

NO: **R224**

COUNCIL DATE: **October 22, 2012**

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **October 16, 2012**

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

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - Third 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 to the end of the third quarter of 2012 and to compare that activity with the 2012 Financial Plan and with the activity to the end of third quarter of prior years.

## DISCUSSION

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

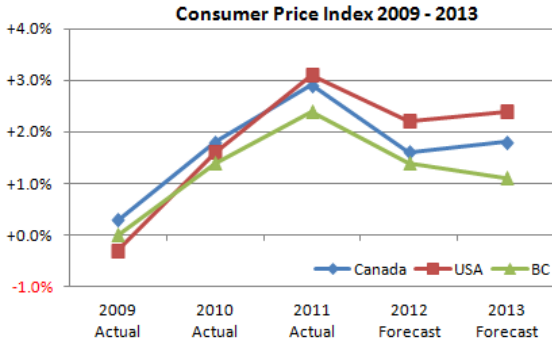
In August 2011 a referendum was passed by the Province of BC to extinguish the HST. As a result, BC will be returning to the GST/PST system effective April 1, 2013. Rules governing the transition back to GST have been publicly released; however, rules concerning the transition back to PST have not yet been released by the Province. These rules are expected to be made available in the next couple of weeks. The 2012 financial results will not be impacted by this change.

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

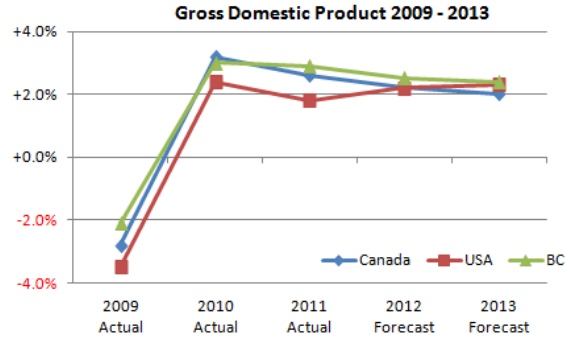
### International Overview

The Euro zone has shown no signs of economic improvement in the third quarter of 2012. The labour market has worsened and the unemployment rate sits above 12% for most European countries. The global uncertainty, combined with slower job growth, has led to reduced consumer spending. Businesses are holding back on investments and hiring due to reduced confidence in the global markets. Many governments in the Euro zone continue to tighten spending, leading to a continuation of the recession in Europe.

The emerging markets of Brazil, Russia, India and China (the "BRIC" countries) continue to see soft economic activity due to reduced demand for exports. The slow-down in these economies is cause for concern as they account for 20% of world GDP.



Graph 1 Source: BMO Economics October 1, 2012



Graph 2 Source: BMO Economics October 1, 2012

## United States Overview

US employment growth continues to underperform for the third quarter of 2012. The upcoming US Presidential Election has halted government spending, sending the economy into further recession. The recent Federal Reserve announcement to buy \$40 billion in mortgage-backed securities every month will put downward pressure on mortgage rates. As mortgages are refinanced at a lower rate, homeowners will have more disposable income, which will translate into increased consumer spending. Interest rates remaining low will help to expedite the recovery and bolster the housing market.

## Canadian Overview

The Canadian economy has also softened due to global uncertainties, weaknesses in the energy sector and decreased demand for exports. The Canadian dollar remains strong and has been trading above parity with the US dollar since early August. While this is an advantage for cross-border shoppers, the strong Canadian dollar results in higher prices for Canadian goods, which further dampens exports due to the relative higher prices of Canadian products.

The unemployment rate in the third quarter of 2012 has averaged 7%. The GDP and unemployment figures vary between provinces with Western provinces showing stronger growth and lower unemployment than other provinces. The agricultural and commodities sectors are fuelling economic activity in the West. The national housing market is beginning to show signs of a slowdown with sales decreasing. The largest decreases have been in Toronto and Vancouver. With new regulations related to shorter mortgage amortization terms having been implemented by the federal government in July that have had the effect of creating higher monthly mortgage payments for home owners, there are fewer households that are able to enter the housing market.

## British Columbia Overview

Monthly home sales have been on the decline. Tighter mortgage rules implemented in July, reducing the maximum mortgage amortization from 30 years to 25 years, is causing a slowdown in home sales. Calculations show that a 5-year reduction in the amortization term equates to a 0.9% increase in the mortgage rate for the homebuyer. Faced with higher monthly payments or the need for a larger down payment, fewer households are able to enter the housing market.

