance</b>	<b>2012 Annual Budget</b>
Net Taxation	\$ 56,663	\$ 60,163	\$ 60,163	\$ -	\$ 240,652
Non-Tax Revenues	5,723	5,892	6,150	258	23,612
Provincial Casino Revenue Sharing	700	700	700	-	3,000
Build Surrey Program	-	1,811	1,811	-	7,243
Utility Recoveries	1,014	1,120	1,120	-	4,480
Program Revenues	15,709	16,987	16,498	(489)	63,042
<b>TOTAL REVENUES</b>	<b>\$ 79,809</b>	<b>\$ 86,673</b>	<b>\$ 86,442</b>	<b>\$ (231)</b>	<b>\$ 342,029</b>
<b>EXPENDITURE SUMMARY</b>	<b>2011 1st Qtr - Mar Actual</b>	<b>2012 1st Qtr - Mar Actual</b>	<b>2012 1st Qtr - Mar Budget</b>	<b>2012 1st Quarter Variance</b>	<b>2012 Annual Budget</b>
Program Expenditures	\$ 66,404	\$ 75,083	\$ 75,412	\$ 329	\$ 303,298
Council Projects	15	29	29	-	250
City Beautification	520	683	683	-	2,734
Crime Reduction	58	78	81	3	300
Social Well-Being Plan	230	422	434	12	1,735
Clean Energy	-	42	42	-	185
Sustainability	51	63	63	-	250
Build Surrey Program	-	1,811	1,811	-	7,243
Fiscal Services	203	242	251	9	1,004
MFA Principle	-	59	59	-	237
<b>TOTAL EXPENDITURES</b>	<b>\$ 67,482</b>	<b>\$ 78,512</b>	<b>\$ 78,865</b>	<b>\$ 353</b>	<b>\$ 317,236</b>
<b>TRANSFER SUMMARY</b>	<b>2011 1st Qtr - Mar Actual</b>	<b>2012 1st Qtr - Mar Actual</b>	<b>2012 1st Qtr - Mar Budget</b>	<b>2012 1st Quarter Variance</b>	<b>2012 Annual Budget</b>
Transfer to Capital Program	\$ 2,000	\$ 2,525	\$ 2,525	\$ -	\$ 9,900
Transfer to Capital Program - Gaming	700	700	700	-	3,000
Transfers To(From) Own Sources	3,721	3,873	3,873	-	15,891
<b>TOTAL TRANSFERS</b>	<b>6,421</b>	<b>\$ 7,098</b>	<b>\$ 7,098</b>	<b>\$ -</b>	<b>\$ 28,791</b>
Surplus(Deficit)	5,906	1,063	479	(584)	(3,998)
Transfer (to)from Surplus	(5,906)	(1,063)	(479)	584	3,998
<b>BALANCED BUDGET</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**2012 1ST QUARTER COUNCIL REPORT  
DEPARTMENTAL DETAIL  
\$ 000's**

