

**MUNICIPAL FINANCE AUTHORITY
OF BRITISH COLUMBIA**



ANNUAL REPORT 1989

Municipal Finance Authority of British Columbia

200 INTERNATIONAL HOUSE, 880 DOUGLAS STREET, VICTORIA, B.C. V8W 2B7

Annual report
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FRONT COVER

Farwell Canyon, Chilcotin River *Courtesy Province of B.C.*

McGILL LIBRARY



Sunset at Cluchuta Lake *Courtesy Province of B.C.*

Financial Highlights

MILLIONS OF DOLLARS

	1989	1988
CAPITAL FINANCING		
AT DECEMBER 31:		
Total assets—combined funds	1,428	1,380
Loans to Regional Districts outstanding	1,119	1,114
Long-term debt outstanding	1,221	1,201
Sinking funds	104	89
Long-term debt, net	1,117	1,112
Debt Reserve Fund	144	135
Investments (including sinking funds)	313	257
IN THE YEARS ENDED DECEMBER 31:		
New loans to Regional Districts	57	39
Loan repayments from Regional Districts	52	49
New debt issued	57	127
Debt retired	37	128
Investments income	30	24
Interest paid	134	137

POOLED INVESTMENT FUNDS

AT DECEMBER 29:

Money Market Fund—Net assets	94	—
Short Term Bond Fund—Net assets	22	—

Members and Officers 1989

MEMBER	REGIONAL DISTRICT	MEMBER	REGIONAL DISTRICT
E. Larsen	<i>Alberni-Clayoquot</i>	G. J. Blair	<i>Greater Vancouver</i>
G. E. McFee	<i>Bulkley-Nechako</i>	D. T. Driscoll	<i>Greater Vancouver</i>
N. L. Sealey	<i>Capital</i>	W. A. Fomich	<i>Greater Vancouver</i>
H. F. Sturrock	<i>Capital</i>	D. A. S. Lanskail	<i>Greater Vancouver</i>
D. Brecknock	<i>Cariboo</i>	L. Sekora	<i>Greater Vancouver</i>
B. Roe	<i>Central Coast</i>	A. Burton	<i>Kitimat-Stikine</i>
G. F. Ferguson	<i>Central Fraser Valley</i>	D. Swanson	<i>Kootenay Boundary</i>
G. B. Cady	<i>Central Kootenay</i>	G. Popovich	<i>Mount Waddington</i>
J. H. Stuart	<i>Central Okanagan</i>	P. Reitsma	<i>Nanaimo</i>
G. Abbott	<i>Columbia-Shuswap</i>	E. Shipmaker	<i>North Okanagan</i>
K. A. Hudson	<i>Comox-Strathcona</i>	J. Lamb	<i>Okanagan-Similkameen</i>
M. Coleman	<i>Cowichan Valley</i>	C. Lasser	<i>Peace River</i>
B. Hartley	<i>Dewdney-Alouette</i>	D. Sylvester	<i>Powell River</i>
H. Tapp	<i>East Kootenay</i>	P. J. Lester	<i>Skeena-Queen Charlotte</i>
D. Edwards	<i>Fort Nelson-Liard</i>	R. D. Cumming	<i>Squamish-Lillooet</i>
L. Forman	<i>Fraser-Cheam</i>	P. Connor	<i>Sunshine Coast</i>
J. Backhouse	<i>Fraser-Fort George</i>	J. F. Lapin	<i>Thompson-Nicola</i>
M. Baker	<i>Greater Vancouver</i>		



BACKHOUSE



BLAIR



FOMICH



MCFEE



SEALEY



STUART

BOARD OF TRUSTEES

R. D. Cumming, *Chairman*
 J. Backhouse
 G. J. Blair
 W. A. Fomich
 G. E. McFee
 N. L. Sealey
 J. H. Stuart

OFFICERS

Chairman
 R. D. Cumming
Acting Chairman
 W. A. Fomich
Secretary-Treasurer
 J. R. Craven
Deputy Secretary-Treasurer
 W. C. Greer

AUDITORS

Peat Marwick Thorne
 Vancouver, B.C.

SOLICITORS: BOND COUNSEL

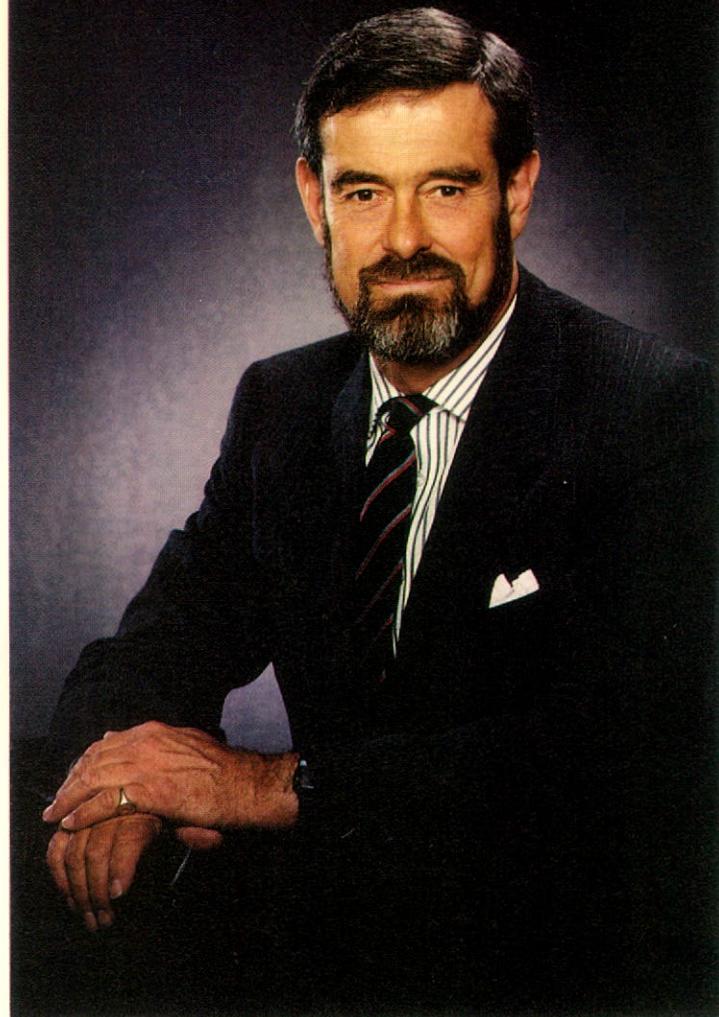
Farris, Vaughan, Wills & Murphy
 Vancouver, B.C.

SOLICITORS: GENERAL COUNSEL

Cox, Taylor, Bryant
 Victoria, B.C.

Chairman's Report 1989

*To the members of the
Municipal Finance Authority
of British Columbia*



CUMMING

It is my pleasure and privilege to submit the nineteenth annual report of the Municipal Finance Authority of British Columbia on behalf of your board of trustees. This is also my first report to you as chairman of the Authority.

The year 1989 was a good deal more prosperous for the majority of B.C.'s municipal communities than anything seen for the last eight years. Several years ago, we witnessed the gradual awakening of the Canadian economy which typically began in the east. When it did finally arrive with us, it was very sudden in its intensity and extremely welcome. During the year under review, 77,000 jobs were created in B.C. out of a Canadian total of

245,000, our retail sales grew by 10.50%, Canada's 5.50%, and our economy grew by 4.25% while all of Canada grew only 2.50%. This rather delayed economic blooming continued throughout the year despite a background of high interest rates. Canada's year-end prime rate of 13.50% was substantially higher than the U.S. of 10%; Germany at 6%; and Japan at 6.25%. This more than any other factor caused the Canadian dollar to rise from \$83.86 to \$86.50 year over year.

As the value of the Canadian dollar continued to rise against the U.S. dollar, our own U.S. obligations became easier to service. During 1989,

continued

Chairman's Report / continued

the Canadian dollar was a favourite of the international investor returning solid appreciation of currency as well as very high yields. The positive implications of that are "our issues are easy to launch and sell." Negative implications of that are "we could be painting ourselves into a corner." High rates in Canada are not an encouragement to our economic growth and a dollar that is overvalued and thus popular with investors can also be sold and plummet in value just as quickly as it rose, sometimes quicker, as we saw recently. If high Canadian interest rates do cause a weaker economy in 1990, the Bank of Canada will begin to reduce rates and Canadian dollar volatility can be assured. Your board of trustees has been thinking that it may be time to lock in some of our recent gains before the anticipated slide. This practice year by year can ease the potential shock wave felt by municipalities who have a large component of U.S. debt.

In 1989 the Authority began a new service for our municipal community—the short-term investment pool. This investment opportunity (comprised of a money market fund and a bond fund) was well subscribed to by our municipalities and proved to be particularly popular with our medium to small-sized operations. The earnings and the liquidity of such a fund should allow it to grow gradually as our municipalities become comfortable with the proven performance of these funds.

Our examination of new financial products in 1990 will include an interim financing pool. Our research shows we can offer interim financing at rates less than prime. As with the investment pool, the fees earned by the interim financing pool will lessen our dependence on the yearly tax levy. Six years ago, taxes formed 82% of our total revenues. In 1990, the tax levy proposed in the 1990 budget has fallen to 26%.

Our general goals appear in an emerging context as we pay attention to opportunities and signals from our municipal community. For example, feedback indicates that (1) you have found the investment pools helpful, and (2) interim borrowing would be popular. It continues to be our goal to cut your costs of operating, simultaneously making some revenues for ourselves. It will never be our policy to subsidize a service that is useful to just a few.

Success to us as a body does not depend on the growth for growth's sake of these various services. If in the offering of these services, the private sector comes alive and reclaims customers, this may still mean we are doing our job.

Our role in these money management matters is simply to continue to research all aspects of your financial requirements and to see if there are opportunities to use the "bulk purchasing" power of you, our constituents, to provide a more cost-effective money service. By the right combination of ambition and reticence, we can use the best features of the private sector and the public sector to produce savings for all of you and still keep our staff numbers at the modest number of five that they have been at since 1984.

Good communications are important, especially between the times of our twice yearly meetings. This year, members requested a newsletter which will continue to be published three or four times a year. This will update members as to the state of financial markets and advise on local news, i.e. the occasional municipal referendum or capital expenditure program. We would enjoy getting your feedback on this new feature of our operation. We also extend an invitation for newsletter contributions from the field in the form of short articles and photographs of capital projects.

New borrowing requirements of the MFA were met with issues in the spring and fall. In March, we raised \$27.1 million 10.90% in

a ten-year issue, retractable to five years. In October, the MFA issued a \$29.4 million straight ten year issue with a coupon of 10.25%. Both these issues hit a "window" in the market, and, even though in the case of the October offering we were obliged to wait some time for the right moment, the issues sold well and were tightly priced. Our lead managers and syndicate are to be congratulated.

During the year, we also completed a review of the composition and structure of the Canadian and U.S. syndicates, and adjustments were made based upon performance and capability. We are currently reviewing our Euro-Canadian group in the event that financing opportunities arise in that market.

At the end of 1989, the MFA's debt comprised 80.63% in Canadian funds, 19.07% in United States funds, 0.24% in Swiss francs and 0.06% in Deutschemarks.

At December 31, 1989, long-term debt outstanding of the Authority was \$1.22 billion. During 1989, payments of principal and interest in excess of \$200 million were received from our regional districts and municipalities. At December 31, 1989 investments managed totalled \$313.3 million, broken down as follows:

Debt Reserve Fund \$53.4 million.

Sinking and Related Debt Servicing Funds \$259.9 million.

Interest earnings in 1989 totalled \$30.3 million.

