

NO: R141

COUNCIL DATE: July 25, 2011

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **July 20, 2011**

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

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - Second Quarter- 2011**

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 2011 and to compare that activity with the 2011 Financial Plan and the financial activity in the same period in prior years.

DISCUSSION

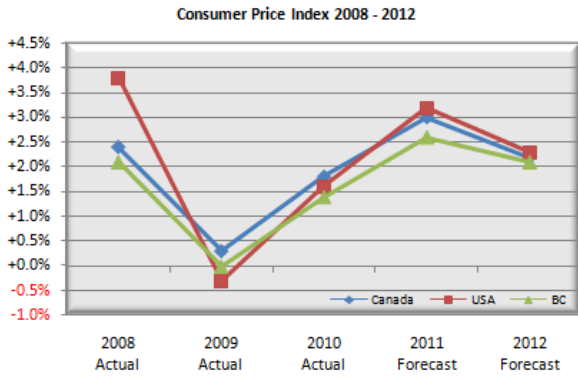
The 2011-2015 Financial Plan was adopted by Council on December 13, 2010.

The following discussion provides a summary of current economic conditions followed by an outline of Surrey's financial performance for the second quarter of 2011. It also includes an overview of the City's investment portfolio performance.

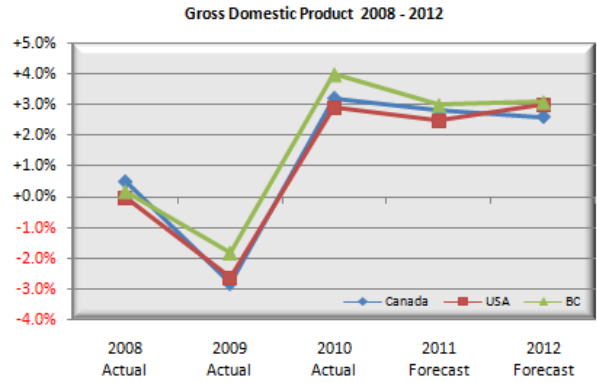
International Overview

In the global economy, growth trends have decelerated while inflation trends have become more significant. These trends are unstable because of the increasingly unsettled financial conditions around the world triggered by cyclical and structural economic problems, recurring sovereign debt strains, and ongoing geopolitical problems.

Global economic growth is slowing due to a number of factors. High gasoline prices have undercut discretionary spending around the world. The supply chain aftershocks from Japan's mid-March earthquake catastrophe have weakened manufacturing activity internationally. The intensifying debt crisis in Greece and the potential effects in other peripheral euro zone nations have added to the weaker economic tone and upset financial and currency markets. The rising interest rate in China is expected to further impair global growth.



Graph 1 Source: BMO Economics Jun 30, 2011



Graph 2 Source: BMO Economics Jun 30, 2011

United States Overview

Growth is slower in the US than expected, primarily due to factors such as the disruption of supplies from Japan, and higher food and energy prices. Home sales continue to be sluggish. Disruptions to manufacturing supply chains from Japan's natural disaster have undermined production momentum in this sector that has been a key driver behind the recovery to date. Employment growth remains soft and the unemployment rate is at its highest level at 9.2% since December 2010. Wage growth was flat in June while hours worked continued to decrease.

As negotiations to increase the US debt ceiling continue, the US debt is being put on review for a possible downgrade from the current AAA credit rating. Global concerns are growing over the ability of a US recovery in the face of weak job numbers and an increasing debt crisis.

Canadian Overview

The Canadian economy is showing a slower growth trend after a strong 18 months of recovery. Employment data has confirmed that the economy continues to create jobs, primarily public sector and part-time jobs. The unemployment rate is unchanged at 7.4% in the second quarter of 2011 as the number of people participating in the labour market increased.

While the production disruptions caused by Japan's mid-March disaster should be recovered in the second half of the year, Canada still faces a number of challenges that will likely keep growth on a relatively modest upward track. Record household debt levels, high food and gas prices, and a cooling housing market have begun to moderate consumer spending. In addition, Canadians' record indebtedness likely make consumer spending and housing more sensitive to rising interest rates, and subsequent rate hikes will result in dampening growth and inflation. Economists' forecasts for future Bank of Canada rates indicate an increase as early as October 2012 to the current 1% overnight rate.

British Columbia Overview

Although modest improvements in employment and wages have been realized, British Columbia has shown the weakest retail sales performance in Canada this year as percentage growth in comparison to last year. The housing market, particularly in the Metro Vancouver area, is getting support from favourable demographics, tight supply and foreign-buyer interest. However, record high home prices and the weakest affordability index in the country will dampen activity, particularly among first-time buyers.

