

NO: R181

COUNCIL DATE: **OCTOBER 20, 2014**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **October 13, 2014**

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

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - Third 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 to the end of the third quarter of 2014, as compared to the 2014 Financial Plan and to compare the 2014 activity projected to the end of the year as compared to the 2013 actual financial results.

DISCUSSION

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

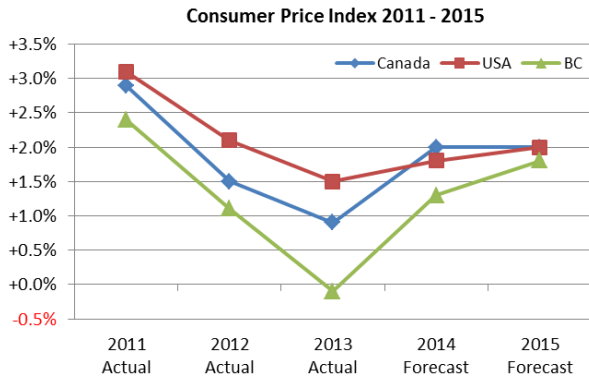
The following discussion provides a summary of current economic conditions followed by an outline of Surrey's financial performance for the third quarter of 2014. It also includes an overview of the performance of the City's investment portfolio.

International Overview

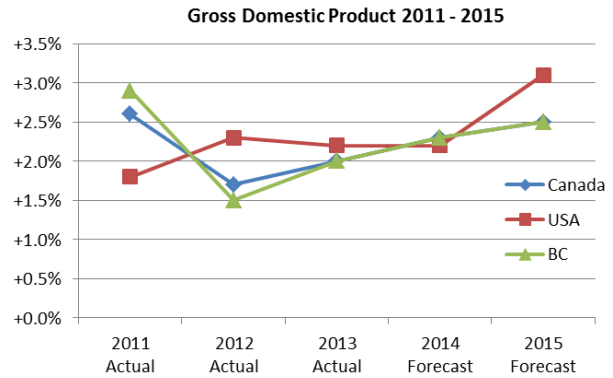
Economic conditions in the United States, Canada and United Kingdom continue to improve. This however, is offset by the weakness in the Euro Zone, Japanese and emerging markets. Overall the global economy is showing signs of modest growth.

Euro Zone inflation was low in September (0.3%) when compared to the same time period last year (0.7%). The European Central Bank (ECB) recently cut interest rates and implemented other monetary policy measures. However, the value of the Euro continues to decline. It is expected that a lower interest rate, a falling Euro and the ECB's easing of monetary policy will lead to a moderate pickup in economic activity. However, conflict between Russia and Ukraine and poor performances from core economies such as Italy and France continue to hamper recovery efforts.

Emerging markets have shown poor economic performance due to various challenges. A deceleration in the Chinese economy, protests in Hong Kong, armed conflict in the Middle East, a military coup in Thailand, economic crisis in Venezuela and a debt default in Argentina are just some of the factors holding back growth. Analysts expect emerging markets to continue decelerating in 2014 with a modest rebound around late 2015 to early 2016.



Graph 1 Source: BMO Economics October 1, 2014



Graph 2 Source: BMO Economics October 1, 2014

United States Overview

The US economy has posted a strong performance recently which is expected to continue for the rest of this year. The acceleration in economic growth is driven by increased business investment, auto sales and consumer spending.

The labour market has shown significant improvement with 1.7 million jobs created in the first eight months of 2014, nearly 300,000 more than the average of the past three years. The unemployment rate is projected to move below 6% by the end of this year.

Analysts predict a small increase to the key interest rates by mid-2015. However, a certain level of government stimulus will continue to be maintained to allow for the support and preservation of economic expansion, labour market recovery and income growth.

The US dollar has risen in the third quarter and is expected to strengthen further over the next few years. The continued improvement in the US economy, rising treasury yields and monetary policy easing in Europe will be key factors contributing to the appreciation of the dollar.

