

NO: R211

COUNCIL DATE: **OCTOBER 28, 2013**

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **October 21, 2013**

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

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - Third 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 to the end of the third quarter of 2013 and to compare that activity with the 2013 Financial Plan and with the activity to the end of third quarter of prior years.

## DISCUSSION

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

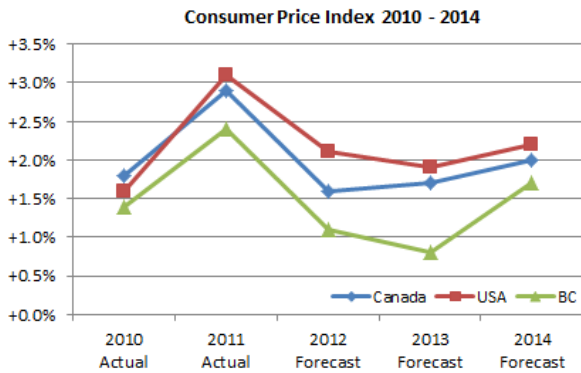
The following discussion provides a summary of current economic conditions followed by an outline of Surrey's financial performance for the third quarter of 2013. It also includes an overview of the performance of the City's investment portfolio.

### International Overview

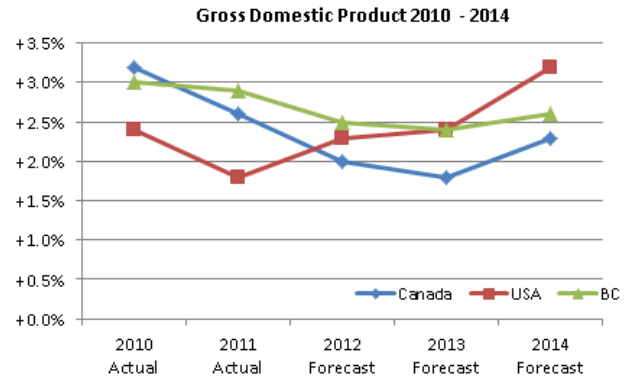
The Eurozone is now showing signs of a recovery after a prolonged recession. GDP has increased by an average of 0.2% to the end of the 3<sup>rd</sup> quarter. This is due to decreased tension in financial markets over Europe's debt crisis as well as the European Central Bank continuing to maintain its key interest rate at 0.50%. Unemployment in the Eurozone continues to be high at around 12%, resulting in slow recovery particularly in retail markets.

China had a good third quarter as the world's second-largest economy. Export orders were up suggesting that external demand for Chinese goods are gaining momentum. Although inflation continued to remain below target, trade data for both exports and imports picked up over the quarter, indicating stabilization in the economy.

The Japanese equity market remained strong over the third quarter. Consumption and capital expenditures were stronger than initial estimates, which continued to support the market's confidence for a steady recovery. Towards the end of the quarter, Japan celebrated Tokyo being awarded the 2020 Olympics, which will further aid in economic recovery.



Graph 1 Source: BMO Economics October 1, 2013



Graph 2 Source: BMO Economics October 1, 2013

### United States Overview

The US manufacturing sector expanded in July to the highest level in two years. However, the US equity market retreated in August amid uncertainty on whether the Federal Government would begin scaling back its quantitative easing program. US equities came under further pressure amid mounting worries about the possibility of a western military strike on Syria.

The Federal Open Market Committee's (FOMC) decision in September to delay tapering its \$85 billion-a-month asset purchase program indicated that there is still concern about the health of the economy and continues to strive for lower long-term interest rates. At the end of the third quarter, concerns over the US fiscal deadline resurfaced and the economy remains unsettled by the lack of progress in negotiations over the US debt ceiling and the budget. On October 2<sup>nd</sup>, Congress's failure to reach an agreement caused a partial government shutdown.

### Canadian Overview

Uncertain global economic conditions have delayed anticipated Canadian export and investment demand. The Canadian dollar was weaker during the third quarter, falling 7.2 % and finishing the quarter below parity at \$0.96 US. The US continues to be Canada's main export market with 79% of exports headed there.

Employment conditions in Canada continued to improve in the third quarter spurring economic activity. The unemployment rate in August was 7.1%. Softness in the housing market continues to be a concern. Businesses are reluctant to increase capacity and bolster staffing levels until there are stronger signs of economic improvement. The Bank of Canada has left its overnight rate at 1% to aid in the normalization of current economic conditions.

