

NO: **R066**

COUNCIL DATE: **April 28, 2014**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **April 23, 2014**

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

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - First Quarter- 2014**

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 2014 and to compare this activity with the 2014 Financial Plan and the same period in 2013.

DISCUSSION

The Five Year (2014-2018) Financial Plan was adopted by Council on November 25th, 2013.

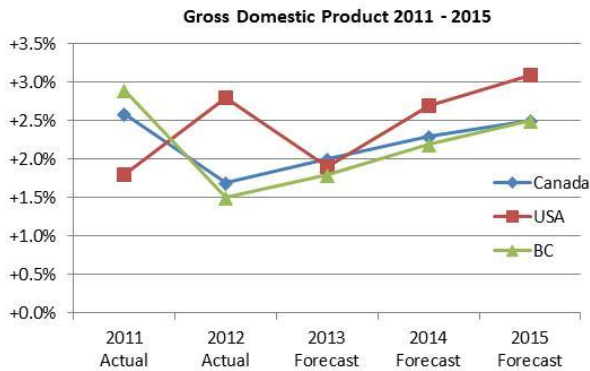
The following discussion provides a summary of current global, national, and local economic conditions followed by an outline of Surrey's financial performance for the first quarter of 2014. It also includes an overview of the City's investment portfolio performance.

International Overview

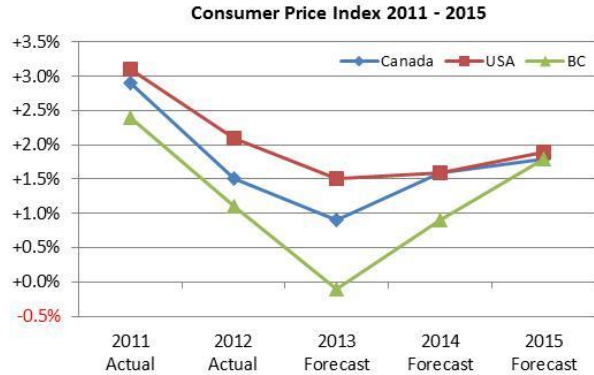
Global economic growth is forecasted at 3.4% in 2014 (2.9% - 2013) with advanced economies leading the way.

Economic growth in the Eurozone is expected to improve further in 2014 with strong domestic demand in Germany and reduced financial drag in the rest of Europe. However, the evolving conflict between Ukraine and Russia poses a high degree of uncertainty and risk for the Eurozone economy. The main concern is due to the financial linkages in Europe; the dependency of Western Europe on energy supply from Russia, Russia's dependency on the revenues from the energy exports, and the possible asset value depreciation for Russia and Ukraine's debt securities with European Union banks.

The Chinese government is undertaking major reforms of its economic model. The government aims to transition the economy away from exports and fixed investment and rebalance towards consumption by liberalizing the financial system and allowing greater volatility in the currency and a more market-based interest rate. Over the first two months in 2014, economic growth was measured to be below market expectations.



Graph 1 Source: BMO Economics April 11, 2014



Graph 2 Source: BMO Economics Apr 11, 2014

United States Overview

The US annual GDP growth rate has increased by 2.6% from 2012 to the fourth quarter of 2013, however, there was a brief pullback in the first quarter of 2014. This was driven by a number of largely temporary factors, such as, unusually cold weather in mid-February, expiration of unemployment benefits for the long-term unemployed, the termination of tax credits for capital investment and an inventory build-up by businesses during the previous year. Economic growth is expected to re-accelerate as adverse effects of these temporary factors fade.

Although housing market activity has declined in recent months due to mortgage rate increases and new mortgage regulations introduced in January 2014, housing demand is still considered to be constant considering housing affordability and positive economic conditions.

The US economy shows signs of strengthening through increased consumer spending. US households' net worth has increased by 14% to \$80.7 trillion. The unemployment rate has decreased slightly to 6.7% in the first quarter of 2014.

The US inflation rate is gradually increasing from the 2013 average of 1.5% to 1.6% in January 2014 but is still well below the Federal Reserve's target rate of 2%. The US dollar has posted a strong performance during the last 5 months.

Canadian Overview

The Canadian economy experienced softer growth in the first quarter of 2014 due to harsh winter weather across most of the country. Canada's export sector has also felt the effects of bad weather in the US with a slowing of exports to that country. However, stronger global demand has led to exports increasing by 7% in the 12 months ending February 2014.

