CORPORATE REPORT

NO:	R142	COUNCIL DATE:	JULY 21, 2014

REGULAR COUNCIL

TO:	Mayor & Council	DATE:	July 16 , 2014
FROM:	General Manager, Finance & Technology	FILE:	1880-20
SUBJECT:	Quarterly Financial Report - Second 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 second 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 six months of 2014. An overview of the City's investment portfolio performance is also provided.

International Overview

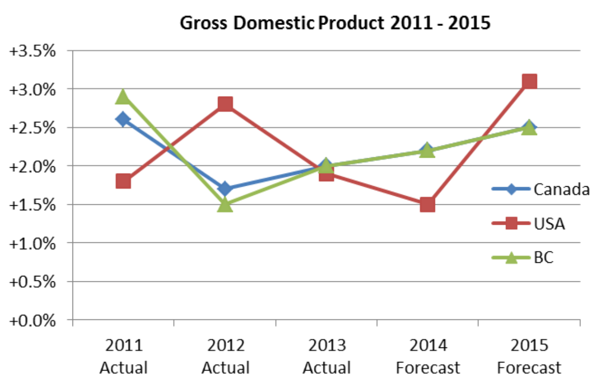
Global economic growth has been restrained by several factors including extreme weather events in North America and a slowdown in emerging markets. As a result of the slow start this year, global GDP forecasts have been reduced slightly from 3.4% to 3.3%. Global economic momentum is expected to accelerate in the remainder of 2014 with advanced economies leading the way.

Earlier this year, the Eurozone economy grew faster than the US for the first time since quarter one of 2011. However, analysis shows that it was Germany alone which drove growth as its output expanded four times faster than the overall Eurozone rate. Further analysis reveals that Eurozone output would have in fact contracted without Germany's contributions to growth. Other large Euro economies like France and Italy posted disappointing performances which, according to some economists, could indicate a "softer core" developing in the Eurozone. In June, the European Central Bank (ECB) lowered interest rates and announced a series of monetary measures that are supportive of on-going economic improvement.

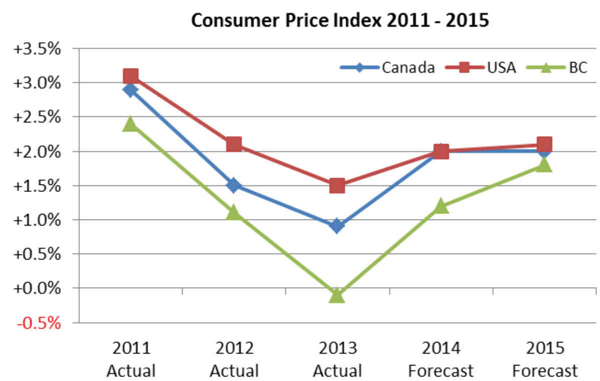
Conflict in Iraq has led to violence and the seizing of territories in the northern part of the country where 30% of oil production is located. The other 70% of oil producing capacity located in the southern portion of Iraq has not yet been affected. Although current global oil supplies have not yet been impacted, fear and uncertainty in oil markets have led to speculation and volatility in oil prices.

Political turmoil in Russia, Venezuela and Thailand has restrained economic activities in emerging markets. The on-going conflict between Ukraine and Russia has affected some countries with strong economic ties to Russia but its influence on the global economy has not yet been far reaching.

The Chinese economy continues to decelerate due to a slowdown in the property market. Authorities have implemented more than 20 stimulatory measures over the past several months in an attempt to improve growth and reach the target of 7.5% GDP growth in 2014.



Graph 1 Source: BMO Economics July 09, 2014



Graph 2 Source: BMO Economics July 09, 2014

<u>United States Overview</u>

After a brief setback due to temporary factors in the first quarter, the U.S. economy has rebounded in quarter two with increases in auto sales, industrial production and home sales. Growth is expected to continue with GDP of around 3.0% forecasted for the remainder of the year.

Improved household debt levels indicate a healthy recovery is underway from the housing market crash and recession losses. Job growth is solid as evidenced by 1.4 million jobs created in the first half of 2014, the best half-year performance since 1999. The unemployment rate of 6.1% is at its lowest level since 2008 and is forecasted to fall below 6.0% by the end of 2014.

Inflation has increased, largely due to rising costs of gasoline, food and rent. While the risks have shifted to the upside, the CPI rate is forecasted to remain near 2.0% in the year ahead. Low interest rates in an environment of rising employment pose the risk of higher inflation in the medium term. If wage growth accelerates in the coming year, US monetary policy may require tightening more aggressively than expected.

The Federal Reserve has pledged to maintain supportive monetary policy to promote full employment and price stability. However, in response to the positive economic outlook, it has significantly reduced the size of the monthly asset purchase program from $85 billion in December 2013 to $35 billion in June 2014.

The American central bank's current key interest rate of 0.25% is expected to start rising in the second half of 2015 with predictions pointing to a rate above 1.0% by the end of next year. Increased expectations of rate hikes should help to strengthen the US dollar over the rest of this year.

Canadian Overview

Factors including harsh winter weather and low U.S. demand hampered growth at the beginning of 2014. However, the second quarter has shown improvement for the Canadian economy. Retails sales along with auto sales and production have increased and are expected to expand further. GDP is forecasted at 2.5% in 2014, a moderate rise from 2.0% in 2013.

Increased demand for Canadian exports, driven by a weaker Canadian dollar and improvement in the U.S. economy, has been a strong contributor to growth. Consumer spending is expected to remain moderate due to elevated household debt levels, lower credit growth and expectations of higher interest rates.