### British Columbia Overview

BC's housing re-sales and starts rebounded this past quarter. Further improvement is expected in the future; however, the recent slowing in population growth and current high number of completed unoccupied units in Vancouver, will limit the extent to which new construction will grow in the province in the short term.

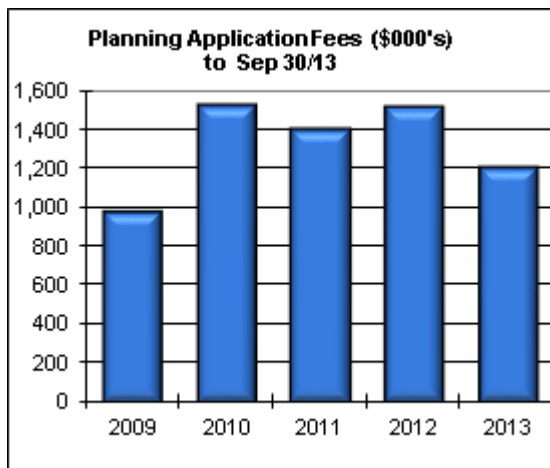
Merchandise exports were up nearly 5% year-over-year in the first seven months of 2013. The turnaround in the US housing construction sector fuels demand for building products at the same time that further progress is being made in the Chinese market. The BC natural resource sector continued on its recovery path due to rising sales abroad. Overall, the provincial economy continues to grow.

## Surrey's Financial Performance

Building revenues are slightly lower than anticipated, which is reflective of current economic conditions. A noticeable shift has occurred between applications and building permits for single family dwellings to multi-family residential units. The number of business licenses has increased reflecting an increase in the number of businesses within the City to meet the demands of population growth. Development activity is expected to meet budget by year end as the planning applications in 2012 continue to spur the development of land in 2013.

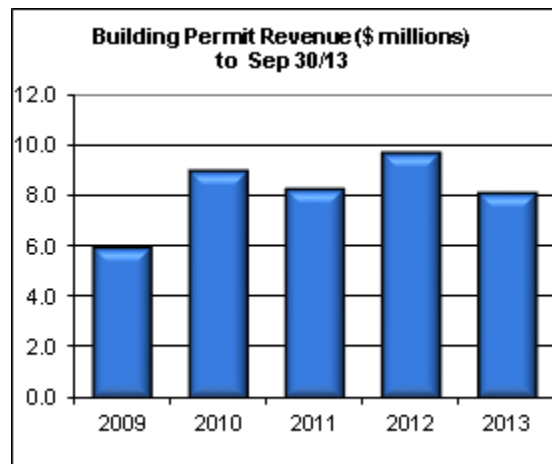
The City's budget is based on recognized accounting principles which require that development-related revenues be distributed over time to match the timing of the related expenses incurred by the City. This revenue deferral process means that although there may be a significant reduction in the actual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



Graph 3

Application fees collected to the end of the third quarter of the year are lower than those collected for the same period last year. Temporary uncertainty in the conversion rules from HST back to GST and changes to the qualification rules related to mortgage funds have caused a deceleration in the housing market, which is impacting application activity.



Graph 4

Building permit fees collected to the end of the third quarter of 2013 are 17% lower than those collected in the same period last year, but are consistent with those of 2011. Building permit revenue is expected to meet budget by year end due to continued new construction particularly in City Centre.



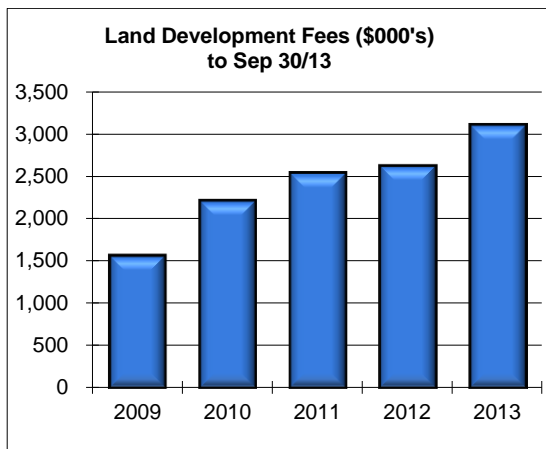
Graph 5

Construction value of commercial and industrial building permits for the first nine months of 2013 is lower in comparison to the first nine months of 2012.