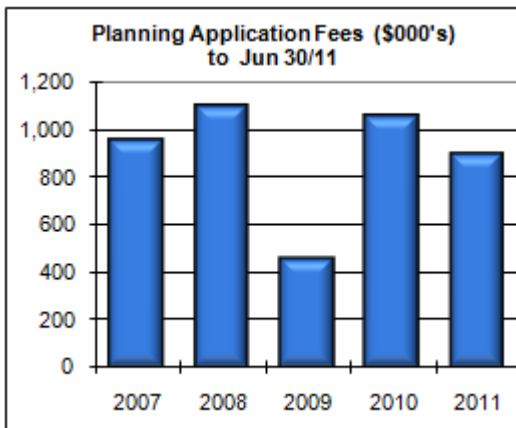
Surrey's Financial Performance

The level of new development activity is running slightly ahead of last year. As the expansion of the City Centre continues, many businesses are looking for an opportunity to move into the area. Applications for multi-family residential development projects are expected to increase as Surrey remains a relatively affordable market in the Region. Growth in areas such as Campbell Heights and Grandview Heights, as well as the construction of new facilities identified as part of the Build Surrey Program will continue to bolster development in surrounding areas.

The following graphs indicate the actual revenue that has been collected by the City in the subject areas for the noted periods. 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 that are incurred by the City.

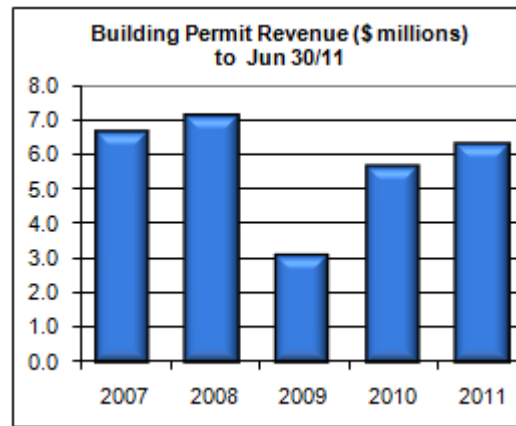
This revenue deferral process means that although there may be a significant reduction in the actual revenue collected in any given period, the effect of this reduction is not be recognized for some time into the future, which in some cases will be in the following year. The timing difference between 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 six months of 2011 compare to previous years' results for the same period:



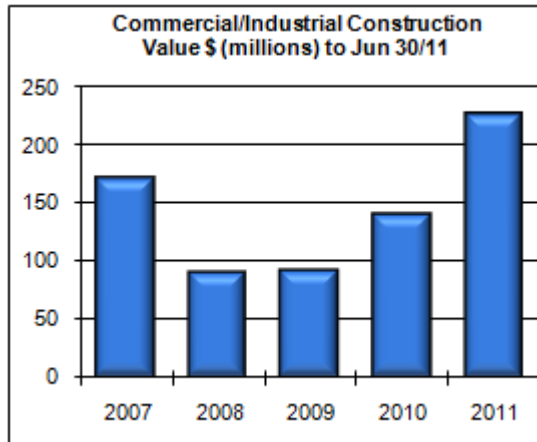
Graph 3

Application fees collected in the second quarter of the year are 16% lower than those collected for the same period last year. Developers may be taking a “wait and see” approach as to the future of the HST. It is expected that the 2011 budget will be met.



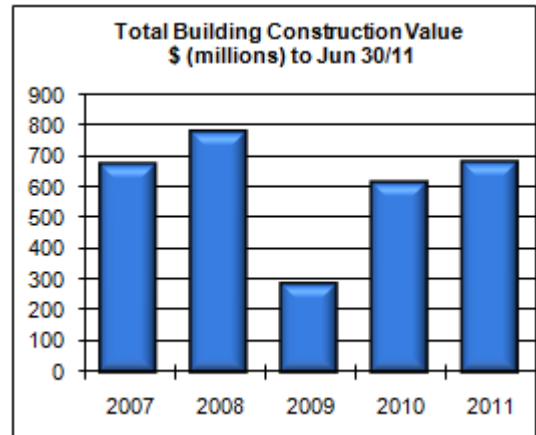
Graph 4

Building permit fees collected are 11% higher than those collected in the same period last year. This is mainly due to the building permit revenue collected for the RCMP E-Division Headquarters. Contractors may also be trying to get their product on the market before a potential interest rate hike by the Bank of Canada which will push mortgage rates up. Revenues are expected to meet budget for the year.



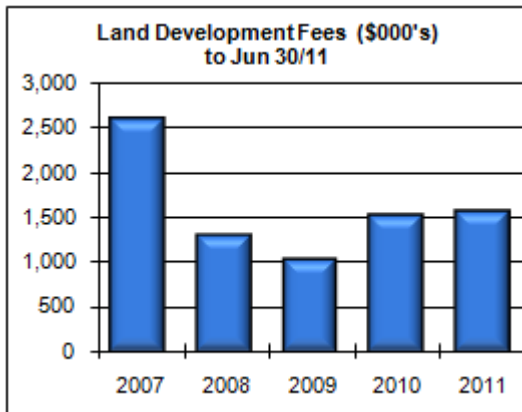
Graph 5

Construction value of commercial and industrial building permits for six months of 2011 has increased substantially compared to 2010 primarily due to the new RCMP E-Division Headquarters.



