



**MUNICIPAL
FINANCE
AUTHORITY
OF
BRITISH
COLUMBIA**

**ANNUAL
REPORT**

1992

Municipal Finance Authority of British Columbia

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

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FRONT COVER: Long Beach sunset, Alberni-Clayoquot Regional District BACK COVER: Yoho National Park, Columbia-Shuswap Regional District



Butchart Gardens, Capital Regional District *Courtesy Province of B.C.*

Financial Highlights

THOUSANDS OF DOLLARS

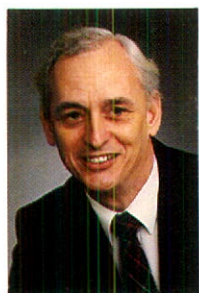
	1992	1991
CAPITAL FINANCING		
AT DECEMBER 31:		
Total assets—combined funds	1,577,142	1,571,580
Loans to Regional Districts outstanding	1,128,617	1,141,183
Long-term debt outstanding	1,245,603	1,284,615
Sinking funds	144,778	136,004
Long-term debt, net	1,100,825	1,148,611
Debt Reserve Fund	163,684	160,576
Investments ¹ (including sinking funds)	480,952	457,962
IN THE YEARS ENDED DECEMBER 31:		
New loans to Regional Districts	55,198	87,129
Loan repayments from Regional Districts	63,128	59,241
New debt issued	102,500	87,000
Debt retired	141,512	31,634
Investments income	46,878	44,658
Interest paid	142,953	138,682
POOLED INVESTMENTS		
AT DECEMBER 31:		
Money Market Fund—Net assets	305,579	273,521
Bond Fund—Net assets	74,241	70,002
INTERIM FINANCING		
AT DECEMBER 31:		
Loans outstanding ²	21,199	3,683

¹ Includes \$9,886,000 invested in the Pooled Investment Funds (1991—\$31,535,000)

² Includes \$14,134,000 lent to the Debt Fund (1991—0)

Members and Officers 1992

MEMBER	REGIONAL DISTRICT	MEMBER	REGIONAL DISTRICT
H. Anderson	<i>Alberni-Clayoquot</i>	D. T. Driscoll	<i>Greater Vancouver</i>
G. E. McFee	<i>Bulkley-Nechako</i>	J. M. Dykeman	<i>Greater Vancouver</i>
H. Chow	<i>Capital</i>	W. A. Fomich	<i>Greater Vancouver</i>
H. Volk	<i>Capital</i>	G. C. Halsey-Brandt	<i>Greater Vancouver</i>
D. Brecknock	<i>Cariboo</i>	J. Loucks	<i>Greater Vancouver</i>
B. Lande	<i>Central Coast</i>	L. Sekora	<i>Greater Vancouver</i>
G. Ferguson	<i>Central Fraser Valley</i>	A. Maitland	<i>Kitimat-Stikine</i>
G. B. Cady	<i>Central Kootenay</i>	D. Swanson	<i>Kootenay Boundary</i>
S. Simpson	<i>Central Okanagan</i>	S. McLennan	<i>Mount Waddington</i>
G. Abbott	<i>Columbia Shuswap</i>	A. Krut	<i>Nanaimo</i>
J. Turner	<i>Comox-Strathcona</i>	E. Shipmaker	<i>North Okanagan</i>
M. Coleman	<i>Cowichan Valley</i>	E. Willis	<i>Okanagan-Similkameen</i>
B. Morse	<i>Dewdney-Alouette</i>	C. Lasser	<i>Peace River</i>
R. Tarr	<i>East Kootenay</i>	A. Lloyd	<i>Powell River</i>
D. Edwards	<i>Fort Nelson-Liard</i>	P. J. Lester	<i>Skeena-Queen Charlotte</i>
J. Les	<i>Fraser-Cheam</i>	R. D. Cumming	<i>Squamish-Lillooet</i>
C. J. Kinsley	<i>Fraser-Fort George</i>	P. Connor	<i>Sunshine Coast</i>
D. R. Corrigan	<i>Greater Vancouver</i>	R. S. Ellis	<i>Thompson-Nicola</i>



DRISCOLL



FOMICH



LASSER



McFEE



SIMPSON



VOLK

BOARD OF TRUSTEES

R. D. Cumming, *Chairman*
 W. A. Fomich
 D. T. Driscoll
 C. Lasser
 G. E. McFee
 S. Simpson
 H. Volk

OFFICERS

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

AUDITORS

Peat Marwick Thorne
 Victoria, B.C.

SOLICITOR: BOND COUNSEL

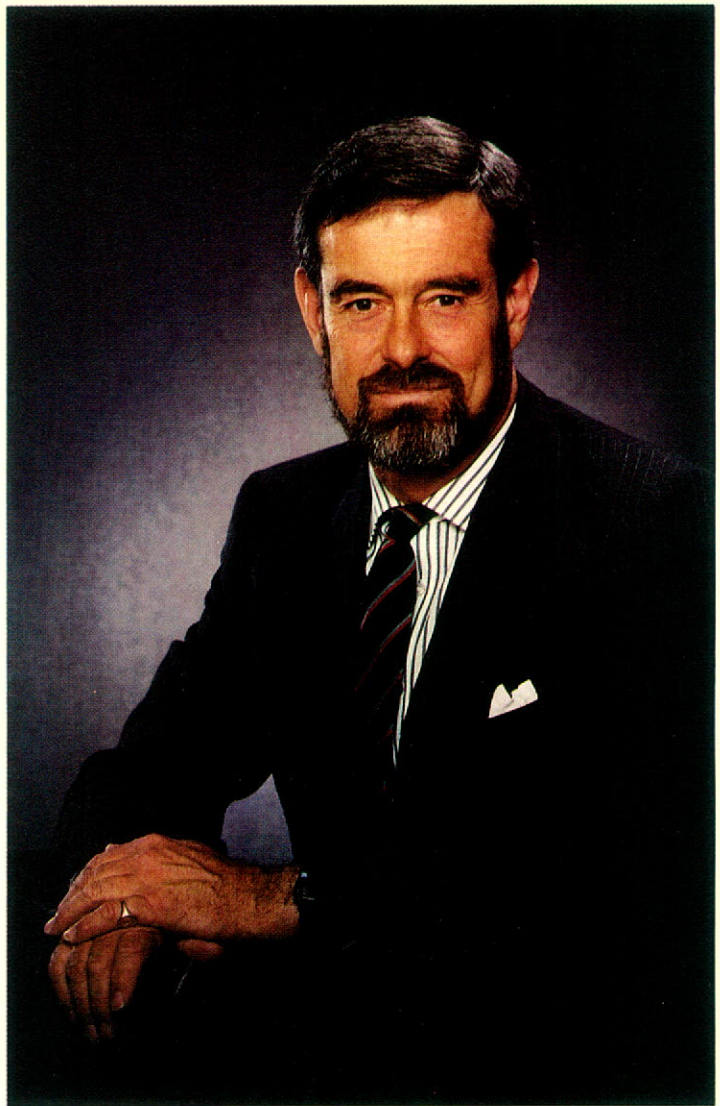
R. C. Holmes
 Farris, Vaughan, Wills & Murphy
 Vancouver, B.C.

SOLICITOR: GENERAL COUNSEL

R. T. Bryant
 Brian C. Roberts & Co.
 Victoria, B.C.

Chairman's Report 1992

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



CUMMING

It is a pleasure and privilege to file the twenty-second annual report of the Municipal Finance Authority of British Columbia.

British Columbia's economy continues to weather a stubborn world-wide recession. As we move from a resource-based economy to one with a higher component of information and service industries, there seems to be more to rejoice about here in B.C. than in other parts of Canada. A strong immigration trend has continued to provide stimulus to our economy. The value of our residential housing continues to rise.

Pacific Rim trade has also had a positive effect on our western economy, helping us to moderate the effects of a slower economy in the United States.

Economic contraction around the world has had a noticeable effect on vacancy rates of commercial

real estate in most major cities. Greater Vancouver's overall office vacancy rate in 1992 was 12.8% compared with 18.6% in Metropolitan Toronto and 17.9% in Montreal.

In a global economy, major shifts in Russia and Eastern Europe, the reunification in Germany, or falling stock markets and real estate values in Japan are felt by everyone. This year a number of countries are relying on larger deficits during these recessionary periods. Although our actions at home are important, we also have an important effect on one another on this globe. The North American Free Trade Agreement signed in December of 1992 and the European Common Market are prime examples of new large trading blocs which include countries both rich and poor. Currencies, deficits, and inflation all factor into individual economic performance and the ability to trade.

Municipal Finance Authority Of British Columbia			
	CBRS	Moody's	S & P
Municipal Finance Authority	AA+	Aaa	AA+
City of Vancouver	AA	Aaa	AAA
Province of British Columbia	AA+	Aa1	AA+
Province of Alberta	AA	Aa2	AA
Province of Ontario	AA	Aa2	AA
Province of Manitoba	AA-	A1	A+
Province of Saskatchewan	A	A3	BBB+
Province of Prince Edward Island	BBB+	A3	
Province of Newfoundland	BBB	Baa1	A-
Province of Nova Scotia	A-	A2	A-
Province of New Brunswick	A	A1	AA-
Province of Quebec	A+	Aa3	AA-

July 1992

Municipal Finance
Authority of B.C.

Figure 1

Despite all this uncertainty, we were pleased when Moody's Investor Services again confirmed our Aaa credit rating this year. (Figure 1)

A great deal of pressure was brought to bear on world currencies during the final months of this year. It seemed that records were broken daily as volatility became the rule rather than the exception. On one memorable day, September 29, the Bank of Canada raised short-term interest rates by an astounding 200 basis points overnight. This is the largest single day's rise ever since the bank began keeping records. This climate of unprecedented change caused disparities in our Pooled Investment Funds.