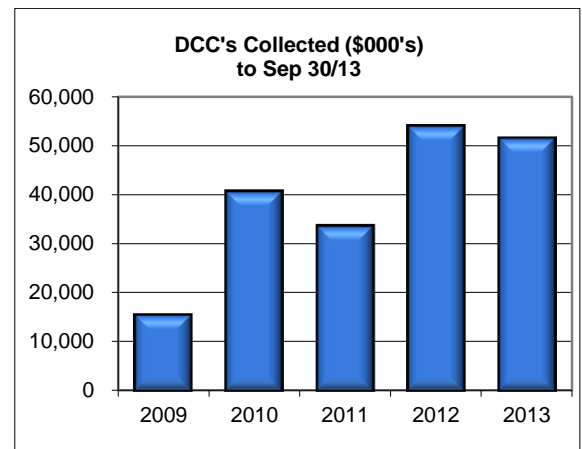
Graph 6

Overall, the value of new construction in the City for the first nine months of the year is 26% lower than the same time period last year but approximately the same as the first nine months of 2011.



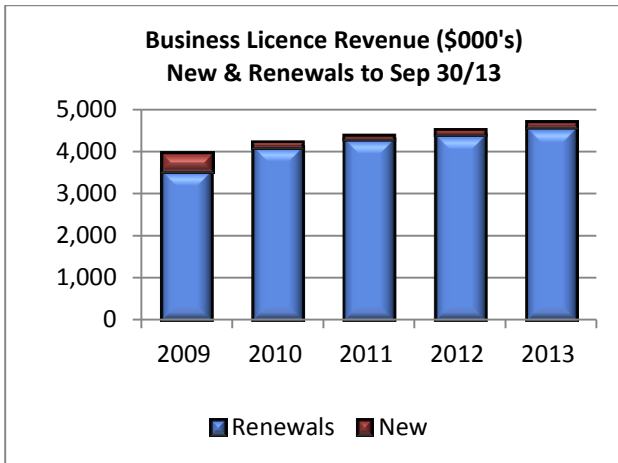
Graph 7

Engineering Land Development fees collected in the first nine months of the year are approximately 18% higher than the same period in 2012. This is due to the increase in multi-family developments and the translation of applications in 2012 to land development in 2013.



Graph 8

Development Cost Charges that have been collected in the first nine months of the year are at pace with those collected in the same period of the prior year. The DCC's collected are expected to meet budget by year-end. The City collects DCC revenue throughout the year and distributes it to related construction programs in the following year.

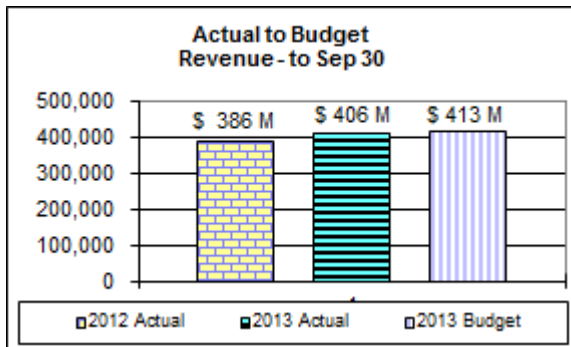


Graph 11

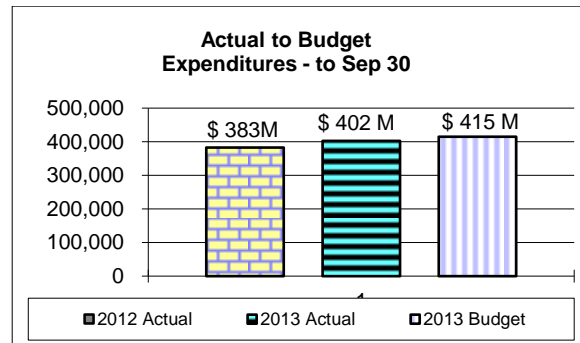
Business licence revenue is slightly higher for the first three quarters of 2013 in comparison to the same period in 2012, representing an increase in the number of businesses operating in Surrey.