The types of investment securities which may be held by the Municipal Finance Authority are regulated by our act. At December 31, 1989 the Authority's portfolio consisted of \$72.8 million of securities of or guaranteed by the government of Canada, \$131.7 million of securities of or guaranteed by provincial governments, \$42.4 million of securities of or guaranteed by Canadian chartered banks, \$2.9 million of securities of B.C. credit unions, \$21.8 million of securities of municipal governments in Canada and

\$41.7 million of obligations of the Municipal Finance Authority.

We continue to enjoy the close relationship that has developed over the years between local government and this authority. Equally valuable is the help we get from the staff of the ministries of Municipal Affairs, Recreation and Culture, and Finance and Corporate Relations as well as the close attention paid to our concerns by the ministers responsible for these two portfolios.

Before I close, I would like to thank Jim Stuart formally for his most valuable contribution as a member of our board since 1972 and as chairman for twelve years. I would also like to recognize, in addition to Jim, the other members of the board of trustees. Their pictures, and origins, are in the annual report this year, so I will not introduce them again, but I would like to thank them all and particularly your acting chairman, Bill Fomich, for their support and counsel during my first term as your chairman. And finally I would like to pay tribute to our staff, under the most able leadership of Jim Craven, for another year of solid performance. Although we are continually upgrading our electronic workload capability to ease the task of information processing, there is no substitute for competence and I believe we have it in our staff in abundant measure.

I believe we have enjoyed a year of solid and innovative accomplishment, and it has given me great pleasure to serve as your chairman during this time.



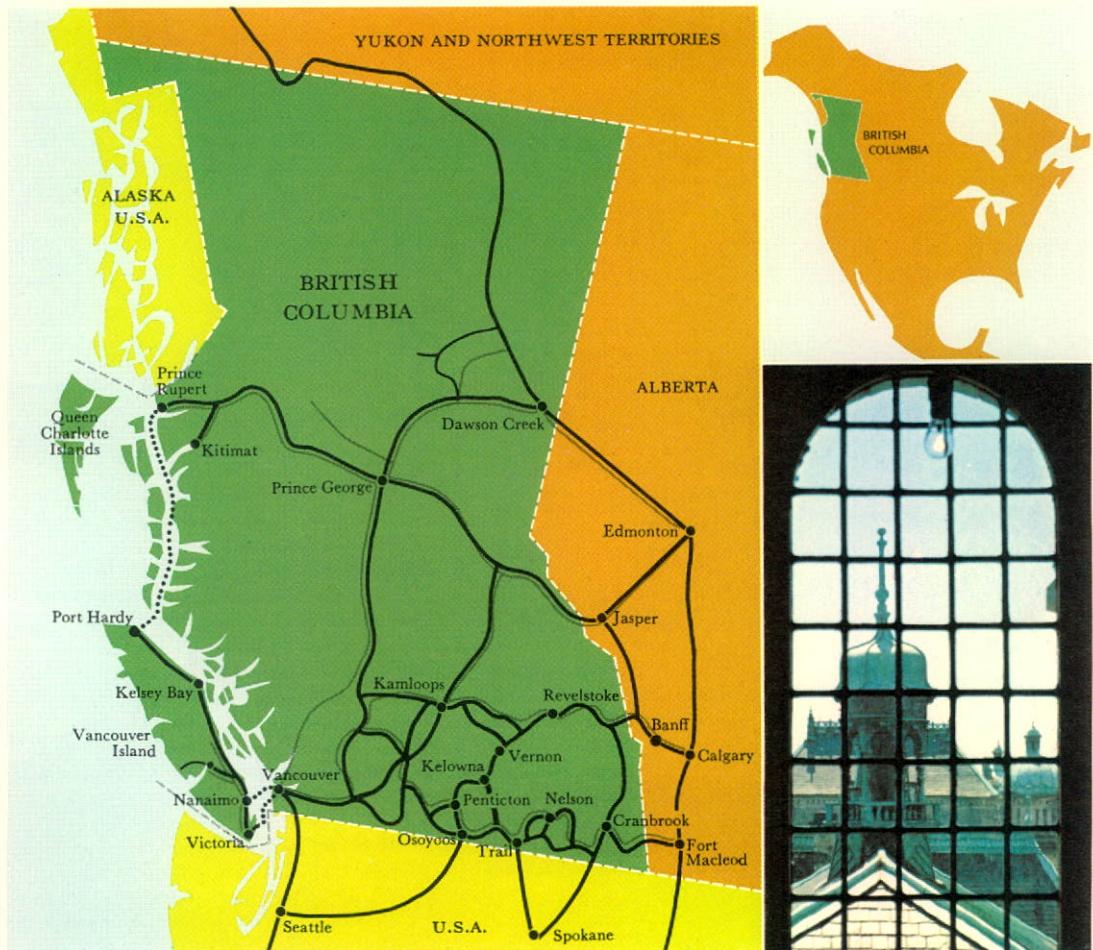
R. Dan Cumming, *Chairman*



Turner Lake, Hunlen Falls *Courtesy Province of B.C.*

*Municipal Finance
Authority Act,
Revised Statutes of
British Columbia, 1979*

"The objects of the authority are to provide financing of capital requirements for regional districts and for their member municipalities by the issue of its securities and lending the proceeds from them to the regional district on whose request the financing is undertaken, and to provide short term investment opportunity for regional districts and municipalities by the establishment and operation of pooled investment funds."



How the Municipal Finance Authority Functions

CAPITAL FINANCING

RESPONSIBILITY

The Municipal Finance Authority of British Columbia was established in 1970 by the Municipal Finance Authority of British Columbia Act, Chapter 292, Revised Statutes of British Columbia, 1979.

Regional districts and municipalities in British Columbia finance through the Authority all long-term capital requirements except those met by senior levels of government.

The City of Vancouver is the only municipality in the Province which retains the right to issue its own securities to finance capital projects. Taxable land and improvements within the City of Vancouver are, nevertheless, subject to rates levied by the Municipal Finance Authority.

REPRESENTATION

The Province of British Columbia is divided into twenty-nine regional districts, each of which is governed by a Regional Board consisting of representatives of its member municipalities and unincorporated areas.

The members of the Municipal Finance Authority are appointed by the Regional Boards; the number of members to which a regional district is entitled is based upon its population.

The executive and administrative powers and duties of the Authority are exercised and performed by a Board of Trustees consisting of the Chairman of the Authority and six other members, elected annually. The Capital Regional District and the Greater Vancouver Regional District must be represented on the Board of Trustees.

FUNDING

When the municipalities, through the regional districts, and the regional districts on their own behalf, wish to finance their capital projects, they present their approved requests to the Municipal Finance Authority.

Taking into account market and economic conditions pertaining, the members of the Authority may authorize the issue and sale of securities in an amount sufficient to meet the requests.

Securities of the Authority, not exceeding the amount authorized, may then be issued at such rates and pursuant to such terms and conditions and in such markets and currencies as the board of trustees

may determine. Under the Act, the Authority has power to provide for the creation, management and application of sinking funds or other means of securing the repayment of securities issued by the Authority, including the redemption by call of securities issued subject to redemption in advance of maturity.

A separate account is maintained for each sinking fund security issue and moneys at the credit of a sinking fund which cannot be immediately applied toward paying the debt or discharging the obligation may be invested in:

- (a) securities of the government of Canada or a province of Canada, or
- (b) securities, the principal and interest of which are guaranteed by the government of Canada or a province of Canada, or
- (c) securities of a municipality or regional district in British Columbia, or of a local, municipal or regional government in another province of Canada, maturing not later than the securities for which the sinking fund was created, or
- (d) investments guaranteed by a Canadian chartered bank, or
- (e) deposits in, or shares or other evidences of indebtedness of, a credit union incorporated under the British Columbia Credit Union Act, or
- (f) securities of the Municipal Finance Authority of British Columbia maturing not later than the securities for which the sinking fund was created.

PROTECTION FOR INVESTORS

In British Columbia, the combined credit of all the regional districts and their member municipalities — which together have essentially all the taxable land and improvements in the Province — stands behind the Authority's obligations.

In addition, the Authority has established a debt reserve fund into which each regional district sharing in the proceeds of a security issue having a term to maturity of over two years must contribute an amount equal to one-half the average annual instalment of principal and interest for repayment of the issue; such amount is payable to the Authority at the time of issue either in full or in an amount equal

to one percent of the principal amount borrowed with the balance secured by a non-interest bearing demand note of the regional district issued to the Authority. Moneys paid into the debt reserve fund, and interest earned thereon, are obligations of the Authority to the regional districts and must be refunded to them when the final instalments of their loans have been repaid. However, where a municipality has discharged its obligation to a regional district with respect to a security issue, the Authority may, during the term of the issue, subject to approval by the Inspector of Municipalities, repay to the regional district for the credit of the municipality a portion of the money which is an obligation to the regional district and the money so paid shall be applied to reduce that obligation.

If, at any time, the Authority lacks sufficient funds to meet principal, interest or sinking fund payments due on its obligations, it must utilize the debt reserve fund, all or any part of which is available to satisfy the Authority's obligations, regardless of the sources of the moneys in the fund. In the event that payments are made from the debt reserve fund, the Authority will recover such payments from the regional districts involved in order to restore the debt reserve fund. If the Trustees are of the opinion that payments made from the debt reserve fund will not be recovered within a reasonable period, they may levy upon all taxable land and improvements in the Province a tax sufficient to restore the fund to its required amount. It is mandatory for the Trustees to levy such a tax when the balance in the debt reserve fund is less than fifty percent of the required amount. The Trustees' power to impose taxes does not require the permission or approval of any other governmental authority. Pending the receipt of such taxes, the Authority may borrow an equivalent amount to meet its obligations.

The provincial government has undertaken to assure that the debt reserve fund will be maintained in accordance with the Municipal Finance Authority Act and the Inspector of Municipalities may inspect the fund from time to time and issue a certificate that it has been maintained at the proper level.

Moneys in the debt reserve fund may be invested in:

- (a) securities of the government of Canada or a province of Canada, or
- (b) securities, the principal and interest of which are guaranteed by the government of Canada or a province of Canada, or

- (c) deposits in, or investments guaranteed by a Canadian chartered bank, or
- (d) deposits in, or shares or other evidences of indebtedness of, a credit union incorporated under the British Columbia Credit Union Act.

Such investments must mature or be callable within five years and at least twenty-five percent of the fund must be callable within ninety days.

ADDITIONAL PROTECTION FOR INVESTORS

Regional districts and their member municipalities financing through the Municipal Finance Authority must obtain the same provincial approvals as would be required if they were issuing their own securities. In this way, all the safeguards imposed by the Provincial Legislature on the incurring of indebtedness by regional and municipal governments are retained. Such safeguards include the requirement that the Inspector of Municipalities approve the debt and user charges, if any, and other taxes to service the debt. In addition, sewer and water projects require the issuance of a certificate of self-liquidation by the Inspector of Municipalities.

Limitations on the borrowing power of a regional district for each function may be specified in its letters patent. The total indebtedness which a municipality may contract is limited to a percentage of the assessed value for general municipal purposes of the taxable land and improvements within the municipality and the value of the utility systems and other municipal enterprises for which the municipality has a subsisting certificate of self-liquidation granted by the Inspector of Municipalities.

POOLED INVESTMENT FUNDS

ORGANIZATION

The Municipal Finance Authority Act was amended in 1988 to extend the objects of the Authority to provide short term investment opportunity for regional districts and municipalities in British Columbia by the establishment and operation of pooled investment funds.

Two funds have been established and operations commenced in May 1989.