The unemployment rate remained in the 6.9% to 7.2% range but is anticipated to decline to 6.5% by the end of 2015. The housing market has been slow both in sales and construction. Despite low mortgage rates, persistent increases in prices and tougher mortgage insurance rules have hurt affordability.

With reduced risks of a Bank of Canada (BOC) overnight interest rate cut and elevated commodity prices, the Canadian dollar has strengthened in the second quarter of 2014. Foreign investors have displayed improved sentiment and renewed optimism about the Canadian economy, contributing to the Loonie's recent gains. The Canadian dollar may experience some weakness over the coming year as the US recovery gains traction and subsequent increases in US interest rates attract investment away from Canada.

In early June, the BOC announced that the overnight rate of 1.0% would be maintained, indicating that the downside risks to inflation still persist. The BOC anticipates that the economy will grow at a pace that would increase inflation in the remaining quarters of 2014. The policy rate is expected to remain at 1.0% until at least the second quarter of 2015.

British Columbia Overview

BC's economic growth has been solid in the second quarter. Manufacturing sales were up 3.9% in April 2014 as compared to the same month in 2013, driven primarily by 13% increases in the paper and machinery industries. Merchandise exports have increased by 13% from May 2013 to May 2014, supported by the largest year-over-year increases in trade with Mexico, India and Germany.

BC's export market is anticipated to strengthen further in the coming year. A continued recovery in the U.S. housing sector and the associated demand for lumber and plywood has been beneficial for BC lumber exports. Development of Asian exports markets, especially China, is ongoing and will further assist in economic growth for the province.

An ongoing dispute between unionized truckers and Port Metro Vancouver poses risks to BC's export sector. Economic activity was hampered earlier this year due to the truckers' strike at the port. A deal was reached at the end of March bringing an end to the disruption in trade. However, recent reports indicate that unionized truckers are not satisfied with the level of enforcement of minimum pay rates and are threatening to strike once again. Trade could once again be disrupted if an understanding cannot be reached amongst the parties.

BC's unemployment rate was 6.1% in May 2014, the 4th lowest in Canada. Population growth in BC has increased by 1.2% from May 2013 to May 2014 after slowing over the past few years. Although the number of migrants flowing into BC is still low compared to Alberta, the number of interprovincial migrants going out of BC has been decreased. Population growth is expected to support job growth, retail sales and housing markets.

Surrey's Financial Performance

The development activity for the first six months of this year has been somewhat stable, however the continued growth of the City core anchored by the move to New City Hall is expected to attract further commercial and residential investment activity. An example of this investment is the large scale re-development of the site adjacent to the King George Sky Train station that has commenced. This type of investment is critical to the City's future financial strength as it provides both short term and sustainable long term revenue streams.

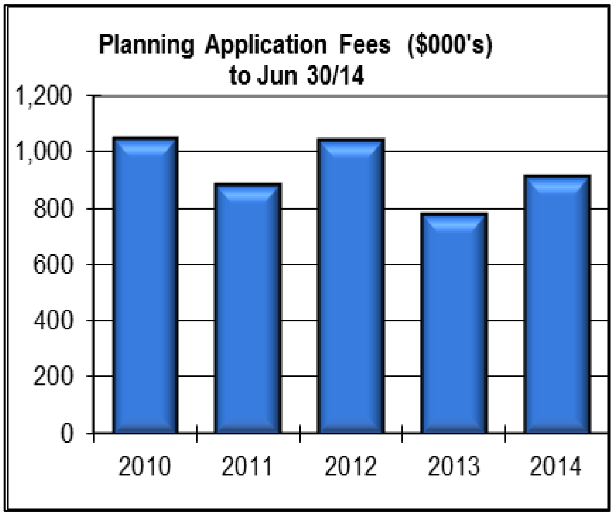
Although, total Building Permit revenues are down slightly from the same period last year, it is encouraging that Planning Application fees are up approximately 16%; these application fees typically translate into future Building Permit fees and eventually assist in increasing the City's sustainable taxation revenue base.

It is also noted that Commercial and Industrial properties contributed a greater proportion of new growth for the City's taxation base as compared to last year; this is encouraging as these properties generate greater relative taxes compared to residential properties and thus the growth in this segment will play a key role in generating new sustainable revenue streams for the City.

Overall, there is cautious optimism that development activity will meet budget by year end, in part due to the historically low borrowing rates available for residential and commercial consumers and the continued interest by the investment community to invest the City's downtown core.

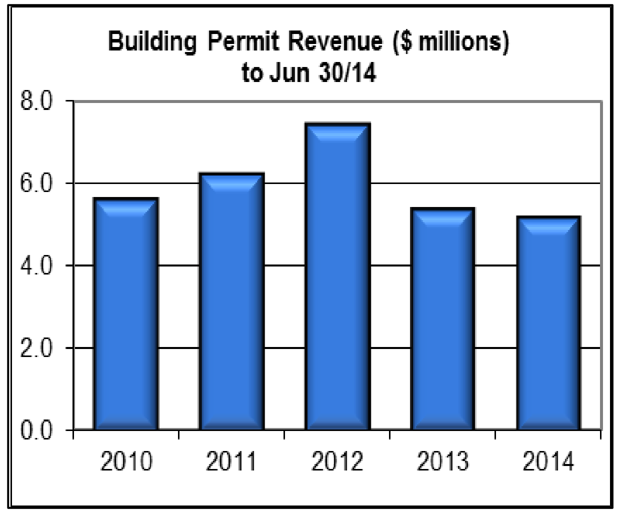
It is important to note that the City is governed by accounting principles that require that development-related revenues be distributed over time to match the timing of the related expenses incurred by the City. Accordingly, the financial impact of any significant reduction or increase in development related revenue may not be seen until sometime into the future. This also tends to smooth temporary spikes in development activity.