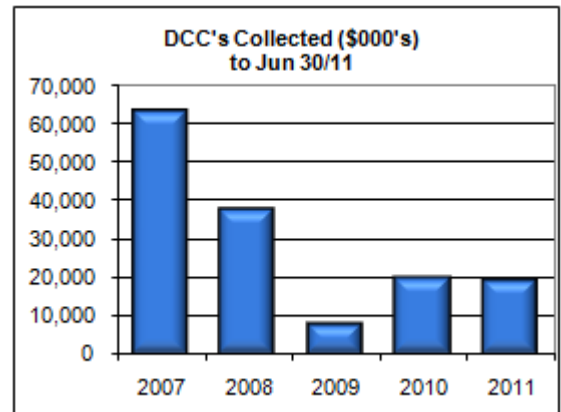
Graph 6

Overall, the value of new construction in the City for six months of the year is 10% greater than the same time period last year. The overall increase is primarily due to the new RCMP E-Division Headquarters building.



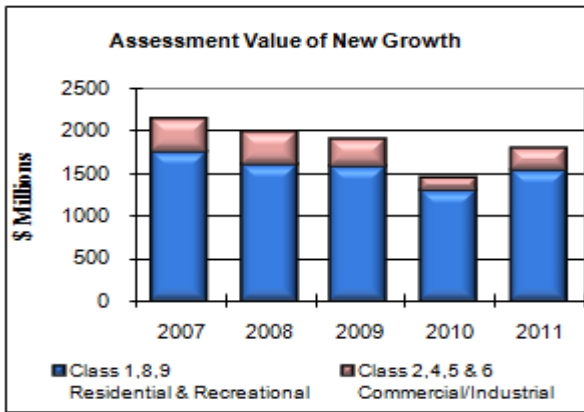
Graph 7

Engineering Land Development fees collected for the first six months of the year are level with the same period in 2010. It is expected that fees collected in 2011 will meet the amounts that were budgeted for this area of revenue.

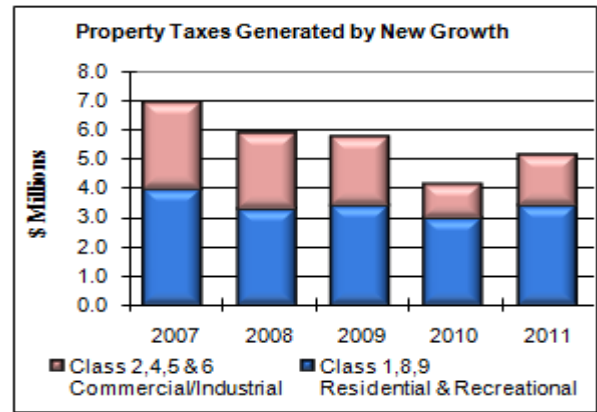


Graph 8

Development Cost Charges that have been collected in six months of the year are approximately the same amount as those collected in the same period of 2010. The City collects DCC revenue throughout the year and distributes it to the related construction programs in the following year.

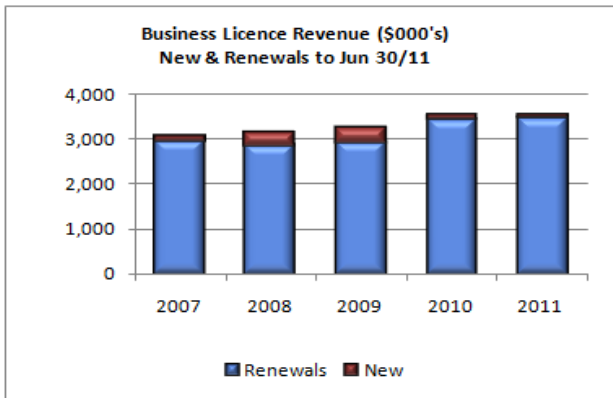


Graph 9



Graph 10

The value of new construction is converted into taxable assessed values and is the 'growth' component of the City's annual property tax levy. The tax rate for commercial/industrial properties is about three and a half times that of residential properties. This means that a commercial property with the same assessed value as a residential property will generate three and a half times the amount in property taxes. In 2011, increases in commercial assessment will account for 15% of the assessment growth and 37% of the property tax growth while residential assessment will account for 85% of the assessment growth and 63% of property tax revenue growth.