**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 three quarters of 2013.



Graph 10



Graph 11

**Appendix A** documents the operating revenues and expenditures (General and Utilities) to the end of the third 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 Financial Plan since a settlement had not been concluded at the time that the Plan was adopted. 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 \$1,014,000, due to contract-related savings. It is expected that this Department will have a favourable variance of \$1,550,000 at year end.

Fire Services has a favourable variance of \$1,030,000 primarily due to vacancies that are currently being filled. It is expected that Fire Services will have a favourable variance of about \$750,000 at year end.

Engineering Services currently has a favourable variance of \$1,722,000, which is due primarily to the timing of operating expenditures. It is expected that the Department will have a positive variance of about \$150,000 at year end.

Parks, Recreation & Culture Department is showing a favourable variance of \$1,035,000, 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 \$50,000 at year end.

Library Services has a positive variance of \$25,000 due to vacancies and the timing of expenses. It is expected that Library Services will meet budget by year end.

Planning and Development Department, which also includes Civic Facilities, is reporting a favourable variance of \$811,000 due to vacancies and timing of maintenance costs. It is expected that this Department will have a favourable variance of about \$400,000 at year end.

Mayor and Council have a favourable variance of \$10,000, due to timing of expenditures. It is expected that this Department will meet budget by year end.

City Grants has a positive variance of \$26,000, 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 \$69,000 due to vacancies and the timing of expenditures. It is expected that City Manager's Department will have a favourable variance of about \$250,000 at year end.

Finance & Technology Department currently has a favourable variance of \$373,000. It is expected that this Department will have a positive variance of \$250,000 at the end of the year.

Human Resources Department has an unfavourable variance of \$101,000 due primarily to timing of project related costs. It is expected that the Human Resources Department will have a favourable variance of \$100,000 at the end of the year.

Utilities variances for the third 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 \$2.3 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 July through September 2013. **Schedule 2** is a detailed listing of securities as at September 30, 2013 sub-totalled by issuer type.

It is important to note that although the investment portfolio is currently valued at \$821 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. Some of the 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 2.73%, while maintaining investment security as outlined in the City's investment policy. Interest revenue is expected to meet budget by year end.

## CONCLUSION

Development activity experienced to the end of the third quarter in 2013 is less than that of the same period in 2012 but approximately the same as the activity in 2011. Staff is projecting that it will be necessary to use prior years' surpluses to cover part of 2013 budget expenditures. 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 Third Quarter Council Report

Appendix B: Third Quarter Investment Summary

**2013 3rd QUARTER COUNCIL REPORT  
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES  
\$ 000's**

<b>REVENUE SUMMARY</b>	<b>2013 3rd Qtr - Sept Actual</b>	<b>2013 YTD BUDGET</b>	<b>2013 3rd Qtr - Sept Variance</b>	<b>2013 FORECAST</b>	<b>2013 ANNUAL BUDGET</b>	<b>2013 Projected Variance</b>
Net Taxation	187,745	188,745	1,000	250,660	251,660	1,000
Net Taxation Utilities	34,739	35,586	847	46,413	47,613	1,200
Non-Tax Revenues	20,429	20,052	(378)	28,139	29,139	1,000
Non-Tax Revenues Utilities	97,381	100,976	3,596	134,175	134,175	-
Provincial Casino Revenue Sharing	2,295	2,250	(45)	3,000	3,000	-
Build Surrey Program	9,176	9,525	349	12,064	14,064	2,000
Utility Recoveries	3,717	3,717	-	4,956	4,956	-
Program Revenues	50,920	51,845	925	66,439	66,639	200
<b>TOTAL REVENUES</b>	<b>406,402</b>	<b>412,696</b>	<b>6,294</b>	<b>545,846</b>	<b>551,246</b>	<b>5,400</b>
<b>EXPENDITURE SUMMARY</b>	<b>2013 3rd Qtr - Sept Actual</b>	<b>2013 YTD BUDGET</b>	<b>2013 3rd Qtr - Sept Variance</b>	<b>2013 FORECAST</b>	<b>2013 ANNUAL BUDGET</b>	<b>2013 Projected Variance</b>
Program Expenditures	233,707	240,648	6,941	317,463	321,163	3,700
Utility Expenditures	116,794	128,051	11,257	168,130	169,330	1,200
Council Projects	189	187	(2)	250	250	-
Crime Reduction	141	232	90	300	300	-
Social Well-Being Plan	1,382	1,434	52	1,912	1,912	-
Clean Energy	35	139	104	185	185	-
Sustainability	189	191	2	250	250	-
Build Surrey Program	9,176	9,525	348	12,064	14,064	2,000
Fiscal Services	264	536	271	501	701	200
MFA Principal	184	184	-	245	245	-
Contingency	310	310	-	511	511	-
<b>TOTAL EXPENDITURES</b>	<b>362,372</b>	<b>381,436</b>	<b>19,064</b>	<b>501,811</b>	<b>508,911</b>	<b>7,100</b>
<b>TRANSFER SUMMARY</b>	<b>2013 3rd Qtr - Sept Actual</b>	<b>2013 YTD BUDGET</b>	<b>2013 3rd Qtr - Sept Variance</b>	<b>2013 FORECAST</b>	<b>2013 ANNUAL BUDGET</b>	<b>2013 Projected Variance</b>
Transfer to Capital Program	25,489	23,388	(2,101)	47,445	47,445	-
Transfer to Capital Program - Casino	2,250	2,250	-	3,000	3,000	-
Transfers To(From) Own Sources	12,273	7,560	(4,713)	(4,112)	(4,112)	-
<b>TOTAL TRANSFERS</b>	<b>40,012</b>	<b>33,198</b>	<b>(6,814)</b>	<b>46,333</b>	<b>46,333</b>	<b>-</b>
PROJECTED SURPLUS (DEFICIT)						\$ 1,700
BUDGETED TRANSFER FROM SURPLUS						(3,998)
<b>ANTICIPATED SURPLUS (DEFICIT) AT YEAR END</b>						<b>\$ (2,298)</b>



