

NO: **R071**

COUNCIL DATE: **April 22, 2013**

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **April 15, 2013**

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

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - First Quarter- 2013**

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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 2013 and to compare that activity with the 2013 Financial Plan and with the same period in prior years.

## DISCUSSION

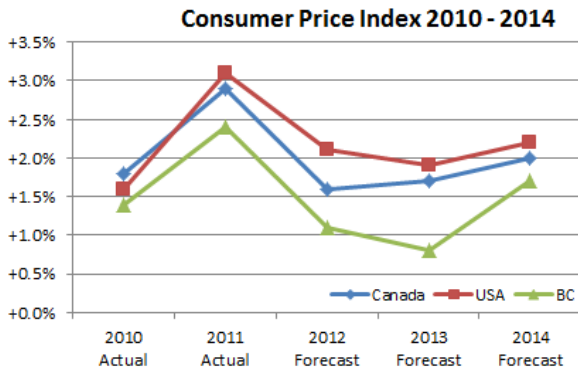
The Five Year (2013-2017) Financial Plan was adopted by Council on December 10, 2012.

The following discussion provides a summary of current economic conditions followed by an outline of Surrey's financial performance for the first quarter of 2013. It also includes an overview of the City's investment portfolio performance.

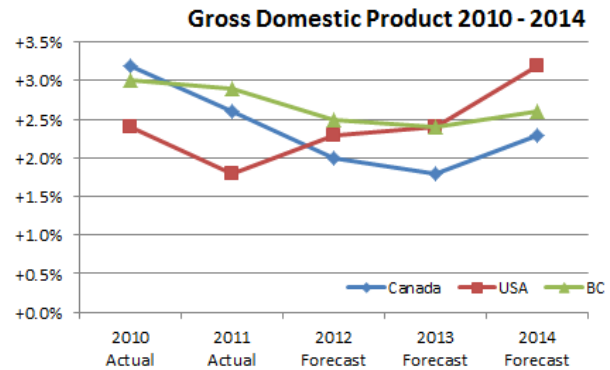
### International Overview

The economic slowdown is expected to persist in 2013 with global GDP growth estimated at 3.0% for the year. Emerging economies are expected to have strong to moderate growth. Central banks around the world are expected to hold interest rates at record low levels to help encourage economic progress.

The Eurozone recession continues due to persistently high unemployment, weak consumer confidence and government spending cuts. To maintain liquidity in the banking system, the European Union agreed to a \$10 billion bailout for the Cyprus banks. In addition, a levy has been imposed upon depositors once their funds exceed a certain threshold. Other Eurozone countries with troubled banking sectors, such as Greece, Spain and Ireland, may face the risk of deposit withdrawals if depositors in those countries feel that their governments may also implement levies on deposits. Given these events, investors are signalling their lack of confidence by reducing their exposure to the Euro.



Graph 1 Source: BMO Economics Apr 1, 2013



Graph 2 Source: BMO Economics Apr 1, 2013

### United States Overview

US growth in GDP in 2013 is expected to be 1.60%. Many analysts believed that the higher payroll taxes introduced in January would hamper employment and consumer spending; however, net job growth increased and the unemployment rate has reached a four-year low in the first quarter of 2013. Consumers show resiliency as retail sales have increased. It remains to be seen whether consumer spending will remain strong given new budgetary cuts introduced by the US government in March. Also, Congress's inability to agree on key issues such as government spending, funding and the debt limit pose challenges to consumer confidence.

The US Federal Reserve has indicated that the overnight interest rate will be kept at near zero for some time. As the Eurozone recession persists, investors are moving away from the Euro and opting for US dollar denominated securities. The increased demand for US stocks and bonds has strengthened the US dollar in recent months.

### Canadian Overview

Canada's 2013 economic growth is expected to be a moderate 1.50% due to weakness in global markets and domestic demand. The unemployment rate rose to 7.2% in March with 54,000 total jobs lost. The manufacturing and government sectors accounted for the largest share of the decline. The Canadian dollar is expected to remain relatively strong and is forecasted to trade close to parity against the US dollar for 2013.

The housing market has slowed down over the last two quarters. For quarter one of this year, Canadian housing starts contracted at a pace of 41.5%, the worst drop since the first quarter of 2009. Residential construction is expected to decline further in the coming months due to a soft economy and tighter mortgage rules. The overnight interest rate is expected to remain low for the rest of this year given the weak global and domestic economic outlook.