Canadian Overview

With continued improvement in the third quarter, Canadian GDP is forecasted at 2.4% for 2014 and 2.7% for 2015. Increases in exports and manufacturing were the primary drivers of growth. Both of these sectors have benefitted from an improving US economy combined with a weaker Canadian dollar.

Overall job creation this year has been below the historical year-to-year average. A large proportion of the jobs that have been created have been part-time opportunities. Some analysts view this as a timing issue as the labour market is usually seen as a lagging indicator for economic growth.

In an effort to boost job creation and growth, the federal government recently announced the new Small Business Job Credit. The Credit will essentially reduce Employment Insurance (EI) payroll taxes for small businesses by nearly 15% over the next two years.

Household spending growth remains moderate due to elevated debt levels and gradually rising interest rates. Inflation remains at about 2%. It is anticipated that the Bank of Canada will begin raising its key interest rate in mid-2015. However, the retreat from monetary stimulus will be gradual in order to assess the effect of interest rate changes on the economy.

British Columbia Overview

The BC economy has rebounded this year with gains seen in exports, manufacturing, mining, energy, retail trade and the housing sector. The value of BC exports has increased by 8.3% compared to the same period last year.

There has been a rise in both interprovincial and international migration to BC. The year-to-date population growth rate of 1.2% is the fastest in four years, which has a positive effect on the housing and consumer-dependent sectors. Home sales have increased by 19% compared to the same period last year and homes under construction have reached the highest level in four years.

BC's labour market continues to be stagnant. Although the unemployment rate has decreased slightly from 6.6% in 2013 to 6.1% in 2014, the majority of job creation has focused on part-time positions. Analysts expect labour market conditions to improve during the remainder of the year.

Surrey's Financial Performance

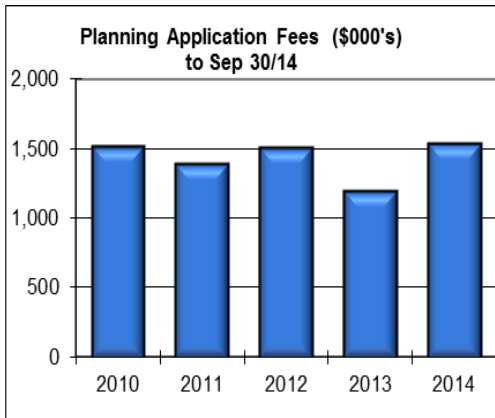
Development activity within the City for the first nine months of the year continues to be relatively stable, with notable development occurring in the City Centre and Campbell Heights areas. As the City centre continues to grow and attract significant residential and commercial projects, the City's financial strength will also grow due to the creation of new taxation revenues. This is further supported by the trend in development from single family development to multi-family and higher density projects. This trend is expected to continue as the City continues to enjoy population growth.

Although, certain revenue streams such as Building Permit Fees and Business License Fees are lower when compared to the same period as last year, it is encouraging that Planning Application Fees have increased by 27% when compared to the same period last year. These fees typically lead to an increase in Building Permit Fees in future periods and are a positive indicator for overall development activity.

The graphs on the following pages display actual key revenues and fees collected by the City in the first nine months of this year compared to previous years; in addition graph 5 and 6 summarize the value of new Commercial/Industrial Construction and total Building Construction respectively.

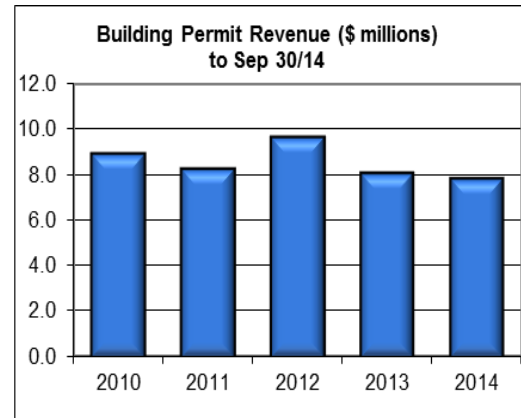
It is important to note that that the City is governed by accounting principles that require that development related revenues be distributed over time to match the timing of the associated expenses incurred by the City. Accordingly, the financial impact of any significant change in development revenue may not be seen until sometime into the future.