Government and consumer spending have also decreased, resulting in a negative impact on economic growth. Natural gas prices are on the decline, creating revenue shortfalls for the provincial government. The provincial government is responding by way of hiring and wage freezes for public sector positions. Despite the above, the province plans to increase capital spending. Two large Provincial capital projects in northern BC, the federal shipbuilding contracts and construction of an aluminum smelter, will begin at the end of this year and should contribute to the Province's future economic growth. Growth in BC is forecasted at 2.3% for 2012.

### Surrey's Financial Performance

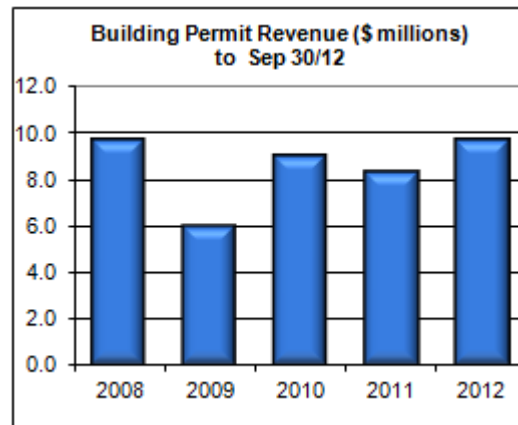
The amount of new development in Surrey has softened slightly in the third quarter of 2012 primarily in the area of single family dwelling construction. Applications for the approval of multi-family dwellings remain steady as Surrey continues to be a relatively affordable market within the Region. Large projects, such as the Surrey Memorial Hospital expansion and the expansion of the Surrey Pre-Trial Centre have contributed to growth in overall construction value in 2012 in comparison to 2011. A continuing focus on developing the City Centre along with the construction of new civic facilities, continues to attract businesses and residents to Surrey. Projections to year end indicate that the level of new development activity in 2012 will be somewhat higher than the activity the City experienced in 2011.

The following graphs illustrate the actual revenue that has been collected by the City to the end of the third quarter in each of the noted years. The City's budget is based on 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.



Graph 3

Application fees collected to the end of the third quarter of the year are 9% higher than those collected for the same period last year. Applications have increased due to investor and developer confidence in Surrey and demand for housing units coupled with low interest rates.



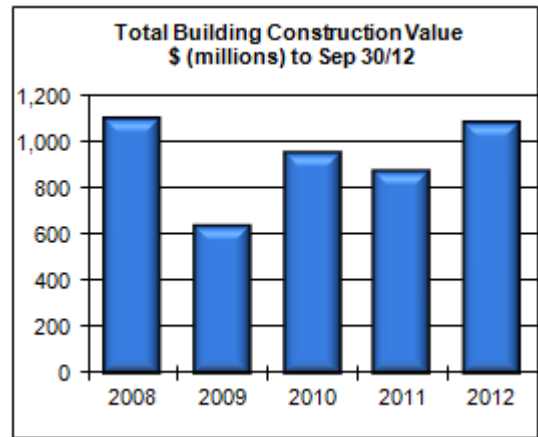
Graph 4

Building permit revenues are 17% higher to the end of the third quarter of 2012 than those collected in the same period last year. This is attributable in part to the increase in the number of multi-family housing units being constructed in the City and in part, related to the construction of the Surrey Pre-Trial Centre and the Surrey Memorial Hospital projects.



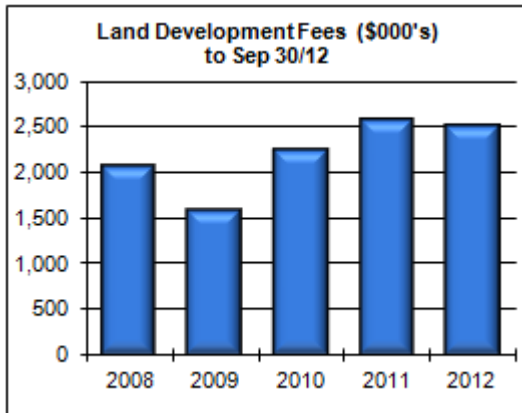
Graph 5

Construction value of commercial and industrial building permits for the first nine months of 2012 is marginally lower than the same period in 2011. This primarily relates to the fact that the new RCMP E-Division Headquarters building was included in the 2011 amounts.