This increase in short-term interest rates created some problems for us in the Money Market Fund. To combat a rush of requests for redemptions, the Board of Trustees had to act fast and invoke what is known as a "mark-to-market" process in the fund. Basically, the fund's assets were revalued downwards and the one-time capital loss on the revaluation was distributed proportionately among all the participants in the fund. The process removed the advantage of redemptions and stabilized the fund.

This state of volatility was also the backdrop to our fall financing. Financing our fall issue was the most difficult task we have had in recent memory. Your Trustees, the Executive Director and I met by conference call a total of eight times before feeling comfortable with the tone of the market and the level of rates. Finally we priced a 5-10 year retractable issue in a brief window which allowed a tight spread off Canada's of 38 basis points. The issue carried a coupon of 7.80% for the first 5 years

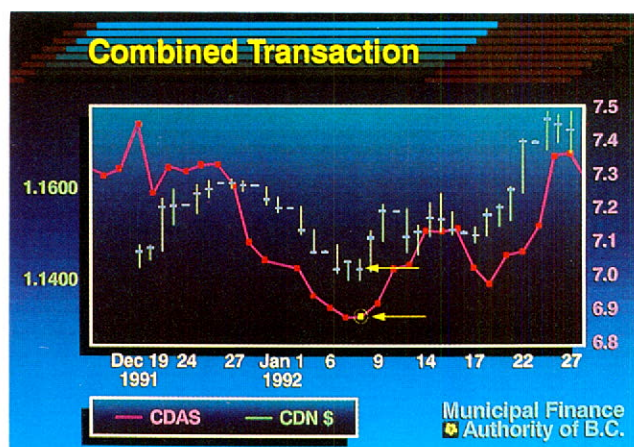


Figure 2

and 8.30% for the next five years. The blended rate was 8%. The issue was apparently priced too tight for institutional buyers but sold within hours to the retail buyers. The Province of Ontario came to the market minutes after us with a \$750 million straight 10-year issue priced at 8.75%. The old paradigm stated issue size needs to be large in order to qualify for a "liquidity discount", whereas in this instance, there was no problem pricing a relatively small issue which sold readily to retail investors who obviously like the Moody's rating of Aaa and who seemed unconcerned about the tight pricing. This new trend reflected investors' concerns about rising provincial deficits and the constitutional issue.

Last year we tried to include the GVS&DD in order to raise the size of our issues and get closer to the perceived economies of an institutional level of borrowing. These last few months have seen our issues sell as well as or better than many larger institutions. As the federal government downloads on provinces, provincial spreads will reflect investors' concern about provincial deficits. They will impact the cost of borrowing for the MFA as well.

On the subject of downloading, there is a great deal of justifiable concern at the present time among all our municipalities that the province will pass on the federal downloading to local government. I believe we must be careful not to over-dramatise the effects this might have on our operating budgets, as we know from past experience that the rating agencies have a very efficient clipping service.

Our present experience seems to indicate that a well-rated, well-managed borrower can reach a niche market and do at least as well even with a small issue.

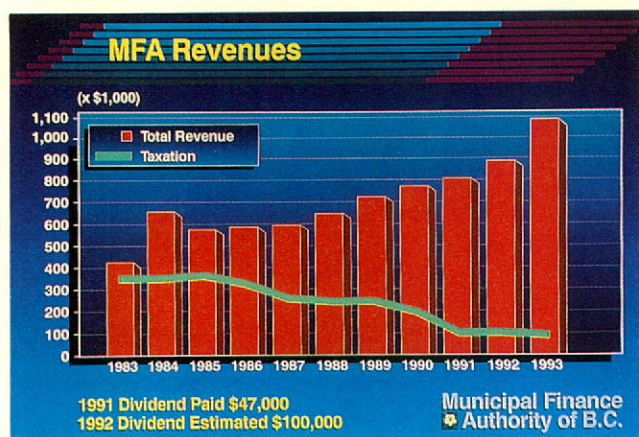


Figure 3

Going back in time to our spring issue, which was much easier to finance, we launched a \$55 million 9.625%-10 year issue on April 6 which sold relatively easily. We also launched a \$47.5 million 3 year serial issue in January 1992 which took advantage of a strong Canadian dollar (87.5¢) and low interest rates of 7.52%. This issue involved calling four outstanding U.S. issues and refinancing in Canadian dollars. (Figure 2)

MFA taxes continue to moderate. They formed 82% of our operating expenses in 1983; they were 11.8% in 1991, and 10.2% for 1992. In addition, we declared a 1991 dividend this year of \$47,000 which resulted in an actual net tax levy of 6.6%. Moving to a "user pay" mode has had beneficial results! (Figure 3)

In addition to the above, new consulting revenues have emerged in 1992 with the signing of a three-year contract with AMO (Association of Municipalities of Ontario). The MFA will advise LAS (AMO's company) as they form an Ontario Municipal Investment Pool similar to the one we pioneered here in 1989. This pool will have the potential to serve 800 municipalities in Ontario and will be a substantial new addition to the Canadian municipal scene. We are proud to have been chosen by LAS as a consultant.

As might be expected, in the volatile and downward-trending interest rate environment in 1992, the Pooled Investments did not perform quite as well as in the previous years. The return on the Money Market Fund for the year was 6.91% (1991-10.00%) while the one year return on the Bond Fund was 9.03% (1991-18.95%). Since inception, however, on a compounded basis, the Money Market Fund has

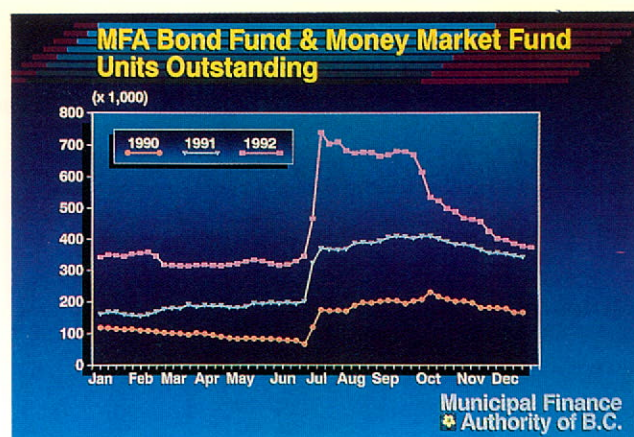


Figure 4

returned an average of 10.53% and, the Bond Fund, an average of 12.82% to December 31, 1992.

At the end of 1992 the MFA debt comprised 89.5% in Canadian funds and 10.5% in U.S. funds. The Deutschmark and Swiss Franc loans were paid out this year. In 1982, MFA debt comprised 62.7% in Canadian funds and 33.2% in U.S. funds. The move to Canadian dollar currency continues. It should be noted that Moody's continues to rate our foreign debt as Aaa.

At December 31, 1992, long-term debt outstanding was \$1.25 billion. During 1992, payments of principal and interest in excess of \$218 million were received from the regional districts and municipalities. At December 31, 1992, investments managed by our own staff totalled \$481 million, broken down as follows:

Debt Reserve Fund	\$63 million
Sinking and other Debt Servicing Funds	\$418 million
Interest earnings in 1992 were	\$46.878 million

The types of investment securities which may be held by MFA are regulated by the Act. At December 31, 1992, the Authority's portfolio consisted of \$55.7 million of securities of or guaranteed by the Government of Canada, \$302 million of securities of or guaranteed by provincial governments, \$16 million of securities of or guaranteed by Canadian chartered banks, \$5.4 million of securities of British Columbia credit unions, \$30.8 million of securities of municipal governments in Canada and \$71.1 million of obligations of the Authority.

Also, at December 31, 1992, investments managed by our Fund Manager, Phillips, Hager & North Ltd. totalled \$379.8 million broken down as follows:

Money Market Fund	\$305.6 million
Bond Fund	\$74.2 million

The total managed by Phillips, Hager & North Ltd. crested at \$741 million in 1992. The total managed in 1991 crested at \$411 million. (Figure 4)

Debt Reserve Fund contributions and earnings refunded to our constituents in 1992 totalled \$6.07 million.

When new challenges appear, decisions to increase staff or contract out are critical in control of downstream operating costs. Over the last eight years we have opted to contract out. Increasingly, our entire staff are not simply knowledgeable workers in their own right, but supervisors and auditors who monitor a number of outside agencies chosen with care from the best the private sector can offer. This policy has the added dimension of true flexibility insofar as program size is concerned. It is the private sector part of our operation that must cope with the problems of sudden rises or falls in the use of our financial programs and products. In addition, the private sector is measured against the best in the industry North America wide. This concept has required our own staff to negotiate effectively with the private sector on behalf of our clients, local government. Pooling creates new opportunities by forcing the private sector to compete for the pooled public sector funds. As a group, useful dynamics emerge that benefit both

sectors. Pooled Investment Funds are a good example of a “win win” situation where the private sector benefits from the substantial size of pools brought together by public sector co-operation and the public sector benefits from low unit costs and the intense competition in the funds management, custodian and banking business. This practice has also had the effect of making our staff experts, and acknowledged as such nationally, in all the activities in which we now engage.

We have now also taken the opportunity of consulting on this process to another body. I wish to emphasize that your trustees have had the courage to provide the atmosphere of creativity that allows these developments to take place. I would like to thank the Board of Trustees whose input has been positive throughout the entire year. I would like to also acknowledge Mayor Hermann Volk of Metchosis who will not be with us next year. We will miss you Hermann!

I would also like to thank the Ministry of Municipal Affairs, Recreation and Housing and the Ministry of Finance and Corporate Relations for their co-operation. The partnership we enjoy with these two ministries is quite remarkable; one which I hope will continue.



R. Dan Cumming, *chairman*



Near Pemberton, Squamish-Lillooet Regional District *Courtesy Province of B.C.*

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 securities 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 securities 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 securities 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 INVESTMENTS

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.

In 1992, the Act was further amended to extend the investment opportunity program to other public institutions (as defined) in the Province of British Columbia.

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

PARTICIPATION

Participation in the funds by public institutions 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.