2013 3rd QUARTER COUNCIL REPORT						
DEPARTMENTAL DETAIL						
\$ 000's						
	2013 3rd Qtr - Sept ACTUAL	2013 YTD BUDGET	2013 3rd Qtr - Sept Variance	2013 Projected ACTUAL	2013 ANNUAL BUDGET	2013 Projected Variance
<b>PROGRAM REVENUES</b>						
R.C.M.P.	5,568	5,638	70	7,477	7,527	50
Fire	1,561	1,478	(83)	1,619	1,519	(100)
Engineering Services	4,746	4,342	(405)	6,266	5,716	(550)
Parks, Recreation & Culture	17,715	18,403	688	22,911	22,911	-
Surrey Public Library	1,455	1,434	(21)	1,710	1,610	(100)
Planning & Development	13,546	13,707	162	17,775	18,275	500
City Manager	5,204	5,784	580	7,212	7,662	450
Finance & Technology	1,117	1,050	(67)	1,458	1,408	(50)
Human Resources	8	9	1	11	11	-
<b>TOTAL PROGRAM REVENUES</b>	<b>50,920</b>	<b>51,845</b>	<b>925</b>	<b>66,439</b>	<b>66,639</b>	<b>200</b>
<b>PROGRAM EXPENDITURES</b>						
R.C.M.P.	89,271	90,355	1,084	118,873	120,473	1,600
Fire	38,828	39,775	947	53,644	54,294	650
Engineering Services	4,044	5,362	1,318	7,217	6,817	(400)
Parks, Recreation & Culture	45,023	46,745	1,723	63,010	63,060	50
Surrey Public Library	9,347	9,352	5	12,093	11,993	(100)
Planning & Development	17,385	18,357	973	23,165	24,065	900
Mayor & Council	971	981	10	1,282	1,282	-
City Grants	967	993	26	1,324	1,324	-
City Manager	9,134	9,782	648	12,122	12,822	700
Finance & Technology	16,278	16,585	307	21,482	21,682	200
Human Resources	2,460	2,360	(100)	3,251	3,351	100
<b>TOTAL PROGRAM EXPENDITURES</b>	<b>233,707</b>	<b>240,648</b>	<b>6,941</b>	<b>317,463</b>	<b>321,163</b>	<b>3,700</b>
<b>NET PROGRAM</b>						
R.C.M.P.	83,703	84,717	1,014	111,396	112,946	1,550
Fire	37,267	38,297	1,030	52,025	52,775	750
Engineering Services	(703)	1,020	1,722	951	1,101	150
Parks, Recreation & Culture	27,307	28,342	1,035	40,099	40,149	50
Surrey Public Library	7,892	7,918	25	10,383	10,383	-
Planning & Development	3,839	4,650	811	5,390	5,790	400
Mayor & Council	971	981	10	1,282	1,282	-
City Grants	967	993	26	1,324	1,324	-
City Manager	3,930	3,999	69	4,910	5,160	250
Finance & Technology	15,161	15,534	373	20,024	20,274	250
Human Resources	2,452	2,351	(101)	3,240	3,340	100
<b>NET PROGRAM TOTAL</b>	<b>182,787</b>	<b>188,803</b>	<b>6,016</b>	<b>251,024</b>	<b>254,524</b>	<b>3,500</b>