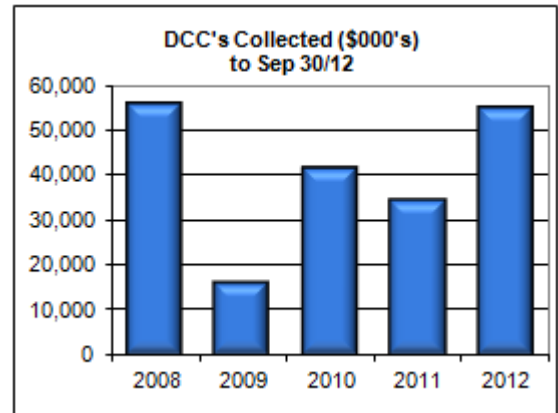
Graph 6

Overall, the value of new construction in the City for the first nine months of the year is 24% greater than was experienced during the same time period last year.



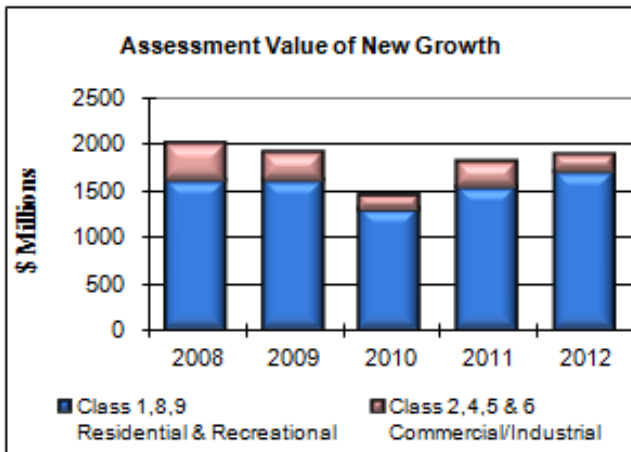
Graph 7

Engineering Land Development fees collected in the first nine months of 2012 are approximately the same as those collected in the same period in 2011. It is expected that the fees collected in 2012 will meet the budgeted amounts for this area of revenue.

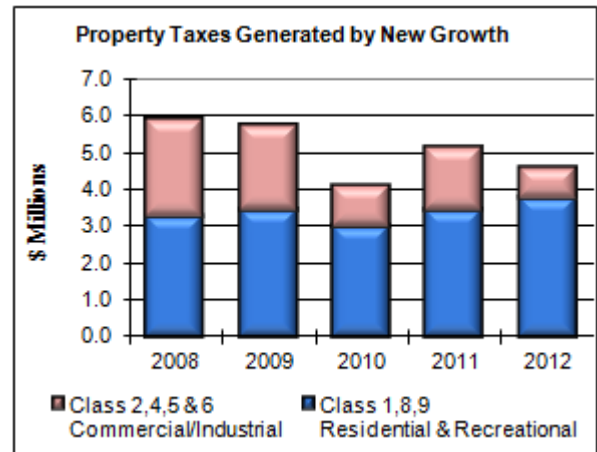


Graph 8

Development Cost Charges that have been collected in the first nine months of 2012 are 61% higher than those collected in the same period of 2011. The City collects DCCs throughout the year and uses that revenue to fund the construction of projects in the following year.

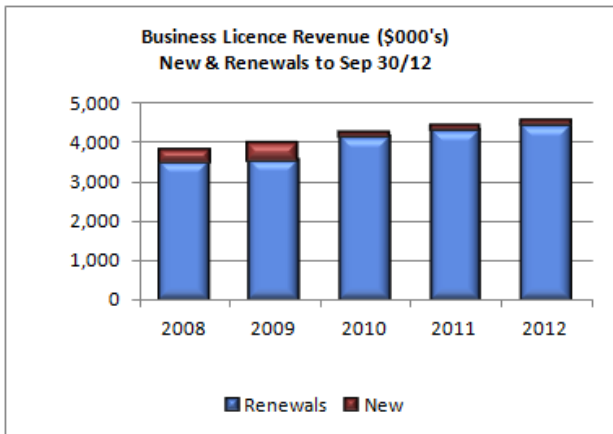


Graph 9



Graph 10

The value of new construction ultimately becomes part of the City’s property tax assessment base and is the growth component of the City’s annual property tax levy. The tax rate for commercial/industrial properties is about three times that of residential properties. This means that a commercial property with the same assessed value as a residential property will generate three times the property taxes. In 2012, increases in commercial assessment will account for 10% of the assessment growth and 25% of the property tax growth, while residential assessment will account for 90% of the assessment growth and 75% of property tax revenue growth.