The graphs on the following page display actual key revenues and fees collected by the City in the first six 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 and graph 10 and 11 display new growth in the City's taxation base.



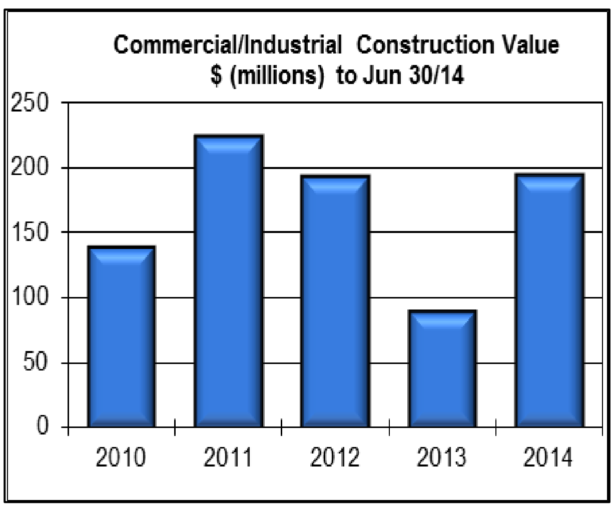
Graph 3

Application fees collected for the first half of the year are 16% higher than those collected for the same period last year. Planning applications from the first half of the year will translate into Building Permit fees in future periods.



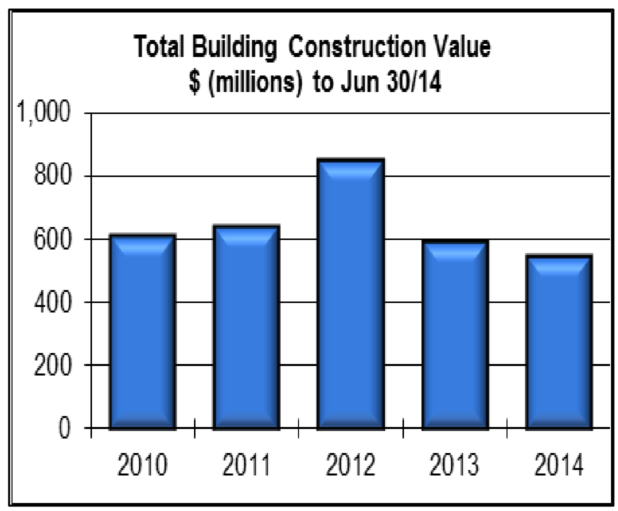
Graph 4

Building permit fees collected for the first half of this year are slightly (3%) lower than those collected in the same period last year.



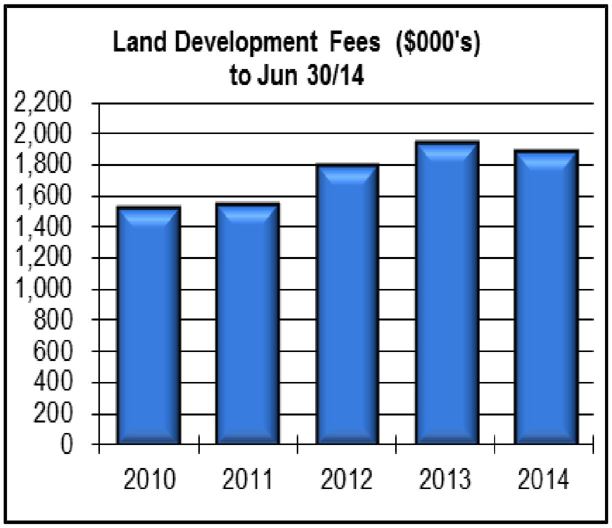
Graph 5

Construction value of commercial and industrial building permits for the first half of 2014 is notably higher compared to the same period in 2013, in part due to a significant re-development of the site adjacent to the King George Skytrain station.



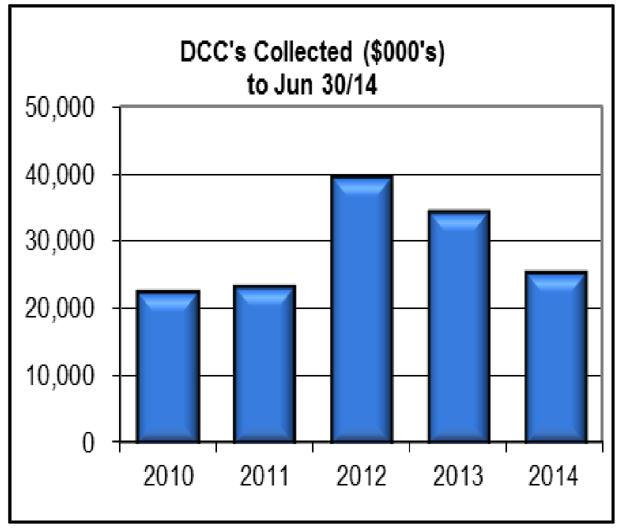
Graph 6

Overall, the value of new construction in the City for the first half of the year has decreased by 8% compared to the same time period last year.