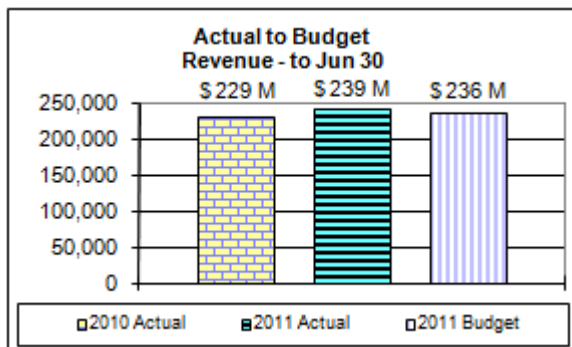


Graph 11

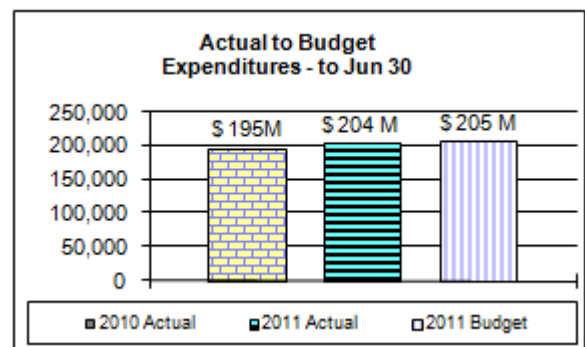
Business license revenue for 2011 is level when compared to the same period last year.

Comparison of Actual Revenues and Expenditures in Comparison to the 2011 Budget (Financial Plan)

The following graphs illustrate the variances between the actual and the budgeted revenues and expenditures, excluding transfers to reserves, for the first six months of 2011.



Graph 12



Graph 13

Appendix A documents the general fund revenues and expenditures for the second quarter of 2011 at a more detailed level. It is expected that 'Other Revenues' will have an unfavourable balance of about \$1.3 million by the end of the year. This is mainly due to the timing of the digital sign revenues, which are payable after year end. The revenues generated from the digital signs in 2011 will not be received until 2012. In addition, the 2011 budget included \$400,000 of unspecified revenue that has not materialized. Departments are closely monitoring their actual results on a monthly basis. The following is an explanation on a Department-by-Department basis of year to date variances in relation to the 2011 Financial Plan:

RCMP currently shows a favourable variance of \$398,000. This is mainly due to temporary staff vacancies and timing of RCMP contract expenses. It is expected that this Department will meet budget by the end of the year.

Fire Services is currently at budget. The salary increases that resulted from the contract settlement with the IAFF have been offset by the use of one-time funding sources. It is expected that Fire Services will meet budget at the end of the year.

Engineering Services currently has a favourable variance of \$33,000 which is due primarily to the timing of expenses. It is expected that this Department will meet budget at the end of the year.

Parks, Recreation & Culture Department is showing a favourable departmental variance of \$411,000, which is primarily due to the timing of revenue received for programming and the timing of related expenditures. This Department is expected to meet budget by year end.

Library Services has a favourable variance of \$154,000 due to vacancies and the timing of expenses. Library Services is expected to meet budget by year end.

Planning and Development Department, which also includes Civic Facilities, is reporting a positive variance of \$332,000 due to temporary vacancies. It is expected that they will have a positive variance of about \$400,000 by the end of the year.

City Manager's Department is currently reporting a favourable variance of \$284,000 due to revenue increases from fees and fines, vacancies and the timing of expenditures. It is expected that City Manager's Department will have a favourable variance of about \$400,000 at year end.

Investment & Intergovernmental Relations Department is currently reporting an unfavourable variance of \$14,000 due to the timing of expenditures. The Department is expected to meet budget by the end of the year.

Finance & Technology Department currently has a favourable variance of \$210,000. This is primarily due to the timing of the payments on IT maintenance contracts and temporary vacancies. It is expected that the Department will have a favourable variance of about \$400,000 at year end.

Human Resources Department has a favourable variance of \$14,000 due primarily to the timing of expenses and some temporary vacancies. It is expected that the Department will have a positive variance of about \$50,000 at the end of the year.

At this point, staff is expecting that a transfer from surplus may be required at year end but at a level lower than is anticipated in the approved 2011 budget. Staff will continue to closely monitor all areas to ensure that immediate action is taken to address variances and to reduce as much as possible the 2011 budgeted transfer from surplus of \$4.0 million.

City Investment Portfolio

The schedules in **Appendix B** include a summary of the City's investment portfolio. **Schedule 1** is a summary of investments by issuer type, with comparative totals for each month-end from April through June 2011. **Schedule 2** is a detailed listing of securities as at June 30, 2011 sub-totalled by issuer type.

It is important to note that although the investment portfolio is currently valued at \$837 million, most of these funds have either been committed to specific capital projects or are operating funds that have been invested until needed to pay operating expenses.