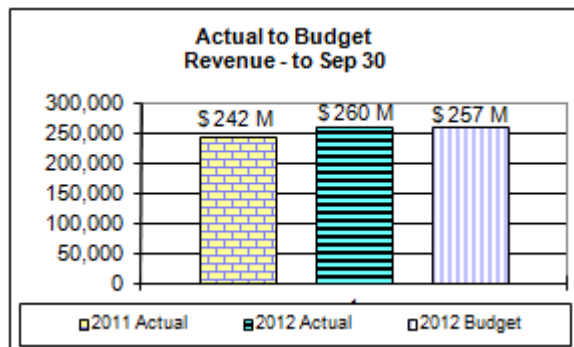


Graph 11

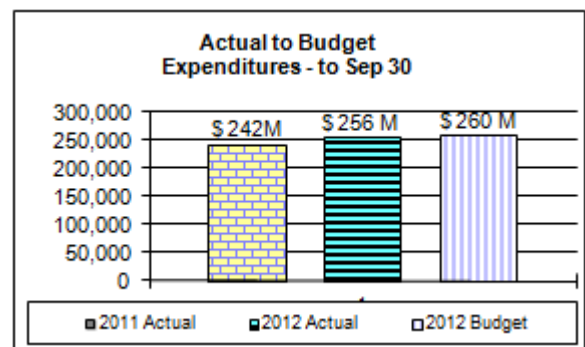
Business licence revenue is higher for the first three quarters of 2012 in comparison to the same period in 2011, representing an increase in the number of businesses operating in Surrey.

**Comparison of Actual Revenues and Expenditures versus 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 three quarters of 2012.



Graph 12



Graph 13

**Appendix "A"** documents the general fund revenues and expenditures to the end of the third quarter of 2012 at a more detailed level. Each of the City Departments is closely monitoring their actual financial results on a monthly basis. The following provides information on a department-by-department basis on the year-to-date variances in relation to the 2012 Financial Plan:

RCMP currently shows an unfavourable variance of \$459,000. This is due to an increase in RCMP contract costs. It is expected that this Department will have an unfavourable variance of \$500,000 at year end.

Fire Services has a favourable variance of \$1,601,000 as a result of vacancies and the timing in purchasing supplies. It is expected that Fire Services will have a favourable variance of about \$700,000 at year end.

Engineering Services currently has a favourable variance of \$527,000, which is due primarily to an increase in Land Development revenue and the timing of Fleet expenditures. It is expected that the Department will have a positive variance of about \$100,000 at year end.

Parks, Recreation & Culture Department is showing a favourable variance of \$442,000, which is primarily due to the timing of revenue received for programming and the timing of related expenditures. It is expected that this Department will have a favourable variance of about \$500,000 at year end.

Library Services has a favourable variance of \$369,000 due to the timing of expenses. It is expected that Library Services will have a positive variance of about \$200,000 by year end.

Planning and Development Department, which also includes Civic Facilities, is reporting a favourable variance of \$926,000 due to vacancies and the timing of maintenance expenditures. It is expected that this Department will have a favourable variance of about \$1,000,000 at the end of the year.

Mayor and Council has a favourable variance of \$32,000, due to the timing of expenditures. It is expected that this Department will meet budget by year end.

City Grants has an unfavourable variance of \$70,000, due to the timing of grant payments. City Grants are expected to meet budget at the end of the year.

City Manager's Department is currently reporting a favourable variance of \$367,000 due to revenue increases from fees and fines, vacancies and the timing of expenditures. It is expected this Department will have a favourable variance of about \$500,000 at year end.

Investment & Intergovernmental Relations Department is currently reporting a favourable variance of \$79,000. This Department is expected to have a favourable variance of \$100,000 at the end of the year.

Finance & Technology Department currently has a favourable variance of \$463,000. This is primarily due to the timing of the payments on IT maintenance contracts. It is expected that this Department will have a favourable variance of about \$500,000 at year end.

Human Resources Department has an unfavourable variance of \$212,000 due primarily to the timing of expenditures. It is expected that the Human Resources Department will meet budget at the end of the year.