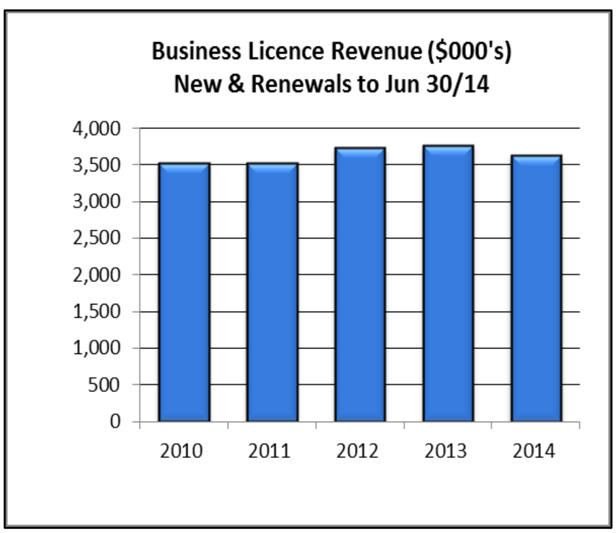
Graph 7

Engineering Land Development fees collected in the first half of this year are slightly lower than the same period in 2013.



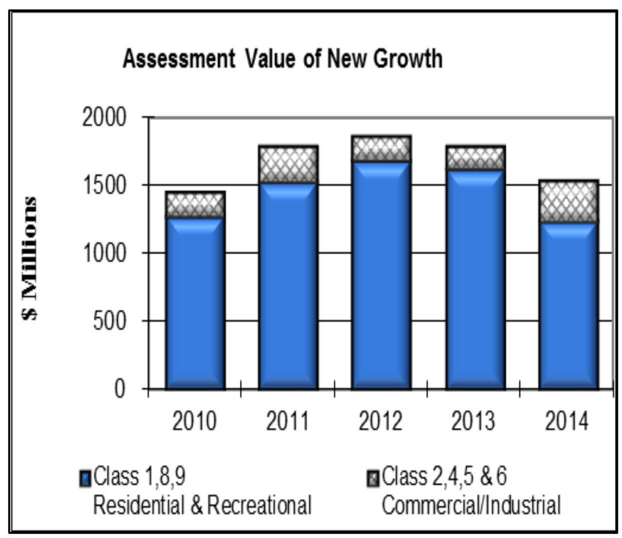
Graph 8

Development Cost Charges that have been collected in the first half of this year are 26% lower than those collected in the same period of 2013.



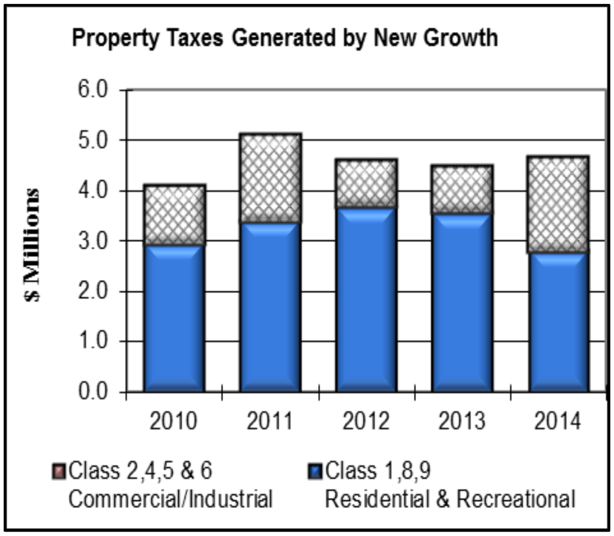
Graph 9

Business license revenue collected in the first half of 2014 is marginally less than the same period as last year.



Graph 10

The overall Assessment Value of new growth is slightly lower for the first half of this year compared to the same period last year; however the proportionate value of Commercial/Industrial growth is notably higher than the same period last year.



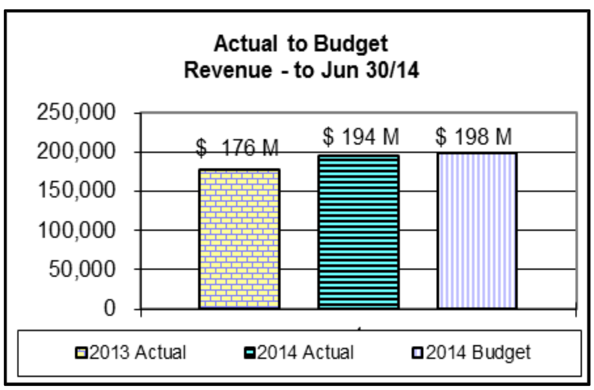
Graph 11

The property taxes generated by new growth for 2014 is approximately 4% higher than in 2013; however for 2014 the proportionate value of the Commercial/Industrial category is notably higher than the previous year.

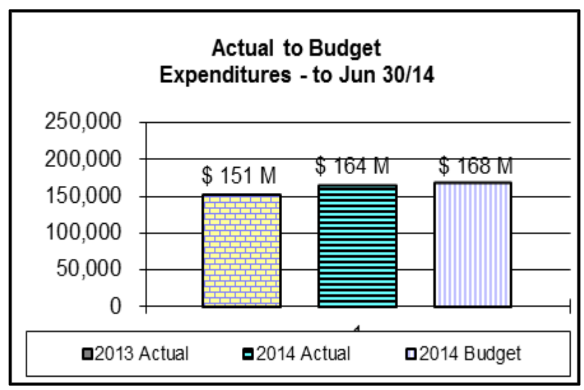
This growth is important for creating future taxation revenue for the City.

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 six months of 2014.



Graph 12



Graph 13

As of June 30, 2014 the City's revenues are approximately $4 million under budget which has been offset by a reduction in expenditures.