The unemployment rate has decreased from 7.2% in March 2013 to 6.9% in March 2014. Even with steady employment growth and relatively low interest rates, consumer spending has remained modest.

The Canadian dollar has lost 8.3% against the US dollar from Mar 2013 to Mar 2014. Due to the US dollar strength, even without regard to domestic factors, further Canadian currency weakness is expected. The Canadian currency has fallen even more after the recent announcement by the Bank of Canada on March 18th that hints at the possibility of interest rate cuts given low inflation and current economic conditions.

The weaker Canadian dollar has provided some relief for the export sector as it enhances the competitiveness of Canadian goods exported abroad.

British Columbia Overview

BC's economy is presenting a positive outlook, especially in the export sector. BC's manufacturing sales have increased by 4.6% in January 2014 from the last quarter of 2013. Total exports have increased by 6.4% from 2012 to 2013. As the US is BC's largest trading partner with a 46% share of total exports, the steady US economic recovery bolsters BC's export driven industries.

BC's unemployment rate has moved downward from 7.3% in March 2013 to 5.8% in March 2014.

BC's population is gradually growing, showing a 1.1% increase from the first quarter of 2013 to the first quarter of 2014. Increased population serves to improve retail sales and housing market growth, which have performed poorly in the past two years.

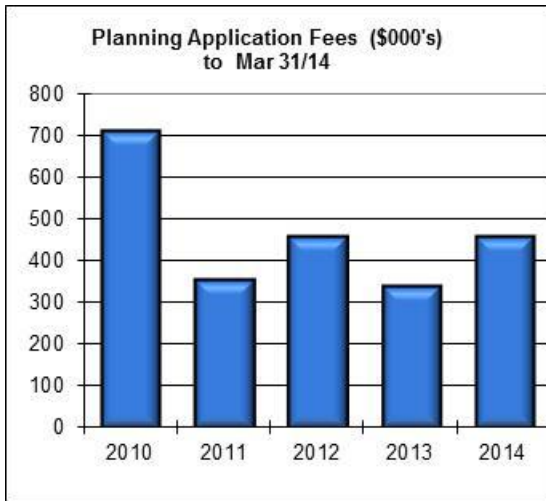
The provincial government announced its intention to introduce a new tax structure for future Liquefied Natural Gas (LNG) projects in the February budget. This structure will levy a two-tiered tax on the income earned by LNG producers. However, this still requires final approval from proponents so it will have an insignificant economic impact in 2014.

Surrey's Financial Performance

It is expected that the level of new development activity in 2014 will be similar to last year. The ongoing expansion of the City Centre-spurred by the move and occupancy of New City Hall is expected to further facilitate additional growth. The City's residential development environment is expected to continue with the trend of higher densification, leading to new and more sustainable growth. The City continues to be a relatively affordable residential market within the local Region, attracting young families and new immigrants. The Build Surrey Program is also contributing to developmental growth by providing additional community resources, including the upcoming Grandview Heights Pool, Guildford Pool, and the Cloverdale Youth Park.

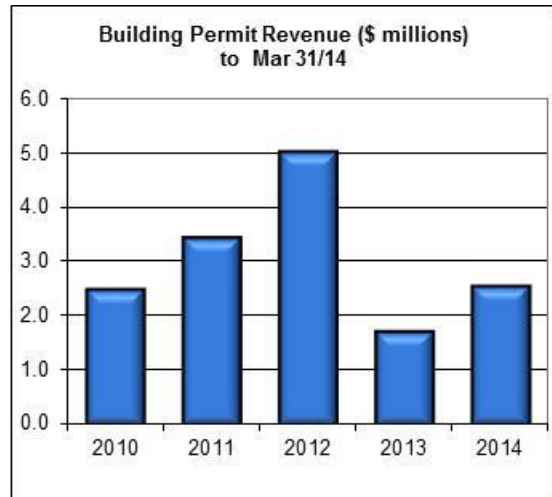
The graphs on the following page display actual key revenues and fees collected by the City in the first three months of 2014 compared to previous years; in addition graph 5 and 6 summarize the value of new Commercial/Industrial Construction and total Building Construction respectively. It is important to note that the City is governed by accounting principles that require that development-related revenues be distributed over time to match the timing of the related expenses incurred by the City. Accordingly, the financial impact of any significant reduction or increase in development related revenue may not be seen until sometime into the future.