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



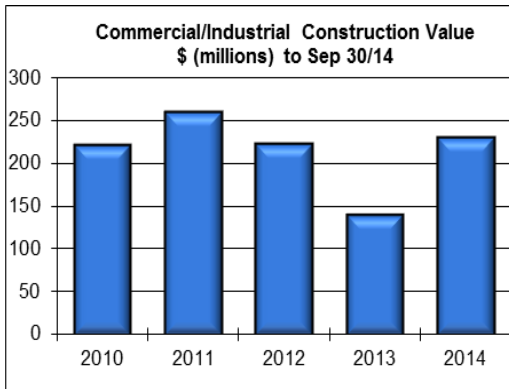
Graph 3

Planning Application Fees collected to the end of the third quarter of the year are 27% higher than those collected for the same period last year. These fees typically translate into additional Building Permit fees in future periods.



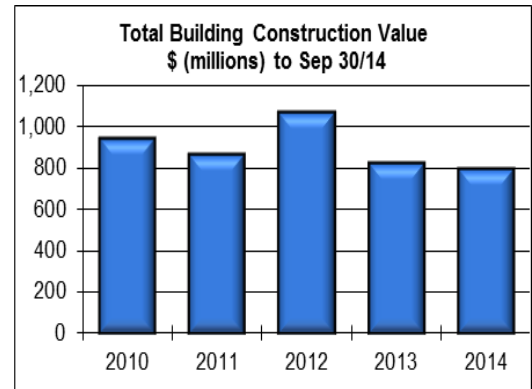
Graph 4

Building Permit Fees collected to the end of the third quarter of 2014 are slightly lower (2.7%) than those collected in the same period last year.



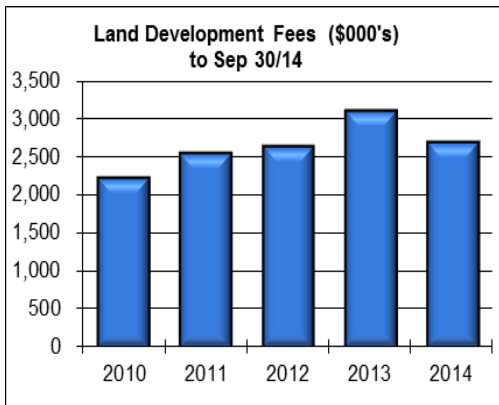
Graph 5

Construction value of commercial and industrial building permits for the first nine months of 2014 is significantly (64%) higher in comparison to the first nine months of 2013, in part due to increased higher density development in the City Centre.



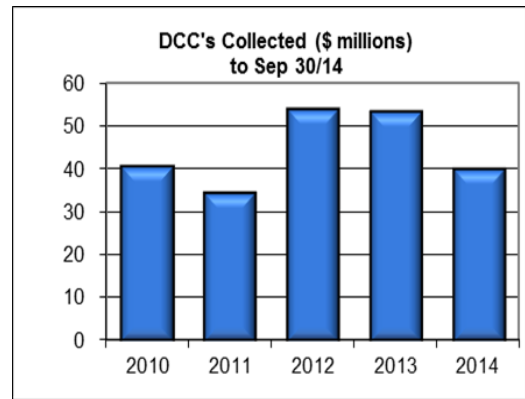
Graph 6

Overall, the aggregate value of new construction in the City for the first nine months of the year is slightly (4%) lower than the same time period last year. Expect this to rebound next year as seen by application fees increase.



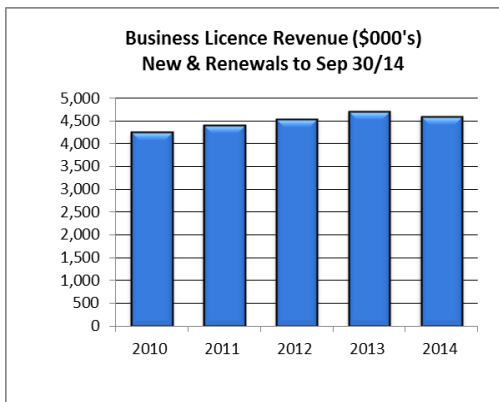
Graph 7

Engineering Land Development Fees collected in the first nine months of the year are 13.6% lower than the same period in 2013.