	2011 1st Qtr - Mar Actual	2012 1st Qtr - Mar Actual	2012 1st Qtr - Mar Budget	2012 1st Quarter Variance	2012 Annual Budget
<b>PROGRAM REVENUES</b>					
R.C.M.P.	\$ 1,832	\$ 1,807	\$ 1,799	\$ (8)	\$ 7,196
Fire	31	85	32	(53)	1,446
Engineering Services	1,282	1,528	1,514	(14)	5,200
Parks, Recreation & Culture	6,099	6,698	6,259	(439)	21,454
Surrey Public Library	380	189	404	215	1,593
Planning & Development	3,950	4,536	4,408	(128)	17,631
City Manager	1,894	1,955	1,900	(55)	7,386
Investment & Intergov Rel	16	-	-	-	-
Finance & Technology	221	183	181	(2)	1,126
Human Resources	4	6	2	(4)	10
<b>TOTAL PROGRAM REVENUES</b>	<b>\$ 15,709</b>	<b>\$ 16,987</b>	<b>\$ 16,498</b>	<b>\$ (489)</b>	<b>\$ 63,042</b>
	2011 1st Qtr - Mar Actual	2012 1st Qtr - Mar Actual	2012 1st Qtr - Mar Budget	2012 1st Quarter Variance	2012 Annual Budget
<b>PROGRAM EXPENDITURES</b>					
R.C.M.P.	\$ 26,041	\$ 27,869	\$ 27,939	\$ 70	\$ 111,783
Fire	10,191	13,255	13,306	51	53,094
Engineering Services	1,185	1,839	1,887	48	6,335
Parks, Recreation & Culture	11,417	11,556	11,174	(382)	57,044
Surrey Public Library	2,840	3,092	3,308	216	11,871
Planning & Development	4,395	6,186	6,206	20	23,418
Mayor & Council	281	320	341	21	1,280
City Grants	849	746	816	70	1,239
City Manager	2,796	3,122	3,186	64	11,806
Investment & Intergov Rel	270	414	419	5	1,584
Finance & Technology	5,556	5,924	6,060	136	20,248
Human Resources	582	760	770	10	2,871
Operating Contingency	1	-	-	-	725
<b>TOTAL PROGRAM EXPENDITURES</b>	<b>\$ 66,404</b>	<b>\$ 75,083</b>	<b>\$ 75,412</b>	<b>\$ 329</b>	<b>\$ 303,298</b>
	2011 1st Qtr - Mar Actual	2012 1st Qtr - Mar Actual	2012 1st Qtr - Mar Budget	2012 1st Quarter Variance	2012 Annual Budget
<b>NET PROGRAM</b>					
R.C.M.P.	\$ 24,209	\$ 26,062	\$ 26,140	\$ 78	\$ 104,587
Fire	10,160	13,170	13,274	104	51,648
Engineering Services	(97)	310	373	63	1,135
Parks, Recreation & Culture	5,318	4,859	4,915	56	35,590
Surrey Public Library	2,460	2,904	2,904	-	10,278
Planning & Development	445	1,651	1,798	147	5,787
Mayor & Council	281	320	341	21	1,280
City Grants	849	746	816	70	1,239
City Manager	902	1,166	1,286	120	4,420
Investment & Intergov Rel	254	414	419	5	1,584
Finance & Technology	5,335	5,741	5,880	139	19,122
Human Resources	578	754	768	14	2,861
Operating Contingency	1	-	-	-	725
<b>NET PROGRAM TOTAL</b>	<b>\$ 50,695</b>	<b>\$ 58,097</b>	<b>\$ 58,914</b>	<b>\$ 817</b>	<b>\$ 240,256</b>



FIRST QUARTER INVESTMENT SUMMARY

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) JANUARY/12	INVESTMENT (MILLIONS) FEBRUARY/12	INVESTMENT (MILLIONS) MARCH/12
<i>RBC Month End Balance</i>	35.9	30.8	26.3
<i>RBC USD Account Month End Balance</i>	7.7	7.5	7.2
<i>Overnight</i>	20.0	20.0	20.0
<b>MAJOR BANKS - SCHEDULE I</b>			
Bank of Montreal	81.1	78.0	81.5
Bank of Nova Scotia	106.9	106.8	106.8
Canadian Imperial Bank of Commerce	49.9	49.9	49.8
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	0.0	0.0
National Bank of Canada	18.9	18.9	18.9
Royal Bank of Canada	68.3	68.2	68.2
Toronto Dominion	80.8	80.8	80.7
<b>SUB TOTAL - SCHEDULE I BANKS</b>	<b>420.8</b>	<b>417.8</b>	<b>421.1</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	10.0	10.0	10.0
Envision Credit Union	35.0	30.0	30.0
Gulf & Fraser Credit Union	0.0	0.0	0.0
North Shore Credit Union	5.0	5.0	5.0
Vancity Savings	64.6	59.6	57.1
Westminster Savings Credit Union	20.0	20.0	20.0
<b>SUB TOTAL - CREDIT UNIONS</b>	<b>134.6</b>	<b>124.6</b>	<b>122.1</b>
<b>PROVINCES</b>			
British Columbia	2.6	2.6	2.6
Ontario	25.0	25.0	25.0
Quebec	14.4	14.4	14.4
<b>SUB TOTAL - PROVINCES</b>	<b>42.0</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>672.1</b>	<b>653.7</b>	<b>649.7</b>