The graphs on the following page illustrate how the results for the first quarter of 2014 compare to previous years' results for the same period.



Graph 3

Application fees collected in the first quarter of the year are 35% higher than those collected for the same period last year. This may be in part due to developers waiting for the return of the PST tax structure. Overall, application fee revenue is expected to meet target.



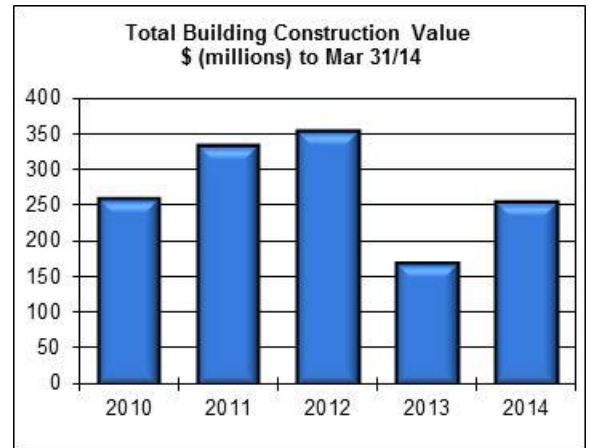
Graph 4

Building permit fees collected for the first three months of this year are 47% higher than those collected in the same period last year.



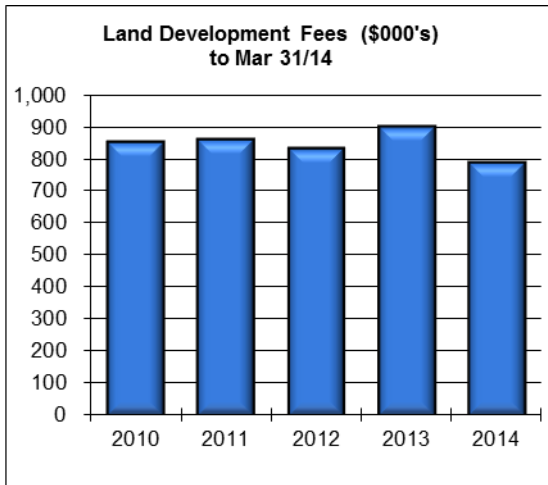
Graph 5

Construction value of commercial and industrial building permits for the first quarter of 2014 is higher compared to the same period in 2013.



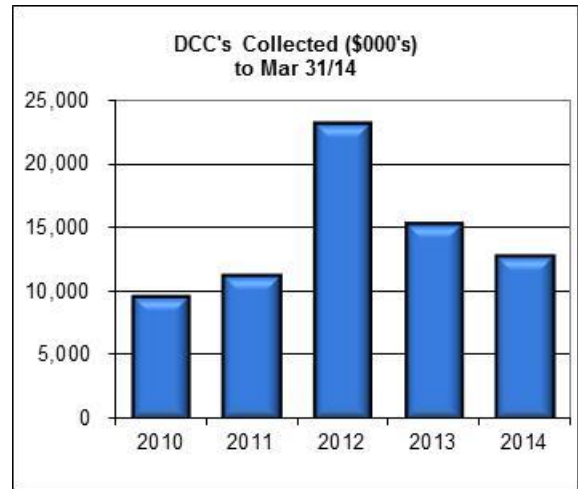
Graph 6

Overall, the value of new construction in the City for the first three months of the year has increased by 51% compared to the same time period last year.



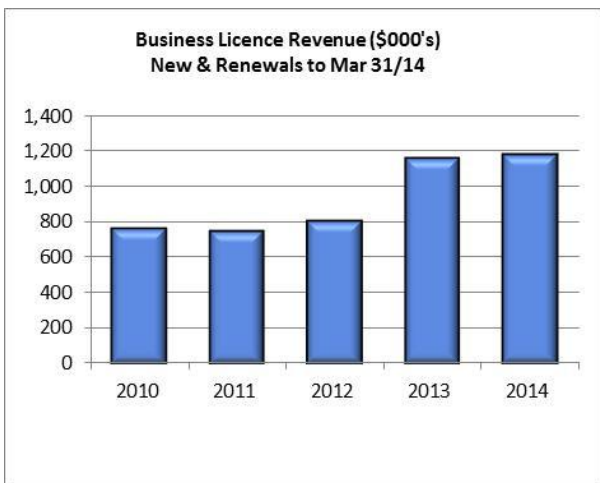
Graph 7

Engineering Land Development fees collected in the first three months of the year are lower than the same period in 2013. These fees typically lag behind planning application fees by several months.