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) JULY/13	INVESTMENT (MILLIONS) AUGUST/13	INVESTMENT (MILLIONS) SEPTEMBER/13
<i>RBC Month End Balance</i>	163.2	25.2	148.7
<i>RBC USD Month End Balance (CAD\$)</i>	5.1	5.2	5.0
<i>Overnight</i>	20.0	20.0	20.0
<b>MAJOR BANKS - SCHEDULE I</b>			
Bank of Montreal	69.5	74.5	39.5
Bank of Nova Scotia	104.3	104.3	73.2
Canadian Imperial Bank of Commerce	23.4	23.4	16.4
Canadian Western Bank	5.0	7.7	12.0
Laurentian Bank of Canada	5.0	7.6	12.8
Manulife Bank of Canada	9.0	9.0	10.0
National Bank of Canada	44.2	49.2	69.2
Royal Bank of Canada	38.9	38.9	23.8
Toronto Dominion	66.4	66.4	56.4
<b>SUB TOTAL - SCHEDULE I BANKS</b>	365.8	380.9	313.3
<b>MAJOR BANKS - SCHEDULE II</b>			
HSBC Bank of Canada	12.6	12.6	12.6
<b>SUB TOTAL - SCHEDULE II BANKS</b>	12.6	12.6	12.6
<b>CREDIT UNIONS</b>			
Blueshore Credit Union	22.0	22.0	22.0
Coast Capital Credit Union	75.0	75.0	75.0
Envision Credit Union	50.3	50.3	50.3
Gulf & Fraser Credit Union	10.9	10.9	10.9
Khulsa Credit Union	2.8	2.8	2.8
Vancity Savings	55.0	55.0	55.0
Westminster Savings Credit Union	22.9	22.9	22.9
<b>SUB TOTAL - CREDIT UNIONS</b>	216.8	216.8	216.8
<b>PROVINCES</b>			
British Columbia	2.6	2.6	2.6
Ontario	24.8	24.8	24.8
Quebec	14.4	14.4	14.4
<b>SUB TOTAL - PROVINCES</b>	41.8	41.8	41.8
<b>OTHER</b>			
MFA	41.0	41.0	41.0
<b>SUB TOTAL - OTHER</b>	41.0	41.0	41.0
<b>TOTAL PORTFOLIO</b>	888.3	765.5	821.2