### British Columbia Overview

The Provincial economy is expected to grow at moderate rate of 1.6% in 2013. BC's unemployment rate rose in March due to the loss of approximately 15,000 jobs. In an effort to balance the 2013 budget, the Provincial Government implemented a number of measures to boost revenues. The most noteworthy increase is the rise in the general corporate income tax rate from 10% to 11%, effective April 1<sup>st</sup>. A new top personal provincial income tax bracket for incomes over \$150,000 was also announced. Premiums for the medical services plan are also increasing along with higher tobacco taxes and the phasing out of the school property tax credit for light industry. The result for British Columbians will be a higher cost-of-living, translating into lower disposable incomes, which may discourage consumer spending.

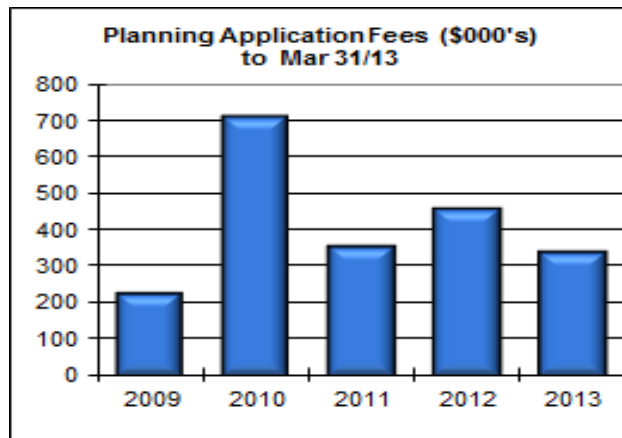
The elimination of the HST in April will result in higher administrative costs to businesses as dual filing of the GST and PST is required. Some business investment may shift into other provinces, which use the HST as businesses can no longer claim input tax credits under the PST system. The return to PST, combined with corporate income tax increases, may hurt the province's competitive position and send a negative signal to companies and entrepreneurs.

### Surrey's Financial Performance

The level of new development activity in 2013 is expected to be similar to last year. As the expansion of the City Centre continues, many businesses are moving into that area. Through densification, Surrey is seeing regular, steady growth. Applications for multi-family residential developments have increased as Surrey remains a relatively affordable market in the Region. Growth in areas such as Campbell Heights, Grandview Heights and City Centre, as well as the construction of new facilities identified as part of the Build Surrey Program, continue to bolster the City's economy.

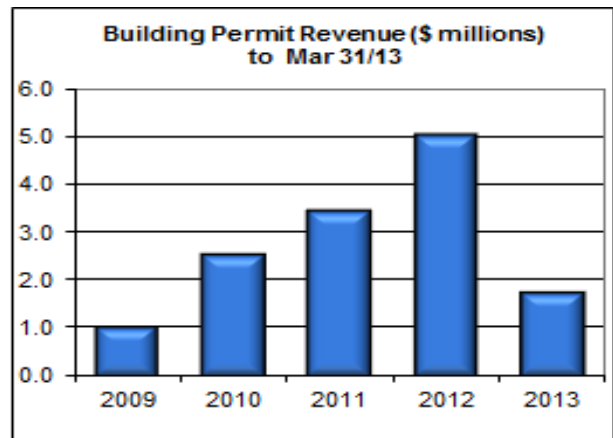
All of the following graphs indicate the actual revenue that has been collected by the City for the noted periods. The City's budget is based on recognized accounting principles which require that development-related revenues be distributed over time to match the timing of the related expenses incurred by the City. This revenue deferral process means that although there may be a significant change in the actual revenue collected in any given period, the effect of this change 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 2013 compared to previous years' results for the same period:



Graph 3

Application fees collected in the first quarter of the year are 26% less than those collected for the same period last year. The conversion back to GST/PST caused some developer hesitancy. Overall, application fee revenue is expected to meet budget targets by year end.



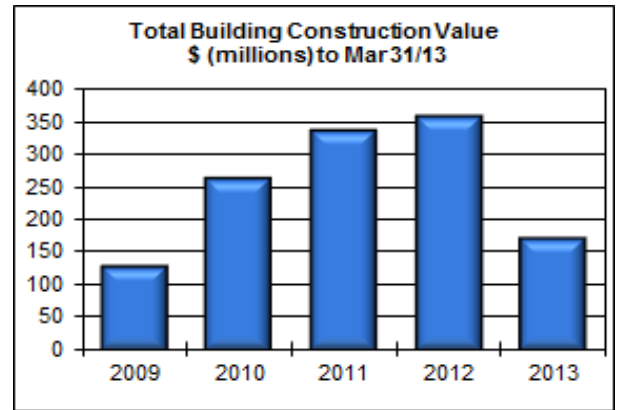
Graph 4

Building permit fees collected for the first three months of this year are significantly lower than those collected in the same period last year. Q1 2012 included the revenue from permits for the Surrey Memorial Hospital expansion. Planning applications from 2012 should translate to building permits later this year.