Graph 8

Development Cost Charges that have been collected in the first three months of the year are 16% lower than those collected in the same period of 2013.

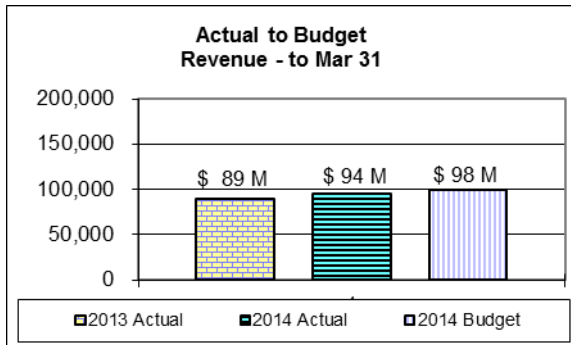


Graph 9

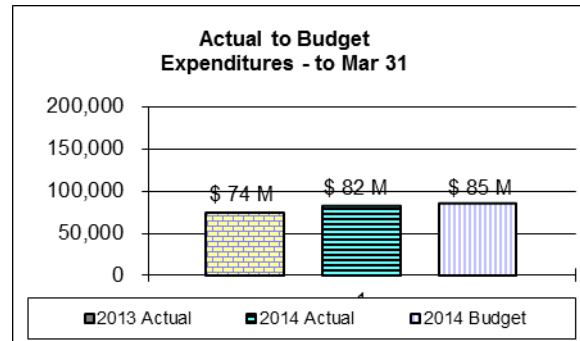
Business license revenue in the first quarter of 2014 is approximately the same as 2013.

Actual Revenues and Expenditures Relative to the 2014 Budget (Financial Plan)

The following graphs illustrate the variances between the actual and the budgeted operating revenues and expenditures, respectively, excluding transfers to reserves, for the first quarter of 2014.



Graph 10



Graph 11

Appendix A documents the General Operating Fund's revenues and expenditures for the first quarter of 2014 at a more detailed level. Departments are proactively 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 2014 Financial Plan:

RCMP currently shows a favourable variance of \$56,000, due primarily to staff vacancies.

Fire Services has a favourable variance of \$87,000, resulting from timing of expenditures.

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 \$173,000, which is primarily due to the timing of revenue received for programming and the timing of various expenditures.

Library Services is currently on budget.

Planning and Development Department, which also includes Civic Facilities, is reporting a positive variance of \$41,000 due to staff vacancies and the timing of maintenance costs for civic facilities.

Mayor and Council has a favourable variance of \$38,000 due to the timing of expenditures.

City Grants is currently on budget.

City Manager's Department is currently on budget.

Finance & Technology Department currently has a favourable variance of \$18,000. This is primarily due to the timing of the payments on IT maintenance contracts and staff vacancies.

Human Resources Department has a favourable variance of \$5,000 due to timing differences with various expenses.

Staff will continue to closely monitor all areas to ensure that immediate action is taken to address negative variances and to reduce as much as possible the 2014 budgeted transfer from surplus of \$4.99 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 2014. **Schedule 2** is a detailed listing of securities as at March 31, 2014 sub-totaled by issuer type.

It is important to note that although the investment portfolio is currently valued at \$647 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 2.76%, while maintaining investment security as outlined in the City's investment policy. This includes the internal borrowing pay back. Interest revenue is expected to meet budget by year end.

Capital Funding

The City has received financing through the Municipal Finance Authority in the amount of \$212 million to fund capital projects. Some of the City's capital projects are also being funded through internal borrowing from City reserves. Repayment schedules have been established to replenish the reserves with interest over time.

CONCLUSION

Development activity experienced in the first quarter of 2014 is slightly higher than the same period in 2013. The 2014 adopted Financial Plan anticipates a transfer from surplus of \$4.99 million. Staff will continue to closely monitor all areas to ensure that immediate action is taken to address negative variances in relation to the 2014 budget and to reduce as much as possible by year end, the budgeted transfer from surplus.