Graph 8

Development Cost Charges that have been collected in the first nine months of the year are 24.6 % lower than those collected in the same period of the prior year.



Graph 9

Business license revenue is slightly lower (2.6%) for the first three quarters of 2014 in comparison to the same period in 2013.

Comparison of Actual Revenues and Expenditures versus the 2014 Budget (Financial Plan)

As of September 30th, the City's revenues were approximately \$4.0 million dollars under budget which has been offset by a reduction in expenditures of approximately \$3.8 million.

Appendix I documents the General Operating Revenues and Expenditures to the end of the third quarter of 2014 at a more detailed level. It also outlines the projected actual results as at the end of the year. Departments are closely monitoring their actual results on a monthly basis. The following section provides a brief explanation on a Department-by-Department basis of year to date variances in relation to the 2014 Financial Plan:

RCMP currently shows a favorable variance of approximately \$325,000, due primarily to the timing of expenditures and staff vacancies, it is expected that this Department will meet budget by year end.

Fire Services currently shows a favorable variance of \$83,000 and is expected to meet budget by the end of the year.

Engineering Services currently has a favourable variance of approximately \$290,000, which is due primarily to the timing of operating expenditures and staff vacancies. It is expected that the Department will have a positive variance of approximately \$200,000 at year end.

Parks, Recreation & Culture Department is showing a favourable variance of \$253,000, which is primarily due to the timing of revenue received for programming and the timing of related expenditures and also in part due to staff vacancies. It is expected that this Department will have a favourable variance of about \$300,000 at year end.

Library Services has a positive variance of \$91,000 due to vacancies and the timing of expenses and 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 \$327,000 due primarily to the timing of maintenance costs and other expenditures, it is expected that this Department will have a favourable variance of approximately \$500,000 at year end.

Mayor and Council have a favourable variance of \$86,000, due to the timing of expenditures. It is expected that this Department will have a favourable variance by year end of approximately \$100,000.

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

City Manager's Department is currently reporting a favourable variance of \$343,000 due in part to staff vacancies and it is expected that City Manager's Department will have a favourable variance of approximately \$300,000 at year end.

Finance & Technology Department currently has a favourable variance of \$270,000 due primarily to staff vacancies, it is expected that this Department will have a positive variance of approximately \$400,000 at the end of the year.

Human Resources Department has a favourable variance of \$38,000 due primarily to staff vacancies. It is expected that the Human Resources Department will meet budget at the end of the year.

Staff will continue to closely monitor all areas and are taking action to ensure a continued positive variance with a view of reducing that transfer as much as possible, the current anticipated transfer from surplus of approximately \$3.3 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 July through September 2014. **Schedule 2** is a detailed listing of securities as at September 30, 2014, sub-totalled by issuer type.

It is important to note that although the investment portfolio is currently valued at \$735 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 2.6%, while maintaining investment security as outlined in the City's investment policy. The interest that is earned on the General Operating Fund is approximately \$15 Million annually.

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. Borrowing internally saves the City money, since the MFA borrowing rates are greater than the City's return on its investment portfolio.

CONCLUSION

The 2014 adopted Financial Plan anticipates a transfer from surplus of \$4.99 million dollars, however with the efforts by staff to reduce negative variances and manage expenditures, it is currently expected that the transfer from surplus will be approximately \$3.3 million dollars.