PARTICIPATION

Participation in the funds by the regional districts and municipalities is voluntary.

INVESTMENT ACTIVITIES

The investment activities of the funds are governed by the Municipal Finance Authority Act and a charter of investment policies, objectives and guidelines.



Lower Elk Lake in Elk Lakes Park *Courtesy Province of B.C.*

CAPITAL FINANCING

Auditors' Report 1989

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

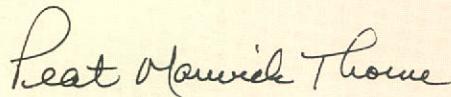
KPMG Peat Marwick Thorne

Chartered Accountants

2400-1055 West Georgia Street Telephone (604) 662-5500
P.O. Box 11150, Royal Centre Telex 0454218 VERITATEM VCR
Vancouver, B.C. V6E 3P3 Telefax (604) 662-5576

We have examined the balance sheets of the Capital Financing Operating Fund, Debt Fund, Capital Repayment Equalization Fund, Debt Reserve Fund and Market Development Fund of Municipal Finance Authority of British Columbia and the combined balance sheet of these funds as at December 31, 1989, the statements of revenue, expenditure and surplus and changes in financial position of each of these funds and the combined statements of revenue, expenditure and surplus and changes in financial position of these funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the Capital Financing financial position of the Authority as at December 31, 1989 and the results of its Capital Financing operations and the changes in its Capital Financing financial position for the year then ended in accordance with accounting principles described in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.



CHARTERED ACCOUNTANTS

*Vancouver, British Columbia, Canada
February 2, 1990*

Member Firm of Klynveld Peat Marwick Goerdeler

CAPITAL FINANCING

Balance Sheets

DECEMBER 31, 1989—WITH COMPARATIVE FIGURES FOR 1988

	OPERATING FUND		DEBT FUND	
	1989	1988	1989	1988
ASSETS				
Cash	\$ 266	306	166	214
Receivables:				
Due from Operating Fund	—	—	—	—
Due from Capital Repayment Equalization Fund	—	—	43,759	34,933
Accrued interest	4	—	—	—
Other	26	14	—	—
Total receivables	30	14	43,759	34,933
Investments (Note 2)	—	—	—	—
Demand notes receivable from Regional Districts, without interest	—	—	—	—
Loans to Regional Districts (Note 3)	—	—	1,119,256	1,114,879
Deferred receivables from Regional Districts (Note 4)	—	—	963	1,605
Unamortized issue and refunding costs	—	—	3,675	4,194
Sinking fund assets in excess of related debt	—	—	2,445	974
	\$ 296	320	1,170,264	1,156,799
LIABILITIES AND SURPLUS				
Liabilities:				
Accounts payable and unpresented matured debt	\$ 54	52	166	231
Due to Debt Fund	—	—	—	—
Due to Market Development Fund	42	48	—	—
Due to sinking and other funds (Note 5)	—	—	69	1,621
Due to Regional Districts (Note 6)	—	—	—	—
Reserves for information systems enhancement	152	152	—	—
Long-term debt, net (Notes 7, 8 and 9) (Schedule)	—	—	1,116,978	1,112,311
Total liabilities	248	252	1,117,213	1,114,163
Surplus, per accompanying statement (Note 10)	48	68	53,051	42,636
Commitments (Note 11)	—	—	—	—
	\$ 296	320	1,170,264	1,156,799

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THOUSANDS OF DOLLARS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1989	1988	1989	1988	1989	1988	1989	1988
983	775	280	213	—	—	1,695	1,508
—	—	—	—	42	48	—	—
—	—	—	—	—	—	—	—
1,294	1,076	722	655	—	—	2,020	1,731
—	—	—	—	—	—	26	14
1,294	1,076	722	655	42	48	2,046	1,745
155,162	121,001	53,374	47,517	—	—	208,536	168,518
—	—	89,460	86,321	—	—	89,460	86,321
—	—	—	—	—	—	1,119,256	1,114,879
—	—	—	—	—	—	963	1,605
—	—	—	—	—	—	3,675	4,194
—	—	—	—	—	—	2,445	974
157,439	122,852	143,836	134,706	42	48	1,428,076	1,379,744
—	—	49	4	—	—	269	287
43,759	34,933	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	69	1,621
—	—	143,787	134,702	—	—	143,787	134,702
—	—	—	—	—	—	152	152
—	—	—	—	—	—	1,116,978	1,112,311
43,759	34,933	143,836	134,706	—	—	1,261,255	1,249,073
113,680	87,919	—	—	42	48	166,821	130,671
157,439	122,852	143,836	134,706	42	48	1,428,076	1,379,744



SECRETARY-TREASURER

CAPITAL FINANCING

Statements of Revenue, Expenditure and Surplus

YEAR ENDED DECEMBER 31, 1989—WITH COMPARATIVE FIGURES FOR 1988

	OPERATING FUND		DEBT FUND	
	1989	1988	1989	1988
REVENUE				
Prior year's surplus appropriated	\$ 68	71	—	—
Operating levy	242	245	—	—
Recoveries from new issues	105	95	—	—
Management fees	263	238	—	—
Investments income	25	17	11,105	9,272
Interest from loans to Regional Districts	—	—	2,723	3,412
Principal from loans to Regional Districts	—	—	—	—
Recovery of deficiencies from Regional Districts	—	—	—	—
Transfers from Operating Fund	—	—	—	—
Transfers from Capital Repayment Equalization Fund	—	—	131,551	134,247
Transfers from Debt Reserve Fund	—	—	30	126
Other	1	2	—	2
Total revenue	704	668	145,409	147,059
EXPENDITURE				
Legislative	59	45	—	—
Administrative	572	530	—	—
Transfers to Debt Fund—capital	—	—	—	—
Transfers to Debt Fund—revenue	—	—	—	—
Transfers to Market Development Fund	25	25	—	—
Interest	—	—	134,259	137,174
Amortization of issue and refunding costs	—	—	529	471
Management fees	—	—	93	83
Allocations to Regional Districts	—	—	—	—
Other	—	—	113	141
Total expenditure	656	600	134,994	137,869
Excess of revenue over expenditure for the year	48	68	10,415	9,190
Surplus at the beginning of the year				
not appropriated to current revenue	—	—	42,636	33,446
Surplus at the end of the year	\$ 48	68	53,051	42,636

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THOUSANDS OF DOLLARS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1989	1988	1989	1988	1989	1988	1989	1988
87,919	67,307	—	—	48	45	88,035	67,423
—	—	—	—	—	—	242	245
—	—	—	—	—	—	105	95
—	—	—	—	—	—	—	—
13,708	10,434	5,479	4,764	—	—	30,317	24,487
144,760	143,947	—	—	—	—	147,483	147,359
50,605	47,236	—	—	—	—	—	—
—	—	241	4,279	—	—	241	4,279
—	—	—	—	25	25	—	—
—	—	—	—	—	—	—	—
—	749	—	—	—	—	1	753
296,992	269,673	5,720	9,043	73	70	266,424	244,641

—	—	—	—	—	—	59	45
—	—	—	—	—	—	572	530
50,605	47,236	114	114	—	—	—	—
131,551	134,247	30	126	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	134,259	137,174
—	—	—	—	—	—	529	471
121	113	49	42	—	—	—	—
49	158	5,508	8,708	—	—	5,671	8,980
986	—	19	53	31	22	1,149	216
183,312	181,754	5,720	9,043	31	22	142,239	147,416
113,680	87,919	—	—	42	48	124,185	97,225
—	—	—	—	—	—	42,636	33,446
113,680	87,919	—	—	42	48	166,821	130,671

CAPITAL FINANCING

Statements of Changes in Financial Position

YEAR ENDED DECEMBER 31, 1989—WITH COMPARATIVE FIGURES FOR 1988

	OPERATING FUND		DEBT FUND	
	1989	1988	1989	1988
OPERATING ACTIVITIES				
Excess of revenue over expenditure for the year	\$ 48	68	10,415	9,190
Non-cash items:				
Prior year's surplus appropriated	(68)	(71)	—	—
Gain on disposals of investments	—	—	(60)	—
Accretion of discounts on investments	—	—	(5,304)	(3,439)
Increase in reserves for				
information systems enhancement	—	50	—	—
Amortization of issue and refunding costs	—	—	529	472
Allocations to Regional Districts	—	—	—	—
Changes in interfund balances	(6)	3	(517)	(434)
Increase in accrued interest receivable	(4)	—	—	—
Decrease (increase) in other receivables	(12)	2	—	—
Increase (decrease) in accounts payable	2	7	(65)	(408)
Decrease in loans from sinking and other funds	—	—	—	(778)
Cash provided by (applied to) operating activities	(40)	59	4,998	4,603
FINANCING ACTIVITIES				
New debt issued	—	—	56,500	127,278
Loan repayments from Regional Districts	—	—	52,187	48,905
Decrease in deferred receivables from Regional Districts	—	—	642	578
New loans to Regional Districts	—	—	(56,564)	(39,283)
Debt retired	—	—	(37,079)	(127,706)
Increase in unamortized issue and refunding costs	—	—	(10)	(748)
Decrease in loans from sinking and other funds	—	—	(1,552)	(801)
Changes in interfund balances	—	—	(8,309)	(1,687)
Contributions from Regional Districts re new loans	—	—	—	—
Contributions and earnings thereon				
refunded to Regional Districts	—	—	—	—
Cash provided by (applied to) financing activities	—	—	5,815	6,536
INVESTING ACTIVITIES				
Investments sold or matured	—	—	8,496	22,952
Investments purchased	—	—	(19,425)	(34,430)
Other	—	—	68	(84)
Cash applied to investing activities	—	—	(10,861)	(11,562)
Increase (decrease) in cash for the year	(40)	59	(48)	(423)
Cash, beginning of the year	306	247	214	637
Cash, end of the year	\$ 266	306	166	214

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CAPITAL FINANCING

Notes to Financial Statements—All Funds

DECEMBER 31, 1989

1 Organization and significant accounting policies

The Municipal Finance Authority of British Columbia (the "Authority"), created in 1970 by the Municipal Finance Authority Act (the "Act"), is the central borrowing agency for financing of capital requirements (other than for schools and hospitals) for regional districts and their member municipalities in the Province of British Columbia (the "Province"). The Authority issues its own securities and lends the proceeds to the regional districts on whose request the financing is undertaken. Obligations of the Authority are not obligations of the Province and are not directly or indirectly guaranteed by the Province.

In 1988, the Municipal Finance Authority Act was amended to provide short term investment opportunity for regional districts and municipalities by the establishment and operation of pooled investment funds. Such pooled investment funds commenced operations in May 1989 and are reported as a separate and distinct division of the Authority.

The Authority follows the normal practice in local government accounting and maintains its accounts according to the principles of fund accounting, a technique by which its financial resources are segregated for specific activities or to attain certain objectives. Five funds are maintained. A brief description of each fund and its purpose is as follows:

OPERATING FUND

The Act provides for the establishment of an operating fund to meet the annual operating budget. For this purpose, the Authority may impose, annually, rates not exceeding the prescribed rates on all taxable land and improvements in the Province.

The operating fund receives the management fees from the pooled investment funds and pays all costs of their operation.

DEBT FUND

The Authority's financing activities on behalf of the regional districts in the Province are recorded in the Debt Fund.

CAPITAL REPAYMENT EQUALIZATION FUND

The Capital Repayment Equalization Fund is a repository for repayments from the regional districts under their loan agreements in advance of the Authority's requirements on its related indebtedness. Transfers, not exceeding the amount available in respect of each issue, are made to the Debt Fund to meet the Authority's obligations when due.