The City's investment portfolio is currently earning a combined rate of approximately 3.25%, while maintaining investment security as outlined in the investment policy. This is in line with the budget amount for returns on investment that was anticipated in the 2011 Financial Plan. Interest revenue is expected to meet budget targets for 2011.

CONCLUSION

Development activity experienced in the second quarter of 2011 is level with that of the same period in 2010. The 2011 adopted Financial Plan anticipates a transfer from surplus of \$4.0 million. Staff will continue to closely monitor all areas to ensure that immediate action is taken to address variances and to reduce as much as possible by year end this budgeted transfer from surplus.

Vivienne Wilke, CGA
General Manager,
Finance & Technology

**2011 2nd QUARTER COUNCIL REPORT
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES
\$ 000's**

REVENUES SUMMARY	2011 2nd Qtr - June Actual	2011 2nd Qtr - June Budget	2011 2nd Quarter Variance	2011 Projected Actual	2011 Annual Budget	2011 Projected Variance
Net Taxation	\$ 113,700	\$ 113,315	\$ (385)	\$ 227,031	\$ 226,631	\$ (400)
Non-Tax Revenues	10,179	11,065	886	19,120	20,420	1,300
Provincial Casino Revenue Sharing	1,449	1,400	(49)	3,000	3,000	-
Build Surrey Program	1,468	1,468	-	4,405	4,405	-
Utility Recoveries	2,028	2,028	-	4,056	4,056	-
Program Revenues	31,535	30,188	(1,347)	61,123	59,723	(1,400)
TOTAL REVENUES	\$ 160,359	\$ 159,464	\$ (895)	\$ 318,735	\$ 318,235	\$ (500)

EXPENDITURE SUMMARY	2011 2nd Qtr - June Actual	2011 2nd Qtr - June Budget	2011 2nd Quarter Variance	2011 Projected Actual	2011 Annual Budget	2011 Projected Variance
Program Expenditures	\$ 141,524	\$ 141,566	\$ 42	\$ 286,293	\$ 286,143	\$ (150)
Council Projects	38	38	-	250	250	-
City Beautification	900	900	-	2,078	2,078	-
Crime Reduction	120	120	-	300	300	-
Social Well-Being Plan	586	586	-	1,552	1,552	-
Clean Energy	-	-	-	100	100	-
Sustainability	124	125	1	250	250	-
Build Surrey Program	1,468	1,468	-	4,405	4,405	-
Fiscal Services	363	420	57	741	841	100
TOTAL EXPENDITURES	\$ 145,123	\$ 145,223	\$ 100	\$ 295,969	\$ 295,919	\$ (50)

TRANSFER SUMMARY	2011 2nd Qtr - June Actual	2011 2nd Qtr - June Budget	2011 2nd Quarter Variance	2011 Projected Actual	2011 Annual Budget	2011 Projected Variance
Transfer to Capital Program	\$ 4,000	\$ 4,000	-	\$ 7,800	\$ 7,800	-
Transfer to Capital Program - Gaming	1,449	1,400	(49)	3,000	3,000	-
Transfers To(From) Own Sources	7,443	7,443	-	15,467	15,467	-
TOTAL TRANSFERS	\$ 12,892	\$ 12,843	\$ (49)	\$ 26,267	\$ 26,267	\$ -

PROJECTED SURPLUS (DEFICIT)	\$ 450
BUDGETED TRANSFER FROM SURPLUS	(3,951)
ANTICIPATED TRANSFER FROM SURPLUS AT YEAR END	\$ (3,501)