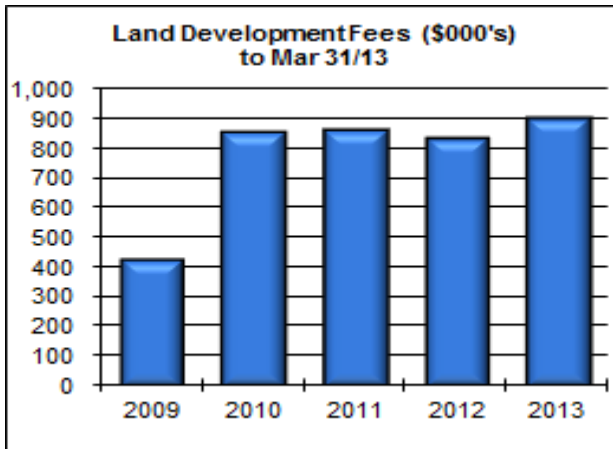
Graph 5

The construction value of commercial and industrial building permits issued in the first quarter of 2013 is significantly lower in comparison to the same period in 2012. Projects in growth areas are expected to begin later this year, which should bring overall value for the year close to the 2012 value.



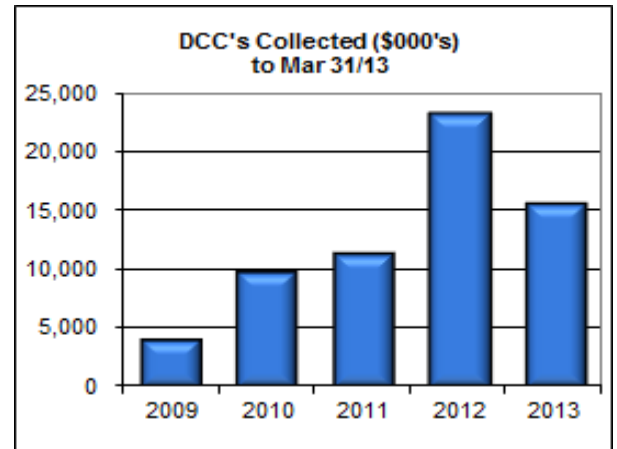
Graph 6

Overall, the value of new construction in the City for the first three months of the year has declined by 52% compared to the same time period last year. This trend is evident across the Region and across Canada.



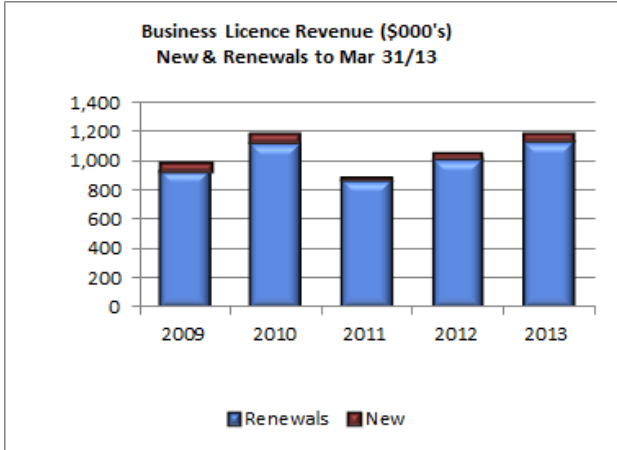
Graph 7

Engineering Land Development fees collected in the first three months of the year are slightly higher than the same period in 2012. The increased applications for multi-family dwellings in 2012 have translated into the development of land in 2013.



Graph 8

Development Cost Charges that have been collected in the first three months of the year are 33% lower than those collected in the same period of 2012. This mirrors the decrease in the issuance of building permits. The City collects DCC revenue throughout the year and distributes it to the related construction programs in the following year.