Staff will continue to closely monitor all areas to ensure that action is taken to address negative financial variances in comparison to budget and to reduce as much as possible, the 2012 budgeted transfer from surplus.

## City Investment Portfolio

The Schedules in *Appendix "B"* contain 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 2012. *Schedule 2* is a detailed listing of securities as at September 30, 2012 sub-totalled by issuer type.

It is important to note that although the investment portfolio is currently valued at \$767 million, most of these funds have either been committed to specific capital projects or are operating funds that have been invested until they are needed to pay operating expenses.

The City's investment portfolio is currently earning a combined rate of approximately 3.12%, while maintaining investment security as outlined in the City's Investment Policy. Interest revenue is expected to exceed budget targets for 2012.

## CONCLUSION

Development activity experienced to the end of the third quarter in 2012 is higher than that of the same period in 2011. This is primarily due to low interest rates and the construction of multi-family residential units in response to market demands. The 2012 adopted Financial Plan anticipates a transfer from surplus of \$4.0 million. Staff will continue to closely monitor all areas of the City's operation to ensure that action is taken to address negative variances and to reduce, as much as possible by year end, the budgeted transfer from surplus.

Vivienne Wilke, CGA  
General Manager,  
Finance & Technology

Appendix A: 2012 Third Quarter Council Report  
Appendix B: Third Quarter Investment Summary





**2012 3RD QUARTER COUNCIL REPORT  
DEPARTMENTAL DETAIL  
\$ 000's**

	2012 3rd Qtr - Sept Actual	2012 3rd Qtr - Sept Budget	2012 3rd Quarter Variance	2012 Projected Actual	2012 Annual Budget	2012 Projected Variance
<b>PROGRAM REVENUES</b>						
R.C.M.P.	\$ 5,521	\$ 5,397	\$ (124)	\$ 7,296	\$ 7,196	\$ (100)
Fire	1,609	1,414	(195)	1,646	1,446	(200)
Engineering Services	4,453	3,929	(524)	5,400	5,200	(200)
Parks, Recreation & Culture	16,671	17,016	345	21,608	22,408	800
Surrey Public Library	1,508	1,419	(89)	1,593	1,593	0
Planning & Development	13,724	13,224	(500)	18,531	17,631	(900)
City Manager	5,596	5,610	14	7,486	7,386	(100)
Finance & Technology	935	828	(107)	1,126	1,126	0
Human Resources	9	9	0	10	10	0
<b>TOTAL PROGRAM REVENUES</b>	<b>\$ 50,026</b>	<b>\$ 48,846</b>	<b>\$ (1,180)</b>	<b>\$ 64,696</b>	<b>\$ 63,996</b>	<b>\$ (700)</b>

	2012 3rd Qtr - Sept Actual	2012 3rd Qtr - Sept Budget	2012 3rd Quarter Variance	2012 Projected Actual	2012 Annual Budget	2012 Projected Variance
<b>PROGRAM EXPENDITURES</b>						
R.C.M.P.	\$ 84,408	\$ 83,825	\$ (583)	\$ 112,383	\$ 111,783	\$ (600)
Fire	37,990	39,396	1,406	52,594	53,094	500
Engineering Services	5,458	5,461	3	6,435	6,335	(100)
Parks, Recreation & Culture	41,398	42,185	787	56,697	57,997	1,300
Surrey Public Library	8,850	9,130	280	11,635	11,835	200
Planning & Development	17,437	17,863	426	23,318	23,418	100
Mayor & Council	949	981	32	1,280	1,280	0
City Grants	999	929	(70)	1,239	1,239	0
City Manager	8,638	9,019	381	11,406	11,806	400
Investment & Intergov Rel	1,129	1,208	79	1,484	1,584	100
Finance & Technology	16,735	17,091	356	20,473	20,973	500
Human Resources	2,391	2,179	(212)	2,871	2,871	0
<b>TOTAL PROGRAM EXPENDITURES</b>	<b>\$ 226,382</b>	<b>\$ 229,267</b>	<b>\$ 2,885</b>	<b>\$ 301,815</b>	<b>\$ 304,215</b>	<b>\$ 2,400</b>