DEBT RESERVE FUND

Under the Act, the Authority is required to establish a Debt Reserve Fund. Each regional district sharing in the proceeds of a securities issue is required to pay into the Debt Reserve Fund an amount equal to one-half the average annual instalment of principal and interest in respect of its own borrowing together with one-half the average annual instalment of principal and interest as set out in the agreements entered into with the regional district by member municipalities in respect of their borrowings; such amount is payable either in full or in an amount equal to 1% of the principal amount borrowed with the balance secured by a non-interest bearing demand note.

If, at any time, the Authority does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the Debt Reserve Fund.

MARKET DEVELOPMENT FUND

The development of markets for the Authority's securities issues is segregated in the Market Development Fund. It is funded by transfers from the Operating Fund.

PRIOR YEAR'S SURPLUS

A summary of significant accounting policies is as follows:

The Authority appropriates the prior year's surpluses to current revenue except the Debt Fund surplus which relates to the sinking funds.

INCOME RECOGNITION

The annual operating levy is recognized as revenue in the Operating Fund when the rates have been set by the Authority in March of each year. It is collected on behalf of the Authority by the municipalities in the Province and the Provincial Surveyor of Taxes and is payable to the Authority on August 1 each year.

Office furniture, fixtures and equipment are written off in the year of acquisition.

Interest is accrued only on investments. Accrued interest receivable from the regional districts under the loan agreements and accrued interest payable on the long-term debt are not recorded, except for unpaid matured interest coupons on coupon debentures which are recognized as accounts payable in the Debt Fund.

FIXED ASSETS

The issue and refunding costs are being amortized on a straight-line basis over the average lives of the securities issues to which they relate.

AMORTIZATION OF ISSUE AND REFUNDING COSTS

The long-term debt payable in foreign currencies is recorded in equivalent Canadian dollars at the exchange rates prevailing when the debt was incurred except the debt payable in U.S. dollars which is stated at the rate of U.S. \$1 equals Canadian \$1.

FOREIGN CURRENCY TRANSACTIONS

The Authority does not adjust its assets and liabilities denominated in foreign currencies to reflect the exchange rates at the balance sheet date since, in the opinion of the Authority, its foreign exchange exposure is fully hedged by virtue of its contractual arrangements with the regional districts on whose behalf the financing is undertaken and/or by the application of certain sections of the Act which, essentially, provide that all monetary risks, including foreign currency risks, are obligations of the regional districts.

INVESTMENTS

Investments are carried at cost, adjusted for amortization of premiums and accretion of discounts on a yield basis, including the investments in its own securities.

SINKING FUNDS

Under the Act, obligations of the Authority purchased for a sinking fund account together with interest, premium, or exchange derived from them shall be held to the credit of that sinking fund account but may be resold, subject to approval by the Inspector of Municipalities. However, securities purchased in anticipation of mandatory annual redemptions for sinking fund purposes are cancelled immediately in accordance with the terms of such issues.

2 Investments

	1989		1988
	Par value	Book value	Book value
THOUSANDS OF DOLLARS			
CAPITAL REPAYMENT EQUALIZATION FUND			
Securities of:			
Government of Canada, direct or guaranteed	\$ 40,988	28,735	25,933
Provincial governments, direct or guaranteed	90,613	70,462	41,607
Chartered banks, direct or guaranteed	31,434	31,255	39,732
Credit Unions in the Province	2,875	2,875	1,425
Regional Districts and Municipalities in Canada	15,310	15,206	9,552
The Authority	6,736	6,629	2,752
	<u>\$ 187,956</u>	<u>155,162</u>	<u>121,001</u>

DEBT RESERVE FUND

Securities of:			
Government of Canada, direct or guaranteed	\$ 15,956	13,925	13,961
Provincial governments, direct or guaranteed	35,497	32,653	25,915
Chartered banks, direct or guaranteed	6,823	6,796	7,641
	<u>\$ 58,276</u>	<u>53,374</u>	<u>47,517</u>

3 Loans to regional districts

Loans to regional districts include \$234,282,219 (1988-\$250,855,602) denominated in U.S. dollars.

Under the Act, each regional district sharing in the proceeds of a securities issue must pay over to the Authority such sums as are required to discharge its obligations to the Authority in respect of such securities issue, but if the scheduled payments provided for under the loan agreement are not sufficient to meet the Authority's obligations in respect of that securities issue, the deficiency is a liability of the regional district to the Authority.

At the exchange rates prevailing at December 31, 1989, the scheduled payments under the agreements with the regional districts in respect of the securities payable in Swiss francs and Deutschemarks will not provide sufficient funds to meet the Authority's related obligations when due. Such deficiencies may be met from the Debt Reserve Fund (see Note 6).

The aggregate principal payments recoverable from the regional districts in each of the next five years are as follows:

	1989	1988
THOUSANDS OF DOLLARS		
1989	\$ 52,023	
1990	55,796	53,477
1991	57,252	54,933
1992	57,787	55,468
1993	59,009	56,690
1994	59,283	

4**Deferred receivables from regional districts**

The deferred receivables from regional districts represent accumulated unrealized exchange losses which relate to the debt payable in Swiss francs. Amounts, in excess of the principal repayments per the loan agreements, recovered from the regional districts and applied to reduce the Swiss franc debt are credited to the deferred receivables from regional districts account. During 1989, \$642,334 was credited to this account.

5**Due to sinking and other funds**

The Authority may invest sinking fund and Capital Repayment Equalization Fund monies in its own securities maturing not later than the securities for which the sinking or Capital Repayment Equalization Fund account was created.

In addition to its own securities purchased under this provision, loans to the Debt Fund totalling \$68,218 (1988-\$1,607,661) together with accrued interest of \$1,118 (1988-\$13,219) were outstanding at December 31, 1989. Like the securities, the loans are included in the sinking fund assets and in investments and receivables in the Capital Repayment Equalization Fund and they have not been eliminated in the combined statements.

6**Debt Reserve Fund**

The amounts due to the regional districts will be repaid to them when they have made the final payment under their respective loan agreements. However, where a municipality has discharged its obligation to a regional district with respect to a security issue, the Authority may, subject to approval by the Inspector of Municipalities, repay to the regional district for the credit of the municipality a portion of the money which is an obligation to the regional district and the money so paid shall be applied to reduce that obligation.

If, at any time, the Authority does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions must be made from the Debt Reserve Fund. During 1989, a deficiency of \$144,745 (1988-\$240,660) in the amount of funds available to meet the principal and interest payments on the Deutschemark loan has been met by a transfer from the Debt Reserve Fund. Such deficiency is recovered in the following year from the participating regional districts under the terms of their loan agreements.

The Board of Trustees of the Authority may levy or impose upon substantially all taxable land and improvements in the Province rates sufficient to maintain the Debt Reserve Fund at a level not exceeding the amount which would have been in the fund had no such payments been made. Further, the Board of Trustees must impose such rates when the balance in the fund is less than fifty percent of the amount that would have been in the fund had no such payments been made.

7**Long-term debt**

The aggregate long-term debt maturities and sinking fund requirements in each of the next five years are as follows (including the debt payable in European currencies at the exchange rates prevailing at December 31, 1989 and provision for early redemptions at the option of the bondholder):

	1989	1988
	THOUSANDS OF DOLLARS	
1989	\$ 36,437	
1990	98,720	99,151
1991	43,990	44,425
1992	74,486	74,923
1993	134,277	134,678
1994	65,589	

Certain securities issues are subject to specific annual redemptions for sinking fund purposes. By purchasing the securities at discount in the open market in anticipation of the sinking fund requirements, the Authority has, to December 31, 1989, retired \$8,709,000 (1988-\$2,107,000) of such debt in advance of the scheduled redemptions for sinking fund purposes.

Since the maturities of certain of the Authority's securities issues and the related loans to the regional districts do not coincide, refunding of a portion of such securities issues will be required in future years.

8**Foreign currencies**

The long-term debt payable includes the following amounts payable in foreign currencies:

	1989	1988
United States dollars	US\$ 232,792,000	254,387,000
Swiss francs	SFr 3,029,879	3,938,208
Deutschemarks	DM 2,475,000	3,300,000

No exchange gains or losses accrue to the Authority in respect of the debt payable in U.S. dollars since the related loans to the regional districts are denominated in U.S. dollars and the loan agreements provide for repayment to the Authority in U.S. dollars. In the case of other long-term debt denominated in European currencies, the Authority is not at exchange risk (see Note 1).

**9
Sinking funds**

The annual deposits to the sinking funds for securities issues payable in Canadian dollars are based on an interest rate of 5% per annum, capitalized yearly.

The sinking funds for two securities issues are now fully funded. With the approval of the Inspector of Municipalities, the scheduled future payments of both principal and interest from the regional districts under the loan agreements have been suspended and the sinking fund assets in excess of the related debt have been retained and will be applied to the future payments of interest to the bondholders.

The assets and the surpluses of the sinking funds are as follows:

	1989	1988
	Par value	Book value
	THOUSANDS OF DOLLARS	
Securities of:		
Government of Canada, direct or guaranteed	\$ 45,819	30,191
Provincial governments, direct or guaranteed	37,719	28,578
Chartered banks, direct or guaranteed	4,533	4,311
Regional Districts and Municipalities in Canada	6,791	6,619
The Authority	<u>40,592</u>	<u>35,068</u>
	<u>\$ 135,454</u>	<u>104,767</u>
		88,473
Cash		528
Accrued interest and other		<u>861</u>
Total assets		106,156
Less: Assets in excess of the related debt		<u>2,446</u>
		103,710
Accumulated actuarial requirements for retirement of the related debt		<u>69,156</u>
Excess of assets over accumulated actuarial requirements	<u>\$ 34,554</u>	60,249
		88,956
		28,707

**10
Capital Repayment
Equalization Fund—
surplus**

The surplus relates directly to specific securities issues and, if not otherwise appropriated for payment of principal and/or interest during the term of such issues, will be paid over to the regional districts for which the financing was undertaken.