SCHEDULE 2 - 1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
<b>ROYAL BANK MONTH END BALANCE</b>					
30-Sep-13		Royal Bank		148,686,561.48	
30-Sep-13		Royal Bank USD Account (CAD\$)		4,988,962.15	
<b>CALL LOAN</b>					
1-Oct-13	30-Sep-13	VanCity Savings Credit Union Call Loan	1	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	2,553,848.07	
10-Jun-15	10-Jun-09	Bank of Montreal deposit note	2191	1,679,565.29	
21-Apr-16	15-Jan-10	Bank of Montreal residual	2288	4,675,938.00	
8-Jul-16	24-Aug-11	Bank of Montreal fixed floater	1780	2,835,842.93	
26-Sep-17	14-Jan-10	Bank of Montreal fixed floater	2812	10,522,642.87	
26-Sep-17	26-Jan-10	Bank of Montreal fixed floater	2800	5,294,833.00	
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	
27-Aug-18	27-Aug-13	Bank of Montreal step up	1826	4,987,847.76	
<b>*** BANK OF MONTREAL</b>					<b>39,467,104.65</b>
3-Oct-13	6-Oct-08	Bank of Nova Scotia fixed floater	1823	700,239.20	
3-Oct-13	8-Oct-08	Bank of Nova Scotia fixed floater	1821	5,000,159.91	
3-Oct-13	31-Jul-09	Bank of Nova Scotia fixed floater	1525	502,038.83	
15-Apr-14	28-Apr-09	Bank of Nova Scotia fixed floater	1813	2,003,024.62	
15-Apr-14	1-May-09	Bank of Nova Scotia fixed floater	1810	5,014,303.29	
15-Apr-14	17-Jun-09	Bank of Nova Scotia fixed floater	1763	5,022,488.56	
15-Apr-14	31-Jul-09	Bank of Nova Scotia fixed floater	1719	5,030,694.85	
15-Apr-14	19-Aug-10	Bank of Nova Scotia fixed floater	1335	7,376,148.78	
16-Jul-14	19-Aug-10	Bank of Nova Scotia deposit note	1427	10,058,340.56	
22-Jan-16	22-Jan-09	Bank of Nova Scotia fixed floater	2556	1,999,887.93	
22-Jan-16	6-Feb-09	Bank of Nova Scotia fixed floater	2541	2,020,599.66	
22-Jan-16	10-Feb-09	Bank of Nova Scotia fixed floater	2537	5,056,571.67	
22-Jan-16	11-Jun-09	Bank of Nova Scotia fixed floater	2416	10,422,054.91	
3-Aug-17	5-Sep-12	Bank of Nova Scotia fixed floater	1793	3,026,962.18	
13-Dec-21	13-Dec-11	Bank of Nova Scotia step up	3653	9,938,524.90	
<b>*** BANK OF NOVA SCOTIA</b>					<b>73,172,039.85</b>
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	
2-Mar-15	19-Mar-10	CIBC deposit note	1809	4,986,993.68	
2-Nov-15	24-Aug-11	CIBC fixed floater	1531	2,782,816.77	
6-Jun-18	26-Jan-10	CIBC residual	3053	2,122,890.00	
<b>*** CIBC</b>					<b>16,438,055.94</b>
30-Nov-15	30-Nov-10	Canadian Western Bank fixed floater	1826	2,005,459.72	
30-Nov-15	23-Jun-11	Canadian Western Bank fixed floater	1621	3,028,220.17	
30-Nov-15	21-Aug-13	Canadian Western Bank fixed floater	831	2,622,012.36	
30-Nov-15	26-Sep-13	Canadian Western Bank fixed floater	795	4,365,689.52	
<b>*** CANADIAN WESTERN BANK</b>					<b>12,021,381.77</b>
2-Nov-15	23-Jun-11	Laurentian Bank fixed floater	1593	1,005,553.93	
2-Nov-15	28-Jun-11	Laurentian Bank fixed floater	1588	4,030,680.10	
2-Nov-15	21-Aug-13	Laurentian Bank fixed floater	831	2,588,637.04	
2-Nov-15	26-Sep-13	Laurentian Bank fixed floater	795	5,197,588.37	
<b>*** LAURENTIAN BANK OF CANADA</b>					<b>12,822,459.44</b>
24-Mar-17	24-Sep-13	Manulife Bank GIC	1277	5,000,000.00	
16-Oct-17	15-Oct-12	Manulife Bank GIC	1827	5,000,000.00	
<b>*** MANULIFE BANK OF CANADA</b>					<b>10,000,000.00</b>