	2012 3rd Qtr - Sept Actual	2012 3rd Qtr - Sept Budget	2012 3rd Quarter Variance	2012 Projected Actual	2012 Annual Budget	2012 Projected Variance
<b>NET PROGRAM</b>						
R.C.M.P.	\$ 78,887	\$ 78,428	\$ (459)	\$ 105,087	\$ 104,587	\$ (500)
Fire	36,381	37,982	1,601	50,948	51,648	700
Engineering Services	1,005	1,532	527	1,035	1,135	100
Parks, Recreation & Culture	24,727	25,169	442	35,089	35,589	500
Surrey Public Library	7,342	7,711	369	10,042	10,242	200
Planning & Development	3,713	4,639	926	4,787	5,787	1,000
Mayor & Council	949	981	32	1,280	1,280	0
City Grants	999	929	(70)	1,239	1,239	0
City Manager	3,042	3,409	367	3,920	4,420	500
Investment & Intergov Rel	1,129	1,208	79	1,484	1,584	100
Finance & Technology	15,800	16,263	463	19,347	19,847	500
Human Resources	2,382	2,170	(212)	2,861	2,861	0
<b>NET PROGRAM TOTAL</b>	<b>\$ 176,356</b>	<b>\$ 180,421</b>	<b>\$ 4,065</b>	<b>\$ 237,119</b>	<b>\$ 240,219</b>	<b>\$ 3,100</b>

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) JUL/12	INVESTMENT (MILLIONS) AUG/12	INVESTMENT (MILLIONS) SEP/12
<i>RBC Month End Balance</i>	163.8	79.5	70.5
<i>RBC USD Month End Balance (CAD\$)</i>	6.6	6.5	6.2
<i>Overnight</i>	20.0	20.0	20.0
<b>MAJOR BANKS - SCHEDULE I</b>			
Bank of Montreal	49.4	49.4	49.4
Bank of Nova Scotia	107.0	106.9	109.9
Canadian Imperial Bank of Commerce	49.8	49.7	34.7
Canadian Western Bank	5.1	5.1	5.0
Laurentian Bank of Canada	5.1	5.1	5.1
Manulife Bank of Canada	2.0	2.0	2.0
National Bank of Canada	27.9	27.9	33.1
Royal Bank of Canada	54.3	54.3	54.3
Toronto Dominion	92.6	92.6	92.6
<b>SUB TOTAL - SCHEDULE I BANKS</b>	393.1	393.0	386.1
<b>MAJOR BANKS - SCHEDULE II</b>			
HSBC Bank of Canada	10.0	10.0	10.9
<b>SUB TOTAL - SCHEDULE II BANKS</b>	10.0	10.0	10.9
<b>CREDIT UNIONS</b>			
Coast Capital Credit Union	74.7	74.7	74.7
Envision Credit Union	50.0	50.3	50.3
Gulf & Fraser Credit Union	10.0	10.0	10.0
North Shore Credit Union	20.6	20.6	20.6
Vancity Savings	55.0	55.0	55.0
Westminster Savings Credit Union	20.0	20.0	20.0
<b>SUB TOTAL - CREDIT UNIONS</b>	230.3	230.5	230.5
<b>PROVINCES</b>			
British Columbia	2.6	2.6	2.6
Ontario	24.9	24.9	24.9
Quebec	14.4	14.4	14.4
<b>SUB TOTAL - PROVINCES</b>	41.9	41.9	41.9
<b>OTHER</b>			
BC MFA	0.0	0.0	1.0
<b>SUB TOTAL - OTHER</b>	0.0	0.0	1.0
<b>TOTAL PORTFOLIO</b>	865.8	781.5	767.1