**11
Commitments**

The minimum future rental commitments for premises and equipment are as follows:

	Premises	Equipment	Total
1990	\$ 39,237	13,548	52,785
1991	41,615	5,689	47,304
1992	46,371	1,746	48,117
1993	46,371	1,746	48,117
1994	46,371	—	46,371
1995-1996	77,285	—	77,285

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA 23

CAPITAL FINANCING

Debt Fund—Schedule of Long-Term Debt

DECEMBER 31, 1989—WITH COMPARATIVE FIGURES FOR 1988

ISSUE/ SERIES	YEAR OF ISSUE	MATURITY DATE	INTEREST RATE PERCENT	ORIGINAL AMOUNT
PAYABLE IN CANADIAN DOLLARS:				
2	1971	December 1, 1990-1996	7.750	\$ 1,259
3	1972	March 1, 1992 March 1, 1997	7.750 7.750	1,675 2,575
6	1973	June 1, 1990-1993	8.125	8,727
7	1974	March 1, 1989 March 1, 1994	9.000 9.000	887 6,462
9	1974	April 16, 1994	9.000	6,800
11	1974	September 3, 1990-1994	10.750	5,000
16	1975	September 2, 1995	10.750	5,000
20	1977	June 1, 1991/1997 June 1, 1997	9.000 9.875	25,000 20,000
21	1977	December 1, 1990-1992 December 1, 1997 December 1, 2002	9.250 9.500 9.500	961 33,500 7,000
23	1978	November 15, 1990-1993 November 15, 1998	9.625 9.950	890 30,000
A23	1978	November 15, 1998 November 15, 2003	9.950 10.000	6,735 3,265
25	1979	December 6, 1999	12.250	54,100
26	1979	December 6, 2004	12.250	11,133
33	1983	June 15, 1993 June 15, 2003	11.750 12.375	25,000 63,300
34	1983	November 22, 1993 November 22, 1993	12.000 12.125	58,000 21,000
35	1984	May 15, 1990	12.625	60,300
36	1984	December 5, 2004	13.000	30,500
CA	1985	June 12, 2005	12.000	21,800
CB	1985	December 12, 2005	11.000	15,500
A29	1986	April 29, 2001	14.000	91,362
EB	1986	June 2, 2001	9.375	65,500
40	1986	October 23, 1989 October 23, 1990 October 23, 1991 October 23, 2006	9.500 9.500 9.500 10.125	1,120 1,120 1,120 26,000

Carried forward

Schedule

THOUSANDS OF DOLLARS

DECEMBER 31, 1989		DECEMBER 31, 1988		REFERENCES
OUTSTANDING	SINKING FUNDS	LONG-TERM DEBT, NET	LONG-TERM DEBT, NET	
390	—	390	473	(1)
1,675	1,456	219	494	(1) (2)
2,575	1,305	1,270	1,516	(1) (2)
4,317	—	4,317	5,203	(1)
6,462	6,462	—	205	(1) (2)
6,800	6,800	—	—	(1) (2)
2,500	—	2,500	3,000	(1)
5,000	1,925	3,075	3,637	(1) (2)
3,265	—	3,265	3,265	(3)
20,000	16,722	3,278	5,702	(1) (2)
626	—	626	801	(1)
33,500	25,696	7,804	11,500	(1) (2)
7,000	3,720	3,280	3,815	(1) (2)
743	—	743	890	(1)
30,000	20,272	9,728	12,807	(1) (2)
6,735	4,551	2,184	2,875	(1) (2)
3,265	1,529	1,736	1,968	(1) (2)
39,300	—	39,300	41,600	(4)
11,133	4,279	6,854	7,520	(2) (5)
13,039	—	13,039	15,546	(6) (7)
63,300	—	63,300	63,300	(6)
58,000	—	58,000	58,000	(1)
21,000	—	21,000	21,000	(8)
60,298	—	60,298	60,298	(1)
30,500	5,743	24,757	26,161	(2) (9)
21,800	3,250	18,550	19,494	(2) (10)
15,500	—	15,500	15,500	(11)
91,362	—	91,362	91,362	(1)
65,500	—	65,500	65,500	(7)
1,120	—	1,120	1,120	(1)
1,120	—	1,120	1,120	(1)
26,000	—	26,000	26,000	(12)
653,825	103,710	550,115	572,792	

continued

CAPITAL FINANCING

Debt Fund—Schedule of Long-Term Debt

DECEMBER 31, 1989—WITH COMPARATIVE FIGURES FOR 1988

ISSUE/ SERIES	YEAR OF ISSUE	MATURITY DATE	INTEREST RATE PERCENT	ORIGINAL AMOUNT
Brought forward				
PAYABLE IN CANADIAN DOLLARS, CONTINUED:				
A24	1987	May 15, 1989	8.000	\$ 1,600
		May 15, 1990	8.250	1,800
		May 15, 1991	8.500	2,000
		May 15, 1992	8.500	2,200
		May 15, 1993	8.750	2,400
		May 15, 1994	8.750	2,600
42	1987	July 30, 1989	9.250	3,800
		July 30, 1990	9.500	4,200
		July 30, 1991	9.500	4,500
		July 30, 1992	9.500	5,000
CD	1987	July 30, 1997	10.000	90,000
CE	1987	November 15, 1992	11.250	33,000
CF	1988	May 11, 1993/1998	9.500	17,500
CG	1988	October 27, 1998	10.875	88,000
45	1988	October 27, 1990-1994	10.500	7,630
		October 27, 1995-1998	10.750	14,148
CH	1989	May 9, 1994/1999	10.900	27,100
CI	1989	November 9, 1999	10.250	29,400
PAYABLE IN UNITED STATES DOLLARS:				
1	1971	October 1, 1996	8.375	20,000
12	1975	January 15, 2000	9.750	34,500
17	1975	November 1, 2000	9.875	37,000
18	1976	May 1, 2001	8.875	52,500
19	1976	October 15, 2001	8.750	50,000
22	1978	June 1, 1998	9.250	29,363
		June 1, 2003	9.375	4,737
28	1980	December 1, 2005	13.750	90,000
EA	1985	October 28, 2000/2005	11.250	50,000
PAYABLE IN SWISS FRANCS:				
A5	1987	November 16, 1990-1992	5.400	4,556
PAYABLE IN DEUTSCHEMARKS:				
4	1972	October 1, 1990-1992	6.750	4,618

Schedule

THOUSANDS OF DOLLARS

DECEMBER 31, 1989		DECEMBER 31, 1988	
OUTSTANDING	SINKING FUNDS	LONG-TERM DEBT, NET	LONG-TERM DEBT, NET
			REFERENCES
\$ 653,825	103,710	550,115	572,792
1,800	—	1,800	1,600
2,000	—	2,000	1,800 (1)
2,200	—	2,200	2,000 (1)
2,400	—	2,400	2,200 (1)
2,600	—	2,600	2,400 (1)
4,200	—	4,200	3,800
4,500	—	4,500	4,200 (1)
5,000	—	5,000	4,500 (1)
90,000	—	90,000	5,000 (1)
33,000	—	33,000	90,000 (1)
17,500	—	17,500	33,000 (1)
88,000	—	88,000	17,500 (1) (13)
6,585	—	6,585	88,000 (1)
14,148	—	14,148	7,630 (1)
27,100	—	27,100	14,148 (1)
29,400	—	29,400	— (14)
984,258	103,710	880,548	— (1)
6,035	—	6,035	853,170
13,478	—	13,478	7,665 (6)
17,683	—	17,683	15,124 (15)
21,231	—	21,231	19,742 (16)
29,959	—	29,959	28,954 (17)
19,982	—	19,982	34,129 (18)
3,791	—	3,791	21,192 (6)
72,633	—	72,633	3,921 (6)
48,000	—	48,000	75,660 (19)
232,792	—	232,792	48,000 (7) (20)
2,876	—	2,876	254,387
762	—	762	3,738
\$ 1,220,688	103,710	1,116,978	1,016 (21)
			1,112,311

CAPITAL FINANCING

Debt Fund—References to Schedule of Long-Term Debt

DECEMBER 31, 1989

- 1 Non-callable prior to maturity.
- 2 The sinking fund has been calculated to provide for retirement of the issue at maturity.
- 3 Redeemable at holder's option on June 1, 1991 or 1994. Callable upon the imposition of withholding taxes at 101.50% reducing to 100.25% over the remainder of the term to maturity.
- 4 Non-callable prior to December 6, 1994 except for sinking fund purposes. Callable on December 6, 1994 and thereafter at any time at 100%.
- 5 Callable on December 6, 1997 and thereafter at any time at 100%.
- 6 Non-callable except for sinking fund purposes.
- 7 Callable upon the imposition of withholding taxes at any time at 100%.
- 8 Non-callable prior to maturity unless lender so agrees.
- 9 Callable on December 5, 1999 and thereafter at any time at 100%.
- 10 Callable on June 12, 2000 and thereafter at any time at 100%.
- 11 Callable on December 12, 2000 and thereafter at any time at 100%.
- 12 Callable on October 23, 2003 and thereafter at any time at 100%.
- 13 Redeemable at holder's option on May 11, 1993.
- 14 Redeemable at holder's option on May 9, 1994.
- 15 Non-callable prior to January 15, 1990 except for sinking fund purposes. Callable on January 15, 1990 and thereafter at any time at 103.25% reducing to 100% on or after January 16, 1999.
- 16 Non-callable prior to November 1, 1990 except for sinking fund purposes. Callable on November 1, 1990 and thereafter at any time at 103.25% reducing to 100% on or after November 2, 1998.
- 17 Non-callable prior to May 1, 1991 except for sinking fund purposes. Callable on May 1, 1991 and thereafter at any time at 102.75% reducing to 100% on or after May 2, 1999.
- 18 Non-callable prior to October 15, 1991 except for sinking fund purposes. Callable on October 15, 1991 and thereafter at any time at 102.75% reducing to 100% on or after October 16, 1999.
- 19 Non-callable prior to December 1, 1995 except for sinking fund purposes. Callable on December 1, 1995 and thereafter at any time at 105.02% reducing to 100% on or after December 1, 2004.
- 20 Redeemable at holder's option on October 28, 2000. Callable on October 28, 1993 and thereafter at 103% reducing to 100% from October 28, 1999 to October 28, 2000. The interest rate is effective until October 28, 2000; it will be reset by the Authority from October 29, 2000.
- 21 Callable on October 1, 1990 and annually thereafter at 100.50% reducing to 100.25% in 1991. Callable annually, also, upon the imposition of withholding taxes at 100.25% in 1990 reducing to 100% in 1991.

CAPITAL FINANCING

Schedule of Loans to Regional Districts 1989

THOUSANDS OF DOLLARS (EXCEPT PER CAPITA)

	PRINCIPAL OUTSTANDING DEC. 31, 1988	1989		PRINCIPAL OUTSTANDING DEC. 31, 1989	PER CAPITA
		NEW LOANS ISSUED	PRINCIPAL REPAID		
REGIONAL DISTRICTS					
Alberni-Clayoquot	\$ 7,306	100	550	6,856	226
Bulkley-Nechako	13,679	—	567	13,112	350
Capital	96,587	9,590	4,341	101,836	384
Cariboo	34,633	2,471	1,340	35,764	591
Central Coast	—	—	—	—	—
Central Fraser Valley	67,362	2,565	2,752	67,175	491
Central Kootenay	15,739	1,376	788	16,327	332
Central Okanagan	43,333	55	1,870	41,518	463
Columbia-Shuswap	18,901	1,157	913	19,145	477
Comox-Strathcona	48,585	971	2,078	47,478	667
Cowichan Valley	22,245	479	1,064	21,660	412
Dewdney-Alouette	45,534	2,127	1,520	46,141	664
East Kootenay	61,781	—	2,395	59,386	1,119
Fort Nelson-Liard	6,577	—	287	6,290	1,224
Fraser-Cheam	16,451	200	479	16,172	279
Fraser-Fort George	56,924	2,719	2,613	57,030	638
Greater Vancouver	201,511	20,191	11,882	209,820	166
Kitimat-Stikine	16,376	631	789	16,218	411
Kootenay Boundary	13,171	750	840	13,081	431
Mount Waddington	5,360	—	267	5,093	341
Nanaimo	58,648	500	2,579	56,569	688
North Okanagan	26,168	2,609	1,162	27,615	502
Okanagan-Similkameen	23,355	2,920	1,095	25,180	426
Peace River	70,973	3,206	3,710	70,469	1,355
Powell River	6,516	315	360	6,471	352
Skeena-Queen Charlotte	23,103	600	1,069	22,634	981
Squamish-Lillooet	17,934	343	591	17,686	896
Sunshine Coast	7,536	133	325	7,344	438
Thompson-Nicola	64,498	556	3,272	61,782	627
OTHER					
District of Campbell River	3,050	—	104	2,946	173
Greater Nanaimo Water District	21,043	—	585	20,458	283
	\$ 1,114,879	56,564	52,187	1,119,256	388