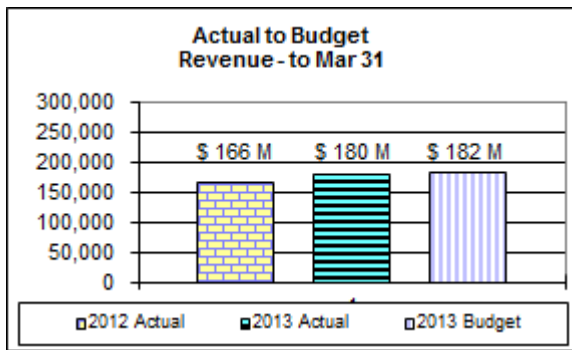


Graph 9

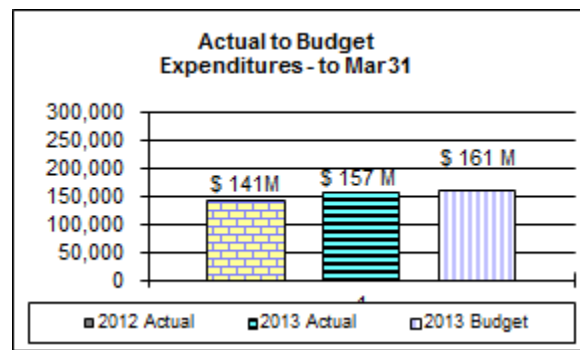
Business license revenue has increased in the first quarter of 2013 in comparison to the same period for 2012. General growth and economic development efforts in City Centre and other high growth areas in the City have contributed to the increase in the number of new businesses within the City.

**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 2013.



Graph 10



Graph 11

**Appendix A** documents the operating revenues and expenditures (General and Utilities) for the first quarter of 2013 at a more detailed level. The departmental expenditures include, where applicable, the first quarter accrual for the recently ratified CUPE labour contract settlement. 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 2013 Financial Plan:

RCMP currently shows a favourable variance of \$220,000. This is due to the timing of expenditures.

Fire Services has a favourable variance of \$45,000 as a result of temporary staff vacancies.

Engineering Services currently has a favourable variance of \$17,000 which is due primarily to temporary staff vacancies.

Parks, Recreation & Culture Department is showing a favourable departmental variance of \$86,000, 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 \$45,000 due to staff vacancies and the timing of maintenance costs for Civic Facilities.

Mayor and Council has a favourable variance of \$22,000 due to the timing of expenditures.

City Grants has a positive variance of \$33,000, due to timing of grant payments.

City Manager's Department is currently reporting a favourable variance of \$94,000 due to staff vacancies and the timing of expenditures.

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

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

Utilities variances are apparent in the first quarter of 2013 due to the timing of expenditures. Any surpluses/deficits remain within the utilities due to the self-liquidating nature of each fund.

Staff will continue to closely monitor all areas to ensure that action is taken to address negative variances and to reduce as much as possible the 2012 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 2013. **Schedule 2** is a detailed listing of securities as at March 31, 2013 sub-totaled by issuer type.

It is important to note that although the investment portfolio is currently valued at \$660 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. Funds that are not required for immediate expenditure are being invested as loans to specific civic projects as outlined in the following section of this report.

The City's investment portfolio is currently earning a combined rate of approximately 3.0%, while maintaining investment security as outlined in the City's investment policy. This is currently in-line with the budget amount for return on investment that was anticipated in the 2013 Financial Plan. Interest revenue is expected to meet budget targets for 2013.

### **Use of Investment Funds**

Some of the larger capital projects that are being constructed by the City are being funded through internal borrowing from reserves. These funds will be repaid to their respective source reserves with interest on a set repayment schedule so that the reserves are kept whole.

## CONCLUSION

Development activity experienced in the first quarter of 2013 is lower than that of the same period in 2012; however, activity is expected to increase over the remainder of the year such that budget targets are met by year end. The 2013 adopted Financial Plan anticipates a transfer from surplus of \$4.0 million. Staff will closely monitor all areas to ensure that immediate action is taken to address negative variances in relation to the 2013 budget and to reduce as much as possible by year end, the budgeted transfer from surplus.

Vivienne Wilke, CGA  
General Manager,  
Finance & Technology

### Attachments:

Appendix A: 2013 First Quarter Council Report  
Appendix B: First Quarter Investment Summary