Vivienne Wilke, CGA
General Manager,
Finance & Technology

Attachments:

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

**2014 3rd QUARTER COUNCIL REPORT
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES
\$ 000's**

REVENUE SUMMARY	2013 ACTUAL	2014 3RD QTR ACTUAL	2014 YTD BUDGET	2014 3RD QTR VARIANCE	2014 PROJECTED ACTUAL	2014 ANNUAL BUDGET	2014 PROJECTED VARIANCE
Net Property Taxation	\$ 250,740	\$ 197,409	\$ 197,261	\$ 148	\$ 263,315	\$ 263,015	\$ 300
Program Revenues	65,071	50,710	52,202	(1,492)	65,878	67,978	(2,100)
Interest on Investments	16,038	11,696	11,590	106	15,553	15,453	100
Secondary Suite Fees	9,634	8,862	8,798	65	11,830	11,730	100
Administration Recovery from Utilities	4,956	6,769	6,769	-	9,034	9,034	-
SCDC Dividends	4,500	3,375	3,375	-	4,500	4,500	-
Penalties & Interest on Taxes	3,611	2,900	2,625	275	3,800	3,500	300
Provincial Casino Revenue Sharing	3,599	2,619	2,775	(156)	3,500	3,700	(200)
Corporate Lease Revenue	3,330	2,639	3,167	(528)	3,823	4,223	(400)
Tree Replacement Revenue	1,784	1,296	1,125	171	1,700	1,500	200
Other Revenue	2,296	585	3,202	(2,617)	2,000	4,400	(2,400)
TOTAL REVENUES	\$ 365,559	\$ 288,860	\$ 292,889	\$ (4,029)	\$ 384,933	\$ 389,033	\$ (4,100)
EXPENDITURE SUMMARY	2013 ACTUAL	2014 3RD QTR ACTUAL	2014 YTD BUDGET	2014 3RD QTR VARIANCE	2014 PROJECTED ACTUAL	2014 ANNUAL BUDGET	2014 PROJECTED VARIANCE
Program Expenditures	\$ 317,409	\$ 250,790	\$ 254,388	\$ 3,598	\$ 337,413	\$ 341,313	\$ 3,900
Annual Debt Repayment	8,987	8,445	8,445	-	11,160	11,260	100
Council Projects	250	187	187	-	250	250	-
Crime Reduction	300	232	232	-	300	300	-
Social Well-Being Plan	1,912	1,434	1,434	-	2,323	2,323	-
Clean Energy	143	139	139	-	185	185	-
Sustainability	250	191	191	-	250	250	-
Fiscal Services	1,212	474	714	240	752	952	200
TOTAL EXPENDITURES	\$ 330,463	\$ 261,892	\$ 265,730	\$ 3,838	\$ 352,633	\$ 356,833	\$ 4,200
TRANSFER SUMMARY	2013 ACTUAL	2014 3RD QTR ACTUAL	2014 YTD BUDGET	2014 3RD QTR VARIANCE	2014 PROJECTED ACTUAL	2014 ANNUAL BUDGET	2014 PROJECTED VARIANCE
To/(From) Roads & Traffic Utility	\$ 18,713	\$ 14,372	\$ 14,372	\$ -	\$ 19,162	\$ 19,162	\$ -
To/(From) Capital Program	12,196	10,050	10,050	-	13,400	13,400	-
To/(From) Tree Replacement Reserve Fund	1,784	1,296	1,125	(171)	1,700	1,500	(200)
To/(From) Own Sources	1,483	1,772	1,772	-	1,337	3,137	1,800
TOTAL TRANSFERS	\$ 34,176	\$ 27,490	\$ 27,319	\$ (171)	\$ 35,599	\$ 37,199	\$ 1,600
PROJECTED VARIANCE							\$ 1,700
BUDGETED TRANSFER FROM SURPLUS							(4,999)
ANTICIPATED SURPLUS (DEFICIT) AT YEAR END							\$ (3,299)