Appendix I documents the General Operating Fund's revenues and expenditures for the first six months of 2014 at a more detailed level. Departments are continuing to proactively monitor their actual results on a monthly basis. The following section provides a brief explanation on a Department-by-Department basis of the year to date variances in relation to the 2014 Financial Plan:

> *RCMP* currently shows a favorable variance of $337,000, this is primarily due to the timing of expenditures and staff vacancies. It is expected that the Department will have a favorable variance of $341,000 at year end.
>
> *Fire Services* has a small favourable variance of $10,000, resulting from the timing of expenditures, it is expected that Fire Services will have a $42,000 favourable variance at year end.

Engineering Services currently has a favourable variance of $69,000 which is due primarily to temporary staff vacancies, it is expected that the Department will have a favourable variance at year end of approximately $42,000 dollars.

Parks, Recreation & Culture Department is showing a favourable departmental variance of $314,000, which is primarily due to staff vacancies, timing of revenues received and the timing of various expenditures. It is expected that this Department will have a favourable variance of approximately $136,000 dollars at year end.

Library Services currently has a favourable variance of $30,000, it is expected that this Department will meet budget at year end.

Planning and Development Department, which also includes Civic Facilities, is reporting a positive variance of $331,000 due to staff vacancies and the timing of various maintenance expenditures for civic facilities. It is expected that this Department will have a favourable variance at year end of approximately $507,000.

Mayor and Council has a favourable variance of $66,000 due to the timing of expenditures and it is expected that this Department will meet budget at year end.

City Grants is currently on budget and is expected to meet budget at year end.

City Manager's Department currently has an unfavourable variance of $360,000 due to a shortfall in the revenues related to By-law Enforcement. However is expected to meet budget by year end.

Finance & Technology Department currently has a favourable variance of $54,000, due in part to the timing of expenditures and staff vacancies, it is expected this Department will have a favourable variance at year end of approximately $77,000 dollars.

Human Resources Department has an unfavourable variance of $159,000 due to increased staffing costs, however this Department is expected to meet budget by year end.

Staff have and will continue to closely monitor all areas to ensure that immediate action is taken to address negative variances and it is expected that the City will require a transfer from surplus at year end of approximately $3.5 million.

City Investment Portfolio

The Schedules in ***Appendix II*** 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 2014. ***Schedule 2*** is a detailed listing of securities as at June 30, 2014, sub-totalled by issuer type.

It is important to note that although the investment portfolio is currently valued at $814 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 2.5%, while maintaining investment security as outlined in the City's investment policy. 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. 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 first half of 2014 is slightly lower than the same period in 2013. The 2014 adopted Financial Plan anticipates a transfer from surplus of approximately $3.5 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

Appendix I: 2014 Second Quarter Council Report
Appendix II: Second Quarter Investment Summary

APPENDIX I-1

2014 2nd QUARTER COUNCIL REPORT
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES
$ 000's

REVENUE SUMMARY	2013: 2nd Qtr June ACTUAL	2014: 2nd Qtr June Actual	2014 YTD BUDGET	2014: 2nd Qtr June Variance	VAR %	2014 FORECAST	2014 ANNUAL BUDGET	2014 Projected Variance
Net Taxation	125,235	132,056	131,508	(549)	0.4 %	263,564	263,015	(549)
Non-Tax Revenues	11,867	14,500	15,415	915	(5.9) %	29,416	30,830	1,414
Provincial Casino Revenue Sharing	1,529	1,353	1,500	147	(9.8) %	2,700	3,000	300
Build Surrey Program	3,759	6,513	7,588	1,075	(14.2) %	14,101	15,176	-
Utility Recoveries	2,478	6,269	6,269	-	0.0 %	10,182	10,182	-
Program Revenues	31,462	33,548	35,413	1,866	(5.3) %	65,795	70,041	4,247
TOTAL REVENUES	176,331	194,240	197,693	3,453	(1.7) %	385,757	392,244	6,487

EXPENDITURE SUMMARY	2013: 2nd Qtr June ACTUAL	2014: 2nd Qtr June Actual	2014 YTD BUDGET	2014: 2nd Qtr June Variance	VAR %	2014 FORECAST	2014 ANNUAL BUDGET	2014 Projected Variance
Program Expenditures	147,549	161,388	163,946	2,557	(1.6) %	333,938	339,330	5,392
Council Projects	73	125	125	-	0.3 %	250	250	-
Crime Reduction	85	149	149	-	(0.2) %	300	300	-
Social Well-Being Plan	830	1,161	1,161	-	(0.0) %	2,323	2,323	-
Clean Energy	31	93	93	-	0.5 %	185	185	-
Sustainability	267	134	134	-	0.3 %	250	250	-
Build Surrey Program	7,126	6,513	7,588	1,075	(14.2) %	14,101	15,176	1,075
Fiscal Services	248	314	360	45	(12.5) %	1,579	1,624	45
MFA Principal	113	117	117	-	0.4 %	233	233	-
TOTAL EXPENDITURES	156,321	169,996	173,672	3,676	(2.1) %	353,160	359,671	6,512

TRANSFER SUMMARY	2013: 2nd Qtr June ACTUAL	2014: 2nd Qtr June Actual	2014 YTD BUDGET	2014: 2nd Qtr June Variance	VAR %	2014 FORECAST	2014 ANNUAL BUDGET	2014 Projected Variance
Transfer to Capital Program	3,851	7,050	6,772	(278)	4.1 %	11,122	10,544	(578)
Transfer to Capital Program - Casino	1,529	1,353	1,500	147	(9.8) %	2,700	3,000	300
Transfers To(From) Own Sources	17,783	11,849	10,905	(944)	8.7 %	22,272	24,028	1,756
TOTAL TRANSFERS	23,164	20,253	19,177	(1,076)	5.6 %	36,094	37,572	1,478
Surplus (Deficit)	(1,625)	5,345	6,344	999	(15.8) 0	(3,496)	(4,999)	(1,503)
Transfer (To)From Surplus	1,625	(5,345)	(6,344)	(999)	(15.8) 0	3,496	4,999	1,503
BALANCED BUDGET	-	-	-	-	-- %	-	-	-