CAPITAL FINANCING

Seven Year Review—Combined Funds

	1989	1988	1987
ASSETS			
Cash	\$ 1,695	1,508	2,386
Receivables	2,046	1,745	1,276
Investments	208,536	168,518	137,428
Demand notes receivable from Regional Districts	89,460	86,321	85,140
Loans to Regional Districts	1,119,256	1,114,879	1,124,501
Deferred receivables from Regional Districts	963	1,605	2,183
Unamortized issue and refunding costs	3,675	4,194	3,918
Sinking fund assets in excess of related debt	2,445	974	—
Total assets	\$ 1,428,076	1,379,744	1,356,832
LIABILITIES AND SURPLUS			
Accounts payable and unpresented matured debt	\$ 269	287	690
Due to banks	—	—	—
Due to sinking and other funds	69	1,621	3,200
Reserves for information systems enhancement	152	152	102
Due to Regional Districts	143,787	134,702	125,206
Long-term debt, net	1,116,978	1,112,311	1,126,765
Total liabilities	1,261,255	1,249,073	1,255,963
Surplus	166,821	130,671	100,869
Total liabilities and surplus	\$ 1,428,076	1,379,744	1,356,832
REVENUE			
Prior year's surplus appropriated	\$ 88,035	67,423	65,515
Operating levy	242	245	253
Recoveries from new issues	105	95	87
Investments income (including sinking funds)	30,317	24,487	22,132
Interest from loans to Regional Districts	147,483	147,359	144,410
Recovery of deficiencies from Regional Districts	241	4,279	7,130
Other	1	753	1,903
Total revenue	266,424	244,641	241,430
EXPENDITURE			
Legislative	59	45	48
Administrative	572	530	466
Interest	134,259	137,174	137,521
Amortization of issue and refunding costs	529	471	540
Allocations to Regional Districts	5,671	8,980	9,379
Other	1,149	216	18,307
Total expenditure	142,239	147,416	166,261
Excess of revenue over expenditure for the year	124,185	97,225	75,169
Surplus at beginning of the year not appropriated to current revenue	42,636	33,446	25,700
Surplus at end of the year	\$ 166,821	130,671	100,869

THOUSANDS OF DOLLARS

1986	1985	1984	1983
2,881	3,186	3,658	1,749
1,768	1,627	1,724	1,951
139,133	100,630	91,736	70,597
82,611	80,243	77,863	71,867
1,127,662	1,122,746	1,127,416	1,074,500
14,122	19,318	21,573	21,573
3,099	2,066	1,100	1,312
—	—	—	—
1,371,276	1,329,816	1,325,070	1,243,549
1,945	2,256	2,507	2,697
—	1,455	4,939	4,615
3,993	6,363	464	564
115	92	66	109
115,338	112,320	108,430	97,805
1,158,670	1,138,934	1,153,524	1,095,181
1,280,061	1,261,420	1,269,930	1,200,971
91,215	68,396	55,140	42,578
1,371,276	1,329,816	1,325,070	1,243,549
36,579	30,371	25,045	20,607
360	361	351	350
86	82	190	65
19,851	17,474	15,268	11,510
144,234	144,557	137,420	121,061
3,237	489	735	201
2,014	1,173	2,199	1,906
206,361	194,507	181,208	155,700
47	53	57	48
477	473	467	352
140,009	146,027	138,879	121,681
353	403	213	213
5,707	3,605	3,903	2,675
370	319	82	63
146,963	150,880	143,601	125,032
59,398	43,627	37,607	30,668
31,817	24,769	17,533	11,910
91,215	68,396	55,140	42,578

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED \$(000)	OUTSTANDING DECEMBER 31, 1989 \$(000)	INTEREST
2	7.75% Serial Debentures due December 1, 1972-1996	December 1, 1971	1,259	390	Semi-annual June 1 December 1
3	7.75% Sinking Fund Debentures due March 1, 1992	March 1, 1972	1,675	1,675	Semi-annual March 1 September 1
	7.75% Sinking Fund Debentures due March 1, 1997	"	2,575	2,575	"
6	8.125% Serial Debentures due June 1, 1984-1993	June 1, 1973	8,727	4,317	Semi-annual June 1 December 1
7	9% Sinking Fund Debentures due March 1, 1994	March 1, 1974	6,462	6,462	Semi-annual March 1 September 1
9	9% Sinking Fund Debenture due April 16, 1994	April 16, 1974	6,800	6,800	Semi-annual April 16 October 16
11	10.75% Instalment Debentures due September 3, 1985-1994	September 3, 1974	5,000	2,500	Semi-annual March 3 September 3
16	10.75% Sinking Fund Debentures due September 2, 1995	September 2, 1975	5,000	5,000	Semi-annual March 2 September 2
20	9.875% Sinking Fund Debentures due June 1, 1997	June 15, 1977	20,000	20,000	Semi-annual June 1 December 1
21	9.25% Serial Debentures due December 1, 1988-1992	December 1, 1977	961	626	Semi-annual June 1 December 1
	9.50% Sinking Fund Debentures due December 1, 1997	"	33,500	33,500	"
	9.50% Sinking Fund Debentures due December 1, 2002	"	7,000	7,000	"

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—\$1,000	Non-callable	1990—90 1991—97 1992—35 1993—38 1994—40	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—\$1,000	Non-callable	Annual deposits 1983-1992	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	Annual deposits 1983-1997	"	
Coupon—\$1,000	Non-callable	1990— 956 1991—1,034 1992—1,119 1993—1,208	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—\$1,000 Fully registered \$1,000 and multiples thereof. Exchangeable	Non-callable	Annual deposits 1975-1994	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered	Non-callable	Annual deposits 1975-1994	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered	Non-callable	1990—500 1991—500 1992—500 1993—500 1994—500	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered	Non-callable	Annual deposits 1986-1995	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—\$1,000 Coupon—\$5,000 Coupon—\$25,000 Fully registered \$1,000 and multiples thereof. Exchangeable	Non-callable	Annual deposits 1978-1997	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—\$1,000 Fully registered \$1,000 and multiples thereof. Exchangeable	Non-callable	1990—191 1991—208 1992—227	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—\$1,000 Coupon—\$5,000 Coupon—\$25,000 Fully registered \$1,000 and multiples thereof. Exchangeable	"	Annual deposits 1978-1997	"	
"	"	Annual deposits 1978-2002	"	

continued

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED \$(000)	OUTSTANDING DECEMBER 31, 1989 \$(000)	INTEREST
23	9.625% Serial Debentures due November 15, 1989-1993	November 15, 1978	890	743	Semi-annual May 15 November 15
	9.95% Sinking Fund Debentures due November 15, 1998	"	30,000	30,000	"
A23	9.95% Sinking Fund Debentures due November 15, 1998	November 15, 1978	6,735	6,735	Semi-annual May 15 November 15
	10% Sinking Fund Debentures due November 15, 2003	"	3,265	3,265	"
A24	7.75%-8.75% Serial Debentures due May 15, 1988-1994	May 15, 1987	14,000	11,000	Semi-annual May 15 November 15
25	12.25% Sinking Fund Debentures due December 6, 1999	December 6, 1979	54,100	39,300	Semi-annual June 6 December 6
26	12.25% Sinking Fund Debentures due December 6, 2004	December 6, 1979	11,133	11,133	Semi-annual June 6 December 6
A29	14% Bonds due April 29, 2001	April 29, 1986	91,362	91,362	Semi-annual April 29 October 29
33	12.375% Sinking Fund Debentures due June 15, 2003	June 15, 1983	63,300	63,300	Semi-annual June 15 December 15

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—\$1,000 Fully registered \$1,000 and multiples thereof. Exchangeable	Non-callable	1990—161 1991—177 1992—193 1993—212	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—\$1,000 Coupon—\$5,000 Coupon—\$25,000 Fully registered \$1,000 and multiples thereof. Exchangeable	"	Annual deposits 1979-1998	"	
Fully registered \$1,000 and multiples thereof	Non-callable	Annual deposits 1979-1998	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	Annual deposits 1979-2003	"	
Fully registered \$1,000 and multiples thereof	Non-callable	1990—1,800 1991—2,000 1992—2,200 1993—2,400 1994—2,600	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
				Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8
Coupon—\$1,000 Coupon—\$5,000 Coupon—\$25,000 Fully registered \$1,000 and multiples thereof. Exchangeable	Callable at par on or after Dec. 6, 1994. Callable also for sinking fund purposes	1990—2,300 1991—2,500 1992—2,800 1993—3,200 1994—3,600	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered \$1,000 and multiples thereof	Callable at par on or after Dec. 6, 1997	Annual deposits 1980-2004	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—\$1,000 Coupon—\$25,000 Coupon—\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—\$1,000 Coupon—\$25,000 Coupon—\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable	Non-callable except for sinking fund purposes	1994—3830	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7

continued

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED \$(000)	OUTSTANDING DECEMBER 31, 1989 \$(000)	INTEREST
34	12% Bonds due November 22, 1993	December 15, 1983	58,000	58,000	Semi-annual May 22 November 22
35	12.625% Retractable Debentures due May 15, 1990	May 15, 1984	60,300	60,298	Semi-annual May 15 November 15
36	13% Sinking Fund Debentures due December 5, 2004	December 5, 1984	30,500	30,500	Semi-annual June 5 December 5
CA	12% Sinking Fund Debentures due June 12, 2005	June 12, 1985	21,800	21,800	Semi-annual June 12 December 12
CB	11% Debentures due December 12, 2005	December 12, 1985	15,500	15,500	Semi-annual June 12 December 12
40	9%-9.50% Serial Debentures due October 23, 1987-1991	October 23, 1986	5,600	2,240	Semi-annual April 23 October 23
CC	10.125% Debentures due October 23, 2006	"	26,000	26,000	"
42	9%-9.50% Serial Debentures due July 30, 1988-1992	July 30, 1987	21,000	13,700	Semi-annual January 30 July 30
CD	10% Debentures due July 30, 1997	"	90,000	90,000	"

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—\$1,000 Coupon—\$25,000 Coupon—\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—\$1,000 Coupon—\$25,000 Coupon—\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable	Non-callable	None	Retractable at holder's option on May 15, 1987. Right may be exercised after November 15, 1986 and prior to February 18, 1987	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—\$1,000 Coupon—\$25,000 Coupon—\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable	Callable at par on or after December 5, 1999	Annual deposits 1985-2004	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—\$1,000 Coupon—\$25,000 Coupon—\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable	Callable at par on or after June 12, 2000	Annual deposits 1986-2005	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—\$1,000 Coupon—\$25,000 Coupon—\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable	Callable at par on or after December 12, 2000	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered \$1,000 and multiples thereof	Non-callable	1990—1,120 1991—1,120	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	Callable at par on or after October 23, 2003	None	"	Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8
Fully registered \$1,000 and multiples thereof	Non-callable	1990—4,200 1991—4,500 1992—5,000	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	None	"	Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8

continued

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED \$(000)	OUTSTANDING DECEMBER 31, 1989 \$(000)	INTEREST
CE	11.25% Debentures due November 15, 1992	November 17, 1987	33,000	33,000	Semi-annual May 15 November 15
CF	9.50% Debentures due May 11, 1998	May 11, 1988	17,500	17,500	Semi-annual May 11 November 11
45	10.50% Serial Debentures due October 27, 1989-1994	October 27, 1988	7,630	6,585	Semi-annual April 27 October 27
	10.75% Serial Debentures due October 27, 1995-1998	"	14,148	14,148	"
CG	10.875% Debentures due October 27, 1998	October 27, 1988	88,000	88,000	Semi-annual April 27 October 27
CH	10.90% Debentures due May 9, 1999	May 9, 1989	27,100	27,100	Semi-annual May 9 November 9
CI	10.25% Debentures due November 9, 1999	November 9, 1989	29,400	29,400	Semi-annual May 9 November 9