**2011 2nd QUARTER COUNCIL REPORT
DEPARTMENTAL DETAIL
\$ 000's**

	2011 2nd Qtr - June Actual	2011 2nd Qtr - June Budget	2011 2nd Quarter Variance	2011 Projected Actual	2011 Annual Budget	2011 Projected Variance
PROGRAM REVENUES						
R.C.M.P.	\$ 3,742	\$ 3,576	\$ (166)	\$ 7,300	\$ 7,100	\$ (200)
Fire	697	696	(1)	1,392	1,392	-
Engineering Services	2,475	2,630	155	5,074	5,474	400
Parks, Recreation & Culture	11,631	10,057	(1,574)	21,031	19,131	(1,900)
Surrey Public Library	818	779	(39)	1,571	1,571	-
Planning & Development	8,102	8,570	468	16,641	17,141	500
City Manager	3,536	3,425	(111)	7,052	6,852	(200)
Investment & Intergov Rel	16	3	(14)	5	5	-
Finance & Technology	509	445	(64)	1,047	1,047	-
Human Resources	9	6	(3)	10	10	-
TOTAL PROGRAM REVENUES	\$ 31,535	\$ 30,188	\$ (1,347)	\$ 61,123	\$ 59,723	\$ (1,400)
PROGRAM EXPENDITURES						
R.C.M.P.	\$ 52,470	\$ 52,702	\$ 232	\$ 105,438	\$ 105,238	\$ (200)
Fire	23,070	23,069	(1)	48,749	48,749	-
Engineering Services	3,367	3,555	188	5,924	6,324	400
Parks, Recreation & Culture	27,875	26,712	(1,163)	57,301	55,401	(1,900)
Surrey Public Library	5,834	5,949	115	12,004	12,004	-
Planning & Development	9,908	10,709	801	20,462	21,362	900
Mayor & Council	606	606	-	1,211	1,211	-
City Grants	1,040	605	(435)	1,209	1,209	-
City Manager	5,493	5,667	174	11,114	11,314	200
Investment & Intergov Rel	595	568	(27)	1,162	1,162	-
Finance & Technology	9,924	10,071	147	19,033	19,433	400
Human Resources	1,342	1,353	11	2,686	2,736	50
TOTAL PROGRAM EXPENDITURES	\$ 141,524	\$ 141,566	\$ 42	\$ 286,293	\$ 286,143	\$ (150)
NET PROGRAM						
R.C.M.P.	\$ 48,728	\$ 49,126	\$ 398	\$ 98,138	\$ 98,138	-
Fire	22,373	22,373	-	47,357	47,357	-
Engineering Services	892	925	33	850	850	-
Parks, Recreation & Culture	16,244	16,655	411	36,270	36,270	-
Surrey Public Library	5,016	5,170	154	10,433	10,433	-
Planning & Development	1,807	2,139	332	3,821	4,221	400
Mayor & Council	606	606	-	1,211	1,211	-
City Grants	1,040	1,040	-	1,209	1,209	-
City Manager	1,958	2,242	284	4,062	4,462	400
Investment & Intergov Rel	580	566	(14)	1,157	1,157	-
Finance & Technology	9,416	9,626	210	17,986	18,386	400
Human Resources	1,333	1,347	14	2,676	2,726	50
NET PROGRAM TOTAL	\$ 109,993	\$ 111,815	\$ 1,822	\$ 225,170	\$ 226,420	\$ 1,250

SCHEDULE 1

DESCRIPTION	INVESTMENT (MILLIONS) APRIL/11	INVESTMENT (MILLIONS) MAY/11	INVESTMENT (MILLIONS) JUNE/11
RBC Month End Balance	141.5	27.0	206.4
RBC USD Account Month End Balance	8.3	8.8	8.0
Overnight	20.0	20.0	20.0
MAJOR BANKS - SCHEDULE I			
Bank of Montreal	53.4	53.4	53.3
Bank of Nova Scotia	94.4	94.3	94.1
Canadian Imperial Bank of Commerce	87.3	87.3	47.3
Canadian Western Bank	2.0	2.0	5.1
Laurentian Bank of Canada	0.0	0.0	5.1
National Bank of Canada	58.7	58.7	58.7
Royal Bank of Canada	60.8	60.8	60.8
Toronto Dominion	74.1	74.1	79.9
SUB TOTAL - SCHEDULE I BANKS	430.7	430.6	404.3
MAJOR BANKS - SCHEDULE II			
HSBC Bank of Canada	10.0	10.0	10.0
SUB TOTAL - SCHEDULE II BANKS	10.0	10.0	10.0
CREDIT UNIONS			
Coast Capital Credit Union	0.0	15.0	15.0
Envision Credit Union	0.0	40.0	40.0
Gulf & Fraser Credit Union	0.0	10.0	10.0
Vancity Savings	15.0	50.0	50.0
Westminster Savings Credit Union	5.0	30.0	30.0
SUB TOTAL - CREDIT UNIONS	20.0	145.0	145.0
PROVINCES			
British Columbia	2.6	2.6	2.6
Ontario	25.1	25.1	25.1
Quebec	14.4	14.4	14.4
SUB TOTAL - PROVINCES	42.1	42.1	42.1
OTHER			
MFA	6.0	6.0	1.0
SUB TOTAL - OTHER	6.0	6.0	1.0
TOTAL PORTFOLIO	678.6	689.5	836.8