PROJECTED SURPLUS (DEFICIT)	$ 1,503
BUDGETED TRANSFER FROM SURPLUS	(4,999)
ANTICIPATED SURPLUS (DEFICIT) AT YEAR END	**$ (3,496)**

APPENDIX I-2

2014 2nd QUARTER COUNCIL REPORT
DEPARTMENTAL DETAIL
$ 000's

PROGRAM REVENUES	2013: 2nd Qtr June ACTUAL	2014: 2nd Qtr June ACTUAL	2014 YTD BUDGET	2014: 2nd Qtr 2nd Qtr - June Variance		2014 Projected ACTUAL	2014 ANNUAL BUDGET	2014 Projected Variance
R.C.M.P.	1,750	2,854	3,778	924	(24.5) %	6,632	7,556	924
Fire	122	153	102	(51)	49.9	1,642	1,600	(42)
Engineering Services	3,183	3,412	3,089	(322)	10.4	6,244	5,932	(311)
Parks, Recreation & Culture	12,371	13,193	13,692	499	(3.6)	23,415	25,444	2,029
Surrey Public Library	786	796	804	8	(1.0)	1,601	1,607	6
Planning & Development	9,185	8,917	9,307	390	(4.2)	17,452	18,614	1,162
Mayor & Council	-	-	-	-	--	-	-	-
City Grants	-	-	-	-	--	-	-	-
City Manager	3,472	3,531	3,925	394	(10.0)	7,400	7,856	456
Finance & Technology	589	692	716	24	(3.4)	1,408	1,433	24
Human Resources	5	-	-	-	--	-	-	-
TOTAL PROGRAM REVENUES	31,462	33,548	35,413	1,866	(5.3) %	65,795	70,041	4,247

PROGRAM EXPENDITURES	2013: 2nd Qtr June ACTUAL	2014: 2nd Qtr June ACTUAL	2014 YTD BUDGET	2014: 2nd Qtr 2nd Qtr - June Variance		2014 Projected ACTUAL	2014 ANNUAL BUDGET	2014 Projected Variance
R.C.M.P.	56,538	60,517	61,777	1,260	(2.0) %	123,279	124,545	1,265
Fire	24,965	25,539	25,498	(41)	0.2	54,939	54,939	-
Engineering Services	1,955	4,017	3,764	(253)	6.7	7,190	6,920	(269)
Parks, Recreation & Culture	27,644	30,253	31,066	813	(2.6)	66,372	68,536	2,165
Surrey Public Library	5,946	6,706	6,744	38	(0.6)	13,776	13,782	-
Planning & Development	10,746	12,069	12,790	721	(5.6)	24,486	26,155	1,669
Mayor & Council	613	602	668	66	(9.8)	1,339	1,339	-
City Grants	894	661	661	-	(0.0)	1,328	1,328	-
City Manager	5,972	6,593	6,626	33	(0.5)	12,488	12,944	456
Finance & Technology	10,639	12,573	12,651	78	(0.6)	25,335	25,437	102
Human Resources	1,637	1,859	1,700	(159)	9.3	3,406	3,406	-
Operating Contingency	-	-	-	-	--	-	-	-
TOTAL PROGRAM EXPENDITURES	147,549	161,388	163,946	2,557	(1.6) %	333,938	339,330	5,392

NET PROGRAM	2013: 2nd Qtr June ACTUAL	2014: 2nd Qtr June ACTUAL	2014 YTD BUDGET	2014: 2nd Qtr 2nd Qtr - June Variance		2014 Projected ACTUAL	2014 ANNUAL BUDGET	2014 Projected Variance
R.C.M.P.	54,789	57,663	57,999	337	(0.6) %	116,648	116,989	341
Fire	24,844	25,386	25,396	10	(0.0)	53,297	53,339	42
Engineering Services	(1,227)	605	675	69	(10.3)	946	988	42
Parks, Recreation & Culture	15,273	17,060	17,374	314	(1.8)	42,956	43,092	136
Surrey Public Library	5,159	5,910	5,939	30	(0.5)	12,175	12,175	-
Planning & Development	1,561	3,153	3,483	331	(9.5)	7,034	7,541	507
Mayor & Council	613	602	668	66	(9.8)	1,339	1,339	-
City Grants	894	661	661	-	(0.0)	1,328	1,328	-
City Manager	2,501	3,062	2,702	(360)	13.3	5,088	5,088	-
Finance & Technology	10,049	11,881	11,935	54	(0.5)	23,927	24,004	77
Human Resources	1,631	1,859	1,700	(159)	9.3	3,406	3,406	-
Operating Contingency	-	-	-	-	--	-	-	-
NET PROGRAM TOTAL	116,086	127,841	128,533	692	(0.5) %	268,144	269,289	1,145