INTERIM FINANCING

ORGANIZATION

In 1990, the Municipal Finance Authority Act was amended to add interim financing for regional districts and municipalities to the objects of the Authority.

In 1992, the Act was further amended to extend the interim financing program to other public institutions (as defined) in the Province of British Columbia.

The Short Term Debt Fund was established and commenced operations in December, 1990.

PARTICIPATION

Participation in the interim financing program by public institutions is voluntary.

PURPOSES FOR WHICH INTERIM FINANCING MAY BE PROVIDED

The Authority may provide financing for one or more of the following purposes:

- (a) temporary financing of capital projects (Municipal Act, section 342 or 815),
- (b) short term capital borrowing up to 5 years (Municipal Act, section 344 or 813),
- (c) revenue anticipation borrowing (Municipal Act, section 346 or 812.1), (Hospital Insurance Act), (University Act, section 30 (1)), (College and Institute Act, section 22 (1)), (Institute of Technology Act, section 13.3 (1)), (Open Learning Agency Act, section 12 (1)),
- (d) temporary financing to meet current operating expenditures (Hospital District Act, section 31), (School Act, section 152 (1)).



Cariboo Country, Cariboo Regional District

CAPITAL FINANCING

Auditors' Report 1992

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

We have audited the balance sheets of the Operating Fund, Debt Fund, Capital Repayment Equalization Fund, Debt Reserve Fund and Market Development Fund of the Municipal Finance Authority of British Columbia and the combined balance sheet of these funds as at December 31, 1992, 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. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of these funds of the Municipal Finance Authority of British Columbia as at December 31, 1992, and the results of their operations and the changes in their financial position for the year then ended in accordance with accounting principles described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Peat Marwick Thorne

CHARTERED ACCOUNTANTS

*Victoria, British Columbia, Canada
January 29, 1993*

CAPITAL FINANCING

Balance Sheets

DECEMBER 31, 1992—WITH COMPARATIVE FIGURES FOR 1991

	OPERATING FUND		DEBT FUND	
	1992	1991	1992	1991
ASSETS				
Cash	\$ 363	307	383	116
Due from Operating Fund	—	—	—	—
Due from Debt Fund	9	—	—	—
Due from Capital Repayment Equalization Fund	—	—	61,602	76,553
Accrued interest and other receivables	163	70	—	—
Investments (Note 3)	—	—	—	—
Demand notes receivable from Regional Districts, without interest	—	—	—	—
Loans to Regional Districts (Note 4)	—	—	1,128,617	1,141,183
Prepaid issue costs	—	—	9	—
Unamortized issue and refunding costs	—	—	3,597	3,043
Sinking fund assets in excess of related debt (Note 9)	—	—	13,401	6,081
	<u>\$ 535</u>	<u>377</u>	<u>1,207,609</u>	<u>1,226,976</u>
LIABILITIES, RESERVES AND SURPLUS				
Liabilities:				
Accounts payable and unrepresented matured debt	\$ 111	75	383	116
Due to Operating Fund	—	—	9	—
Due to Debt Fund	—	—	—	—
Due to Market Development Fund	2	5	—	—
Due to sinking and other funds (Note 5)	—	—	1,130	85
Due to Short Term Debt Fund	—	—	14,134	—
Due to Regional Districts (Note 6)	—	—	—	—
Long-term debt, net (Notes 7, 8 and 9) (Schedule)	—	—	1,100,825	1,148,611
Total liabilities	<u>113</u>	<u>80</u>	<u>1,116,481</u>	<u>1,148,812</u>
Reserves for information systems enhancement	83	83	—	—
Surplus, per accompanying statement (Note 10)	<u>339</u>	<u>214</u>	<u>91,128</u>	<u>78,164</u>
	<u>\$ 535</u>	<u>377</u>	<u>1,207,609</u>	<u>1,226,976</u>
Commitments (Note 12)				

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THOUSANDS OF DOLLARS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1992	1991	1992	1991	1992	1991	1992	1991
980	1,169	623	646	-	-	2,349	2,238
-	-	-	-	2	5	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,918	2,924	885	898	-	-	4,966	3,892
261,987	256,061	62,775	61,923	-	-	324,762	317,984
-	-	99,441	97,159	-	-	99,441	97,159
-	-	-	-	-	-	1,128,617	1,141,183
-	-	-	-	-	-	9	-
-	-	-	-	-	-	3,597	3,043
-	-	-	-	-	-	13,401	6,081
266,885	260,154	163,724	160,626	2	5	1,577,142	1,571,580
-	-	40	50	-	-	534	241
-	-	-	-	-	-	-	-
61,602	76,553	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,130	85
-	-	-	-	-	-	14,134	-
-	-	163,684	160,576	-	-	163,684	160,576
-	-	-	-	-	-	1,100,825	1,148,611
61,602	76,553	163,724	160,626	-	-	1,280,307	1,309,513
-	-	-	-	-	-	83	83
205,283	183,601	-	-	2	5	296,752	261,984
266,885	260,154	163,724	160,626	2	5	1,577,142	1,571,580



SECRETARY-TREASURER

CAPITAL FINANCING

Statements of Revenue, Expenditure and Surplus

YEAR ENDED DECEMBER 31, 1992—WITH COMPARATIVE FIGURES FOR 1991

	OPERATING FUND		DEBT FUND	
	1992	1991	1992	1991
REVENUE				
Prior year's surplus appropriated	\$ 214	108	—	—
Operating levy	110	108	—	—
Recoveries from new issues	150	119	—	—
Management fees	785	548	—	—
Investment income	34	30	16,101	14,864
Interest from loans to Regional Districts	—	—	1,788	1,947
Principal from loans to Regional Districts	—	—	—	—
Recovery of deficiencies from Regional Districts	—	—	—	—
Transfers from Operating Fund	—	—	—	—
Transfers from Capital Repayment Equalization Fund	—	—	142,001	136,334
Transfers from Debt Reserve Fund	—	—	137	21
Other	3	2	—	—
Total revenue	1,296	915	160,027	153,166
EXPENDITURE				
Legislative	70	69	—	—
Administrative	837	592	—	—
Transfers to Debt Fund—capital	—	—	—	—
Transfers to Debt Fund—revenue	—	—	—	—
Transfers to Market Development Fund—revenue	50	40	—	—
Interest	—	—	142,953	138,682
Amortization of issue and refunding costs	—	—	1,723	513
Management fees	—	—	144	127
Allocations to Regional Districts	—	—	1,800	—
Other	—	—	443	301
Total expenditure	957	701	147,063	139,623
Excess of revenue over expenditure for the year	339	214	12,964	13,543
Surplus, beginning of the year	—	—	78,164	64,621
not appropriated to current revenue	—	—	—	—
Surplus, end of the year	\$ 339	214	91,128	78,164

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THOUSANDS OF DOLLARS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1992	1991	1992	1991	1992	1991	1992	1991
183,601	147,273	-	-	5	16	183,820	147,397
-	-	-	-	-	-	110	108
-	-	-	-	-	-	150	119
-	-	-	-	-	-	347	166
24,143	22,886	6,600	6,878	-	-	46,878	44,658
153,418	149,077	-	-	-	-	155,206	151,024
61,374	57,772	-	-	-	-	-	-
-	-	136	236	-	-	136	236
-	-	-	-	50	40	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	940	-	-	-	-	3	942
422,536	377,948	6,736	7,114	55	56	386,650	344,650
-	-	-	-	-	-	70	69
-	-	-	-	-	-	837	592
61,374	57,772	114	114	-	-	-	-
142,001	136,334	137	21	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	142,953	138,682
-	-	-	-	-	-	1,723	513
231	194	63	61	-	-	-	-
5,439	47	6,342	6,859	-	-	13,695	7,020
8,208	-	80	59	53	51	8,784	411
217,253	194,347	6,736	7,114	53	51	168,062	147,287
205,283	183,601	-	-	2	5	218,588	197,363
-	-	-	-	-	-	78,164	64,621
205,283	183,601	-	-	2	5	296,752	261,984