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
				Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6
Fully registered \$1,000 and multiples thereof	Non-callable	None	Retractable at holder's option on May 11, 1993. Right may be exercised on February 11, 1993 and thereafter to April 12, 1993	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
				Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6
Fully registered \$1,000 and multiples thereof	Non-callable	1990—1,155 1991—1,275 1992—1,415 1993—1,570 1994—1,170	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"		"	Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
				Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6
Fully registered \$1,000 and multiples thereof	Non-callable	None	Retractable at holder's option on May 9, 1994. Right may be exercised on February 9, 1994 and thereafter to April 11, 1994	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
				Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
				Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6

Canadian Dollar Bonds Issued in Europe

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED \$(000)	OUTSTANDING DECEMBER 31, 1989 \$(000)	INTEREST
20	9% Bonds due June 1, 1985/1997	June 1, 1977	25,000	3,265	Annual June 1
33	11.75% Bonds due June 15, 1993	June 15, 1983	25,000	13,039	Annual June 15
EB	9.375% Bonds due June 2, 2001	June 2, 1986	65,500	65,500	Annual June 2

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000)	RETRACTION OR EXTENSION	PRINCIPAL PAYING AGENT/TRUSTEE/ STOCK EXCHANGE LISTING
Coupon—\$1,000	Non-callable except upon imposition of withholding taxes	None	Retractable at par at option of holder on June 1, 1985, 1988, 1991 or 1994. Right may be exercised not more than 360 or less than 90 days prior to June 1	Kredietbank S.A. Luxembourgeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg
Coupon—\$1,000 Fully registered \$1,000 and multiples thereof. Exchangeable	Non-callable except for sinking fund purposes or upon imposition of withholding taxes	1990—2,757 1991—3,075 1992—3,428 1993—3,779	N/A	Kredietbank S.A. Luxembourgeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg
Coupon—\$1,000	Non-callable except upon imposition of withholding taxes	None	N/A	Kredietbank S.A. Luxembourgeoise Luxembourg. Luxembourg Stock Exchange Luxembourg

U.S. Dollar Bonds Issued in the United States of

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED U.S. \$(000)	OUTSTANDING DECEMBER 31, 1989 U.S. \$(000)	INTEREST
1	8.375% Sinking Fund Debentures due October 1, 1996	October 1, 1971	20,000	6,035	Semi-annual April 1 October 1
12	9.75% Sinking Fund Debentures due January 15, 2000	January 15, 1975	34,500	13,478	Semi-annual January 15 July 15
17	9.875% Sinking Fund Debentures due November 1, 2000	November 1, 1975	37,000	17,683	Semi-annual May 1 November 1
18	8.875% Sinking Fund Debentures due May 1, 2001	May 1, 1976	52,500	21,231	Semi-annual May 1 November 1
19	8.75% Sinking Fund Debentures due October 15, 2001	October 15, 1976	50,000	29,959	Semi-annual April 15 October 15
22	9.25% Sinking Fund Debentures due June 1, 1998	June 1, 1978	29,363	19,982	Semi-annual June 1 December 1
	9.375% Sinking Fund Debentures due June 1, 2003	"	4,737	3,791	"
28	13.75% Sinking Fund Debentures due December 1, 2005	December 1, 1980	90,000	72,633	Semi-annual June 1 December 1

DENOMINATIONS	CALL	SINKING FUND NEXT FIVE YEARS U.S. \$(000)	AUTHENTICATING AND PAYING AGENT
Fully registered U.S. \$1,000 and multiples thereof	Non-callable except for sinking fund purposes	1990—1,463 1991—1,585 1992— 567 1993— 615 1994— 666	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. \$1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Jan. 15, 1990. To Jan. 15, 1993—103.50% To Jan. 15, 1996—102.25% To Jan. 15, 1999—101%	1990—1,819 1991—1,725 1992—1,893 1993—2,077 1994—2,280	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. \$1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Nov. 1, 1990. To Nov. 1, 1993—103.25% To Nov. 1, 1996—101.75% To Nov. 1, 1998—100.75%	1990—2,262 1991—2,290 1992—2,517 1993—2,766 1994—3,038	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. \$1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to May 1, 1991. To May 1, 1994—102.75% To May 1, 1997—101.50% To May 1, 1999—100.75%	1990—2,738 1991—2,981 1992—2,960 1993—3,223 1994—3,510	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. \$1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Oct. 15, 1991. To Oct. 15, 1994—102.75% To Oct. 15, 1997—101.625% To Oct. 15, 1999—100.625%	1990—3,308 1991—3,595 1992—3,890 1993—4,228 1994—4,595	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. \$1,000 and multiples thereof	Non-callable except for sinking fund purposes. Optional redemption— Tenders may be called from all holders	1990—1,322 1991—1,983 1992—2,166 1993—2,366 1994—2,476	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
"	"	1990— 141 1991— 155 1992— 170 1993— 185 1994— 203	
Fully registered U.S. \$1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Dec. 1, 1995. On Dec. 1, 1995 and thereafter at 105.02% declining by 0.56% on each Dec. 1, to 100% on or after Dec. 1, 2004	1990—3,445 1991—3,193 1992—3,633 1993—4,134 1994—4,705	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005

U.S. Dollar Bonds Issued in Europe

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED U.S. \$(000)	OUTSTANDING DECEMBER 31, 1989 U.S. \$(000)	INTEREST
EA	Retractable Bonds due October 28, 2000/2005	October 28, 1985	50,000	48,000	Annual October 28 Rate 11.25% until October, 2000. Rate will be reset from October 29, 2000

DENOMINATIONS	CALL	SINKING FUND NEXT 5 YEARS U.S. \$(000)	RETRACTION	FISCAL AGENT/ STOCK EXCHANGE LISTING
Coupon— U.S. \$1,000 U.S. \$5,000	Callable on October 28, 1993 and thereafter at 103% declining by 0.50% on each October 28, to 100% on or after October 28, 1999	None	Retractable at par at option of holder on October 28, 2000. Right may be exercised not more than 30 days or less than 15 days prior to October 28, 2000	Kredietbank S.A. Luxembourgeoise Luxembourg. Luxembourg Stock Exchange Luxembourg

POOLED INVESTMENT FUNDS

Auditors' Report 1989

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

KPMG Peat Marwick Thorne

Chartered Accountants

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We have examined the balance sheets of the Pooled Investment Funds' Money Market Fund and Short Term Bond Fund of Municipal Finance Authority of British Columbia at December 29, 1989 and the statements of income, changes in net assets and changes in investments for each of these funds for the period from inception of operations, May 1, 1989 for the Money Market Fund and May 10, 1989 for the Short Term Bond Fund, to December 29, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority's Pooled Investment Funds' Money Market Fund and Short Term Bond Fund as at December 29, 1989 and the results of their operations and the changes in their net assets and investments for the period from inception of operations to December 29, 1989 in accordance with generally accepted accounting principles.

Peat Marwick Thorne
CHARTERED ACCOUNTANTS

Vancouver, British Columbia, Canada
February 2, 1990

Member Firm of Klynveld Peat Marwick Goerdeler

POOLED INVESTMENT FUNDS

Balance Sheets

DECEMBER 29, 1989

THOUSANDS OF DOLLARS

	MONEY MARKET FUND	SHORT TERM BOND FUND	COMBINED
ASSETS			
Cash	\$ —	174	174
Investments (Note 2) (Schedules)	94,351	20,985	115,336
Accrued interest receivable	3	719	722
Due from investment dealers	—	480	480
Unitholder receivable	—	1	1
	<hr/> 94,354	<hr/> 22,359	<hr/> 116,713
LIABILITIES			
Due to bank	375	—	375
Accrued management fees	8	2	10
Unitholder payable	1	10	11
	<hr/> 384	<hr/> 12	<hr/> 396
Net assets	\$ 93,970	22,347	116,317
UNITHOLDERS' EQUITY (NOTE 1)			
Subscriptions	\$ 333,984	36,992	370,976
Distributions reinvested	8,700	890	9,590
Redemptions	(248,714)	(15,535)	(264,249)
	<hr/> \$ 93,970	<hr/> 22,347	<hr/> 116,317

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

SECRETARY-TREASURER



POOLED INVESTMENT FUNDS

THOUSANDS OF DOLLARS

	MONEY MARKET FUND	SHORT TERM BOND FUND	COMBINED
	MAY 1- DECEMBER 29, 1989	MAY 10- DECEMBER 29, 1989	
Statements of Income			
Income-interest	\$ 8,795	1,202	9,997
Expense-management fees	73	13	86
Net income	\$ 8,722	1,189	9,911

Statements of Changes in Net Assets

Investing activities			
Net income	\$ 8,722	1,189	9,911
Net realized losses on investments	(22)	(122)	(144)
Unrealized depreciation of investments	—	(177)	(177)
	<hr/> 8,700	<hr/> 890	<hr/> 9,590
Units, issue and redemption			
Proceeds from issue	333,984	36,992	370,976
Reinvestment of distributions	8,700	890	9,590
Payments on redemption	(248,714)	(15,535)	(264,249)
	<hr/> 93,970	<hr/> 22,347	<hr/> 116,317
Distributions to unitholders	(8,700)	(890)	(9,590)
Net assets, December 29, 1989	\$ 93,970	22,347	116,317

Statements of Changes in Investments

Proceeds from investments sold or matured	\$ 583,130	90,827	673,957
Cost of investments sold or matured	(583,152)	(90,949)	(674,101)
Realized losses on investments sold or matured	<hr/> (22)	<hr/> (122)	<hr/> (144)
Cost of investments purchased	668,759	111,830	780,589
Accretion of discounts	8,744	281	9,025
Cost of investments sold or matured	(583,152)	(90,949)	(674,101)
Investments, December 29, 1989	<hr/> 94,351	<hr/> 21,162	<hr/> 115,513
Unrealized depreciation of investments	—	(177)	(177)
Investments at market value, December 29, 1989	\$ 94,351	20,985	115,336

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

POOLED INVESTMENT FUNDS

Notes to Financial Statements

DECEMBER 29, 1989

1 Organization

The Pooled Investment Funds were established on May 1, 1989 and operate under Section 13.1 of the Municipal Finance Authority Act. Two separate funds are operated:

- (a) Money Market Fund which commenced operations on May 1, 1989; and
- (b) Short Term Bond Fund which commenced operations on May 10, 1989.

Both funds are authorized to issue an unlimited number of units, each of which represents an equal undivided interest in the net assets of the respective funds, pro rata, with all other units from time to time issued and outstanding. Units are issued or redeemed at \$1,000 per unit.

2 Significant accounting policies

A summary of significant accounting policies for each fund is as follows:

MONEY MARKET FUND

- (a) Investments are carried at amortized cost which approximates market value.
- (b) Interest income is recognized as earned.
- (c) Management fees are accrued daily at the rate of $\frac{1}{10}$ of 1 per cent per annum of the net assets of the fund and are paid monthly to the Operating Fund of the Municipal Finance Authority of British Columbia.
- (d) Net income is distributed to unitholders daily as additional units of the fund.

SHORT TERM BOND FUND

- (a) Investments are carried at market values which are determined as follows:
Bonds and debentures—at the quoted mid-market value; and
Treasury bills, short-term notes, etc.—at amortized cost which approximates market value.
- (b) Investment transactions are accounted for on the trade date and gains/losses from such transactions are calculated on an average cost basis.
- (c) Interest income is recognized as earned.
- (d) Management fees are accrued weekly, and at month-end, at the rate of $\frac{1}{10}$ of 1 per cent per annum of the net assets of the fund and are paid monthly to the Operating Fund of the Municipal Finance Authority of British Columbia.
- (e) Net income and realized and unrealized gains/losses are distributed to unitholders weekly, and at month-end, as additional units of the fund.