**2014 3rd QUARTER COUNCIL REPORT
DEPARTMENTAL DETAIL
\$ 000's**

	2013 ACTUAL	2014 3RD QTR ACTUAL	2014 YTD BUDGET	2014 3RD QTR VARIANCE	2014 PROJECTED ACTUAL	2014 ANNUAL BUDGET	2014 PROJECTED VARIANCE
PROGRAM REVENUES							
R.C.M.P.	\$ 5,466	\$ 4,238	\$ 4,109	\$ 129	\$ 5,680	\$ 5,480	\$ 200
Fire	1,632	1,619	1,568	51	1,650	1,600	50
Engineering Services	6,389	4,801	4,511	290	6,483	5,933	550
Parks, Recreation & Culture	23,092	18,974	19,840	(866)	23,557	25,457	(1,900)
Surrey Public Library	1,704	1,227	1,208	19	1,608	1,608	-
Planning & Development	18,094	13,397	13,960	(563)	17,914	18,614	(700)
City Manager	7,319	5,308	5,932	(624)	7,554	7,854	(300)
Finance & Technology	1,375	1,146	1,074	72	1,432	1,432	-
TOTAL PROGRAM REVENUES	\$ 65,071	\$ 50,710	\$ 52,202	\$ (1,492)	\$ 65,878	\$ 67,978	\$ (2,100)
PROGRAM EXPENDITURES							
R.C.M.P.	\$ 116,900	\$ 93,043	\$ 93,239	\$ 196	\$ 122,669	\$ 122,469	\$ (200)
Fire	53,730	39,501	39,533	32	54,989	54,939	(50)
Engineering Services	5,821	5,501	5,501	-	7,271	6,921	(350)
Parks, Recreation & Culture	63,883	51,563	52,682	1,119	68,596	70,796	2,200
Surrey Public Library	14,379	10,247	10,319	72	14,677	14,677	-
Planning & Development	23,568	18,741	19,631	890	24,955	26,155	1,200
Mayor & Council	1,352	937	1,023	86	1,239	1,339	100
City Grants	1,021	996	996	-	1,328	1,328	-
City Manager	12,359	8,957	9,924	967	13,047	13,647	600
Finance & Technology	21,324	18,782	18,980	198	25,036	25,436	400
Human Resources	3,072	2,522	2,560	38	3,606	3,606	-
TOTAL PROGRAM EXPENDITURES	\$ 317,409	\$ 250,790	\$ 254,388	\$ 3,598	\$ 337,413	\$ 341,313	\$ 3,900
NET PROGRAM							
R.C.M.P.	\$ 111,434	\$ 88,805	\$ 89,130	\$ 325	\$ 116,989	\$ 116,989	\$ -
Fire	52,098	37,882	37,965	83	53,339	53,339	-
Engineering Services	(568)	700	990	290	788	988	200
Parks, Recreation & Culture	40,791	32,589	32,842	253	45,039	45,339	300
Surrey Public Library	12,675	9,020	9,111	91	13,069	13,069	-
Planning & Development	5,474	5,344	5,671	327	7,041	7,541	500
Mayor & Council	1,352	937	1,023	86	1,239	1,339	100
City Grants	1,021	996	996	-	1,328	1,328	-
City Manager	5,040	3,649	3,992	343	5,493	5,793	300
Finance & Technology	19,949	17,636	17,906	270	23,604	24,004	400
Human Resources	3,072	2,522	2,560	38	3,606	3,606	-
NET PROGRAM TOTAL	\$ 252,338	\$ 200,080	\$ 202,186	\$ 2,106	\$ 271,535	\$ 273,335	\$ 1,800

