

NO: **R146**

COUNCIL DATE: **July 22, 2013**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **July 17, 2013**

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

FILE: **1880-20**

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

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

DISCUSSION

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

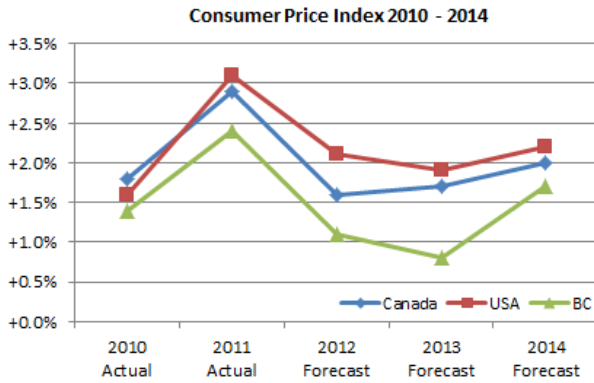
The following discussion provides a summary of current economic conditions followed by an outline of Surrey's financial performance for the second quarter of 2013. It also includes an overview of the City's investment portfolio performance.

International Overview

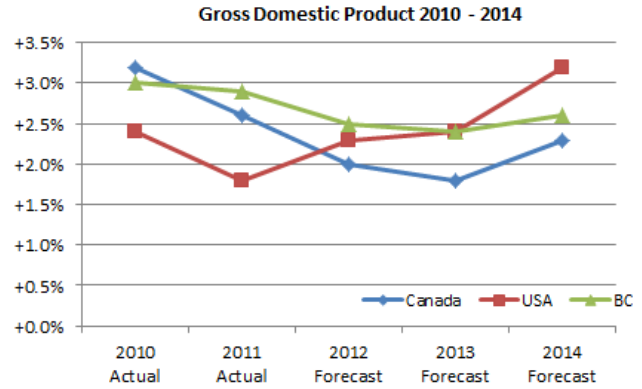
The European economy is still in a recession due to continued high unemployment and weak consumer spending. Threats of bank losses and real estate meltdowns still exist. The European Central Bank cut interest rates by twenty five basis points in May to a record low of 0.50%. Declining inflation is becoming a risk as prices drop in response to falling demand. Profits are also falling causing further stagnation to the economy.

The Bank of Japan's large bond purchases that were introduced in April are producing the desired effect of boosting demand by putting a downward pressure on the Yen. Consequently, the weak Yen has caused imports to be more expensive. With Japan's high reliance on energy imports, the weak Yen is negatively affecting the Japanese economy.

Lower than expected growth rates are being posted for the 2nd quarter for China and the emerging economies. The lower growth rates are attributable to weak global demand, reduced investments and high inflation, thus hampering consumer spending and economic growth.



Graph 1 Source: BMO Economics July 1, 2013



Graph 2 Source: BMO Economics July 1, 2013

United States Overview

The US economy is showing signs of strengthening. Despite cuts in government spending and higher payroll taxes, consumer spending was strong in the second quarter. Low interest rates, increased credit availability and the increase in employment are expected to continue to fuel consumer spending. Improved consumer confidence and record low interest rates are also helping the recovery in the housing market. US house prices were up 10.9% in the second quarter, the biggest rise in nearly seven years. Increased demand and lower inventory of homes will further increase demand for new construction, which should further improve employment.

The US dollar has traded higher as demand for US bonds and stocks are rising around the country's improved economic data. Overall, it appears that the US economy is on the mend.

Canadian Overview

Canadian economic growth is slowing amid continuing global economic uncertainty. The strong Canadian dollar continues to hamper export trade as Canada reported a trade deficit for the 17th consecutive month, which is a record.

The unemployment rate dropped to 7.10% with 95,000 jobs created in May. GDP for the first quarter grew by 0.60% but was quickly offset in the second quarter due to the Alberta flood situation. Interest rates continue to be held at 1.00% and Canadian households remain burdened with high debt. Housing prices have leveled off in most urban areas and housing demand has slowed. There are still signs of overbuilding and overvaluation as inventories build-up.

British Columbia Overview

The unemployment rate improved slightly in the second quarter. Job creation in BC has been stalled since the end of last year and the slow job growth is impacting consumer confidence. Retail sales have been flat since the end of 2011. Exports were up in the first half of 2013. These gains were mainly attributable to wood product exports, half of which was generated from export to the US, thus signalling that the turnaround in the US housing sector is helping BC exports. Year over year gains were made in softwood lumber, coal, copper and precious metals.