POOLED INVESTMENT FUNDS

Money Market Fund—Schedule of Investments

DECEMBER 29, 1989

THOUSANDS OF DOLLARS

	MATURITY	PAR	COST	%
MONEY MARKET SECURITIES OF:				
Government of Canada:				
Treasury bills	January 19, 1990	\$ 325	323	
Treasury bills	February 16, 1990	730	718	
Treasury bills	February 23, 1990	2,160	2,120	
Treasury bills	March 2, 1990	6,260	6,133	
Treasury bills	March 16, 1990	3,416	3,331	
Treasury bills	March 23, 1990	2,760	2,685	
Treasury bills	March 30, 1990	2,000	1,941	
Treasury bills	July 6, 1990	950	895	
Treasury bills	July 20, 1990	3,100	2,906	
Treasury bills	July 27, 1990	8,890	8,356	
		30,591	29,408	31.17
Corporations—Financial:				
Banque Nationale de Paris Canada	January 15, 1990	2,800	2,784	
Banque Nationale de Paris Canada	March 27, 1990	1,000	971	
Barclays Bank Canada	January 30, 1990	2,700	2,671	
Barclays Bank Canada	February 12, 1990	2,100	2,069	
Chrysler Credit Canada Limited	January 12, 1990	1,000	995	
Chrysler Credit Canada Limited	February 15, 1990	3,000	2,952	
Citibank Canada	February 14, 1990	5,000	4,922	
Ford Credit Canada Limited	February 8, 1990	2,400	2,367	
General Electric Capital Canada Inc.	January 17, 1990	3,000	2,981	
General Motors Acceptance Corporation of Canada Limited	February 5, 1990	5,000	4,936	
General Motors Acceptance Corporation of Canada Limited	February 9, 1990	4,000	3,944	
Hees International Corporation	January 8, 1990	2,100	2,093	
Hees International Corporation	January 31, 1990	3,000	2,967	
Trilon Financial Corporation	March 19, 1990	1,000	974	
Trilon Financial Corporation	March 27, 1990	2,000	1,942	
Trilon Financial Corporation	March 28, 1990	5,000	4,854	
		45,100	44,422	47.08
Corporations—Other:				
Alberta Energy Company Limited	January 8, 1990	2,700	2,691	
Gulf Canada Resources Limited	January 25, 1990	4,000	3,963	
Imasco Limited	February 22, 1990	4,000	3,927	
Nabisco Brands Limited	January 30, 1990	1,900	1,880	
Nova Corporation of Alberta	January 25, 1990	2,700	2,675	
Sears Canada Inc.	March 19, 1990	1,500	1,461	
Southam Inc.	January 16, 1990	1,000	994	
Southam Inc.	February 6, 1990	1,000	987	
Union Gas Limited	March 26, 1990	2,000	1,943	
		20,800	20,521	21.75
		\$ 96,491	94,351	100.00

POOLED INVESTMENT FUNDS

Short Term Bond Fund—Schedule of Investments

DECEMBER 29, 1989

THOUSANDS OF DOLLARS

	MATURITY	PAR	MARKET	%
Government of Canada Bonds:				
8.750% Government of Canada	December 15, 1991	\$ 1,775	1,711	
14.250% Government of Canada	September 1, 1992	500	539	
8.750% Government of Canada	July 1, 1993	6,250	6,008	
		8,525	8,258	39.35
Provincial Government Bonds & Coupons:				
12.250% Province of British Columbia	November 29, 1991	800	806	
0.000% British Columbia Hydro & Power Corporation	April 14, 1991	109	94	
0.000% British Columbia Hydro & Power Corporation	October 14, 1991	109	89	
9.625% Province of Manitoba	September 3, 1992	300	296	
9.875% Province of Manitoba	July 13, 1992/1998	500	491	
		1,818	1,776	8.46
Municipal Bonds:				
13.000% Metro-Toronto	October 31, 1994	200	214	1.02
Corporate Notes—Financial:				
8.250% Bank of Nova Scotia	April 3, 1990	400	396	
10.400% Bank of Nova Scotia	March 1, 1993	500	493	
10.300% Bank of Nova Scotia	June 22, 1993	300	294	
10.125% Canada Trustco Mortgage Company	May 5, 1993	500	484	
9.800% CIBC Mortgage Corporation	February 16, 1993	800	776	
9.900% CIBC Mortgage Corporation	March 15, 1993	250	243	
10.550% General Motors Acceptance Corporation of Canada Limited	July 9, 1991	1,000	984	
10.300% Montreal Trust Company	August 3, 1993	900	879	
10.200% National Trust Company	October 2, 1991	500	488	
10.870% Royal Bank of Canada	May 3, 1993	500	499	
10.250% Royal Trust Company	June 1, 1993	400	391	
10.250% Royal Trust Company	June 21, 1993	100	98	
10.300% Royal Trust Company	July 7, 1993	300	293	
10.200% Royal Trust Company	August 2, 1994	500	489	
		6,950	6,807	32.44
Corporate Bonds—Other:				
9.625% BCE Inc.	April 29, 1993	1,000	964	
16.375% British Columbia Telephone Company	April 1, 1992	500	548	
11.500% International Thomson Organization Limited	February 4, 1994	500	501	
		2,000	2,013	9.59
Government of Canada:				
Treasury bills	February 16, 1990	100	98	
Treasury bills	March 2, 1990	300	294	
Treasury bills	March 16, 1990	100	97	
Treasury bills	July 13, 1990	400	378	
Treasury bills	July 20, 1990	152	143	
Treasury bills	August 24, 1990	130	121	
Treasury bills	September 7, 1990	156	144	
Treasury bills	October 5, 1990	700	642	
		2,038	1,917	9.14
		\$ 21,531	20,985	100.00

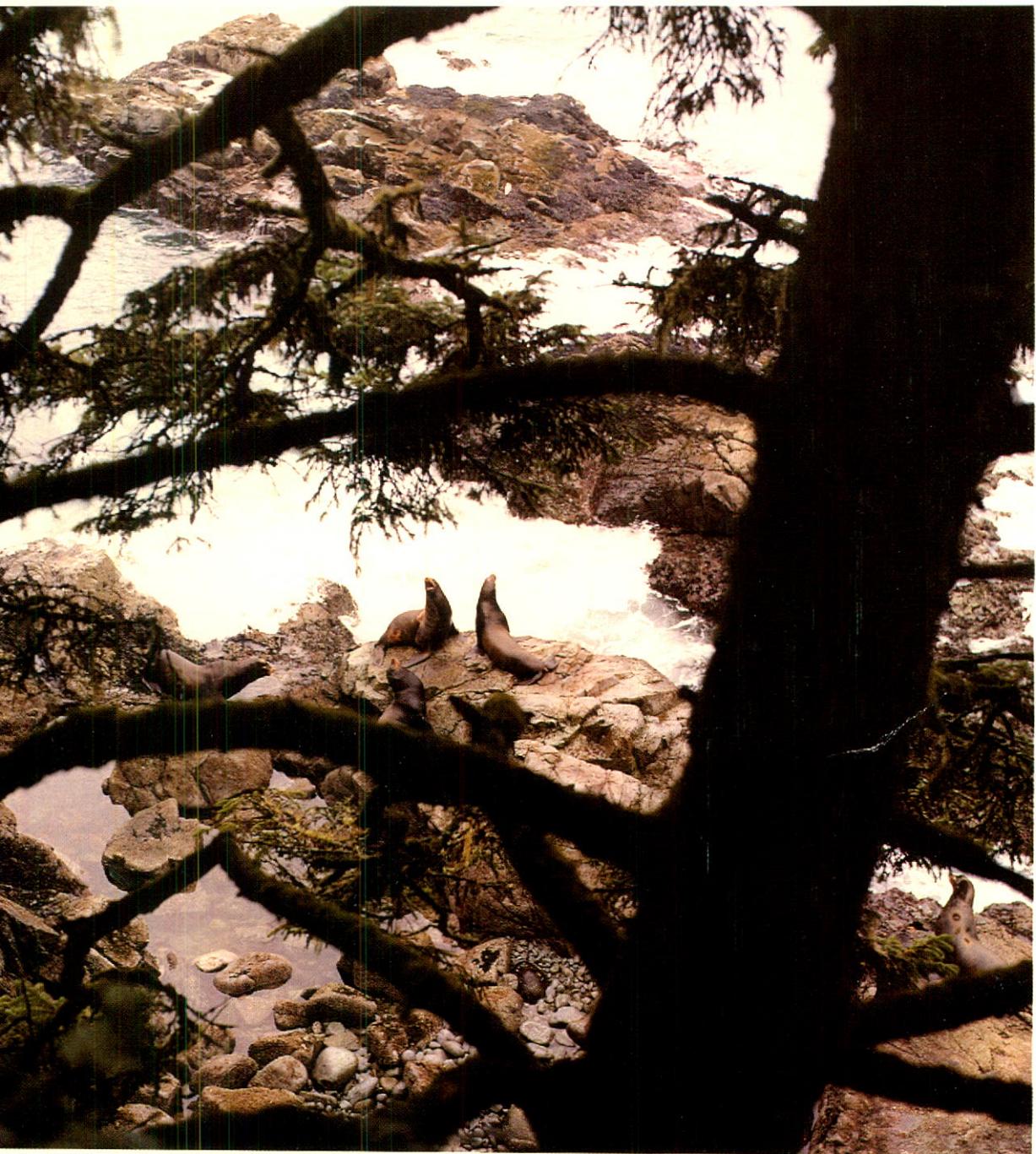
POOLED INVESTMENT FUNDS

Participants 1989

REGIONAL DISTRICTS	MUNICIPALITIES		
Alberni-Clayoquot	Abbotsford	Langley	Qualicum Beach
Bulkley-Nechako	Armstrong	Lillooet	Quesnel
Central Kootenay	Ashcroft	Logan Lake	Revelstoke
Central Okanagan	Burnaby	Lumby	Richmond
Columbia-Shuswap	Burns Lake	Mackenzie	Saanich
East Kootenay	Cache Creek	Maple Ridge	Salmon Arm
Fraser-Cheam	Castlegar	McBride	Sayward
Fraser-Fort George	Chase	Midway	Sidney
Kitimat-Stikine	Chilliwack	Mission	Silverton
Kootenay Boundary	Coquitlam	Nanaimo	Smithers
Mount Waddington	Courtenay	Nelson	Summerland
Nanaimo	Cranbrook	North Cowichan	Surrey
North Okanagan	Creston	North Saanich	Tahsis
Peace River	Duncan	100 Mile House	Terrace
Skeena-Queen Charlotte	Elkford	Parksville	Trail
Squamish-Lillooet	Esquimalt	Pemberton	Tumbler Ridge
Sunshine Coast	Fort St. James	Penticton	Valemount
	Fort St. John	Port Alberni	Vanderhoof
	Gibsons	Port Alice	Victoria
	Golden	Port Hardy	View Royal
	Gold River	Port McNeill	West Vancouver
	Greenwood	Port Moody	White Rock
	Kelowna	Prince George	Williams Lake
	Kent	Prince Rupert	
	Kitimat	Princeton	

Distributions to Unitholders 1989

	MONEY MARKET FUND	SHORT TERM BOND FUND
Net asset value per unit	\$ 1,000.00	\$ 1,000.00
Distributions per unit—May 1 - December 29, 1989	\$ 82.30	
Distributions per unit—May 10 - December 29, 1989		\$ 72.81
Distributions as percentage of net asset value	8.23%	7.28%
Distributions—annualized	<u>12.41%</u>	<u>11.41%</u>



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