**SCHEDULE 2 - 1**

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
<b>ROYAL BANK MONTH END BALANCE</b>					
31-Mar-12		Royal Bank		26,279,185.20	
31-Mar-12		Royal Bank USD Account (CAD\$)		7,181,157.81	
					<b>33,460,343.01</b>
<b>CALL LOAN</b>					
02-Apr-12	30-Mar-12	VanCity Savings Credit Union Call Loan	3	20,000,000.00	<b>20,000,000.00</b>
<b>MAJOR BANKS - SCHEDULE I</b>					
21-Jun-12	01-Nov-07	Bank of Montreal fixed floater	1694	10,002,149.30	
21-Jun-12	01-Nov-07	Bank of Montreal fixed floater	1694	5,001,074.99	
21-Jun-12	29-Aug-08	Bank of Montreal fixed floater	1392	10,009,321.04	
22-Apr-15	14-Jan-10	Bank of Montreal fixed floater	1924	2,605,638.57	
10-Jun-15	10-Jun-09	Bank of Montreal deposit note	2191	1,705,747.01	
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	2,882,428.73	
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	10,719,003.79	
26-Sep-17	26-Jan-10	Bank of Montreal fixed floater	2800	5,405,603.92	
21-Mar-22	21-Mar-12	Bank of Montreal step up note	3652	1,000,000.00	
28-Mar-18	15-Mar-12	Bank of Montreal residual	2204	2,509,500.00	
		<b>*** BANK OF MONTREAL</b>			<b>81,516,405.35</b>
04-Jun-12	31-Mar-11	Bank of Nova Scotia bond	431	5,019,392.97	
30-Jun-12	31-Mar-11	Bank of Nova Scotia bond	457	5,081,242.06	
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	9,994,345.89	
27-Mar-13	18-Apr-08	Bank of Nova Scotia fixed floater	1804	9,995,600.70	
27-Mar-13	21-Apr-08	Bank of Nova Scotia fixed floater	1801	1,298,643.29	
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	701,903.21	
03-Oct-13	08-Oct-08	Bank of Nova Scotia fixed floater	1821	5,001,270.42	
03-Oct-13	31-Jul-09	Bank of Nova Scotia fixed floater	1525	516,215.45	
15-Apr-14	28-Apr-09	Bank of Nova Scotia fixed floater	1813	2,011,419.82	
15-Apr-14	01-May-09	Bank of Nova Scotia fixed floater	1810	5,054,004.63	
15-Apr-14	17-Jun-09	Bank of Nova Scotia fixed floater	1763	5,084,909.14	
15-Apr-14	31-Jul-09	Bank of Nova Scotia fixed floater	1719	5,115,893.35	
15-Apr-14	19-Aug-10	Bank of Nova Scotia fixed floater	1335	7,587,512.52	
16-Jul-14	19-Aug-10	Bank of Nova Scotia deposit note	1427	10,168,646.36	
22-Jan-16	22-Jan-09	Bank of Nova Scotia fixed floater	2556	1,999,815.03	
22-Jan-16	06-Feb-09	Bank of Nova Scotia fixed floater	2541	2,033,958.54	
22-Jan-16	10-Feb-09	Bank of Nova Scotia fixed floater	2537	5,093,258.73	
22-Jan-16	11-Jun-09	Bank of Nova Scotia fixed floater	2416	10,695,759.67	
13-Dec-21	13-Dec-11	Bank of Nova Scotia step up	3653	9,927,268.69	
		<b>*** BANK OF NOVA SCOTIA</b>			<b>106,764,374.07</b>
10-Sep-12	10-Apr-08	CIBC deposit note	1614	5,000,767.06	
10-Sep-12	31-Mar-11	CIBC deposit note	529	10,151,548.91	
06-Jun-13	11-Aug-08	CIBC fixed floater	1760	10,013,320.59	
06-Jun-13	31-Jul-09	CIBC fixed floater	1406	3,053,615.72	
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	4,973,253.20	
02-Nov-15	24-Aug-11	CIBC fixed floater	1531	2,806,451.31	
06-Jun-18	26-Jan-10	CIBC residual	3053	2,122,890.00	
		<b>*** CIBC</b>			<b>49,842,202.28</b>