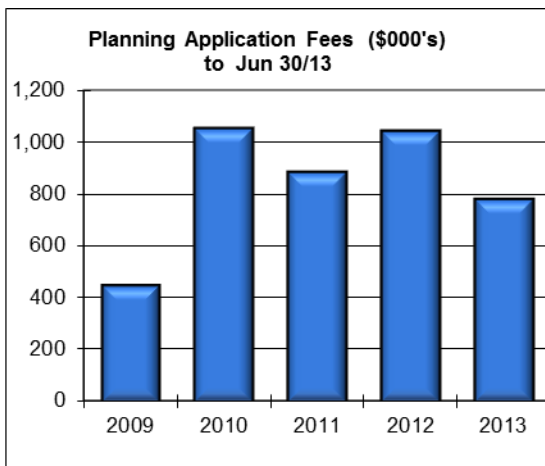
The housing market has slowed down over the last three quarters. A further slowdown in the housing market is projected which could cause the loss of up to 7,500 construction related jobs in the coming year. It will also impact the financing, legal, home furnishing and home improvement sectors. Two large capital projects in ship building and aluminum smelting are under way this year which will offset some of the job losses occurring from the slowdown in the housing market.

Surrey's Financial Performance

Development activity is expected to meet budget by year end as the high number of applications for multi-family dwellings in 2012 will translate to the development of land in 2013. Application fees and building permit revenue have slowed down in the first six months of 2013, when compared to the same time period in 2012. This is a reflection of current economic circumstances. The expansion of City Centre continues and multi-family residential development continues to increase throughout the City as Surrey remains a relatively affordable market in the Region. Construction of new civic facilities identified as part of the Build Surrey Program has supported the City's economic growth.

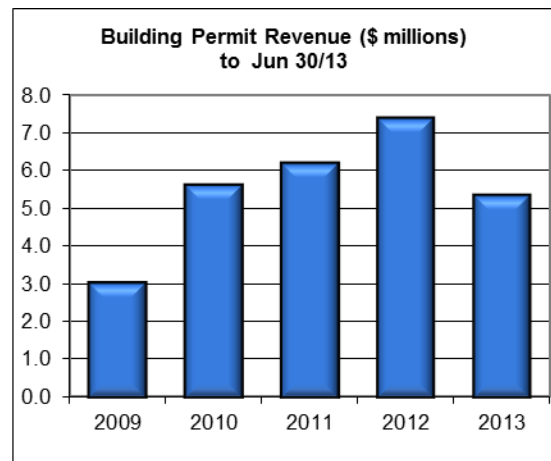
The City's budget is based on recognized accounting principles which require that development-related revenues be distributed over time to match the timing of the related expenses incurred by the City. This revenue deferral process means that although there may be a significant reduction in the actual 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 six months of 2013 compare to previous years' results for the same period:



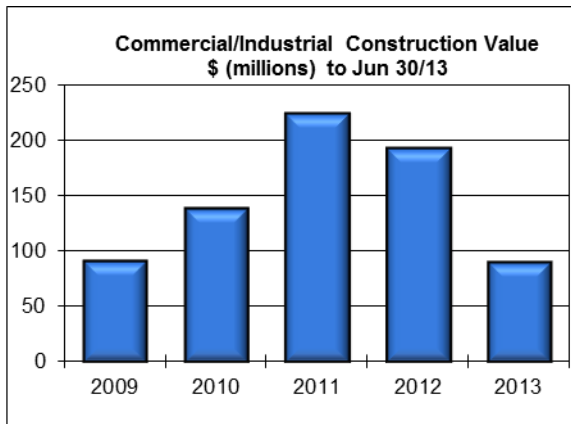
Graph 3

Application fees collected in the first half of the year are lower than those collected for the same period last year. Changes to the mortgage rules appear to be causing a deceleration in housing market, which is impacting application activity.



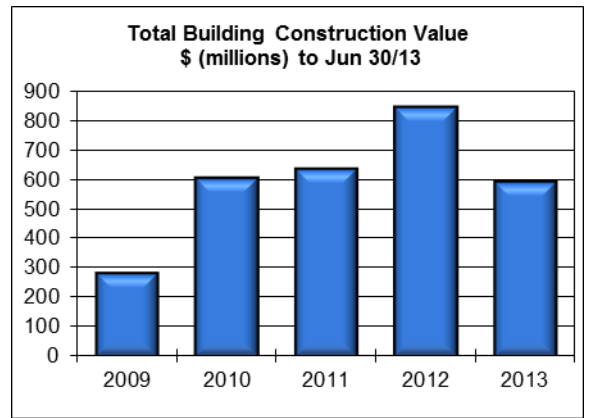
Graph 4

Building permit fees collected for the first six months of this year are lower than those collected in the same period last year. Q2 2012 included the permits for the final phase of the Surrey Memorial Hospital, which caused a significant bump in revenue in 2012. Planning applications from 2012 will translate to building permits in 2013 and future years.