**2013 1ST QUARTER COUNCIL REPORT  
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES  
\$ 000's**

<b>REVENUE SUMMARY</b>	<b>2012 1st Qtr - Mar Actual</b>	<b>2013 1st Qtr - Mar Actual</b>	<b>2013 1st Qtr - Mar Budget</b>	<b>2013 1st Quarter Variance</b>	<b>2013 Annual Budget</b>
Net Taxation General	\$ 60,163	\$ 62,735	\$ 62,915	\$ 180	\$ 251,660
Net Taxation Utilities	9,231	11,098	11,802	704	47,613
Non-Tax Revenues General	5,892	5,995	6,076	81	29,139
Non-Tax Revenues Utilities	30,403	33,730	33,913	182	134,175
Provincial Casino Revenue Sharing	700	750	750	-	3,000
Build Surrey Program	1,811	1,917	1,917	-	14,064
Utility Recoveries	1,120	1,239	1,239	-	4,956
Program Revenues	16,987	17,268	17,398	130	66,470
<b>TOTAL REVENUES</b>	<b>\$ 126,307</b>	<b>\$ 134,732</b>	<b>\$ 136,010</b>	<b>\$ 1,278</b>	<b>\$ 551,077</b>
<b>EXPENDITURE SUMMARY</b>	<b>2012 1st Qtr - Mar Actual</b>	<b>2013 1st Qtr - Mar Actual</b>	<b>2013 1st Qtr - Mar Budget</b>	<b>2013 1st Quarter Variance</b>	<b>2013 Annual Budget</b>
Program Expenditures	\$ 75,766	\$ 76,999	\$ 77,802	\$ 803	\$ 321,504
Utility Expenditures	31,404	\$ 38,490	\$ 39,977	1,487	169,331
Council Projects	29	26	62	36	250
Crime Reduction	78	16	81	65	300
Social Well-Being Plan	422	469	478	9	1,912
Clean Energy	42	12	46	34	185
Sustainability	63	72	66	(6)	250
Build Surrey Program	1,870	1,917	1,917	-	14,064
Fiscal Services	242	134	205	71	701
<b>TOTAL EXPENDITURES</b>	<b>\$ 109,916</b>	<b>\$ 118,135</b>	<b>\$ 120,634</b>	<b>\$ 2,499</b>	<b>\$ 508,497</b>
<b>TRANSFER SUMMARY</b>	<b>2012 1st Qtr - Mar Actual</b>	<b>2013 1st Qtr - Mar Actual</b>	<b>2013 1st Qtr - Mar Budget</b>	<b>2013 1st Quarter Variance</b>	<b>2013 Annual Budget</b>
Transfer to Capital Program	\$ 13,724	\$ 12,015	\$ 12,084	\$ 69	\$ 58,080
Transfer to Capital Program - Gaming	700	750	750	-	3,000
Transfers To(From) Own Sources	904	3,246	2,633	(612)	(14,501)
<b>TOTAL TRANSFERS</b>	<b>15,328</b>	<b>\$ 16,010</b>	<b>\$ 15,467</b>	<b>\$ (543)</b>	<b>\$ 46,579</b>
Surplus(Deficit)	1,063	587	(91)	(678)	(3,999)
Transfer (to)from Surplus	(1,063)	(587)	91	678	3,999
<b>BALANCED BUDGET</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**2013 1ST QUARTER COUNCIL REPORT  
DEPARTMENTAL DETAIL  
\$ 000's**

	2012 1st Qtr - Mar Actual	2013 1st Qtr - Mar Actual	2013 1st Qtr - Mar Budget	2013 1st Quarter Variance	2013 Annual Budget
<b>PROGRAM REVENUES</b>					
R.C.M.P.	\$ 1,807	\$ 1,409	\$ 1,460	\$ 51	\$ 7,439
Fire	85	60	54	(6)	1,519
Engineering Services	1,528	1,726	1,602	(124)	5,716
Parks, Recreation & Culture	6,698	6,853	7,252	399	22,830
Surrey Public Library	189	327	410	83	1,610
Planning & Development	4,536	4,902	4,569	(333)	18,275
Finance & Technology	183	98	102	4	1,408
Human Resources	6	2	4	2	11
<b>TOTAL PROGRAM REVENUES</b>	<b>\$ 16,987</b>	<b>\$ 17,268</b>	<b>\$ 17,398</b>	<b>\$ 130</b>	<b>\$ 66,470</b>
<b>PROGRAM EXPENDITURES</b>					
R.C.M.P.	\$ 27,870	\$ 29,589	\$ 29,860	\$ 271	\$ 120,385
Fire	13,255	12,887	12,926	39	54,293
Engineering Services	1,838	1,862	1,755	(107)	6,817
Parks, Recreation & Culture	12,239	12,812	13,297	485	62,249
Surrey Public Library	3,092	3,320	3,403	83	11,993
Planning & Development	6,186	5,946	5,658	(288)	24,065
Mayor & Council	320	319	341	22	1,282
City Grants	746	845	878	33	1,324
City Manager	3,536	2,977	3,125	148	13,552
Finance & Technology	5,924	5,613	5,714	101	22,443
Human Resources	760	829	845	16	3,101
<b>TOTAL PROGRAM EXPENDITURES</b>	<b>\$ 75,766</b>	<b>\$ 76,999</b>	<b>\$ 77,802</b>	<b>\$ 803</b>	<b>\$ 321,504</b>
<b>NET PROGRAM</b>					
R.C.M.P.	\$ 26,063	\$ 28,180	\$ 28,400	\$ 220	\$ 112,946
Fire	13,170	12,827	12,872	45	52,774
Engineering Services	310	136	153	17	1,101
Parks, Recreation & Culture	5,541	5,959	6,045	86	39,419
Surrey Public Library	2,903	2,993	2,993	-	10,383
Planning & Development	1,650	1,044	1,089	45	5,790
Mayor & Council	320	319	341	22	1,282
City Grants	746	845	878	33	1,324
City Manager	1,581	1,086	1,180	94	5,890
Finance & Technology	5,741	5,515	5,612	97	21,035
Human Resources	754	827	841	14	3,090
<b>NET PROGRAM TOTAL</b>	<b>\$ 58,779</b>	<b>\$ 59,731</b>	<b>\$ 60,404</b>	<b>\$ 673</b>	<b>\$ 255,034</b>