SCHEDULE 2 - 2

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
15-Nov-13	5-Jun-08	National Bank fixed floater	1989	5,003,278.17	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	3,982,689.69	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	9,949,733.88	
11-Apr-17	11-Apr-12	National Bank fixed floater	1826	1,003,665.77	
11-Apr-17	1-May-12	National Bank fixed floater	1806	3,003,806.14	
11-Apr-17	18-Sep-12	National Bank fixed floater	1666	5,087,503.64	
11-Apr-17	17-Oct-12	National Bank fixed floater	1637	6,133,049.91	
11-Sep-17	9-Sep-13	National bank GIC	1463	12,500,000.00	
16-Aug-18	16-Aug-13	National bank GIC	1826	5,000,000.00	
10-Sep-18	9-Sep-13	National bank GIC	1827	12,500,000.00	
24-Sep-18	24-Sep-13	National bank GIC	1826	5,000,000.00	
<b>*** NATIONAL BANK OF CANADA</b>					<b>69,163,727.20</b>
4-Nov-13	15-Apr-08	Royal Bank fixed floater	2029	1,758,224.01	
4-Nov-13	15-Oct-08	Royal Bank fixed floater	1846	3,997,243.19	
4-Nov-13	19-Aug-10	Royal Bank fixed floater	1173	5,029,306.23	
4-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	9,995,853.66	
2-Nov-15	17-Apr-13	Royal Bank fixed floater	929	2,054,058.72	
<b>*** ROYAL BANK OF CANADA</b>					<b>23,841,020.81</b>
28-Oct-13	28-Jun-13	Toronto Dominion GIC	122	30,500,000.00	
4-Aug-14	5-Aug-09	Toronto Dominion residual	1825	3,964,656.00	
2-Apr-15	28-Apr-09	Toronto Dominion fixed floater	2165	5,053,910.19	
2-Apr-15	12-Feb-10	Toronto Dominion residual	1875	9,284,000.00	
9-Jul-18	26-Jan-10	Toronto Dominion residual	3086	2,114,700.00	
9-Jul-18	27-Jun-11	Toronto Dominion fixed floater	2569	5,442,937.67	
<b>*** TORONTO DOMINION BANK</b>					<b>56,360,203.86</b>
<b>MAJOR BANKS - SCHEDULE II</b>					
16-Mar-16	17-Oct-12	HSBC fixed floater	1246	1,792,444.67	
10-Apr-17	5-Sep-12	HSBC fixed floater	1678	821,388.69	
8-Apr-21	8-Apr-11	HSBC step up note	3653	10,000,000.00	
<b>*** HSBC BANK CANADA</b>					<b>12,613,833.36</b>
<b>CREDIT UNIONS</b>					
9-Dec-13	11-Jun-13	Blueshore Credit Union	181	1,425,000.00	
14-Feb-14	15-Feb-13	Blueshore Credit Union	364	15,555,050.00	
3-Jan-14	2-Jul-13	Blueshore Credit Union	185	5,000,000.00	
22-Nov-13	22-Nov-12	Coast Capital Credit Union	365	19,929,185.28	
2-Dec-13	6-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	
3-Feb-14	6-Aug-13	Coast Capital Credit Union	181	15,000,000.00	
24-Mar-14	23-Sep-13	Envision Credit Union	182	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	
13-May-14	16-Aug-13	Envision Credit Union	270	250,000.00	
16-Dec-13	18-Jun-13	Gulf & Fraser Credit Union	181	875,000.00	
3-Jan-14	2-Jul-13	Gulf & Fraser Credit Union	185	5,000,000.00	
7-Jan-14	7-Jan-13	Gulf & Fraser Credit Union	365	5,000,000.00	
5-Jun-14	5-Jun-13	khalsa CU	365	2,285,000.00	
5-Jun-14	5-Jun-13	khalsa CU	365	500,000.00	
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	
9-Dec-13	11-Jun-13	Vancity Savings Credit Union	181	5,000,000.00	
4-Nov-13	7-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	
<b>*** CREDIT UNIONS</b>					<b>238,789,235.28</b>

SCHEDULE 2 - 3

MATURITY PURCHASE		SECURITY	# OF DAYS	PRINCIPAL	TOTAL
DATE	DATE				
<b>PROVINCIAL GUARANTEED PAPER</b>					
9-Jul-15	19-Jan-10	BC residual	1997	2,552,912.00	
		<b>*** BRITISH COLUMBIA</b>			<b>2,552,912.00</b>
8-Mar-14	29-Mar-10	Ontario bond	1440	5,044,512.59	
2-Dec-14	10-Jun-09	Ontario coupon	2001	4,903,800.00	
2-Dec-14	22-Apr-10	Ontario coupon	1685	9,999,999.83	
2-Jun-15	1-May-09	Ontario coupon	2223	4,880,820.00	
		<b>*** ONTARIO</b>			<b>24,829,132.42</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	
1-Jun-15	11-May-09	Quebec coupon	2212	4,038,650.00	
16-Jul-15	1-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 f		1,000,000.00	
open		BCMFA investment pool-money market fund		40,000,000.00	
		<b>*** BC MUNICIPAL FINANCE AUTHORITY</b>			<b>41,000,000.00</b>
<b>TOTAL PORTFOLIO</b>					<b>\$ 821,179,203.21</b>