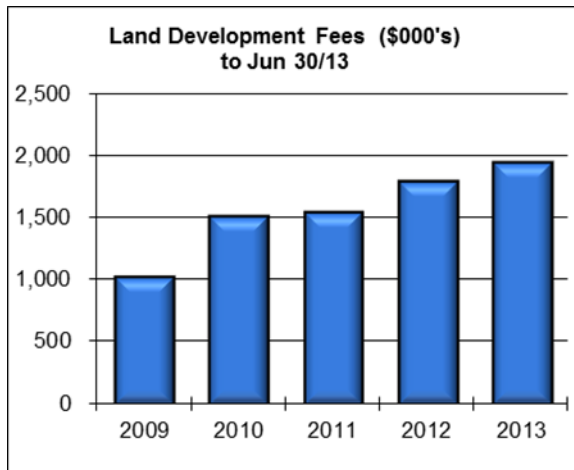
Graph 5

Construction value of commercial and industrial building permits for the first six months of 2013 is lower in comparison to the first half of 2012. This is due to timing of construction. Projects in growth areas are expected to begin later this year; however, due to current market conditions they may be deferred to next year.



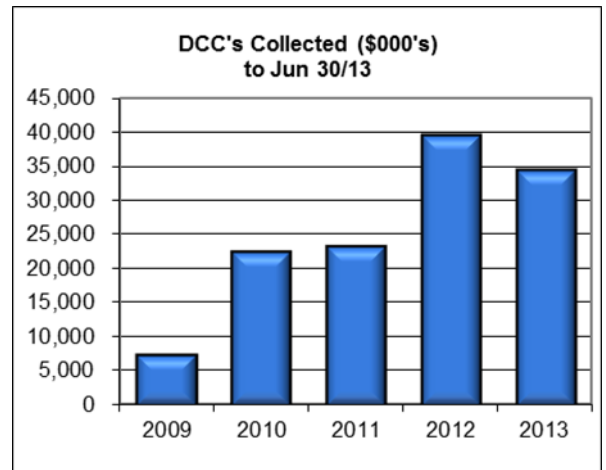
Graph 6

Overall, the value of new construction in the City for the first six months of the year is lower than the same time period last year but approximately the same as the first half of 2010 and 2011.



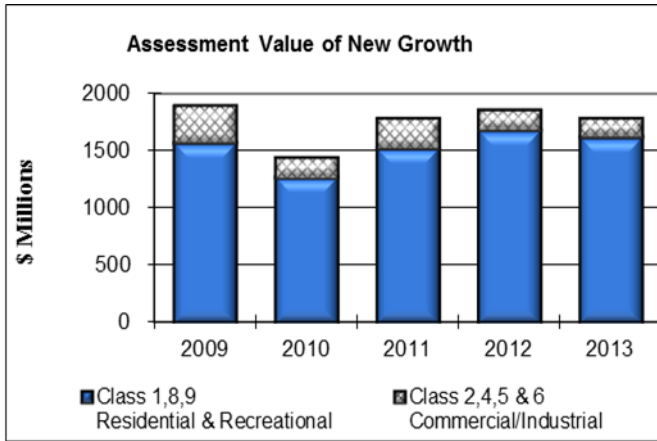
Graph 7

Engineering Land Development fees collected in the first six months of the year are slightly higher than the same period in 2012. These fees are expected to meet budget by year-end.

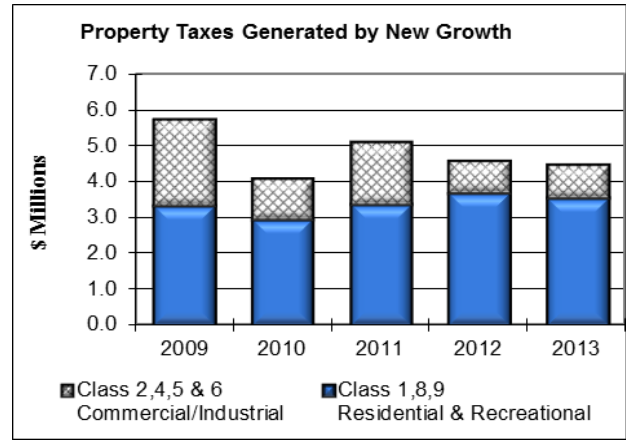


Graph 8

Development Cost Charges that have been collected in the first six months of the year are lower than those collected in the same period of 2012. The City collects DCC revenue throughout the year and distributes it to related construction programs in the following year.