**SCHEDULE 2 - 1**

MATURITY PURCHASE		SECURITY	# OF DAYS	PRINCIPAL	TOTAL
DATE	DATE				
<b>ROYAL BANK MONTH END BALANCE</b>					
30-Sep-12		Royal Bank		70,524,463.01	
30-Sep-12		Royal Bank USD Account (CAD\$)		6,156,117.40	
					<b>76,680,580.41</b>
<b>CALL LOAN</b>					
03-Oct-12	28-Sep-12	VanCity Savings Credit Union Call Loan	5	20,000,000.00	<b>20,000,000.00</b>
<b>MAJOR BANKS - SCHEDULE I</b>					
22-Apr-15	14-Jan-10	Bank of Montreal fixed floater	1924	2,588,375.07	
10-Jun-15	10-Jun-09	Bank of Montreal deposit note	2191	1,697,019.77	
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	2,866,878.89	
18-Jul-16	18-Jul-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	10,653,550.15	
26-Sep-17	26-Jan-10	Bank of Montreal fixed floater	2800	5,368,680.28	
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	
23-May-18	23-May-12	Bank of Montreal step up note	2191	3,000,000.00	
<b>*** BANK OF MONTREAL</b>					<b>49,359,942.16</b>
31-Dec-12	29-Jun-12	Bank of Nova Scotia investment savings account	185	10,500,000.00	
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	9,997,206.27	
27-Mar-13	18-Apr-08	Bank of Nova Scotia fixed floater	1804	9,997,826.34	
27-Mar-13	21-Apr-08	Bank of Nova Scotia fixed floater	1801	1,299,329.69	
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	701,272.49	
03-Oct-13	08-Oct-08	Bank of Nova Scotia fixed floater	1821	5,000,849.52	
03-Oct-13	31-Jul-09	Bank of Nova Scotia fixed floater	1525	510,842.15	
15-Apr-14	28-Apr-09	Bank of Nova Scotia fixed floater	1813	2,008,621.42	
15-Apr-14	01-May-09	Bank of Nova Scotia fixed floater	1810	5,040,770.85	
15-Apr-14	17-Jun-09	Bank of Nova Scotia fixed floater	1763	5,064,102.28	
15-Apr-14	31-Jul-09	Bank of Nova Scotia fixed floater	1719	5,087,493.85	
15-Apr-14	19-Aug-10	Bank of Nova Scotia fixed floater	1335	7,517,057.94	
16-Jul-14	19-Aug-10	Bank of Nova Scotia deposit note	1427	10,131,877.76	
22-Jan-16	22-Jan-09	Bank of Nova Scotia fixed floater	2556	1,999,839.33	
22-Jan-16	06-Feb-09	Bank of Nova Scotia fixed floater	2541	2,029,505.58	
22-Jan-16	10-Feb-09	Bank of Nova Scotia fixed floater	2537	5,081,029.71	
22-Jan-16	11-Jun-09	Bank of Nova Scotia fixed floater	2416	10,604,524.75	
03-Aug-17	05-Sep-12	Bank of Nova Scotia fixed floater	1793	3,041,792.71	
13-Dec-21	13-Dec-11	Bank of Nova Scotia step up note	3653	9,931,025.89	
<b>*** BANK OF NOVA SCOTIA</b>					<b>109,928,282.13</b>
06-Jun-13	11-Aug-08	CIBC fixed floater	1760	10,007,690.07	
06-Jun-13	31-Jul-09	CIBC fixed floater	1406	3,030,952.46	
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	4,977,833.36	
02-Nov-15	24-Aug-11	CIBC fixed floater	1531	2,798,562.33	
06-Jun-18	26-Jan-10	CIBC residual	3053	2,122,890.00	
<b>*** CIBC</b>					<b>34,658,283.71</b>