APPENDIX II-1

SECOND QUARTER INVESTMENT SUMMARY

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) APRIL/14	INVESTMENT (MILLIONS) MAY/14	INVESTMENT (MILLIONS) JUNE/14
RBC Month End Balance	65.2	40.4	156.4
RBC USD Month End Balance (CAD$)	4.2	4.0	3.8
Overnight	20.0	20.0	20.0
MAJOR BANKS - SCHEDULE I			
Bank of Montreal	58.8	58.7	58.7
Bank of Nova Scotia	42.4	62.3	62.3
Canadian Imperial Bank of Commerce	27.6	27.6	27.6
Canadian Western Bank	17.1	17.1	17.1
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	12.2	12.2	12.2
Toronto-Dominion Bank	32.8	32.7	32.7
SUB TOTAL - SCHEDULE I BANKS	**288.8**	**308.6**	**308.4**
MAJOR BANKS - SCHEDULE II			
HSBC Bank of Canada	2.6	2.6	2.6
SUB TOTAL - SCHEDULE II BANKS	**2.6**	**2.6**	**2.6**
CREDIT UNIONS			
BlueShore Financial	22.0	22.0	22.0
Coast Capital Savings Credit Union	64.9	59.9	74.9
Envision Financial	49.3	30.0	60.0
G&F Financial Group	10.9	10.9	10.9
Khalsa Credit Union	2.8	2.8	3.0
Vancity Credit Union	22.5	22.5	52.5
Westminster Savings Credit Union	13.9	13.9	23.9
SUB TOTAL - CREDIT UNIONS	**186.2**	**162.0**	**247.2**
PROVINCES			
Britich Columbia	2.6	2.6	2.6
Ontario	19.8	19.8	19.8
Quebec	12.2	12.2	12.2
SUB TOTAL - PROVINCES	**34.5**	**34.5**	**34.5**
OTHER			
MFA	41.0	41.0	41.0
SUB TOTAL - OTHER	**41.0**	**41.0**	**41.0**
TOTAL PORTFOLIO	**642.5**	**613.1**	**814.0**

APPENDIX II-2

SCHEDULE 2 - 1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
ROYAL BANK MONTH END BALANCE					
30-Jun-14		Royal Bank		156,377,447.51	
30-Jun-14		Royal Bank USD Account (CAD$)		3,825,809.04	
					160,203,256.55
CALL LOAN					
02-Jul-14	30-Jun-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	2,527,905.41	
10-Jun-15	10-Jun-09	Bank of Montreal Deposit Note	2191	1,666,450.30	
21-Apr-16	15-Jan-10	Bank of Montreal Zero Coupon	2288	4,675,938.00	
08-Jul-16	24-Aug-11	Bank of Montreal Fixed Floater	1780	2,812,709.27	
08-Jul-16	15-Oct-13	Bank of Montreal Fixed Floater	997	15,470,780.34	
26-Sep-17	14-Jan-10	Bank of Montreal Fixed Floater	2812	10,424,735.70	
26-Sep-17	26-Jan-10	Bank of Montreal Fixed Floater	2800	5,239,346.25	
28-Mar-18	15-Mar-12	Bank of Montreal Zero Coupon	2204	2,509,500.00	
28-Mar-18	17-Oct-12	Bank of Montreal Zero Coupon	1988	3,407,086.73	
27-Aug-18	27-Aug-13	Bank of Montreal Step Up	1826	4,989,608.43	
21-Oct-20	21-Oct-13	Bank of Montreal Step Up	2557	4,981,978.88	
		***** BANK OF MONTREAL**			**58,706,039.31**
16-Jul-14	19-Aug-10	Bank of Nova Scotia Deposit Note	1427	10,003,023.13	
22-Jan-16	22-Jan-09	Bank of Nova Scotia Fixed Floater	2556	1,999,924.18	
22-Jan-16	06-Feb-09	Bank of Nova Scotia Fixed Floater	2541	2,013,907.91	
22-Jan-16	10-Feb-09	Bank of Nova Scotia Fixed Floater	2537	5,038,194.72	
22-Jan-16	11-Jun-09	Bank of Nova Scotia Fixed Floater	2416	10,284,952.81	
03-Aug-17	05-Sep-12	Bank of Nova Scotia Fixed Floater	1793	3,021,723.65	
13-Dec-21	13-Dec-11	Bank of Nova Scotia Step Up	3653	9,944,114.43	
06-May-24	06-May-14	Bank of Nova Scotia Step Up	3653	19,960,613.19	
		***** BANK OF NOVA SCOTIA**			**62,266,454.02**
31-Oct-14	12-Jun-09	Canadian Imperial Bank of Commerce Zero Coupon	1967	4,135,115.49	
31-Oct-14	19-Mar-10	Canadian Imperial Bank of Commerce Zero Coupon	1687	2,410,240.00	
02-Mar-15	19-Mar-10	Canadian Imperial Bank of Commerce Deposit Note	1809	4,993,876.40	
02-Nov-15	24-Aug-11	Canadian Imperial Bank of Commerce Fixed Floater	1531	2,771,080.34	
02-Nov-15	04-Oct-13	Canadian Imperial Bank of Commerce Fixed Floater	759	11,150,952.17	
06-Jun-18	26-Jan-10	Canadian Imperial Bank of Commerce Zero Coupon	3053	2,122,890.00	
		***** CIBC**			**27,584,154.40**
30-Nov-15	30-Nov-10	Canadian Western Bank Fixed Floater	1826	2,003,567.47	
30-Nov-15	23-Jun-11	Canadian Western Bank Fixed Floater	1621	3,018,485.70	
30-Nov-15	21-Aug-13	Canadian Western Bank Fixed Floater	831	2,564,516.13	
30-Nov-15	26-Sep-13	Canadian Western Bank Fixed Floater	795	4,251,649.76	
30-Nov-15	04-Oct-13	Canadian Western Bank Fixed Floater	787	2,157,844.22	
17-Dec-19	28-Apr-14	Canadian Western Bank Fixed Floater	2059	3,079,906.58	
		***** CANADIAN WESTERN BANK**			**17,075,969.86**
02-Nov-15	23-Jun-11	Laurentian Bank of Canada Fixed Floater	1593	1,003,567.63	
02-Nov-15	28-Jun-11	Laurentian Bank of Canada Fixed Floater	1588	4,019,707.81	
02-Nov-15	21-Aug-13	Laurentian Bank of Canada Fixed Floater	803	2,539,461.02	
02-Nov-15	26-Sep-13	Laurentian Bank of Canada Fixed Floater	767	5,081,032.46	
02-Nov-15	04-Oct-13	Laurentian Bank of Canada Fixed Floater	759	1,118,560.74	
		***** LAURENTIAN BANK OF CANADA**			**13,762,329.66**
24-Mar-17	23-Sep-13	Manulife Bank of Canada GIC	1278	5,000,000.00	
03-Apr-17	01-Oct-13	Manulife Bank of Canada GIC	1280	10,000,000.00	
16-Oct-17	15-Oct-12	Manulife Bank of Canada GIC	1827	5,000,000.00	
		***** MANULIFE BANK OF CANADA**			**20,000,000.00**