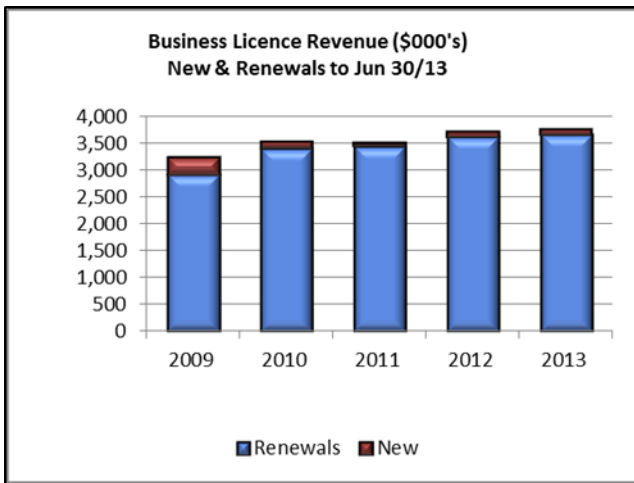


Graph 9



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 revenues. 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 2013, increases in commercial assessment will account for 9% of the assessment growth and 21% of the property tax growth, while residential assessment will account for 91% of the assessment growth and 79% of property tax revenue growth.

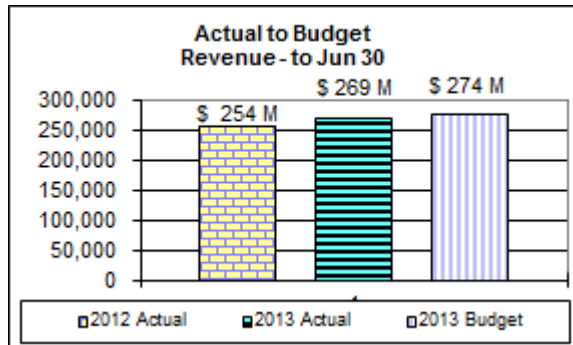


Graph 11

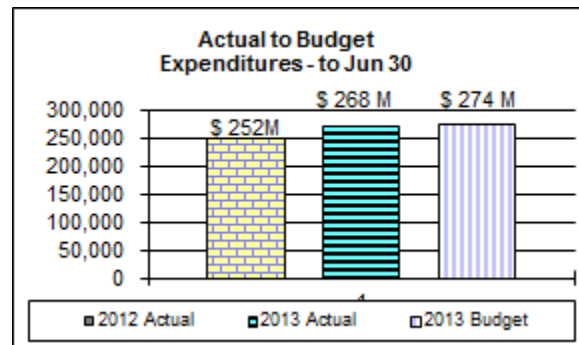
Business license revenue is slightly higher in 2013 than the same period for 2012.

Comparison of Actual Revenues and Expenditures versus the 2013 Budget (Financial Plan)

The following graphs illustrate the variances between the actual and the budgeted revenues and expenditures, excluding transfers to reserves, for the first six months of 2013.



Graph 12



Graph 13

Appendix A documents the operating revenues and expenditures (General and Utilities) for the second quarter of 2013 at a more detailed level. The departmental expenditures include the costs related to the CUPE labour contract settlement that had not been included in the 2013 Adopted Plan since a settlement had not been concluded at that time. 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 \$337,000. It is expected that this Department will have a favourable variance of \$300,000 at year end.

Fire Services has a favourable variance of \$514,000. It is expected that Fire Services will have a favourable variance of about \$200,000 at year end.

Engineering Services currently has a favourable variance of \$143,000, which is due primarily to position vacancies. It is expected that the Department will have a positive variance of about \$200,000 at year end.

Parks, Recreation & Culture Department is showing a favourable variance of \$353,000, 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 \$200,000 at year end.

Library Services has a positive variance of \$258,000 due to vacancies and timing of expenses. It is expected that Library Services will have a negative variance of \$200,000 by year end due to the costs related to the labour contract settlement that was just recently concluded.

Planning and Development Department, which also includes Civic Facilities, is reporting a favourable variance of \$312,000 due to vacancies and timing of maintenance costs. It is expected that this Department will meet budget by year end.

Mayor and Council has a favourable variance of \$28,000, due to timing of expenditures. It is expected that this Department will meet budget by year end.

City Grants has a positive variance of \$34,000, due to 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 \$126,000 due to vacancies and the timing of expenditures. It is expected that City Manager's Department will have a favourable variance of about \$100,000 at year end.

Finance & Technology Department currently has an unfavourable variance of \$78,000. This is primarily due to an increase in salary costs relating to the new labour contract. It is expected that this Department will have a negative variance of \$100,000 at the end of the year.

Human Resources Department has an unfavourable variance of \$90,000 due primarily to increased salary related costs. It is expected that the Human Resources Department will have an unfavourable variance of \$100,000 at the end of the year.

Utilities variances for the second quarter of 2013 are attributable to the timing of expenditures. Any surpluses/deficits remain within the utilities as they are self-sustaining by design.

Staff will continue to closely monitor all areas and are taking action to limit negative financial variances in comparison to budget and to reduce as much as possible, the current anticipated transfer from surplus of \$5.0 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 April through June 2013. **Schedule 2** is a detailed listing of securities as at June 30, 2013 sub-totalled by issuer type.