Vivienne Wilke, CGA
General Manager,
Finance & Technology

2014 1st QUARTER COUNCIL REPORT EXECUTIVE SUMMARY - REVENUES & EXPENDITURES \$ 000's						
REVENUE SUMMARY	2013 1st Qtr - March ACTUAL	2014 1st Qtr - March ACTUAL	2014 1st Qtr - March BUDGET	2014 1st Qtr - March Variance	VAR %	2014 ANNUAL BUDGET
Net Taxation	61,835	65,140	65,140	-	0.0 %	263,015
Non-Tax Revenues	6,029	6,764	7,708	944	(12.2) %	30,830
Provincial Casino Revenue Sharing	750	750	750	()	0.0 %	3,000
Build Surrey Program	1,885	3,126	3,794	668	(17.6) %	14,344
Utility Recoveries	1,239	2,543	2,546	2	(0.1) %	10,182
Program Revenues	17,268	16,506	18,562	2,056	(11.1) %	70,054
TOTAL REVENUES	89,006	94,829	98,499	3,669	(3.7) %	391,425
EXPENDITURE SUMMARY	2013 1st Qtr - March ACTUAL	2014 1st Qtr - March Actual	2014 1st Qtr - March BUDGET	2014 1st Qtr - March Variance	VAR %	2014 ANNUAL BUDGET
Program Expenditures	74,384	81,239	83,729	2,490	(3.0) %	340,247
Council Projects	(24)	62	62		(0.1) %	250
Crime Reduction	16	34	80	46	(57.0) %	300
Social Well-Being Plan	469	410	581	171	(29.4) %	2,323
Clean Energy	12	1	46	45	(97.4) %	185
Sustainability	72	44	66	23	(34.2) %	250
Build Surrey Program	2,470	3,126	3,794	668	(17.6) %	14,344
Fiscal Services	134	184	180	(4)	2.4 %	719
MFA Principal	56	-	58	58	(100.0) %	233
TOTAL EXPENDITURES	77,590	85,100	88,597	3,497	(3.9) %	358,851
TRANSFER SUMMARY	2013 1st Qtr - March ACTUAL	2014 1st Qtr - March Actual	2014 1st Qtr - March BUDGET	2014 1st Qtr - March Variance	VAR %	2014 ANNUAL BUDGET
Transfer to Capital Program	3,461	2,404	3,386	982	(29.0) %	10,400
Transfer to Capital Program - Casino	750	750	750	()	0.0 %	3,000
Transfers To(From) Own Sources	8,749	8,863	8,496	(367)	4.3 %	24,172
TOTAL TRANSFERS	12,960	12,017	12,632	616	(4.9) %	37,572
Surplus (Deficit)	(1,544)	(2,287)	(2,730)	(443)	(16.2) 0	(4,999)
Transfer (To)From Surplus	1,544	2,287	2,730	443	(16.2) 0	4,999
BALANCED BUDGET	-	-	-	-	- %	-

**2014 1st QUARTER COUNCIL REPORT
DEPARTMENTAL DETAIL
\$ 000's**

	2013 1st Qtr - March ACTUAL	2014 1st Qtr - March ACTUAL	2014 1st Qtr - March BUDGET	2014 1st Qtr - March Variance		2014 ANNUAL BUDGET
PROGRAM REVENUES						
R.C.M.P.	1,409	1,378	1,889	510	(27.0) %	7,556
Fire	60	69	51	(18)	35.2	1,600
Engineering Services	1,726	1,570	1,667	97	(5.8)	5,933
Parks, Recreation & Culture	6,853	7,325	7,541	216	(2.9)	25,457
Surrey Public Library	327	485	408	(77)	19.0	1,608
Planning & Development	4,902	4,347	4,653	307	(6.6)	18,614
City Manager	1,891	1,053	1,995	942	(47.2)	7,854
Finance & Technology	98	278	358	80	(22.4)	1,432
Human Resources	2	1	-	(1)	--	-
TOTAL PROGRAM REVENUES	17,268	16,506	18,562	2,056	(11.1) %	70,054