SCHEDULE 2 - 1

MATURITY PURCHASE		SECURITY	# OF DAYS	PRINCIPAL	TOTAL
DATE	DATE				
ROYAL BANK MONTH END BALANCE					
30-Jun-11		Royal Bank		206,377,500.00	
30-Jun-11		Royal Bank USD Account (\$CDN)		8,053,100.00	
					214,430,600.00
CALL LOAN					
04-Jul-11	30-Jun-11	VanCity Savings Credit Union Call Loan	1	20,000,000.00	20,000,000.00
MAJOR BANKS - SCHEDULE I					
29-Feb-12	04-Mar-05	Bank of Montreal futures certificate of deposit	2553	3,000,000.00	
21-Jun-12	01-Nov-07	Bank of Montreal fixed floater	1694	10,005,871.49	
21-Jun-12	01-Nov-07	Bank of Montreal fixed floater	1694	5,002,936.49	
21-Jun-12	29-Aug-08	Bank of Montreal fixed floater	1392	10,025,538.74	
22-Apr-15	14-Jan-10	Bank of Montreal fixed floater	1924	2,632,226.10	
10-Jun-15	10-Jun-09	Bank of Montreal deposit note	2191	1,718,837.88	
21-Apr-16	15-Jan-10	Bank of Montreal residual	2288	4,675,938.00	
26-Sep-17	14-Jan-10	Bank of Montreal fixed floater	2812	10,819,808.89	
26-Sep-17	26-Jan-10	Bank of Montreal fixed floater	2800	5,463,794.32	
*** BANK OF MONTREAL					53,344,951.91
04-Jun-12	31-Mar-11	Bank of Nova Scotia bond	431	5,053,724.42	
30-Jun-12	31-Mar-11	Bank of Nova Scotia bond	457	5,208,295.46	
27-Mar-13	10-Apr-08	Bank of Nova Scotia fixed floater	1812	9,990,055.32	
27-Mar-13	18-Apr-08	Bank of Nova Scotia fixed floater	1804	9,992,262.24	
27-Mar-13	21-Apr-08	Bank of Nova Scotia fixed floater	1801	1,297,613.69	
27-Sep-13	24-Jun-09	Bank of Nova Scotia residual	1556	1,050,191.60	
03-Oct-13	06-Oct-08	Bank of Nova Scotia fixed floater	1823	702,849.29	
03-Oct-13	08-Oct-08	Bank of Nova Scotia fixed floater	1821	5,001,901.77	
03-Oct-13	31-Jul-09	Bank of Nova Scotia fixed floater	1525	524,275.40	
15-Apr-14	28-Apr-09	Bank of Nova Scotia fixed floater	1813	2,015,617.42	
15-Apr-14	01-May-09	Bank of Nova Scotia fixed floater	1810	5,073,855.30	
15-Apr-14	17-Jun-09	Bank of Nova Scotia fixed floater	1763	5,116,119.43	
15-Apr-14	31-Jul-09	Bank of Nova Scotia fixed floater	1719	5,158,492.60	
15-Apr-14	19-Aug-10	Bank of Nova Scotia fixed floater	1335	7,693,194.39	
16-Jul-14	19-Aug-10	Bank of Nova Scotia deposit note	1427	10,223,812.04	
22-Jan-16	22-Jan-09	Bank of Nova Scotia fixed floater	2556	1,999,778.58	
22-Jan-16	06-Feb-09	Bank of Nova Scotia fixed floater	2541	2,040,637.98	
22-Jan-16	10-Feb-09	Bank of Nova Scotia fixed floater	2537	5,111,602.26	
22-Jan-16	11-Jun-09	Bank of Nova Scotia fixed floater	2416	10,832,612.05	
*** BANK OF NOVA SCOTIA					94,086,891.24
10-Sep-12	10-Apr-08	CIBC deposit note	1614	5,001,757.78	
10-Sep-12	31-Mar-11	CIBC deposit note	529	10,364,249.39	
06-Jun-13	11-Aug-08	CIBC fixed floater	1760	10,021,766.37	
06-Jun-13	31-Jul-09	CIBC fixed floater	1406	3,087,610.55	
06-Jun-13	11-May-09	CIBC residual	1487	5,175,000.00	
31-Oct-14	12-Jun-09	CIBC residual	1967	4,135,115.49	
31-Oct-14	19-Mar-10	CIBC residual	1687	2,410,240.00	
02-Mar-15	19-Mar-10	CIBC deposit note	1809	4,966,382.96	
06-Jun-18	26-Jan-10	CIBC residual	3053	2,122,890.00	
*** CIBC					47,285,012.54
30-Nov-15	30-Nov-10	Canadian Western Bank fixed floater	1826	2,011,126.75	
30-Nov-15	23-Jun-11	Canadian Western Bank fixed floater	1621	3,065,637.02	
*** CANADIAN WESTERN BANK					5,076,763.77
02-Nov-15	23-Jun-11	Laurentian Bank of Canada fixed floater	1593	1,016,693.27	
02-Nov-15	28-Jun-11	Laurentian Bank of Canada fixed floater	1588	4,086,035.68	
*** LAURENTIAN BANK OF CANADA					5,102,728.95