It is important to note that although the investment portfolio is currently valued at \$836 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 have been internally loaned to various projects outlined in the Capital Funding section below.

The City's investment portfolio is currently earning a combined rate of approximately 2.83%, while maintaining investment security as outlined in the City's investment policy. Interest revenue is expected to meet budget targets for 2013.

Capital Funding

The City has received funding through the Municipal Finance Authority in the amount of \$145 million to fund capital projects. Some of the City's capital projects are also being funded through internal borrowing from City reserves. Although the interest earned on the City's investment portfolio is affected by the use of these funds for capital projects, repayment schedules have been established to replenish the reserves with interest over time.

CONCLUSION

Development activity experienced in the second quarter of 2013 is less than that of the same period in 2012 but approximately the same as the activity in 2010 and 2011. The 2013 budget anticipated the use of approximately \$4 million from prior years' surpluses. This is consistent with the City's operating budgets for the last decade. In most years, the City has been able to manage its operations such that the use of prior years' surpluses was not necessary. Given the softness in the economy that is evident this year, staff is projecting that it will be necessary to use some amount of prior years' surpluses in 2013. Staff will continue to closely monitor all areas to reduce as much as possible by year end the necessary transfer from surplus.

Vivienne Wilke, CGA
General Manager,
Finance & Technology

Attachments:

Appendix A: 2013 Second Quarter Council Report

Appendix B: Second Quarter Investment Summary

**2013 2nd QUARTER COUNCIL REPORT
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES
\$ 000's**

	2013 2nd Qtr - June Actual	2013 YTD BUDGET	2013 2nd Qtr - June Variance	2013 FORECAST	2013 ANNUAL BUDGET	2013 Projected Variance
REVENUE SUMMARY						
Net Taxation General	125,235	125,830	595	250,860	251,660	800
Net Taxation Utilities	23,183	23,724	541	47,113	47,613	500
Non-Tax Revenues General	12,759	12,925	166	28,139	29,139	1,000
Non-Tax Revenues Utilities	66,793	67,512	719	133,775	134,175	400
Provincial Casino Revenue Sharing	1,529	1,500	(29)	3,000	3,000	-
Build Surrey Program	4,015	4,986	971	13,064	14,064	1,000
Utility Recoveries	2,478	2,478	-	4,956	4,956	-
Program Revenues	33,461	34,555	1,094	65,839	66,639	800
TOTAL REVENUES	269,454	273,510	4,057	546,746	551,246	4,500
EXPENDITURE SUMMARY						
Program Expenditures	155,826	158,857	3,031	319,612	320,912	1,300
Utility Expenditures	80,525	82,225	1,699	168,130	169,330	1,200
Council Projects	123	125	2	250	250	-
Crime Reduction	145	151	6	300	300	-
Social Well-Being Plan	930	956	26	1,912	1,912	-
Clean Energy	81	93	11	185	185	-
Sustainability	117	125	8	250	250	-
Build Surrey Program	4,015	4,986	971	13,064	14,064	1,000
Fiscal Services	491	493	2	946	946	-
TOTAL EXPENDITURES	242,253	248,010	5,757	505,410	508,910	3,500
TRANSFER SUMMARY						
Transfer to Capital Program	18,198	17,983	(215)	47,445	47,445	-
Transfer to Capital Program - Casino	1,529	1,500	(29)	3,000	3,000	-
Transfers To(From) Own Sources	6,167	6,071	(96)	(4,111)	(4,111)	-
TOTAL TRANSFERS	25,894	25,554	(340)	46,334	46,334	-
Surplus (Deficit)	1,306	(54)	(1,360)	(4,998)	(3,998)	(1,000)
Transfer (To)From Surplus	(1,306)	54	1,360	4,998	3,998	1,000
BALANCED BUDGET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PROJECTED SURPLUS (DEFICIT)	\$ (1,000)
BUDGETED TRANSFER FROM SURPLUS	(3,999)
ANTICIPATED SURPLUS (DEFICIT) AT YEAR END	\$ (4,999)