CAPITAL FINANCING

Statements of Changes in Financial Position

YEAR ENDED DECEMBER 31, 1992—WITH COMPARATIVE FIGURES FOR 1991

	OPERATING FUND		DEBT FUND	
	1992	1991	1992	1991
OPERATING ACTIVITIES				
Excess of revenue over expenditure for the year	\$ 339	214	12,964	13,543
Non-cash items:				
Prior year's surplus appropriated	(214)	(108)	—	—
Gain on disposals of investments	—	—	(265)	(233)
Accretion of discounts on investments	—	—	(5,272)	(6,224)
Amortization of issue and refunding costs	—	—	1,723	513
Allocations to Regional Districts	—	—	—	—
Unpaid interest	—	—	29	1
Interfund transfers	(3)	(11)	(1,915)	(514)
(Increase) decrease in accrued interest and other receivables	(93)	(35)	—	—
Increase (decrease) in accounts payable	36	13	267	(25)
Decrease in reserves for information systems enhancement	—	(69)	—	—
Cash provided by operating activities	<u>65</u>	<u>4</u>	<u>7,531</u>	<u>7,061</u>
FINANCING ACTIVITIES				
New debt issued	—	—	102,500	87,000
Loan repayments from Regional Districts	—	—	63,128	59,241
Loan from Short Term Debt Fund	—	—	14,134	—
Decrease in deferred receivables from Regional Districts	—	—	—	262
New loans to Regional Districts	—	—	(55,198)	(87,129)
Debt retired	—	—	(141,512)	(31,634)
Prepaid issue costs	—	—	(9)	—
Increase in unamortized issue and refunding costs	—	—	(2,277)	—
Increase in loans from sinking and other funds	—	—	1,016	52
Changes in interfund balances	(9)	—	21,510	(22,382)
Contributions from Regional Districts re new loans	—	—	—	—
Contributions and earnings thereon	—	—	—	—
refunded to Regional Districts	—	—	—	—
Cash provided by (applied to) financing activities	<u>(9)</u>	<u>—</u>	<u>3,292</u>	<u>5,410</u>
INVESTING ACTIVITIES				
Investments sold or matured	—	—	36,915	36,966
Investments purchased	—	—	(47,590)	(49,056)
Other	—	—	119	(406)
Cash provided by (applied to) investing activities	<u>—</u>	<u>—</u>	<u>(10,556)</u>	<u>(12,496)</u>
Increase (decrease) in cash for the year	<u>56</u>	<u>4</u>	<u>267</u>	<u>(25)</u>
Cash, beginning of the year	<u>307</u>	<u>303</u>	<u>116</u>	<u>141</u>
Cash, end of the year	<u>\$ 363</u>	<u>307</u>	<u>383</u>	<u>116</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THOUSANDS OF DOLLARS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1992	1991	1992	1991	1992	1991	1992	1991
205,283	183,601	-	-	2	5	218,588	197,363
(183,601)	(147,273)	-	-	(5)	(16)	(183,820)	(147,397)
(291)	(81)	-	(125)	-	-	(556)	(439)
(6,363)	(10,159)	(1,259)	(1,900)	-	-	(12,894)	(18,283)
-	-	-	-	-	-	1,723	513
4,636	47	6,342	6,859	-	-	10,978	6,906
-	-	-	-	-	-	29	1
1,915	514	-	-	3	11	-	-
(994)	(1,197)	13	(161)	-	-	(1,074)	(1,393)
-	-	(10)	44	-	-	293	32
-	-	-	-	-	-	-	(69)
20,585	25,452	5,086	4,717	-	-	33,267	37,234
-	-	-	-	-	-	102,500	87,000
-	-	-	-	-	-	63,128	59,241
-	-	-	-	-	-	14,134	-
-	-	-	-	-	-	-	262
-	-	-	-	-	-	(55,198)	(87,129)
-	-	-	-	-	-	(141,512)	(31,634)
-	-	-	-	-	-	(9)	-
-	-	-	-	-	-	(2,277)	-
-	-	-	-	-	-	1,016	52
(21,501)	22,382	-	-	-	-	-	-
-	-	552	871	-	-	552	871
-	-	(6,070)	(4,925)	-	-	(6,070)	(4,925)
(21,501)	22,382	(5,518)	(4,054)	-	-	(23,736)	23,738
173,924	148,985	16,355	20,072	-	-	227,194	206,023
(173,197)	(197,249)	(15,946)	(20,832)	-	-	(236,733)	(267,137)
-	-	-	-	-	-	119	(406)
727	(48,264)	409	(760)	-	-	(9,420)	(61,520)
(189)	(430)	(23)	(97)	-	-	111	(548)
1,169	1,599	646	743	-	-	2,238	2,786
980	1,169	623	646	-	-	2,349	2,238

CAPITAL FINANCING

Notes to Financial Statements–All Funds

DECEMBER 31, 1992

1

Organization

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 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 division of the Authority.

In 1990, the Act was further amended to provide interim financing for regional districts and municipalities. The Short Term Debt Fund was established and commenced operations in 1990 and is reported, also, as a separate division of the Authority.

The Authority follows the normal local government accounting practice of maintaining 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 within the Capital Financing division. 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 management fees from the Pooled Investment Funds and the Short Term Debt Fund and pays the costs of their operations.

DEBT FUND

The Authority's financing activities on behalf of the regional districts 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 must 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.

2

Significant accounting policies

A summary of significant accounting policies is as follows:

PRIOR YEAR'S SURPLUS

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

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

INTEREST ACCRUALS

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.

**AMORTIZATION OF ISSUE
AND REFUNDING COSTS**

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.

**FOREIGN CURRENCY
TRANSACTIONS**

The long-term debt payable in U.S. dollars is stated at the rate—U.S. \$1 equals Canadian \$1.

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

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.

**3
Investments**

	1992		1991
	Par value	Book value	Book value
THOUSANDS OF DOLLARS			
CAPITAL REPAYMENT EQUALIZATION FUND			
Securities of:			
Government of Canada, direct or guaranteed	\$ 24,723	20,553	36,879
Provincial governments, direct or guaranteed	184,616	178,679	134,308
Chartered banks, direct or guaranteed	10,562	10,616	10,766
Credit Unions in the Province	3,893	3,893	1,765
Regional and municipal governments	19,959	19,953	25,034
The Authority	28,282	28,293	47,309
	<u>\$ 272,035</u>	<u>261,987</u>	<u>256,061</u>
DEBT RESERVE FUND			
Securities of:			
Government of Canada, direct or guaranteed	\$ 8,983	8,776	11,031
Provincial governments, direct or guaranteed	50,380	50,205	46,597
Chartered banks, direct or guaranteed	3,800	3,794	4,295
	<u>\$ 63,163</u>	<u>62,775</u>	<u>61,923</u>

**4
Loans to
regional districts**

Loans to regional districts include \$177,844,518 (1991–\$197,079,857) which are 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.

When the Authority, under Section 12(1) of the Act and with the approval of the Inspector of Municipalities, has determined that the amount of the assets in the sinking fund and/or the Capital Repayment Equalization Fund together with the anticipated earnings for that fund is greater than the amount which will be required to repay the debt or discharge the obligation and has declared that there is an anticipated surplus in the fund of a specified amount, the scheduled future payments of both principal and interest from the regional districts under the related loan agreements are suspended.

The aggregate principal payments recoverable from the regional districts in each of the next five years (excluding principal payments suspended as outlined above) are as follows:

	1992	1991
THOUSANDS OF DOLLARS		
1992	\$ 62,325	
1993	64,760	63,609
1994	65,034	63,883
1995	67,133	65,982
1996	62,402	61,251
1997	53,485	

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 of \$1,130,509 (1991–\$85,027) and the Short Term Debt Fund of \$375,000 (1991–\$480,000) together with accrued interest totalling \$34,802 (1991–\$8,370) were outstanding at December 31, 1992. 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 securities 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 1992, a deficiency of \$251,477 (1991–\$135,720) in the amount of funds available to meet the principal and interest payments on the Deutschmark loan was met by a transfer from the Debt Reserve Fund. Normally such a deficiency is recovered in the following year from the participating regional districts under the terms of their loan agreements but, since the 1992 deficiency arose on the final payment on the Deutschmark loan, it was deducted from the monies returned to the regional districts from the Debt Reserve Fund.

If the Trustees of the Authority are of the opinion that the payments made from the Debt Reserve Fund may not be recovered under the terms of the loan agreements within a reasonable time, they 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 provision for early redemptions at the option of the bondholder):

	1992	1991
	THOUSANDS OF DOLLARS	
1992	\$	130,609
1993	133,339	121,378
1994	70,528	53,967
1995	42,429	44,768
1996	108,471	110,810
1997	113,053	

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.

The Authority has sold an additional \$57.3 million of securities for settlement on January 12, 1993 to finance \$43 million of new requests for financing and the refunding of an existing securities issue which matured in 1992.

8 Foreign currencies

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

		1992	1991
United States dollars	US\$	130,985,000	205,342,000
Swiss francs	SFr	–	1,063,423
Deutschmarks	DM	–	825,000

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 foreign currencies, the Authority is not at exchange risk (see Note 2).

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.

During 1992, the Authority, with the approval of the Inspector of Municipalities, distributed \$1.8 million of sinking fund assets in excess of the related debt to the participating regional districts in two securities issues. The assets and the surpluses of the sinking funds are as follows:

	1992		1991
	Par value	Book value	Book value
THOUSANDS OF DOLLARS			
Securities of:			
Government of Canada, direct or guaranteed	\$ 32,809	26,374	26,318
Provincial governments, direct or guaranteed	74,783	73,117	59,822
Chartered banks, direct or guaranteed	1,775	1,629	2,945
Credit Unions in the Province	1,505	1,505	625
Regional and municipal governments	10,885	10,809	8,818
The Authority	46,899	42,756	41,450
	<u>\$ 168,656</u>	<u>156,190</u>	<u>139,978</u>
Cash		205	632
Accrued interest and other		<u>1,784</u>	<u>1,475</u>
Total assets		158,179	142,085
Less: Assets in excess of the related debt		<u>13,401</u>	<u>6,081</u>
		144,778	136,004
Accumulated actuarial requirements for retirement of the related debt		<u>96,965</u>	<u>88,329</u>
Excess of assets over accumulated actuarial requirements		<u>\$ 47,813</u>	<u>47,675</u>

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. In 1992, such a surplus of \$803,308 was returned to the participating regional districts.

11 Unfunded pension liability

The Authority and its employees contribute to the Municipal Superannuation Fund under the Pension (Municipal) Act. According to the most recent actuarial valuation of the fund, there is an unfunded liability of \$1.1 billion in respect of basic pension benefits. Responsibility for and a method of financing this unfunded liability have not been established. Consequently, the Authority's share of the unfunded liability cannot be established at this time.