	2013 1st Qtr - March ACTUAL	2014 1st Qtr - March ACTUAL	2014 1st Qtr - March BUDGET	2014 1st Qtr - March Variance		2014 ANNUAL BUDGET
PROGRAM EXPENDITURES						
R.C.M.P.	28,764	30,498	31,064	566	(1.8) %	124,545
Fire	12,887	12,957	13,026	69	(0.5)	54,939
Engineering Services	1,911	1,672	1,786	114	(6.4)	6,921
Parks, Recreation & Culture	12,131	15,486	15,875	389	(2.4)	68,549
Surrey Public Library	3,320	3,686	3,609	(77)	2.1	13,783
Planning & Development	5,264	6,433	6,781	348	(5.1)	26,155
Mayor & Council	300	317	355	38	(10.7)	1,339
City Grants	844	332	332		(0.0)	1,328
City Manager	2,827	2,372	3,314	942	(28.4)	12,942
Finance & Technology	5,353	6,582	6,680	98	(1.5)	26,341
Human Resources	783	903	907	3	(0.4)	3,406
TOTAL PROGRAM EXPENDITURES	74,384	81,239	83,729	2,490	(3.0) %	340,247

	2013 1st Qtr - March ACTUAL	2014 1st Qtr - March ACTUAL	2014 1st Qtr - March BUDGET	2014 1st Qtr - March Variance		2014 ANNUAL BUDGET
NET PROGRAM						
R.C.M.P.	27,355	29,120	29,176	56	(0.2) %	116,989
Fire	12,827	12,889	12,975	87	(0.7)	53,339
Engineering Services	186	102	119	17	(14.2)	988
Parks, Recreation & Culture	5,277	8,161	8,334	173	(2.1)	43,092
Surrey Public Library	2,993	3,200	3,201		(0.0)	12,175
Planning & Development	363	2,087	2,128	41	(1.9)	7,541
Mayor & Council	300	317	355	38	(10.7)	1,339
City Grants	844	332	332		(0.0)	1,328
City Manager	936	1,319	1,319	-	0.0	5,088
Finance & Technology	5,255	6,304	6,322	18	(0.3)	24,909
Human Resources	780	902	907	5	(0.5)	3,406
NET PROGRAM TOTAL	57,117	64,733	65,168	435	(0.7) %	270,194

FIRST QUARTER INVESTMENT SUMMARY

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) JANUARY/14	INVESTMENT (MILLIONS) FEBRUARY/14	INVESTMENT (MILLIONS) MARCH/14
<i>RBC Month End Balance</i>	60.3	63.9	68.2
<i>RBC USD Month End Balance (CAD\$)</i>	4.7	4.5	4.3
<i>Overnight</i>	20.0	20.0	20.0
MAJOR BANKS - SCHEDULE I			
Bank of Montreal	59.9	59.9	58.8
Bank of Nova Scotia	66.8	66.8	66.7
Canadian Imperial Bank of Commerce	27.6	27.6	27.6
Canadian Western Bank	14.1	14.1	14.0
Laurentian Bank of Canada	13.8	13.8	13.8
Manulife Bank of Canada	20.0	20.0	20.0
National Bank of Canada	64.2	64.2	64.2
Royal Bank of Canada	17.0	17.0	7.0
Toronto Dominion	32.8	32.8	32.8
SUB TOTAL - SCHEDULE I BANKS	316.2	316.2	304.9
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			
Blueshore Credit Union	17.0	17.0	17.0
Coast Capital Credit Union	64.9	64.9	64.9
Envision Credit Union	50.3	50.3	40.3
Gulf & Fraser Credit Union	10.9	10.9	10.9
Khalsa Credit Union	2.8	2.8	2.8
Vancity Savings	22.5	22.5	22.5
Westminster Savings Credit Union	22.9	2.9	2.9
SUB TOTAL - CREDIT UNIONS	191.3	171.3	161.3
PROVINCES			
British Columbia	2.6	2.6	2.6
Ontario	24.8	24.8	19.8
Quebec	14.4	14.4	12.2
SUB TOTAL - PROVINCES	41.8	41.8	34.6
OTHER			
MFA	41.0	41.0	41.0
SUB TOTAL - OTHER	41.0	41.0	41.0
TOTAL PORTFOLIO	688.0	671.3	646.9