APPENDIX II-3

SCHEDULE 2 - 2

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
22-Dec-14	29-Feb-08	National Bank of Canada Fixed Floater	2488	3,993,280.58	
22-Dec-14	29-Feb-08	National Bank of Canada Fixed Floater	2488	9,980,487.94	
11-Apr-17	11-Apr-12	National Bank of Canada Fixed Floater	1826	1,002,890.47	
11-Apr-17	01-May-12	National Bank of Canada Fixed Floater	1806	3,003,001.16	
11-Apr-17	18-Sep-12	National Bank of Canada Fixed Floater	1666	5,068,996.85	
11-Apr-17	17-Oct-12	National Bank of Canada Fixed Floater	1637	6,104,910.20	
11-Sep-17	09-Sep-13	National Bank of Canada GIC	1463	12,500,000.00	
16-Aug-18	16-Aug-13	National Bank of Canada GIC	1826	5,000,000.00	
10-Sep-18	09-Sep-13	National Bank of Canada GIC	1827	12,500,000.00	
24-Sep-18	23-Sep-13	National Bank of Canada GIC	1827	5,000,000.00	
		***** NATIONAL BANK OF CANADA**			**64,153,567.20**
02-Nov-15	17-Apr-13	Royal Bank of Canada Fixed Floater	929	2,034,951.13	
03-Oct-16	02-Oct-13	Royal Bank of Canada GIC	1097	5,000,000.00	
11-Oct-18	28-Apr-14	Royal Bank of Canada Deposit Note	1627	5,122,970.46	
		***** ROYAL BANK OF CANADA**			**12,157,921.59**
04-Aug-14	05-Aug-09	Toronto-Dominion Bank Zero Coupon	1825	3,964,656.00	
02-Apr-15	28-Apr-09	Toronto-Dominion Bank Fixed Floater	2165	5,026,991.92	
02-Apr-15	12-Feb-10	Toronto-Dominion Bank Zero Coupon	1875	9,284,000.00	
09-Jul-18	26-Jan-10	Toronto-Dominion Bank Zero Coupon	3086	2,114,700.00	
09-Jul-18	27-Jun-11	Toronto-Dominion Bank Fixed Floater	2569	5,373,682.95	
19-Nov-23	19-Nov-13	Toronto-Dominion Bank Step Up	3652	6,973,717.42	
		***** TORONTO-DOMINION BANK**			**32,737,748.29**
MAJOR BANKS - SCHEDULE II					
16-Mar-16	17-Oct-12	HSBC Bank Canada Fixed Floater	1246	1,764,363.15	
10-Apr-17	05-Sep-12	HSBC Bank Canada Fixed Floater	1678	810,723.34	
		***** HSBC BANK CANADA**			**2,575,086.49**
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	
22-Apr-15	22-Apr-14	Blueshore Credit Union	365	5,000,000.00	
04-Aug-14	03-Feb-14	Coast Capital Credit Union	182	19,930,000.00	
24-Sep-14	26-Jun-14	Coast Capital Credit Union	90	10,000,000.00	
10-Mar-15	13-Jun-14	Coast Capital Credit Union	270	10,000,000.00	
05-May-15	05-May-14	Coast Capital Credit Union	365	10,000,000.00	
16-Jun-15	16-Jun-14	Coast Capital Credit Union	365	25,000,000.00	
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	
12-Jun-15	13-Jun-14	Envision Credit Union	364	10,000,000.00	
25-Jun-15	25-Jun-14	Envision Credit Union	365	20,000,000.00	
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	
10-Sep-14	14-Mar-14	Vancity Savings Credit Union	180	17,500,000.00	
24-Nov-14	26-Jun-14	Vancity Savings Credit Union	151	15,000,000.00	
30-Mar-15	13-Jun-14	Vancity Savings Credit Union	290	20,000,000.00	
12-Sep-14	16-Dec-13	Westminster Savings Credit Union	270	2,900,000.00	
22-Apr-15	22-Apr-14	Westminster Savings Credit Union	365	11,000,000.00	
13-Jun-15	13-Jun-14	Westminster Savings Credit Union	365	10,000,000.00	
16-Jun-15	16-Jun-14	Khalsa Credit Union	365	3,000,000.00	
		***** CREDIT UNIONS**			**247,185,050.00**

APPENDIX II-4

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**
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 MUNCIPAL FINANCE AUTHORITY**			**41,000,000.00**
TOTAL PORTFOLIO					**813,955,182.20**