**2013 1ST QUARTER COUNCIL REPORT  
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES UTILITIES  
\$ 000's**

<b>REVENUE SUMMARY</b>	<b>2012 1st Qtr Mar. Actual</b>	<b>2013 1st Qtr Mar. Actual</b>	<b>2013 1st Qtr Mar. Budget</b>	<b>2013 1st Quarter Variance</b>	<b>2013 Annual Budget</b>
Net Taxation	\$ 9,231	\$ 11,098	\$ 11,802	\$ 704	\$ 47,613
Non-Tax Revenues	30,403	33,730	33,913	182	134,175
<b>TOTAL REVENUES</b>	<b>\$ 39,634</b>	<b>\$ 44,828</b>	<b>\$ 45,715</b>	<b>\$ 887</b>	<b>\$ 181,788</b>
<b>EXPENDITURE SUMMARY</b>	<b>2012 1st Qtr Mar. Actual</b>	<b>2013 1st Qtr Mar. Actual</b>	<b>2013 1st Qtr Mar. Budget</b>	<b>2013 1st Quarter Variance</b>	<b>2013 Annual Actual</b>
Solid Waste Expenditures	\$ 5,408	\$ 6,045	\$ 6,175	\$ 130	\$ 24,751
Transportation Expenditures	5,331	7,238	7,707	468	31,239
Water Expenditures	10,671	12,171	12,308	137	57,845
Sewer Expenditures	8,351	10,297	10,681	384	42,723
Drainage Expenditures	1,644	2,703	3,020	316	12,079
Energy Expenditures	-	35	86	51	693
<b>TOTAL EXPENDITURES</b>	<b>\$ 31,404</b>	<b>\$ 38,490</b>	<b>\$ 39,977</b>	<b>\$ 1,487</b>	<b>\$ 169,331</b>
<b>TRANSFER SUMMARY</b>	<b>2012 1st Qtr Mar. Actual</b>	<b>2013 1st Qtr Mar. Actual</b>	<b>2013 1st Qtr Mar. Budget</b>	<b>2013 1st Quarter Variance</b>	<b>2013 Annual Actual</b>
Transfer to Capital Program	\$ 11,199	\$ 8,633	\$ 8,649	\$ 16	\$ 48,680
Transfer To(From) Own Sources	(2,969)	(2,294)	(2,911)	(616)	(36,223)
<b>TOTAL TRANSFERS</b>	<b>\$ 8,230</b>	<b>\$ 6,338</b>	<b>\$ 5,738</b>	<b>\$ (600)</b>	<b>\$ 12,457</b>
Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer (to)from Surplus	-	-	-	-	-
<b>BALANCED BUDGET</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

FIRST QUARTER INVESTMENT SUMMARY

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) JANUARY/13	INVESTMENT (MILLIONS) FEBRUARY/13	INVESTMENT (MILLIONS) MARCH/13
<i>RBC Month End Balance</i>	38.8	20.4	90.6
<i>RBC USD Month End Balance (CAD\$)</i>	5.5	5.4	5.2
<i>Overnight</i>	20.0	20.0	20.0
<b>MAJOR BANKS - SCHEDULE I</b>			
Bank of Montreal	49.7	49.6	34.6
Bank of Nova Scotia	103.4	95.9	74.5
Canadian Imperial Bank of Commerce	34.6	34.6	34.6
Canadian Western Bank	5.0	5.0	5.0
Laurentian Bank of Canada	5.0	5.0	5.0
Manulife Bank of Canada	7.0	5.0	5.0
National Bank of Canada	34.2	34.2	34.2
Royal Bank of Canada	54.3	46.8	26.8
Toronto Dominion	57.9	52.8	52.8
<b>SUB TOTAL - SCHEDULE I BANKS</b>	<b>351.1</b>	<b>329.0</b>	<b>272.6</b>
<b>MAJOR BANKS - SCHEDULE II</b>			
HSBC Bank of Canada	12.6	12.6	12.6
<b>SUB TOTAL - SCHEDULE II BANKS</b>	<b>12.6</b>	<b>12.6</b>	<b>12.6</b>
<b>CREDIT UNIONS</b>			
Coast Capital Credit Union	74.9	64.9	64.9
Envision Credit Union	50.3	50.3	50.3
Gulf & Fraser Credit Union	10.0	10.0	10.0
Khulsa Credit Union	0.0	0.0	0.5
North Shore Credit Union	20.6	20.6	20.6
Vancity Savings	55.0	50.0	50.0
Westminster Savings Credit Union	20.0	20.0	20.0
<b>SUB TOTAL - CREDIT UNIONS</b>	<b>230.7</b>	<b>215.7</b>	<b>216.2</b>
<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>	<b>41.9</b>	<b>41.9</b>	<b>41.9</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>701.6</b>	<b>646.0</b>	<b>660.2</b>