12 Commitments

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

	Premises	Equipment	Total
1993	\$ 46,371	7,722	54,093
1994	46,371	7,722	54,093
1995	46,371	5,370	51,741
1996	30,914	—	30,914

CAPITAL FINANCING

Debt Fund—Schedule of Long-Term Debt

DECEMBER 31, 1992—WITH COMPARATIVE FIGURES FOR 1991

ISSUE/ SERIES	YEAR OF ISSUE	MATURITY DATE	INTEREST RATE PERCENT	ORIGINAL AMOUNT
PAYABLE IN CANADIAN DOLLARS:				
2	1971	December 1, 1993-1996	7.750	\$ 1,259
3	1972	March 1, 1997	7.750	2,575
6	1973	June 1, 1993	8.125	8,727
7	1974	March 1, 1994	9.000	6,462
9	1974	April 16, 1994	9.000	6,800
11	1974	September 3, 1993-1994	10.750	5,000
16	1975	September 2, 1995	10.750	5,000
20	1977	June 1, 1994/1997 June 1, 1997	9.000 9.875	25,000 20,000
21	1977	December 1, 1992 December 1, 1997 December 1, 2002	9.250 9.500 9.500	961 33,500 7,000
23	1978	November 15, 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
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
CC	1986	October 23, 2006	10.125	26,000
A24	1987	May 15, 1992 May 15, 1993-1994	8.500 8.750	2,200 5,000
42	1987	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, 1993-1994 October 27, 1995-1998	10.500 10.750	7,630 14,148

Carried forward

Schedule

THOUSANDS OF DOLLARS

DECEMBER 31, 1992			DECEMBER 31, 1991	
OUTSTANDING	SINKING FUNDS	LONG-TERM DEBT, NET	LONG-TERM DEBT, NET	REFERENCES
168	—	168	203	(1)
2,575	2,575	—	253	(1) (2)
1,208	—	1,208	2,327	(1)
6,462	6,462	—	—	(1) (2)
6,800	6,800	—	—	(1) (2)
1,000	—	1,000	1,500	(1)
5,000	4,003	997	1,761	(1) (2)
2,406	—	2,406	2,406	(3)
20,000	20,000	—	—	(1) (2)
—	—	—	227	
33,500	33,500	—	—	(1) (2)
7,000	7,000	—	1,180	(1) (2)
212	—	212	405	(1)
30,000	30,000	—	2,489	(1) (2)
6,735	6,735	—	559	(1) (2)
3,265	3,265	—	1,191	(1) (2)
31,700	—	31,700	34,500	(4)
11,133	6,746	4,387	5,273	(2) (5)
3,779	—	3,779	7,207	(6) (7)
63,300	—	63,300	63,300	(6)
58,000	—	58,000	58,000	(1)
21,000	—	21,000	21,000	(8)
30,500	10,945	19,555	21,408	(2) (9)
21,800	6,747	15,053	16,327	(2) (10)
15,500	—	15,500	15,500	(11)
91,362	—	91,362	91,362	(1)
65,500	—	65,500	65,500	(7)
26,000	—	26,000	26,000	(12)
—	—	—	2,200	
5,000	—	5,000	5,000	(1)
—	—	—	5,000	
90,000	—	90,000	90,000	(1)
—	—	—	33,000	(1)
17,500	—	17,500	17,500	(1) (13)
88,000	—	88,000	88,000	(1)
2,740	—	2,740	4,155	(1)
14,148	—	14,148	14,148	(1)
783,293	144,778	638,515	698,881	

continued

CAPITAL FINANCING

Debt Fund—Schedule of Long-Term Debt

DECEMBER 31, 1992—WITH COMPARATIVE FIGURES FOR 1991

ISSUE/ SERIES	YEAR OF ISSUE	MATURITY DATE	INTEREST RATE PERCENT	ORIGINAL AMOUNT
PAYABLE IN CANADIAN DOLLARS, CONTINUED:				
			Brought forward	\$
CH	1989	May 9, 1994/1999	10.900	27,100
CI	1989	November 9, 1999	10.250	29,400
CJ	1990	May 15, 2000	11.625	77,925
CK	1990	October 24, 1995/2000	11.200	21,700
CL	1991	May 8, 1996/2006	9.875/10.250	46,000
CM	1991	October 31, 1996	9.500	41,000
52	1992	November 1, 1993 November 1, 1994	7.250 7.500	14,300 18,900
CN	1992	May 13, 2002	9.625	55,000
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 June 1, 2003	9.250 9.375	29,363 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, 1992	5.400	4,556
PAYABLE IN DEUTSCHEMARKS:				
4	1972	October 1, 1992	6.750	4,618

Schedule

THOUSANDS OF DOLLARS

DECEMBER 31, 1992			DECEMBER 31, 1991	
OUTSTANDING	SINKING FUNDS	LONG-TERM DEBT, NET	LONG-TERM DEBT, NET	REFERENCES
783,293	144,778	638,515	698,881	
27,100	-	27,100	27,100	(1) (14)
29,400	-	29,400	29,400	(1)
77,925	-	77,925	77,925	(1)
21,700	-	21,700	21,700	(1) (15)
46,000	-	46,000	46,000	(1) (16)
41,000	-	41,000	41,000	(1)
14,300	-	14,300	-	(1)
18,900	-	18,900	-	(1)
55,000	-	55,000	-	(1)
1,114,618	144,778	969,840	942,006	
2,787	-	2,787	3,354	(6)
-	-	-	9,934	
-	-	-	13,131	
-	-	-	20,219	
-	-	-	24,537	
14,511	-	14,511	16,677	(6)
3,325	-	3,325	3,495	(6)
62,362	-	62,362	65,995	(17)
48,000	-	48,000	48,000	(7) (18)
130,985	-	130,985	205,342	
-	-	-	1,009	
-	-	-	254	
\$ 1,245,603	144,778	1,100,825	1,148,611	

CAPITAL FINANCING

Debt Fund—References to Schedule of Long-Term Debt

DECEMBER 31, 1992

- 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, 1994. Callable upon the imposition of withholding taxes at 101.50% reducing to 100% at 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 Redeemable at holder's option on October 24, 1995.
- 16 Redeemable at holder's option on May 8, 1996.
- 17 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.
- 18 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.

CAPITAL FINANCING

Schedule of Loans to Regional Districts 1992

THOUSANDS OF DOLLARS (EXCEPT PER CAPITA)

	PRINCIPAL OUTSTANDING DEC. 31, 1991	1992 NEW LOANS ISSUED	PRINCIPAL REPAID	PRINCIPAL OUTSTANDING DEC. 31, 1992	PER CAPITA
REGIONAL DISTRICTS					
Alberni-Clayoquot	\$ 7,440	—	577	6,863	220
Bulkley-Nechako	13,596	—	633	12,963	338
Capital	104,990	6,030	6,245	104,775	350
Cariboo	34,264	4,576	1,657	37,183	609
Central Coast	—	—	—	—	—
Central Fraser Valley	68,625	1,300	3,521	66,404	383
Central Kootenay	17,461	1,020	983	17,498	343
Central Okanagan	44,430	1,295	2,288	43,437	388
Columbia Shuswap	17,800	—	1,230	16,570	398
Comox-Strathcona	50,871	1,291	2,363	49,799	602
Cowichan Valley	20,771	650	1,265	20,156	333
Dewdney-Alouette	45,565	1,511	2,085	44,991	500
East Kootenay	54,978	—	2,617	52,361	1,000
Fort Nelson-Liard	5,869	—	273	5,596	1,111
Fraser-Cheam	17,054	—	520	16,534	241
Fraser-Fort George	54,312	321	2,784	51,849	571
Greater Vancouver	230,392	16,581	16,903	230,070	149
Kitimat-Stikine	15,813	—	1,252	14,561	346
Kootenay Boundary	11,211	—	961	10,250	329
Mount Waddington	4,700	—	283	4,417	318
Nanaimo	55,567	1,438	3,057	53,948	530
North Okanagan	28,010	4,878	1,548	31,340	508
Okanagan-Similkameen	24,499	—	1,372	23,127	347
Peace River	67,370	1,379	4,016	64,733	1,214
Powell River	7,588	—	415	7,173	388
Skeena-Queen Charlotte	24,211	1,533	1,281	24,463	1,029
Squamish-Lillooet	19,638	550	652	19,536	834
Sunshine Coast	6,970	—	400	6,570	316
Thompson-Nicola	65,799	5,845	5,222	66,422	636
OTHER					
District of Campbell River	2,722	—	101	2,621	124
Greater Nanaimo Water District	18,667	5,000	1,260	22,407	249
	\$ 1,141,183	55,198	67,764	1,128,617	344

CAPITAL FINANCING

Ten Year Review—Combined Funds

	1992	1991	1990	1989
ASSETS				
Cash	\$ 2,349	2,238	2,786	1,695
Accrued interest and other receivables	4,966	3,892	2,500	2,046
Investments	324,762	317,984	256,695	208,536
Demand notes receivable from Regional Districts	99,441	97,159	92,233	89,460
Loans to Regional Districts	1,128,617	1,141,183	1,113,342	1,119,256
Prepaid issue costs	9	—	—	—
Deferred receivables from Regional Districts	—	—	262	963
Unamortized issue and refunding costs	3,597	3,043	3,555	3,675
Sinking fund assets in excess of related debt	13,401	6,081	3,018	2,445
Total assets	\$ 1,577,142	1,571,580	1,474,391	1,428,076
LIABILITIES, RESERVES AND SURPLUS				
Accounts payable and unrepresented matured debt	\$ 534	241	210	269
Due to banks	—	—	—	—
Due to sinking and other funds	1,130	85	33	69
Due to Short Term Debt Fund	14,134	—	—	—
Due to Regional Districts	163,684	160,576	152,845	143,787
Long-term debt, net	1,100,825	1,148,611	1,109,133	1,116,978
Total liabilities	1,280,307	1,309,513	1,262,221	1,261,103
Reserves for information systems enhancement	83	83	152	152
Surplus	296,752	261,984	212,018	166,821
Total liabilities, reserves and surplus	\$ 1,577,142	1,571,580	1,474,391	1,428,076
REVENUE				
Prior year's surplus appropriated	\$ 183,820	147,397	113,770	88,035
Operating levy	110	108	193	242
Recoveries from new issues	150	119	109	105
Investment income (including sinking funds)	46,878	44,658	37,982	30,317
Interest from loans to Regional Districts	155,206	151,024	150,766	147,483
Recovery of deficiencies from Regional Districts	136	236	145	241
Other	350	1,108	809	1
Total revenue	386,650	344,650	303,774	266,424
EXPENDITURE				
Legislative	70	69	68	59
Administrative	837	592	558	572
Interest	142,953	138,682	137,041	134,259
Amortization of issue and refunding costs	1,723	513	546	529
Allocations to Regional Districts	13,695	7,020	6,273	5,671
Other	8,784	411	321	1,149
Total expenditure	168,062	147,287	144,807	142,239
Excess of revenue over expenditure for the year	218,588	197,363	158,967	124,185
Surplus, beginning of the year not appropriated to current revenue	78,164	64,621	53,051	42,636
Surplus, end of the year	\$ 296,752	261,984	212,018	166,821