**SCHEDULE 2 - 2**

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
16-Jul-12	17-Jan-12	Canadian Western Bank term deposit	181	5,000,000.00	
30-Nov-15	30-Nov-10	Canadian Western Bank fixed floater	1826	2,009,237.74	
30-Nov-15	23-Jun-11	Canadian Western Bank fixed floater	1621	3,047,823.25	
<b>*** CANADIAN WESTERN BANK</b>					<b>10,057,060.99</b>
02-Nov-15	23-Jun-11	Laurentian Bank fixed floater	1593	1,009,553.80	
02-Nov-15	28-Jun-11	Laurentian Bank fixed floater	1588	4,052,775.82	
<b>*** LAURENTIAN BANK OF CANADA</b>					<b>5,062,329.62</b>
15-Nov-13	05-Jun-08	National Bank fixed floater	1989	5,024,329.26	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	3,961,546.71	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	9,888,338.22	
<b>*** NATIONAL BANK OF CANADA</b>					<b>18,874,214.19</b>
31-Dec-12	14-Nov-11	Royal Bank investment savings account	413	890.41	
30-Apr-12	01-Nov-07	Royal Bank fixed floater	1642	4,994,026.14	
30-Apr-12	05-Jun-08	Royal Bank fixed floater	1425	4,997,968.61	
30-Apr-12	11-Dec-08	Royal Bank fixed floater	1236	3,892,841.22	
07-Aug-12	04-Aug-11	Royal Bank gic	369	7,500,000.00	
11-Mar-13	18-Apr-08	Royal Bank fixed floater	1788	9,984,999.17	
11-Mar-13	18-Apr-08	Royal Bank fixed floater	1788	4,991,419.67	
11-Mar-13	05-Jun-08	Royal Bank fixed floater	1740	5,000,360.15	
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	1,766,234.55	
04-Nov-13	15-Oct-08	Royal Bank fixed floater	1846	3,979,202.87	
04-Nov-13	19-Aug-10	Royal Bank fixed floater	1173	5,221,077.42	
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	9,982,361.04	
<b>*** ROYAL BANK OF CANADA</b>					<b>68,242,151.25</b>
01-Nov-12	11-Apr-08	Toronto Dominion fixed floater	1665	10,020,703.37	
01-Nov-12	11-Dec-08	Toronto Dominion fixed floater	1421	9,995,122.37	
01-Nov-12	21-Apr-08	Toronto Dominion fixed floater	1655	5,008,597.46	
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	5,107,648.65	
02-Apr-15	12-Feb-10	Toronto Dominion residual	1875	9,284,000.00	
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	5,582,401.04	
24-Nov-19	24-Nov-09	Toronto Dominion step up note	3652	4,988,525.07	
07-Jul-20	07-Jul-10	Toronto Dominion step up note	3653	4,976,844.37	
07-Jul-21	07-Jul-11	Toronto Dominion step up note	3653	9,975,858.87	
<b>*** TORONTO DOMINION BANK</b>					<b>80,742,720.20</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**

<b>MATURITY DATE</b>	<b>PURCHASE DATE</b>	<b>SECURITY</b>	<b># OF DAYS</b>	<b>PRINCIPAL</b>	<b>TOTAL</b>
<b>CREDIT UNIONS</b>					
09-May-12	10-Nov-11	Coast Capital Credit Union term deposit	181	10,000,000.00	
20-Apr-12	21-Mar-12	Envision Credit Union term deposit	30	30,000,000.00	
30-Jul-12	30-Jan-12	North Shore Credit Union	182	5,000,000.00	
23-Apr-12	22-Mar-12	Vancity Savings Credit Union term deposit	32	37,500,000.00	
07-Jan-13	05-Jan-12	Vancity Savings Credit Union term deposit	368	19,621,212.07	
10-Apr-12	09-Mar-12	Westminster Savings Credit Union term deposit	32	20,000,000.00	
		<b>*** CREDIT UNIONS</b>			<b>122,121,212.07</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	5,197,546.43	
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>24,982,166.26</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>\$ 649,650,664.30</b>