**SCHEDULE 2 - 1**

<b>MATURITY DATE</b>	<b>PURCHASE DATE</b>	<b>SECURITY</b>	<b># OF DAYS</b>	<b>PRINCIPAL</b>	<b>TOTAL</b>
<b>ROYAL BANK MONTH END BALANCE</b>					
31-Mar-13		Royal Bank		90,636,313.95	
31-Mar-13		Royal Bank USD Account (CAD\$)		5,188,794.58	
					<b>95,825,108.53</b>
<b>CALL LOAN</b>					
02-Apr-13	28-Mar-13	VanCity Savings Credit Union Call Loan	4	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	2,571,111.57	
10-Jun-15	10-Jun-09	Bank of Montreal deposit note	2191	1,688,292.53	
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	2,851,350.29	
26-Sep-17	14-Jan-10	Bank of Montreal fixed floater	2812	10,588,096.51	
26-Sep-17	26-Jan-10	Bank of Montreal fixed floater	2800	5,331,756.64	
21-Mar-22	21-Mar-12	Bank of Montreal step up	3652	1,000,000.00	
28-Mar-18	15-Mar-12	Bank of Montreal residual	2204	2,509,500.00	
28-Mar-18	17-Oct-12	Bank of Montreal residual	1988	3,407,086.73	
		<b>*** BANK OF MONTREAL</b>			<b>34,623,132.27</b>
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	700,717.82	
03-Oct-13	08-Oct-08	Bank of Nova Scotia fixed floater	1821	5,000,479.35	
03-Oct-13	31-Jul-09	Bank of Nova Scotia fixed floater	1525	506,116.61	
15-Apr-14	28-Apr-09	Bank of Nova Scotia fixed floater	1813	2,005,823.02	
15-Apr-14	01-May-09	Bank of Nova Scotia fixed floater	1810	5,027,537.07	
15-Apr-14	17-Jun-09	Bank of Nova Scotia fixed floater	1763	5,043,295.42	
15-Apr-14	31-Jul-09	Bank of Nova Scotia fixed floater	1719	5,059,094.35	
15-Apr-14	19-Aug-10	Bank of Nova Scotia fixed floater	1335	7,446,603.36	
16-Jul-14	19-Aug-10	Bank of Nova Scotia deposit note	1427	10,095,109.16	
22-Jan-16	22-Jan-09	Bank of Nova Scotia fixed floater	2556	1,999,863.63	
22-Jan-16	06-Feb-09	Bank of Nova Scotia fixed floater	2541	2,025,052.62	
22-Jan-16	10-Feb-09	Bank of Nova Scotia fixed floater	2537	5,068,800.69	
22-Jan-16	11-Jun-09	Bank of Nova Scotia fixed floater	2416	10,513,289.83	
03-Aug-17	05-Sep-12	Bank of Nova Scotia fixed floater	1793	3,030,473.74	
13-Dec-21	13-Dec-11	Bank of Nova Scotia step up	3653	9,934,777.96	
		<b>*** BANK OF NOVA SCOTIA</b>			<b>74,507,226.23</b>
06-Jun-13	11-Aug-08	CIBC fixed floater	1760	10,003,656.15	
06-Jun-13	31-Jul-09	CIBC fixed floater	1406	3,014,715.66	
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	4,982,413.52	
02-Nov-15	24-Aug-11	CIBC fixed floater	1531	2,790,684.15	
06-Jun-18	26-Jan-10	CIBC residual	3053	2,122,890.00	
		<b>*** CIBC</b>			<b>34,634,714.97</b>