THOUSANDS OF DOLLARS

1988	1987	1986	1985	1984	1983
1,508	2,386	2,881	3,186	3,658	1,749
1,745	1,276	1,768	1,627	1,724	1,951
168,518	137,428	139,133	100,630	91,736	70,597
86,321	85,140	82,611	80,243	77,863	71,867
1,114,879	1,124,501	1,127,662	1,122,746	1,127,416	1,074,500
—	—	—	—	—	—
1,605	2,183	14,122	19,318	21,573	21,573
4,194	3,918	3,099	2,066	1,100	1,312
974	—	—	—	—	—
1,379,744	1,356,832	1,371,276	1,329,816	1,325,070	1,243,549
287	690	1,945	2,256	2,507	2,697
—	—	—	1,455	4,939	4,615
1,621	3,200	3,993	6,363	464	564
—	—	—	—	—	—
134,702	125,206	115,338	112,320	108,430	97,805
1,112,311	1,126,765	1,158,670	1,138,934	1,153,524	1,095,181
1,248,921	1,255,861	1,279,946	1,261,328	1,269,864	1,200,862
152	102	115	92	66	109
130,671	100,869	91,215	68,396	55,140	42,578
1,379,744	1,356,832	1,371,276	1,329,816	1,325,070	1,243,549
67,423	65,515	36,579	30,371	25,045	20,607
245	253	360	361	351	350
95	87	86	82	190	65
24,487	22,132	19,851	17,474	15,268	11,510
147,359	144,410	144,234	144,557	137,420	121,061
4,279	7,130	3,237	489	735	201
753	1,903	2,014	1,173	2,199	1,906
244,641	241,430	206,361	194,507	181,208	155,700
45	48	47	53	57	48
530	466	477	473	467	352
137,174	137,521	140,009	146,027	138,879	121,681
471	540	353	403	213	213
8,980	9,379	5,707	3,605	3,903	2,675
216	18,307	370	319	82	63
147,416	166,261	146,963	150,880	143,601	125,032
97,225	75,169	59,398	43,627	37,607	30,668
33,446	25,700	31,817	24,769	17,533	11,910
130,671	100,869	91,215	68,396	55,140	42,578

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED \$(000)	OUTSTANDING DECEMBER 31, 1992 \$(000)	INTEREST
2	7.75% Serial Debentures due December 1, 1972-1996	December 1, 1971	1,259	168	Semi-annual June 1 December 1
3	7.75% Sinking Fund Debentures due March 1, 1997	March 1, 1972	2,575	2,575	Semi-annual March 1 September 1
6	8.125% Serial Debentures due June 1, 1984-1993	June 1, 1973	8,727	1,208	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	1,000	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	9.50% Sinking Fund Debentures due December 1, 1997	December 1, 1977	33,500	33,500	Semi-annual June 1 December 1
	9.50% Sinking Fund Debentures due December 1, 2002	"	7,000	7,000	"
23	9.625% Serial Debentures due November 15, 1989-1993	November 15, 1978	890	212	Semi-annual May 15 November 15
	9.95% Sinking Fund Debentures due November 15, 1998	"	30,000	30,000	"

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—\$1,000	Non-callable	1993—38 1994—40 1995—44 1996—46	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—\$1,000	Non-callable	Annual deposits 1983-1997	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—\$1,000	Non-callable	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	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 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
“	“	Annual deposits 1978-2002	“	
Coupon—\$1,000 Fully registered \$1,000 and multiples thereof. Exchangeable	Non-callable	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	“	

continued

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED \$(000)	OUTSTANDING DECEMBER 31, 1992 \$(000)	INTEREST
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	5,000	Semi-annual May 15 November 15
25	12.25% Sinking Fund Debentures due December 6, 1999	December 6, 1979	54,100	31,700	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
34	12% Bonds due November 22, 1993	December 15, 1983	58,000	58,000	Semi-annual May 22 November 22
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

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	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	1993-2,400 1994-2,600	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1
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	1993-3,200 1994-3,600 1995-3,900 1996-4,300 1997-4,900	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	1994-3,830 1995-4,170 1996-4,690 1997-5,270	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	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

continued

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED \$(000)	OUTSTANDING DECEMBER 31, 1992 \$(000)	INTEREST
CB	11% Debentures due December 12, 2005	December 12, 1985	15,500	15,500	Semi-annual June 12 December 12
CC	10.125% Debentures due October 23, 2006	October 23, 1986	26,000	26,000	Semi-annual April 23 October 23
CD	10% Debentures due July 30, 1997	July 30, 1987	90,000	90,000	Semi-annual January 30 July 30
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	2,740	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

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	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 Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1
Fully registered \$1,000 and multiples thereof	Callable at par on or after October 23, 2003	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1
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 Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1
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 Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1
Fully registered \$1,000 and multiples thereof	Non-callable	1993–1,570 1994–1,170	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
”	”	1995–1,280 1996–1,400 1997–1,590	”	Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1
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 Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1

continued

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED \$(000)	OUTSTANDING DECEMBER 31, 1992 \$(000)	INTEREST
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
CJ	11.625% Debentures due May 15, 2000	May 1, 1990	77,925	77,925	Semi-annual May 15 November 15
CK	11.20% Debentures due October 24, 2000	October 24, 1990	21,700	21,700	Semi-annual April 24 October 24
CL	9.875%/10.25% Debentures due May 8, 2006	May 8, 1991	46,000	46,000	Semi-annual May 8 November 8 9.875% to May 8, 1996, thereafter 10.25%
CM	9.50% Debentures due October 31, 1996	October 31, 1991	41,000	41,000	Semi-annual April 30 October 31

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	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 Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1
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 Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1
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 Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1
Fully registered \$1,000 and multiples thereof	Non-callable	None	Retractable at holder's option on October 24, 1995. Right may be exercised on July 24, 1995 and thereafter to September 22, 1995	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1
Fully registered \$1,000 and multiples thereof	Non-callable	None	Retractable at holder's option on May 8, 1996. Right may be exercised on February 8, 1996 and thereafter to April 8, 1996	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-800 Douglas St. Victoria, B.C. V8W 2B7 Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1

Continued

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED \$(000)	OUTSTANDING DECEMBER 31, 1992 \$(000)	INTEREST
52	7.25%-7.50% Serial Debentures due November 1, 1993-1994	February 20, 1992	47,500	33,200	Semi-annual May 1 November 1
CN	9.625% Debentures due May 13, 2002	May 13, 1992	55,000	55,000	Semi-annual May 13 November 13

Canadian Dollar Bonds Issued in Europe

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED \$(000)	OUTSTANDING DECEMBER 31, 1992 \$(000)	INTEREST
20	9% Bonds due June 1, 1985/1997	June 1, 1977	25,000	2,406	Annual June 1
33	11.75% Bonds due June 15, 1993	June 15, 1983	25,000	3,779	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	REGISTRAR AND TRANSFER AGENT
Fully registered \$1,000 and multiples thereof	Non-callable	1993–14,300 1994–18,900	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1
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 Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1

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 holder's option 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	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, 1992 U.S. \$(000)	INTEREST
1	8.375% Sinking Fund Debentures due October 1, 1996	October 1, 1971	20,000	2,787	Semi-annual April 1 October 1
22	9.25% Sinking Fund Debentures due June 1, 1998	June 1, 1978	29,363	14,511	Semi-annual June 1 December 1
	9.375% Sinking Fund Debentures due June 1, 2003	"	4,737	3,325	"
28	13.75% Sinking Fund Debentures due December 1, 2005	December 1, 1980	90,000	62,362	Semi-annual June 1 December 1

U.S. Dollar Bonds Issued in Europe

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED U.S. \$(000)	OUTSTANDING DECEMBER 31, 1992 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

America

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	1993-615 1994-666 1995-722 1996-784	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	1993-2,366 1994-2,476 1995-2,705 1996-2,119 1997-2,315	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
“	”	1993-185 1994-203 1995-222 1996-242 1997-266	
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	1993-4,134 1994-4,705 1995-5,354 1996-5,956 1997-6,778	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005

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 holder's option 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 INVESTMENTS

Auditors' Report 1992

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

We have audited the balance sheets of the Money Market Fund and Bond Fund of the Municipal Finance Authority of British Columbia and the combined balance sheet of these funds as at December 31, 1992, and the statements of operations and changes in net assets and the combined statements of operations and changes in net assets for these funds for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Money Market Fund and Bond Fund of the Municipal Finance Authority of British Columbia as at December 31, 1992 and the results of their operations and the changes in their net assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Reat Marwick Thorne

CHARTERED ACCOUNTANTS

*Victoria, British Columbia, Canada
January 29, 1993*

POOLED INVESTMENTS

Balance Sheets

DECEMBER 31, 1992—WITH COMPARATIVE FIGURES FOR 1991

THOUSANDS OF DOLLARS

	MONEY MARKET FUND		BOND FUND		COMBINED	
	1992	1991	1992	1991	1992	1991
ASSETS						
Cash	\$ 294	103	—	6,979	294	7,082
Investments (Note 2) (Schedules)	304,500	272,845	72,225	61,992	376,725	334,837
Accrued interest receivable	826	611	2,029	1,042	2,855	1,653
	<u>305,620</u>	<u>273,559</u>	<u>74,254</u>	<u>70,013</u>	<u>379,874</u>	<u>343,572</u>
LIABILITIES						
Accrued management fees	40	38	13	11	53	49
Unitholder payable	1	—	—	—	1	—
	<u>41</u>	<u>38</u>	<u>13</u>	<u>11</u>	<u>54</u>	<u>49</u>
Net assets	\$ 305,579	273,521	74,241	70,002	379,820	343,523
UNITHOLDERS' EQUITY (NOTE 1)						
Units outstanding, beginning of the year	\$ 273,521	130,292	70,002	33,355	343,523	163,647
Subscriptions	871,878	620,308	52,241	42,828	924,119	663,136
Distributions reinvested	23,290	21,948	5,879	7,301	29,169	29,249
Redemptions	(863,110)	(499,027)	(53,881)	(13,482)	(916,991)	(512,509)
	<u>\$ 305,579</u>	<u>273,521</u>	<u>74,241</u>	<u>70,002</u>	<u>379,820</u>	<u>343,523</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS


SECRETARY-TREASURER

POOLED INVESTMENTS

Statements of Operations

YEAR ENDED DECEMBER 31, 1992—WITH COMPARATIVE FIGURES FOR 1991 THOUSANDS OF DOLLARS

	MONEY MARKET FUND		BOND FUND		COMBINED	
	1992	1991	1992	1991	1992	1991
INVESTMENT INCOME						
Income—interest	\$ 26,171	22,127	6,155	3,448	32,326	25,575
Expense—management fees	560	360	149	82	709	442
Net investment income	25,611	21,767	6,006	3,366	31,617	25,133
REALIZED GAIN (LOSS) ON INVESTMENTS						
Proceeds from investments sold or matured	2,983,229	1,491,749	288,146	157,861	3,271,375	1,649,610
Investments at cost, beginning of the year	272,845	130,294	59,763	32,692	332,608	162,986
Cost of investments purchased	2,992,578	1,613,509	297,984	182,716	3,290,562	1,796,225
Accretion of discounts	24,627	20,610	522	357	25,149	20,967
Investments at cost, end of the year	(304,500)	(272,845)	(72,479)	(59,763)	(376,979)	(332,608)
Cost of investments sold or matured	2,985,550	1,491,568	285,790	156,002	3,271,340	1,647,570
Net realized gain (loss) on investments	(2,321)	181	2,356	1,859	35	2,040
UNREALIZED GAIN (LOSS) ON INVESTMENTS						
Appreciation, beginning of the year	—	—	2,229	153	2,229	153
Appreciation (depreciation), end of the year	—	—	(254)	2,229	(254)	2,229
Net unrealized gain (loss) on investments	—	—	(2,483)	2,076	(2,483)	2,076
Net gain (loss) on investments	(2,321)	181	(127)	3,935	(2,448)	4,116
NET CHANGE IN NET ASSETS FROM OPERATIONS	\$ 23,290	21,948	5,879	7,301	29,169	29,249

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

POOLED INVESTMENTS

Statements of Changes in Net Assets

YEAR ENDED DECEMBER 31, 1992—WITH COMPARATIVE FIGURES FOR 1991 THOUSANDS OF DOLLARS

	MONEY MARKET FUND		BOND FUND		COMBINED	
	1992	1991	1992	1991	1992	1991
NET ASSETS, beginning of the year	<u>\$ 273,521</u>	<u>130,292</u>	<u>70,002</u>	<u>33,355</u>	<u>343,523</u>	<u>163,647</u>
Changes during the year resulting from:						
Operations	23,290	21,948	5,879	7,301	29,169	29,249
Distributions to unitholders	(23,290)	(21,948)	(5,879)	(7,301)	(29,169)	(29,249)
Units, issue and redemption:						
Subscriptions	871,878	620,308	52,241	42,828	924,119	663,136
Distributions reinvested	23,290	21,948	5,879	7,301	29,169	29,249
Redemptions	(863,110)	(499,027)	(53,881)	(13,482)	(916,991)	(512,509)
Net change in net assets	<u>32,058</u>	<u>143,229</u>	<u>4,239</u>	<u>36,647</u>	<u>36,297</u>	<u>179,876</u>
NET ASSETS, end of the year	<u>\$ 305,579</u>	<u>273,521</u>	<u>74,241</u>	<u>70,002</u>	<u>379,820</u>	<u>343,523</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

POOLED INVESTMENTS

Notes to Financial Statements

DECEMBER 31, 1992

1

Organization

The Pooled Investment Funds are established and operate under Section 13.1 of the Municipal Finance Authority Act (the "Act"). Two funds are maintained:

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

In 1992, the Act was amended to extend the investment opportunity program to other public institutions (as defined) in the Province of British Columbia.

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 except that investments may be marked to market value at the discretion of the Board of Trustees of the Authority should the yield on the net assets of the fund vary by more than 100 basis points from the market yield on Government of Canada 91-day treasury bills.
- (b) Interest income is recognized as earned.
- (c) Management fees are accrued daily at the rate of $\frac{3}{20}$ of 1 percent per annum of the net assets of the fund and are paid monthly to the Operating Fund of the Authority.
- (d) Net change in net assets from operations is distributed to unitholders daily as additional units of the fund.

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 $\frac{1}{2}$ of 1 percent per annum of the net assets of the fund and are paid monthly to the Operating Fund of the Authority.
- (e) Net change in net assets from operations is distributed to unitholders weekly, and at month-end, as additional units of the fund.

POOLED INVESTMENTS

Money Market Fund—Schedule of Investments

DECEMBER 31, 1992

THOUSANDS OF DOLLARS

	MATURITY	PAR	COST	%
MONEY MARKET SECURITIES OF				
Government of Canada:				
Treasury bills	March 4, 1993	\$ 9,400	9,304	
Treasury bills	March 18, 1993	1,150	1,133	
Treasury bills	March 25, 1993	9,300	9,150	
Treasury bills	April 8, 1993	1,000	984	
Treasury bills	April 15, 1993	9,150	8,998	
Treasury bills	April 22, 1993	5,200	5,108	
Treasury bills	May 6, 1993	3,000	2,940	
Treasury bills	May 27, 1993	10,000	9,766	
Treasury bills	July 8, 1993	2,600	2,522	
Coupons	February 1, 1993	4,594	4,568	
Coupons	April 1, 1993	5,000	4,929	
Coupons	September 1, 1993	7,000	6,734	
Coupons	September 15, 1993	7,875	7,559	
		75,269	73,695	24.20
Provinces:				
Alberta	February 4, 1993	1,900	1,890	
British Columbia	April 14, 1993	8,000	7,866	
Ontario Hydro	January 8, 1993	1,087	1,086	
Ontario	March 15, 1993	5,000	4,924	
Quebec	January 7, 1993	5,800	5,793	
Quebec	May 7, 1993	1,523	1,491	
		23,310	23,050	7.57
Corporations—Financial:				
Avco Financial Services Limited	January 8, 1993	5,000	4,961	
Avco Financial Services Limited	January 28, 1993	2,370	2,376	
Avco Financial Services Limited	March 15, 1993	5,000	5,035	
Bank of Montreal	March 16, 1993	2,000	1,975	
Beneficial Canada Inc.	January 4, 1993	1,500	1,499	
Caisse Centrale Desjardins	January 6, 1993	10,000	9,988	
Canadian Imperial Bank of Commerce	January 25, 1993	5,000	4,978	
Canadian Imperial Bank of Commerce	March 11, 1993	10,800	10,677	
Ford Credit Canada Limited	January 5, 1993	2,500	2,497	
Ford Credit Canada Limited	January 19, 1993	5,000	4,979	
Ford Credit Canada Limited	January 28, 1993	5,000	4,966	
Ford Credit Canada Limited	May 11, 1993	1,000	1,010	
General Motors Acceptance Corporation of Canada Limited	January 13, 1993	7,000	6,983	
General Motors Acceptance Corporation of Canada Limited	February 18, 1993	8,000	7,916	
Household Financial Corporation	January 19, 1993	5,000	4,979	
Household Financial Corporation	February 4, 1993	5,000	4,965	
Montreal Trust Company	January 12, 1993	10,000	9,977	
	Carried forward	90,170	89,761	

continued

POOLED INVESTMENTS

Money Market Fund—Schedule of Investments

DECEMBER 31, 1992

THOUSANDS OF DOLLARS

	MATURITY	PAR	COST	%
Corporations—Financial: <i>Continued</i>				
	Brought forward	\$ 90,170	89,761	
National Trust Company	January 25, 1993	4,500	4,476	
National Trust Company	March 9, 1993	10,000	9,850	
Royal Bank of Canada	August 16, 1993	5,000	4,819	
Trustcan Realty Limited	July 7, 1993	5,000	5,092	
Woodbridge Financial Corporation	January 5, 1993	3,200	3,197	
		117,870	117,195	38.49
Corporations—Utilities:				
Bell Canada	February 2, 1993	9,400	9,348	
Bell Canada	February 15, 1993	11,000	10,888	
Gaz Metropolitan Inc.	January 29, 1993	7,600	7,550	
Gaz Metropolitan Inc.	February 1, 1993	5,000	4,967	
Union Gas Limited	January 14, 1993	2,000	1,992	
		35,000	34,745	11.41
Corporations—Other:				
B.C. Gas Inc.	January 5, 1993	9,000	8,991	
B.C. Gas Inc.	February 16, 1993	5,400	5,357	
Honda Canada Inc.	January 5, 1993	9,500	9,490	
Honda Canada Inc.	January 7, 1993	7,000	6,991	
Loblaw Companies Limited	January 11, 1993	1,700	1,696	
Pitney-Bowes of Canada Ltd.	January 5, 1993	2,200	2,195	
Pitney-Bowes of Canada Ltd.	January 22, 1993	12,000	11,943	
Top Gas Holdings Ltd.	January 7, 1993	5,000	4,992	
Top Gas Holdings Ltd.	February 2, 1993	500	497	
Top Gas Holdings Ltd.	February 23, 1993	3,700	3,663	
		56,000	55,815	18.33
		\$ 307,449	304,500	100.00