**2013 2nd QUARTER COUNCIL REPORT
DEPARTMENTAL DETAIL**

\$ 000's

	2013 2nd Qtr - June ACTUAL	2013 YTD BUDGET	2013 2nd Qtr - June Variance	2013 Projected ACTUAL	2013 ANNUAL BUDGET	2013 Projected Variance
PROGRAM REVENUES						
R.C.M.P.	3,749	3,749	-	7,527	7,527	-
Fire	122	86	(35)	1,619	1,519	(100)
Engineering Services	3,183	2,972	(211)	6,016	5,716	(300)
Parks, Recreation & Culture	12,371	13,260	889	23,211	22,911	(300)
Surrey Public Library	786	814	28	1,610	1,610	-
Planning & Development	9,185	9,138	(47)	17,175	18,275	1,100
City Manager	3,472	3,829	358	7,362	7,662	300
Finance & Technology	589	701	112	1,308	1,408	100
Human Resources	5	6	-	11	11	-
TOTAL PROGRAM REVENUES	33,461	34,555	1,094	65,839	66,639	800
PROGRAM EXPENDITURES						
R.C.M.P.	59,537	59,875	338	120,173	120,473	300
Fire	24,965	25,444	478	54,194	54,294	100
Engineering Services	3,555	3,487	(68)	6,917	6,817	(100)
Parks, Recreation & Culture	30,127	31,369	1,242	63,159	63,059	(100)
Surrey Public Library	5,946	6,231	286	12,193	11,993	(200)
Planning & Development	11,741	12,007	265	23,065	24,065	1,000
Mayor & Council	613	640	28	1,282	1,282	-
City Grants	894	928	34	1,324	1,324	-
City Manager	5,972	6,456	484	12,422	12,822	400
Finance & Technology	10,839	10,873	34	21,682	21,682	-
Human Resources	1,637	1,547	(90)	3,201	3,101	(100)
TOTAL PROGRAM EXPENDITURES	155,826	158,857	3,031	319,612	320,912	1,300
NET PROGRAM						
R.C.M.P.	55,789	56,126	337	112,646	112,946	300
Fire	24,844	25,358	514	52,575	52,775	200
Engineering Services	372	515	143	901	1,101	200
Parks, Recreation & Culture	17,757	18,109	353	39,948	40,148	200
Surrey Public Library	5,159	5,417	258	10,583	10,383	(200)
Planning & Development	2,556	2,869	312	5,890	5,790	(100)
Mayor & Council	613	640	28	1,282	1,282	-
City Grants	894	928	34	1,324	1,324	-
City Manager	2,501	2,627	126	5,060	5,160	100
Finance & Technology	10,249	10,172	(78)	20,374	20,274	(100)
Human Resources	1,631	1,541	(90)	3,190	3,090	(100)
NET PROGRAM TOTAL	122,365	124,302	1,937	253,773	254,273	500

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) APRIL/13	INVESTMENT (MILLIONS) MAY/13	INVESTMENT (MILLIONS) JUNE/13
<i>RBC Month End Balance</i>	67.3	32.2	105.7
<i>RBC USD Month End Balance (CAD\$)</i>	5.1	5.2	5.2
<i>Overnight</i>	20.0	20.0	20.0
MAJOR BANKS - SCHEDULE I			
Bank of Montreal	59.6	59.6	69.6
Bank of Nova Scotia	74.5	84.9	104.4
Canadian Imperial Bank of Commerce	34.6	34.6	23.4
Canadian Western Bank	5.0	5.0	5.0
Laurentian Bank of Canada	5.0	5.0	5.0
Manulife Bank of Canada	5.0	7.0	9.0
National Bank of Canada	34.2	34.2	44.2
Royal Bank of Canada	28.8	36.3	38.9
Toronto Dominion	52.8	35.9	71.4
SUB TOTAL - SCHEDULE I BANKS	299.6	302.6	370.8
MAJOR BANKS - SCHEDULE II			
HSBC Bank of Canada	12.6	12.6	12.6
SUB TOTAL - SCHEDULE II BANKS	12.6	12.6	12.6
CREDIT UNIONS			
Coast Capital Credit Union	64.9	64.9	75.0
Envision Credit Union	50.3	50.3	50.3
Gulf & Fraser Credit Union	10.0	10.0	10.9
Khulsa Credit Union	0.5	0.5	2.8
North Shore Credit Union	20.6	20.6	22.0
Vancity Savings	50.0	50.0	55.0
Westminster Savings Credit Union	20.0	20.0	22.9
SUB TOTAL - CREDIT UNIONS	216.2	216.2	238.8
PROVINCES			
British Columbia	2.6	2.6	2.6
Ontario	24.9	24.9	24.9
Quebec	14.4	14.4	14.4
SUB TOTAL - PROVINCES	41.9	41.8	41.8
OTHER			
MFA	1.0	1.0	41.0
SUB TOTAL - OTHER	1.0	1.0	41.0
TOTAL PORTFOLIO	663.8	631.6	836.1