APPENDIX II-1

THIRD QUARTER INVESTMENT SUMMARY

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) JULY/14	INVESTMENT (MILLIONS) AUGUST/14	INVESTMENT (MILLIONS) SEPTEMBER/14
<i>RBC Month End Balance</i>	190.9	114.9	74.1
<i>RBC USD Month End Balance (CAD\$)</i>	3.7	3.6	3.7
<i>Overnight</i>	20.0	20.0	20.0
MAJOR BANKS - SCHEDULE I			
Bank of Montreal	58.7	58.6	63.6
Bank of Nova Scotia	52.3	52.2	52.2
Canadian Imperial Bank of Commerce	27.6	27.6	27.6
Canadian Western Bank	17.1	17.0	17.0
Laurentian Bank of Canada	24.1	24.1	24.1
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	12.1
Toronto-Dominion Bank	32.7	28.8	28.7
SUB TOTAL - SCHEDULE I BANKS	308.7	304.6	309.5
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	23.5
Coast Capital Savings Credit Union	74.9	74.9	74.9
Envision Financial	60.0	60.0	60.0
G&F Financial Group	10.9	10.9	12.0
Khalsa Credit Union	3.0	3.0	3.0
Vancity Credit Union	52.5	52.5	55.0
Westminster Savings Credit Union	23.9	23.9	23.9
SUB TOTAL - CREDIT UNIONS	247.2	247.2	252.3
PROVINCES			
British Columbia	2.6	2.6	2.6
Ontario	19.8	19.8	19.8
Quebec	9.6	9.6	9.6
SUB TOTAL - PROVINCES	31.9	31.9	31.9
OTHER			
MFA	41.0	41.0	41.0
SUB TOTAL - OTHER	41.0	41.0	41.0
TOTAL PORTFOLIO	846.0	765.8	735.1