SCHEDULE 2 - 2

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
02-Nov-11	26-Nov-07	National Bank fixed floater	1437	9,969,556.33	
02-Nov-11	27-Nov-07	National Bank fixed floater	1436	9,973,810.84	
02-Nov-11	10-Apr-08	National Bank fixed floater	1301	19,956,040.48	
15-Nov-13	05-Jun-08	National Bank fixed floater	1989	5,035,546.23	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	3,950,975.22	
22-Dec-14	29-Feb-08	National Bank fixed floater	2488	9,857,640.39	
*** NATIONAL BANK OF CANADA					58,743,569.49
30-Apr-12	01-Nov-07	Royal Bank fixed floater	1642	4,980,119.88	
30-Apr-12	05-Jun-08	Royal Bank fixed floater	1425	4,993,205.96	
30-Apr-12	11-Dec-08	Royal Bank fixed floater	1236	3,876,058.77	
11-Mar-13	18-Apr-08	Royal Bank fixed floater	1788	9,973,087.67	
11-Mar-13	18-Apr-08	Royal Bank fixed floater	1788	4,984,606.58	
11-Mar-13	05-Jun-08	Royal Bank fixed floater	1740	5,000,632.85	
06-Jun-13	08-Apr-09	Royal Bank residual	1520	4,924,435.00	
04-Nov-13	15-Apr-08	Royal Bank fixed floater	2029	1,770,572.64	
04-Nov-13	15-Oct-08	Royal Bank fixed floater	1846	3,969,433.28	
04-Nov-13	19-Aug-10	Royal Bank fixed floater	1173	5,324,929.71	
04-Nov-13	24-Jun-09	Royal Bank residuals	1594	1,006,335.00	
17-Mar-14	17-Mar-09	Royal Bank step up note	1826	9,975,614.73	
*** ROYAL BANK OF CANADA					60,779,032.07
01-Nov-12	11-Apr-08	Toronto Dominion fixed floater	1665	10,044,067.79	
01-Nov-12	11-Dec-08	Toronto Dominion fixed floater	1421	9,989,617.97	
01-Nov-12	21-Apr-08	Toronto Dominion fixed floater	1655	5,018,300.21	
01-Nov-12	08-Apr-09	Toronto Dominion residual	1303	8,645,300.00	
04-Aug-14	05-Aug-09	Toronto Dominion residual	1825	3,964,656.00	
02-Apr-15	28-Apr-09	Toronto Dominion fixed floater	2165	5,134,517.88	
02-Apr-15	12-Feb-10	Toronto Dominion residual	1875	9,284,000.00	
08-Oct-16	08-Oct-09	Toronto Dominion step up note	2557	4,986,822.06	
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	5,781,590.29	
24-Nov-19	24-Nov-09	Toronto Dominion step up note	3652	4,987,400.70	
07-Jul-20	07-Jul-10	Toronto Dominion step up note	3653	9,954,924.68	
*** TORONTO DOMINION					79,905,897.58
MAJOR BANKS - SCHEDULE II					
08-Apr-21	08-Apr-11	HSBC step up note	3653	10,000,000.00	
*** HSBC BANK CANADA					10,000,000.00
CREDIT UNIONS					
13-Jul-11	13-May-11	Coast Capital Credit Union term deposit	61	15,000,000.00	
14-Jul-11	13-May-11	Envision Credit Union term deposit	62	40,000,000.00	
15-Jul-11	13-May-11	Gulf & Fraser Credit Union term deposit	63	10,000,000.00	
20-Jul-11	13-May-11	Vancity Savings Credit Union term deposit	68	35,000,000.00	
20-Jul-11	31-May-11	Vancity Savings Credit Union term deposit	50	15,000,000.00	
19-Jul-11	13-May-11	Westminster Savings Credit Union term deposit	67	25,000,000.00	
19-Jul-11	27-May-11	Westminster Savings Credit Union term deposit	53	5,000,000.00	
*** CREDIT UNIONS					145,000,000.00

SCHEDULE 2 - 3

MATURITY DATE	PURCHASE DATE	SECURITY	# OF DAYS	PRINCIPAL	TOTAL
PROVINCIAL GUARANTEED PAPER					
09-Jul-15	19-Jan-10	BC residual	1997	2,552,912.00	
		*** BRITISH COLUMBIA			2,552,912.00
08-Mar-14	29-Mar-10	Ontario bond	1440	5,274,063.35	
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			25,058,683.18
30-Mar-14	29-Mar-10	Quebec coupon	1462	2,222,500.00	
15-Jul-14	29-Mar-10	Quebec Hydro coupon	1569	2,631,810.00	
01-Jun-15	11-May-09	Quebec coupon	2212	4,038,650.00	
16-Jul-15	01-May-09	Quebec coupon	2267	1,521,463.00	
15-Aug-15	11-May-09	Quebec Hydro coupon	2287	4,018,150.00	
		*** QUEBEC			14,432,573.00
open	17-Dec-03	BCMFA investment pool-money market fund	2574	1,000,000.00	
		*** BC MUNICIPAL FINANCE AUTHORITY			1,000,000.00
TOTAL PORTFOLIO					\$ 836,799,615.73