SCHEDULE 2 - 1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
ROYAL BANK MONTH END BALANCE					
30-Jun-13		Royal Bank		105,743,063.78	
30-Jun-13		Royal Bank USD Account (CAD\$)		5,232,059.84	
					110,975,123.62
CALL LOAN					
02-Jul-13	28-Jun-13	VanCity Savings Credit Union Call Loan	4	20,000,000.00	20,000,000.00
MAJOR BANKS - SCHEDULE I					
01-Jul-13	16-Apr-13	Bank of Montreal ISA	76	8,000,000.00	
01-Jul-13	25-Apr-13	Bank of Montreal ISA	67	17,000,000.00	
30-Jun-14	28-Jun-13	Bank of Montreal GIC	367	10,000,000.00	
22-Apr-15	14-Jan-10	Bank of Montreal fixed floater	1924	2,562,479.82	
10-Jun-15	10-Jun-09	Bank of Montreal deposit note	2191	1,683,928.91	
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	2,843,596.61	
26-Sep-17	14-Jan-10	Bank of Montreal fixed floater	2812	10,555,369.69	
26-Sep-17	26-Jan-10	Bank of Montreal fixed floater	2800	5,313,294.82	
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	
		*** BANK OF MONTREAL			69,551,194.58
01-Jul-13	03-May-13	Bank of Nova Scotia investment savings	59	10,500,000.00	
01-Jul-13	27-Jun-13	Bank of Nova Scotia investment savings	4	4,500,000.00	
01-Jul-13	28-Jun-13	Bank of Nova Scotia investment savings	3	15,000,000.00	
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	700,478.51	
03-Oct-13	08-Oct-08	Bank of Nova Scotia fixed floater	1821	5,000,319.63	
03-Oct-13	31-Jul-09	Bank of Nova Scotia fixed floater	1525	504,077.72	
15-Apr-14	28-Apr-09	Bank of Nova Scotia fixed floater	1813	2,004,423.82	
15-Apr-14	01-May-09	Bank of Nova Scotia fixed floater	1810	5,020,920.18	
15-Apr-14	17-Jun-09	Bank of Nova Scotia fixed floater	1763	5,032,891.99	
15-Apr-14	31-Jul-09	Bank of Nova Scotia fixed floater	1719	5,044,894.60	
15-Apr-14	19-Aug-10	Bank of Nova Scotia fixed floater	1335	7,411,376.07	
16-Jul-14	19-Aug-10	Bank of Nova Scotia deposit note	1427	10,076,724.86	
22-Jan-16	22-Jan-09	Bank of Nova Scotia fixed floater	2556	1,999,875.78	
22-Jan-16	06-Feb-09	Bank of Nova Scotia fixed floater	2541	2,022,826.14	
22-Jan-16	10-Feb-09	Bank of Nova Scotia fixed floater	2537	5,062,686.18	
22-Jan-16	11-Jun-09	Bank of Nova Scotia fixed floater	2416	10,467,672.37	
03-Aug-17	05-Sep-12	Bank of Nova Scotia fixed floater	1793	3,028,717.96	
13-Dec-21	13-Dec-11	Bank of Nova Scotia step up	3653	9,936,651.43	
		*** BANK OF NOVA SCOTIA			104,364,728.84
01-Jul-13	27-Jun-13	CIBC investment savings account	4	2,000,000.00	
01-Jul-13	28-Jun-13	CIBC investment savings account	3	5,000,000.00	
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	4,984,703.60	
02-Nov-15	24-Aug-11	CIBC fixed floater	1531	2,786,750.46	
06-Jun-18	26-Jan-10	CIBC residual	3053	2,122,890.00	
		*** CIBC			23,439,699.55
30-Nov-15	30-Nov-10	Canadian Western Bank fixed floater	1826	2,006,089.39	
30-Nov-15	23-Jun-11	Canadian Western Bank fixed floater	1621	3,031,482.88	
		*** CANADIAN WESTERN BANK			5,037,572.27
02-Nov-15	23-Jun-11	Laurentian Bank fixed floater	1593	1,006,219.66	
02-Nov-15	28-Jun-11	Laurentian Bank fixed floater	1588	4,034,357.68	
		*** LAURENTIAN BANK OF CANADA			5,040,577.34
01-Jul-13	03-May-13	Manulife Bank investment savings accou	59	2,000,000.00	
01-Jul-13	28-Jun-13	Manulife Bank investment savings accou	3	2,000,000.00	
16-Oct-17	15-Oct-12	Manulife Bank GIC	1827	5,000,000.00	
		*** MANULIFE BANK OF CANADA			9,000,000.00