APPENDIX II-2

SCHEDULE 2 - 1

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
ROYAL BANK MONTH END BALANCE					
30-Sep-14		Royal Bank		74,104,841.05	
30-Sep-14		Royal Bank USD Account (CAD\$)		3,676,631.83	
					77,781,472.88
CALL LOAN					
01-Oct-14	30-Sep-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	2,519,202.70	
10-Jun-15	10-Jun-09	Bank of Montreal Deposit Note	2191	1,662,050.80	
18-Aug-15	18-Aug-14	Bank of Montreal GIC	365	5,000,000.00	
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	2,804,891.85	
08-Jul-16	15-Oct-13	Bank of Montreal Fixed Floater	997	15,412,092.28	
23-Sep-16	23-Sep-14	Bank of Montreal GIC	731	5,000,000.00	
26-Sep-17	14-Jan-10	Bank of Montreal Fixed Floater	2812	10,391,704.69	
26-Sep-17	26-Jan-10	Bank of Montreal Fixed Floater	2800	5,220,732.68	
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	
21-Oct-20	21-Oct-13	Bank of Montreal Step Up	2557	4,982,698.47	
*** BANK OF MONTREAL					63,585,898.20
22-Jan-16	22-Jan-09	Bank of Nova Scotia Fixed Floater	2556	1,999,936.42	
22-Jan-16	06-Feb-09	Bank of Nova Scotia Fixed Floater	2541	2,011,663.12	
22-Jan-16	10-Feb-09	Bank of Nova Scotia Fixed Floater	2537	5,032,029.96	
22-Jan-16	11-Jun-09	Bank of Nova Scotia Fixed Floater	2416	10,238,960.43	
03-Aug-17	05-Sep-12	Bank of Nova Scotia Fixed Floater	1793	3,019,953.43	
13-Dec-21	13-Dec-11	Bank of Nova Scotia Step Up	3653	9,946,003.28	
06-May-24	06-May-14	Bank of Nova Scotia Step Up	3653	19,961,620.59	
*** BANK OF NOVA SCOTIA					52,210,167.23
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	4,996,185.30	
02-Nov-15	24-Aug-11	Canadian Imperial Bank of Commerce Fixed Floater	1531	2,767,114.30	
02-Nov-15	04-Oct-13	Canadian Imperial Bank of Commerce Fixed Floater	759	11,122,552.17	
06-Jun-18	26-Jan-10	Canadian Imperial Bank of Commerce Zero Coupon	3053	2,122,890.00	
*** CIBC					27,554,097.26
30-Nov-15	30-Nov-10	Canadian Western Bank Fixed Floater	1826	2,002,932.64	
30-Nov-15	23-Jun-11	Canadian Western Bank Fixed Floater	1621	3,015,196.18	
30-Nov-15	21-Aug-13	Canadian Western Bank Fixed Floater	831	2,553,035.50	
30-Nov-15	26-Sep-13	Canadian Western Bank Fixed Floater	795	4,231,781.72	
30-Nov-15	04-Oct-13	Canadian Western Bank Fixed Floater	787	2,147,550.86	
17-Dec-19	28-Apr-14	Canadian Western Bank Fixed Floater	2059	3,076,221.67	
*** CANADIAN WESTERN BANK					17,026,718.57
02-Nov-15	23-Jun-11	Laurentian Bank of Canada Fixed Floater	1593	1,002,896.42	
02-Nov-15	28-Jun-11	Laurentian Bank of Canada Fixed Floater	1588	4,016,000.00	
02-Nov-15	21-Aug-13	Laurentian Bank of Canada Fixed Floater	803	2,532,036.86	
02-Nov-15	26-Sep-13	Laurentian Bank of Canada Fixed Floater	767	5,065,787.09	
02-Nov-15	04-Oct-13	Laurentian Bank of Canada Fixed Floater	759	1,115,068.74	
15-Oct-18	09-Jul-14	Laurentian Bank of Canada Deposit Note	1559	10,349,103.19	
*** LAURENTIAN BANK OF CANADA					24,080,892.30
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	3,996,833.38	
22-Dec-14	29-Feb-08	National Bank of Canada Fixed Floater	2488	9,990,804.66	
11-Apr-17	11-Apr-12	National Bank of Canada Fixed Floater	1826	1,002,628.48	
11-Apr-17	01-May-12	National Bank of Canada Fixed Floater	1806	3,002,729.14	
11-Apr-17	18-Sep-12	National Bank of Canada Fixed Floater	1666	5,062,742.95	
11-Apr-17	17-Oct-12	National Bank of Canada Fixed Floater	1637	6,095,401.10	
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			64,151,139.71
02-Nov-15	17-Apr-13	Royal Bank of Canada Fixed Floater	929	2,028,375.46	
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	5,116,128.42	
		*** ROYAL BANK OF CANADA			12,144,503.88
02-Apr-15	28-Apr-09	Toronto-Dominion Bank Fixed Floater	2165	5,017,961.89	
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	5,350,280.07	
19-Nov-23	19-Nov-13	Toronto-Dominion Bank Step Up	3652	6,974,422.78	
		*** TORONTO-DOMINION BANK			28,741,364.74
MAJOR BANKS - SCHEDULE II					
16-Mar-16	17-Oct-12	HSBC Bank Canada Fixed Floater	1246	1,754,873.71	
10-Apr-17	05-Sep-12	HSBC Bank Canada Fixed Floater	1678	807,119.25	
		*** HSBC BANK CANADA			2,561,992.96
CREDIT UNIONS					
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	
08-Sep-15	08-Sep-14	Blueshore Credit Union	365	1,425,000.00	
18-Sep-15	19-Sep-14	Blueshore Credit Union	364	1,550,000.00	
31-Oct-14	04-Aug-14	Coast Capital Credit Union	88	19,930,000.00	
12-Jan-15	24-Sep-14	Coast Capital Credit Union	110	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-Oct-14	14-Jul-14	Envision Credit Union	92	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	
09-Jun-15	12-Sep-14	Gulf & Fraser Credit Union	270	875,000.00	
16-Jun-15	19-Sep-14	Gulf & Fraser Credit Union	270	1,100,000.00	
07-Jul-15	07-Jul-14	Gulf & Fraser Credit Union	365	5,000,000.00	
07-Jul-15	07-Jul-14	Gulf & Fraser Credit Union	365	5,000,000.00	
10-Oct-14	10-Sep-14	Vancity Savings Credit Union	30	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	
29-Sep-15	29-Sep-14	Vancity Savings Credit Union	365	2,500,000.00	
14-Oct-14	12-Sep-14	Westminster Savings Credit Union	32	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			252,335,050.00

APPENDIX II-4

SCHEDULE 2 - 3

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
PROVINCIAL GUARANTEED PAPER					
09-Jul-15	19-Jan-10	Province - BC Zero Coupon	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
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			9,578,263.00
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					735,089,092.56