APPENDIX B-3

SCHEDULE 2 - 2

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
30-Nov-15	30-Nov-10	Canadian Western Bank fixed floater	1826	2,006,719.06	
30-Nov-15	23-Jun-11	Canadian Western Bank fixed floater	1621	3,034,745.59	
		<b>*** CANADIAN WESTERN BANK</b>			<b>5,041,464.65</b>
02-Nov-15	23-Jun-11	Laurentian Bank fixed floater	1593	1,006,885.39	
02-Nov-15	28-Jun-11	Laurentian Bank fixed floater	1588	4,038,035.26	
		<b>*** LAURENTIAN BANK OF CANADA</b>			<b>5,044,920.65</b>
16-Oct-17	15-Oct-12	Manulife Bank GIC	1827	5,000,000.00	
		<b>*** MANULIFE BANK OF CANADA</b>			<b>5,000,000.00</b>
15-Nov-13	05-Jun-08	National Bank fixed floater	1989	5,009,834.25	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	3,975,642.03	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	9,929,268.66	
11-Apr-17	11-Apr-12	National Bank fixed floater	1826	1,004,185.49	
11-Apr-17	01-May-12	National Bank fixed floater	1806	3,004,345.78	
11-Apr-17	18-Sep-12	National Bank fixed floater	1666	5,099,909.48	
11-Apr-17	17-Oct-12	National Bank fixed floater	1637	6,151,913.07	
		<b>*** NATIONAL BANK OF CANADA</b>			<b>34,175,098.76</b>
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	1,760,672.31	
04-Nov-13	15-Oct-08	Royal Bank fixed floater	1846	3,991,729.37	
04-Nov-13	19-Aug-10	Royal Bank fixed floater	1173	5,087,918.79	
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	9,991,356.12	
		<b>*** ROYAL BANK OF CANADA</b>			<b>26,762,446.59</b>
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	5,071,823.01	
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	5,489,361.89	
07-Jul-21	07-Jul-11	Toronto Dominion step up note	3653	4,979,347.42	
28-Nov-21	28-Nov-11	Toronto Dominion step up note	3653	9,978,361.92	
17-May-22	17-May-12	Toronto Dominion step up note	3652	9,954,384.60	
04-May-19	04-May-12	Toronto Dominion step up note	2556	1,993,912.62	
		<b>*** TORONTO DOMINION BANK</b>			<b>52,830,547.46</b>
<b>MAJOR BANKS - SCHEDULE II</b>					
16-Mar-16	17-Oct-12	HSBC fixed floater	1246	1,811,268.83	
10-Apr-17	05-Sep-12	HSBC fixed floater	1678	828,538.11	
08-Apr-21	08-Apr-11	HSBC step up note	3653	10,000,000.00	
		<b>*** HSBC BANK CANADA</b>			<b>12,639,806.94</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>					
06-May-13	04-Jan-13	Coast Capital Credit Union	122	15,000,000.00	
22-Nov-13	22-Nov-12	Coast Capital Credit Union	365	19,929,185.28	
02-Dec-13	06-Mar-13	Coast Capital Credit Union	271	5,000,000.00	
20-Dec-13	25-Mar-13	Coast Capital Credit Union	270	25,000,000.00	
24-May-13	25-Mar-13	Envision Credit Union	60	10,000,000.00	
16-Aug-13	17-Aug-12	Envision Credit Union	364	250,000.00	
13-Dec-13	13-Dec-12	Envision Credit Union	365	10,000,000.00	
20-Dec-13	25-Mar-13	Envision Credit Union	270	10,000,000.00	
14-Jan-14	14-Jan-13	Envision Credit Union	365	20,000,000.00	
02-Jul-13	02-Jan-13	Gulf & Fraser Credit Union	181	5,000,000.00	
07-Jan-14	07-Jan-13	Gulf & Fraser Credit Union	365	5,000,000.00	
04-Apr-13	05-Mar-13	Khalsa Credit Union	30	500,000.00	
02-Jul-13	02-Jan-13	North Shore Credit Union	181	5,000,000.00	
14-Feb-14	15-Feb-13	North Shore Credit Union	364	15,555,050.00	
21-May-13	20-Mar-13	Vancity Savings Credit Union	62	17,500,000.00	
27-May-13	27-Nov-12	Vancity Savings Credit Union	181	27,500,000.00	
25-Nov-13	26-Feb-13	Vancity Savings Credit Union	272	5,000,000.00	
07-May-13	07-Jan-13	Westminster Savings Credit Union	120	20,000,000.00	
		<b>*** CREDIT UNIONS</b>			<b>216,234,235.28</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	5,095,523.87	
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>24,880,143.70</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>\$ 660,184,331.03</b>