SCHEDULE 2 - 2

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
01-Jul-13	27-Jun-13	National Bank investment savings accou	4	5,000,000.00	
01-Jul-13	28-Jun-13	National Bank investment savings accou	3	5,000,000.00	
15-Nov-13	05-Jun-08	National Bank fixed floater	1989	5,006,556.21	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	3,979,165.86	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	9,939,501.27	
11-Apr-17	11-Apr-12	National Bank fixed floater	1826	1,003,925.63	
11-Apr-17	01-May-12	National Bank fixed floater	1806	3,004,075.96	
11-Apr-17	18-Sep-12	National Bank fixed floater	1666	5,093,706.56	
11-Apr-17	17-Oct-12	National Bank fixed floater	1637	6,142,481.49	
*** NATIONAL BANK OF CANADA					44,169,412.98
01-Jul-13	03-May-13	Royal Bank investment savings account	59	7,500,000.00	
01-Jul-13	28-Jun-13	Royal Bank investment savings account	3	7,500,000.00	
04-Nov-13	15-Apr-08	Royal Bank fixed floater	2029	1,759,448.16	
04-Nov-13	15-Oct-08	Royal Bank fixed floater	1846	3,994,486.28	
04-Nov-13	19-Aug-10	Royal Bank fixed floater	1173	5,058,612.51	
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	9,993,604.89	
02-Nov-15	17-Apr-13	Royal Bank fixed floater	929	2,060,229.36	
*** ROYAL BANK OF CANADA					38,872,716.20
01-Jul-13	03-May-13	Toronto Dominion investment savings acc	59	5,000,000.00	
01-Jul-13	28-Jun-13	Toronto Dominion investment savings acc	3	5,000,000.00	
28-Oct-13	28-Jun-13	Toronto Dominion GIC	122	30,500,000.00	
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	5,062,866.60	
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	5,466,149.78	
07-Jul-21	07-Jul-11	Toronto Dominion step up note	3653	4,979,971.90	
*** TORONTO DOMINION BANK					71,372,344.28
MAJOR BANKS - SCHEDULE II					
16-Mar-16	17-Oct-12	HSBC fixed floater	1246	1,801,856.75	
10-Apr-17	05-Sep-12	HSBC fixed floater	1678	824,963.40	
08-Apr-21	08-Apr-11	HSBC step up note	3653	10,000,000.00	
*** HSBC BANK CANADA					12,626,820.15
CREDIT UNIONS					
06-Aug-13	06-May-13	Coast Capital Credit Union	92	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	
16-Dec-13	19-Jun-13	Coast Capital Credit Union	180	10,070,000.00	
20-Dec-13	25-Mar-13	Coast Capital Credit Union	270	25,000,000.00	
16-Aug-13	17-Aug-12	Envision Credit Union	364	250,000.00	
23-Sep-13	24-May-13	Envision Credit Union	122	10,000,000.00	
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	
16-Dec-13	18-Jun-13	Gulf & Fraser Credit Union	181	875,000.00	
07-Jan-14	07-Jan-13	Gulf & Fraser Credit Union	365	5,000,000.00	
05-Jun-14	05-Jun-13	khalsa CU	365	2,285,000.00	
05-Jun-14	05-Jun-13	khalsa CU	365	500,000.00	
02-Jul-13	02-Jan-13	North Shore Credit Union	181	5,000,000.00	
09-Dec-13	11-Jun-13	North Shore Credit Union	181	1,425,000.00	
14-Feb-14	15-Feb-13	North Shore Credit Union	364	15,555,050.00	
18-Oct-13	21-May-13	Vancity Savings Credit Union	150	17,500,000.00	
25-Nov-13	27-May-13	Vancity Savings Credit Union	182	27,500,000.00	
25-Nov-13	26-Feb-13	Vancity Savings Credit Union	272	5,000,000.00	
09-Dec-13	11-Jun-13	Vancity Savings Credit Union	181	5,000,000.00	
04-Nov-13	07-May-13	Westminster Savings Credit Union	181	20,000,000.00	
16-Dec-13	18-Jun-13	Westminster Savings Credit Union	181	2,900,000.00	
*** CREDIT UNIONS					238,789,235.28

SCHEDULE 2 - 3

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
PROVINCIAL GUARANTEED PAPER					
09-Jul-15	19-Jan-10	BC residual	1997	2,552,912.00	
		*** BRITISH COLUMBIA			2,552,912.00
08-Mar-14	29-Mar-10	Ontario bond	1440	5,070,018.23	
02-Dec-14	10-Jun-09	Ontario coupon	2001	4,903,800.00	
02-Dec-14	22-Apr-10	Ontario coupon	1685	9,999,999.83	
02-Jun-15	01-May-09	Ontario coupon	2223	4,880,820.00	
		*** ONTARIO			24,854,638.06
30-Mar-14	29-Mar-10	Quebec coupon	1462	2,222,500.00	
15-Jul-14	29-Mar-10	Quebec Hydro coupon	1569	2,631,810.00	
01-Jun-15	11-May-09	Quebec coupon	2212	4,038,650.00	
16-Jul-15	01-May-09	Quebec coupon	2267	1,521,463.00	
15-Aug-15	11-May-09	Quebec Hydro coupon	2287	4,018,150.00	
		*** QUEBEC			14,432,573.00
open	17-Dec-03	BCMFA investment pool-money market f		1,000,000.00	
open		BCMFA investment pool-money market fund		40,000,000.00	
		*** BC MUNICIPAL FINANCE AUTHORITY			41,000,000.00
TOTAL PORTFOLIO					\$ 836,079,548.15