**SCHEDULE 2 - 2**

MATURITY PURCHASE		SECURITY	# OF DAYS	PRINCIPAL	TOTAL
DATE	DATE				
30-Nov-15	30-Nov-10	Canadian Western Bank fixed floater	1826	2,007,978.40	
30-Nov-15	23-Jun-11	Canadian Western Bank fixed floater	1621	3,041,279.95	
<b>*** CANADIAN WESTERN BANK</b>					<b>5,049,258.35</b>
02-Nov-15	23-Jun-11	Laurentian Bank fixed floater	1593	1,008,218.68	
02-Nov-15	28-Jun-11	Laurentian Bank fixed floater	1588	4,045,400.50	
<b>*** LAURENTIAN BANK OF CANADA</b>					<b>5,053,619.18</b>
31-Dec-12	23-Jul-12	Manulife investment savings account	161	2,000,000.00	
<b>*** MANULIFE BANK OF CANADA</b>					<b>2,000,000.00</b>
31-Dec-12	29-Jun-12	National Bank investment savings account	185	5,000,000.00	
15-Nov-13	05-Jun-08	National Bank fixed floater	1989	5,016,851.28	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	3,968,594.37	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	9,908,803.44	
11-Apr-17	11-Apr-12	National Bank fixed floater	1826	1,004,696.90	
11-Apr-17	01-May-12	National Bank fixed floater	1806	3,010,247.80	
11-Apr-17	18-Sep-12	National Bank fixed floater	1666	5,182,939.57	
<b>*** NATIONAL BANK OF CANADA</b>					<b>33,092,133.36</b>
31-Dec-12	29-Jun-12	Royal Bank investment savings account	185	7,500,000.00	
11-Mar-13	18-Apr-08	Royal Bank fixed floater	1788	9,992,940.17	
11-Mar-13	18-Apr-08	Royal Bank fixed floater	1788	4,995,961.73	
11-Mar-13	05-Jun-08	Royal Bank fixed floater	1740	5,000,178.35	
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	1,763,342.49	
04-Nov-13	15-Oct-08	Royal Bank fixed floater	1846	3,985,715.93	
04-Nov-13	19-Aug-10	Royal Bank fixed floater	1173	5,151,842.52	
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	9,986,858.58	
<b>*** ROYAL BANK OF CANADA</b>					<b>54,307,609.77</b>
31-Dec-12	29-Jun-12	Toronto Dominion investment savings account	185	5,000,000.00	
01-Nov-12	11-Apr-08	Toronto Dominion fixed floater	1665	10,006,901.21	
01-Nov-12	11-Dec-08	Toronto Dominion fixed floater	1421	9,998,374.01	
01-Nov-12	21-Apr-08	Toronto Dominion fixed floater	1655	5,002,865.72	
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	5,089,735.83	
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	5,535,849.68	
07-Jul-21	07-Jul-11	Toronto Dominion step up note	3653	4,978,096.75	
28-Nov-21	28-Nov-11	Toronto Dominion step up note	3653	9,977,111.25	
17-May-22	17-May-12	Toronto Dominion step up note	3652	9,951,959.55	
04-May-19	04-May-12	Toronto Dominion step up note	2556	1,993,414.20	
<b>*** TORONTO DOMINION BANK</b>					<b>92,621,327.20</b>
<b>MAJOR BANKS - SCHEDULE II</b>					
08-Apr-21	08-Apr-11	HSBC step up note	3653	10,000,000.00	
10-Apr-17	05-Sep-12	HSBC fixed floaters	1678	850,585.78	
<b>*** HSBC BANK CANADA</b>					<b>10,850,585.78</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>					
26-Oct-12	27-Aug-12	Coast Capital Credit Union term deposit	60	35,000,000.00	
22-Nov-12	25-May-12	Coast Capital Credit Union GIC	181	19,738,318.45	
05-Dec-12	06-Sep-12	Coast Capital Credit Union term deposit	90	20,000,000.00	
13-Dec-12	14-Sep-12	Envision Credit Union term deposit	90	10,000,000.00	
24-Dec-12	24-Sep-12	Envision Credit Union term deposit	91	20,000,000.00	
14-Jan-13	14-Sep-12	Envision Credit Union term deposit	122	20,000,000.00	
16-Aug-13	17-Aug-12	Envision Credit Union term deposit	364	250,000.00	
22-Oct-12	25-Apr-12	Gulf & Fraser Credit Union term deposit	180	5,000,000.00	
02-Jan-13	22-Jun-12	Gulf & Fraser Credit Union term deposit	194	5,000,000.00	
03-Dec-12	04-Sep-12	North Shore Credit Union term deposit	90	5,000,000.00	
17-Dec-12	17-Sep-12	North Shore Credit Union term deposit	91	15,555,050.00	
29-Oct-12	29-Aug-12	Vancity Savings Credit Union term deposit	61	10,000,000.00	
27-Nov-12	28-Sep-12	Vancity Savings Credit Union term deposit	60	7,500,000.00	
27-Nov-12	29-Aug-12	Vancity Savings Credit Union term deposit	90	20,000,000.00	
20-Dec-12	21-Sep-12	Vancity Savings Credit Union term deposit	90	17,500,000.00	
07-Jan-13	07-Sep-12	Westminster Savings Credit Union term deposit	122	20,000,000.00	
		<b>*** CREDIT UNIONS</b>			<b>230,543,368.45</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	5,146,535.15	
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>24,931,154.98</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>
01-Oct-12	12-Sep-12	BCMFA investment pool - bond fund	17	1,000,000.00	
		<b>*** BC MUNICIPAL FINANCE AUTHORITY</b>			<b>1,000,000.00</b>
<b>TOTAL PORTFOLIO</b>				<b>\$</b>	<b>767,061,630.48</b>