SCHEDULE 2 - 1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
ROYAL BANK MONTH END BALANCE					
31-Mar-14		Royal Bank		68,190,002.16	
31-Mar-14		Royal Bank USD Account (CAD\$)		4,319,087.96	
					72,509,090.12
CALL LOAN					
30-Apr-14	31-Mar-14	Vancity Savings Credit Union Call Loan	1	20,000,000.00	20,000,000.00
MAJOR BANKS - SCHEDULE I					
22-Apr-15	14-Jan-10	Bank of Montreal fixed floater	1924	2,536,584.57	
10-Jun-15	10-Jun-09	Bank of Montreal deposit note	2191	1,670,838.05	
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	2,820,335.57	
26-Sep-17	14-Jan-10	Bank of Montreal fixed floater	2812	10,457,189.23	
26-Sep-17	26-Jan-10	Bank of Montreal fixed floater	2800	5,257,909.36	
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 note	1826	4,988,994.06	
08-Jul-16	15-Oct-13	Bank of Montreal fixed floater	997	15,528,033.09	
21-Oct-20	21-Oct-13	Bank of Montreal step up note	2557	4,981,276.89	
*** BANK OF MONTREAL					58,833,685.55
15-Apr-14	28-Apr-09	Bank of Nova Scotia fixed floater	1813	2,001,219.07	
15-Apr-14	01-May-09	Bank of Nova Scotia fixed floater	1810	5,005,764.78	
15-Apr-14	17-Jun-09	Bank of Nova Scotia fixed floater	1763	5,009,063.86	
15-Apr-14	31-Jul-09	Bank of Nova Scotia fixed floater	1719	5,012,371.33	
15-Apr-14	19-Aug-10	Bank of Nova Scotia fixed floater	1335	7,330,691.10	
16-Jul-14	19-Aug-10	Bank of Nova Scotia deposit note	1427	10,029,967.16	
22-Jan-16	22-Jan-09	Bank of Nova Scotia fixed floater	2556	1,999,912.23	
22-Jan-16	06-Feb-09	Bank of Nova Scotia fixed floater	2541	2,016,146.70	
22-Jan-16	10-Feb-09	Bank of Nova Scotia fixed floater	2537	5,044,342.65	
22-Jan-16	11-Jun-09	Bank of Nova Scotia fixed floater	2416	10,330,819.99	
03-Aug-17	05-Sep-12	Bank of Nova Scotia fixed floater	1793	3,023,450.62	
13-Dec-21	13-Dec-11	Bank of Nova Scotia step up note	3653	9,942,271.84	
*** BANK OF NOVA SCOTIA					66,746,021.33
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	4,991,573.84	
02-Nov-15	24-Aug-11	CIBC fixed floater	1531	2,774,949.39	
06-Jun-18	26-Jan-10	CIBC residual	3053	2,122,890.00	
02-Nov-15	04-Oct-13	CIBC fixed floater	759	11,178,657.62	
*** CIBC					27,613,426.34
30-Nov-15	30-Nov-10	Canadian Western Bank fixed floater	1826	2,004,200.38	
30-Nov-15	23-Jun-11	Canadian Western Bank fixed floater	1621	3,021,694.75	
30-Nov-15	21-Aug-13	Canadian Western Bank fixed floater	831	2,575,715.96	
30-Nov-15	26-Sep-13	Canadian Western Bank fixed floater	795	4,271,031.89	
30-Nov-15	04-Oct-13	Canadian Western Bank fixed floater	787	2,167,885.83	
*** CANADIAN WESTERN BANK					14,040,528.81
02-Nov-15	23-Jun-11	Laurentian Bank fixed floater	1593	1,004,222.47	
02-Nov-15	28-Jun-11	Laurentian Bank fixed floater	1588	4,023,324.94	
02-Nov-15	21-Aug-13	Laurentian Bank fixed floater	803	2,546,703.60	
02-Nov-15	26-Sep-13	Laurentian Bank fixed floater	767	5,095,905.00	
02-Nov-15	04-Oct-13	Laurentian Bank fixed floater	759	1,121,967.35	
*** LAURENTIAN BANK OF CANADA					13,792,123.36
24-Mar-17	23-Sep-13	Manulife Bank GIC	1278	5,000,000.00	
16-Oct-17	15-Oct-12	Manulife Bank GIC	1827	5,000,000.00	
03-Apr-17	01-Oct-13	Manulife Bank GIC	1280	10,000,000.00	
*** MANULIFE BANK OF CANADA					20,000,000.00

SCHEDULE 2 - 2

MATURITY PURCHASE			# OF		
DATE	DATE	SECURITY	DAYS	PRINCIPAL	TOTAL
22-Dec-14	29-Feb-08	National Bank fixed floaters	2488	3,989,660.13	
22-Dec-14	29-Feb-08	National Bank fixed floaters	2488	9,969,974.82	
11-Apr-17	11-Apr-12	National Bank fixed floaters	1826	1,003,146.05	
11-Apr-17	01-May-12	National Bank fixed floaters	1806	3,003,266.50	
11-Apr-17	18-Sep-12	National Bank fixed floaters	1666	5,075,097.80	
11-Apr-17	17-Oct-12	National Bank fixed floaters	1637	6,114,186.75	
11-Sep-17	09-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	09-Sep-13	National Bank GIC	1827	12,500,000.00	
24-Sep-18	23-Sep-13	National Bank GIC	1827	5,000,000.00	
*** NATIONAL BANK OF CANADA					64,155,332.05
02-Nov-15	17-Apr-13	Royal Bank fixed floater	929	2,041,366.02	
03-Oct-16	02-Oct-13	Royal Bank GIC	1097	5,000,000.00	
*** ROYAL BANK OF CANADA					7,041,366.02
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	5,035,997.37	
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	5,396,513.45	
19-Nov-23	19-Nov-13	Toronto Dominion step up note	3652	6,973,029.31	
*** TORONTO DOMINION BANK					32,768,896.13
MAJOR BANKS - SCHEDULE II					
16-Mar-16	17-Oct-12	HSBC fixed floater	1246	1,773,620.51	
10-Apr-17	05-Sep-12	HSBC fixed floater	1678	814,239.27	
08-Apr-21	08-Apr-11	HSBC step up note	3653	10,000,000.00	
*** HSBC BANK CANADA					12,587,859.78
CREDIT UNIONS					
08-Sep-14	10-Mar-14	Blueshore Credit Union	182	1,425,000.00	
04-Mar-15	04-Mar-14	Blueshore Credit Union	365	15,555,050.00	
05-May-14	03-Feb-14	Coast Capital Credit Union	91	15,000,000.00	
02-Jun-14	02-Dec-13	Coast Capital Credit Union	182	5,000,000.00	
16-Jun-14	20-Dec-13	Coast Capital Credit Union	178	25,000,000.00	
04-Aug-14	03-Feb-14	Coast Capital Credit Union	182	19,930,000.00	
13-May-14	16-Aug-13	Envision Credit Union	270	250,000.00	
23-May-14	24-Mar-14	Envision Credit Union	60	10,000,000.00	
14-Jul-14	14-Jan-14	Envision Credit Union	181	20,000,000.00	
15-Dec-14	13-Dec-13	Envision Credit Union	367	10,000,000.00	
07-Jul-14	03-Jan-14	Gulf & Fraser Credit Union	185	5,000,000.00	
07-Jul-14	07-Jan-14	Gulf & Fraser Credit Union	181	5,000,000.00	
12-Sep-14	16-Dec-13	Gulf & Fraser Credit Union	270	875,000.00	
05-Jun-14	05-Jun-13	Khalsa Credit Union	365	2,285,000.00	
05-Jun-14	05-Jun-13	Khalsa Credit Union	365	500,000.00	
09-Jun-14	09-Dec-13	Vancity Savings Credit Union	182	5,000,000.00	
10-Sep-14	14-Mar-14	Vancity Savings Credit Union	180	17,500,000.00	
12-Sep-14	16-Dec-13	Westminster Savings Credit Union	270	2,900,000.00	
*** CREDIT UNIONS					161,220,050.00

SCHEDULE 2 - 3

MATURITY PURCHASE			# OF		
DATE	DATE	SECURITY	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
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			19,784,619.83
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			12,210,073.00
open	14-Sep-12	BCMFA investment pool-money market fund		1,000,000.00	
open	10-Jun-13	BCMFA investment pool-money market fund		40,000,000.00	
		*** BC MUNICIPAL FINANCE AUTHORITY			41,000,000.00
TOTAL PORTFOLIO					\$ 646,855,984.32