POOLED INVESTMENTS

Bond Fund–Schedule of Investments

DECEMBER 31, 1992

THOUSANDS OF DOLLARS

	MATURITY	PAR	MARKET	%
Government of Canada Bonds, Coupons and NHA Mortgage-backed Securities:				
0.000% Government of Canada	April 1, 1995	\$ 800	677	
10.750% Government of Canada	December 15, 1995	3,500	3,804	
10.250% Government of Canada	March 1, 1996	11,000	11,841	
9.250% Government of Canada	October 1, 1996	4,250	4,490	
10.750% Government of Canada	March 15, 1998	1,350	1,518	
10.000% NHA MBS–Pool #96401682	August 1, 1994	473	485	
10.625% NHA MBS–Pool #96402268	January 1, 1995	280	291	
11.250% NHA MBS–Pool #99001729	December 1, 1995	816	884	
7.750% NHA MBS–Pool #99003048	July 1, 1996	694	688	
7.750% NHA MBS–Pool #96405634	June 1, 1997	1,946	1,909	
		25,109	26,587	36.81
Provincial Government Bonds:				
10.625% Province of Alberta	February 14, 1996	1,250	1,332	
10.000% Province of British Columbia	June 3, 1996	500	526	
10.250% Province of New Brunswick	September 25, 1996	2,500	2,650	
10.500% Province of New Brunswick	November 23, 1998	300	323	
12.750% Nova Scotia Municipal Financing Corporation	September 7, 1998	200	236	
10.250% Province of Ontario	April 4, 1996	2,000	2,110	
10.000% Province of Ontario	September 30, 1996	2,975	3,130	
10.625% Province of Ontario	July 15, 1998	2,555	2,765	
9.250% Hydro-Quebec	July 31, 1996	1,000	1,015	
11.000% Hydro-Quebec	February 9, 1999	2,045	2,227	
		15,325	16,314	22.59
Corporate Notes–Financial:				
0.000% Canada Trust Mortgage Corporation	March 20, 1996	600	436	
12.250% Canadian Imperial Bank of Commerce	June 30, 1998	900	1,036	
9.400% Canadian Imperial Bank of Commerce	December 3, 2001	500	516	
11.850% Canadian Imperial Bank of Commerce	August 23, 2010	1,900	2,058	
10.200% Ford Credit Canada Limited	September 15, 1994	500	512	
10.250% Ford Credit Canada Limited	September 15, 1994	950	973	
9.050% Ford Credit Canada Limited	December 14, 1995	590	589	
9.500% IAC Limited	July 15, 1994	780	798	
10.700% Montreal Trust Company	November 15, 1994	900	916	
11.375% National Trust Company	February 8, 1993	365	366	
10.625% National Trust Company	June 21, 1993	500	504	
10.300% Royal Trust Corporation of Canada	July 7, 1993	300	301	
7.600% Scotia Mortgage Corporation	June 23, 1995	1,400	1,386	
9.300% Scotia Mortgage Corporation	March 18, 1997	500	518	
8.650% Scotia Mortgage Corporation	June 4, 1997	300	304	
9.100% Toronto Dominion Bank	May 15, 2002	1,900	1,955	
		12,885	13,168	18.23

Continued

POOLED INVESTMENTS

Bond Fund–Schedule of Investments

DECEMBER 31, 1992

THOUSANDS OF DOLLARS

	MATURITY		PAR	MARKET	%
Corporate Bonds and Coupons–Utilities:					
10.375% BCE Inc.	June 28, 1996	\$	3,500	3,713	
0.000% Bell Canada	November 15, 1996		750	550	
			4,250	4,263	5.90
Corporate Bonds, Coupons and Notes–Other:					
0.000% B.C. Gas Inc.	January 11, 1993		800	798	
10.350% Imasco Limited	June 13, 1994		500	519	
10.200% Imasco Limited	July 17, 1995		500	525	
11.850% Imasco Limited	February 15, 1996		250	274	
10.500% Imasco Limited	November 20, 1996		1,000	1,081	
0.000% Loblaw Companies Limited	May 23, 1995		747	615	
12.200% Maclean Hunter Limited	July 19, 1995		1,750	1,913	
0.000% Top Gas Holdings Ltd.	February 5, 1993		2,100	2,082	
9.250% TransCanada Pipelines Limited	October 20, 1996		500	516	
0.000% George Weston Limited	May 8, 1997		1,075	746	
0.000% Xerox Canada Inc.	January 13, 1993		100	100	
			9,322	9,169	12.70
Government of Canada:					
Treasury bills	January 7, 1993		600	599	
Treasury bills	January 14, 1993		200	199	
Treasury bills	January 21, 1993		100	99	
Treasury bills	January 28, 1993		450	448	
Treasury bills	February 18, 1993		200	198	
Treasury bills	March 4, 1993		100	99	
Treasury bills	March 11, 1993		500	493	
Treasury bills	March 18, 1993		100	98	
Treasury bills	April 8, 1993		250	246	
Treasury bills	May 6, 1993		250	245	
			2,750	2,724	3.77
		\$	69,641	72,225	100.00

POOLED INVESTMENTS

Participants 1992

REGIONAL DISTRICTS

Bulkley-Nechako
Cariboo
Central Kootenay
Central Okanagan
Columbia-Shuswap
Cowichan Valley
East Kootenay
Fort Nelson-Liard
Fraser-Fort George
Kitimat-Stikine
Kootenay Boundary
Mount Waddington
Nanaimo
North Okanagan
Okanagan-Similkameen
Peace River
Powell River
Skeena-Queen Charlotte
Squamish-Lillooet
Sunshine Coast

MUNICIPALITIES

Abbotsford
Armstrong
Burnaby
Burns Lake

Cache Creek
Campbell River
Castlegar
Central Saanich
Chase
Chetwynd
Chilliwack
Coldstream
Colwood
Comox
Coquitlam
Courtenay
Cranbrook
Creston
Cumberland
Duncan
Esquimalt
Fernie
Fort St. James
Fort St. John
Gibsons
Golden
Gold River
Granisle
Greenwood
Houston
Invermere
Kamloops

Kelowna
Kent
Kitimat
Ladysmith
Lake Cowichan
Langley
Lillooet
Lumby
Mackenzie
Maple Ridge
Matsqui
McBride
Merritt
Metchosin
Midway
Mission
Nakusp
Nanaimo
Nelson
New Hazelton
North Cowichan
North Saanich
Oliver
Parksville
Peachland
Pemberton
Penticton
Pitt Meadows

Port Alberni
Port Alice
Port Coquitlam
Port Hardy
Pouce Coupe
Powell River
Prince George
Prince Rupert
Princeton
Qualicum Beach
Quesnel
Richmond
Rossland
Saanich
Salmon Arm
Sayward
Sechelt
Sicamous
Sidney
Silverton
Smithers
Summerland
Surrey
Tahsis
Taylor
Terrace
Tumbler Ridge
Valemount

Vernon
Victoria
View Royal
West Vancouver
White Rock
Williams Lake

HOSPITALS

Chase Diagnostic & Treatment Centre
Chemainus Hospital
Lillooet District Hospital Society
Matsqui-Sumas-Abbotsford Hospital
Peace Lutheran Care Centre
Penticton Hospital Society
Shuswap Lake Health Care Society

REGIONAL HOSPITAL DISTRICTS

Alberni-Clayoquot
Bulkley-Nechako
Cariboo
East Kootenay
Fraser-Fort George
Nanaimo
Peace River
Sunshine Coast

SCHOOL DISTRICT

#50 (Queen Charlotte)

Investment Returns to December 31, 1992*

	MONEY MARKET FUND	BOND FUND
1 Month	0.54%	1.51%
3 Months	1.50%	1.77%
6 Months	2.93%	3.31%
1 Year	6.91%	9.03%
2 Years	8.45%	13.88%
3 Years	10.09%	13.11%
Since inception	10.53%	12.82%

* Represents historical total returns for the periods to December 31, 1992, including reinvestment of all distributions, as follows:

Up to 1 year—percentage change in value

Over 1 year—average annual compound rate of return

This data represents past performance and is not necessarily indicative of future performance. Investment returns will fluctuate.

INTERIM FINANCING

Auditors' Report 1992

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

We have audited the balance sheets of the Short Term Debt Fund of the Municipal Finance Authority of British Columbia as at December 31, 1992, and the statements of revenue, expenditure and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Short Term Debt Fund of the Municipal Finance Authority of British Columbia as at December 31, 1992 and the results of its operations and the changes in its net assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat Marwick Thorne

CHARTERED ACCOUNTANTS

*Victoria, British Columbia, Canada
January 29, 1993*

INTERIM FINANCING

Short Term Debt Fund Balance Sheet

DECEMBER 31, 1992—WITH COMPARATIVE FIGURES FOR 1991

THOUSANDS OF DOLLARS

	1992	1991
ASSETS		
Cash	\$ —	1
Notes receivable—including accrued interest (Note 3)	21,199	3,683
	<u>\$ 21,199</u>	<u>3,684</u>
LIABILITIES AND SURPLUS		
Bank loan payable—including accrued interest (Note 4)	\$ 20,817	3,195
Notes payable—including accrued interest	380	487
	<u>21,197</u>	<u>3,682</u>
Surplus, per accompanying statement	2	2
	<u>\$ 21,199</u>	<u>3,684</u>


Statement of Revenue, Expenditure and Surplus

YEAR ENDED DECEMBER 31, 1992—WITH COMPARATIVE FIGURES FOR 1991

THOUSANDS OF DOLLARS

	1992	1991
REVENUE		
Prior year's surplus appropriated	\$ 2	—
Interest	553	251
	<u>555</u>	<u>251</u>
EXPENDITURE		
Interest	538	246
Management fees (Note 5)	15	3
	<u>553</u>	<u>249</u>
Excess of revenue over expenditure for the year	\$ 2	2

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS


SECRETARY-TREASURER

INTERIM FINANCING

Short Term Debt Fund

Statement of Changes in Financial Position

YEAR ENDED DECEMBER 31, 1992—WITH COMPARATIVE FIGURES FOR 1991

THOUSANDS OF DOLLARS

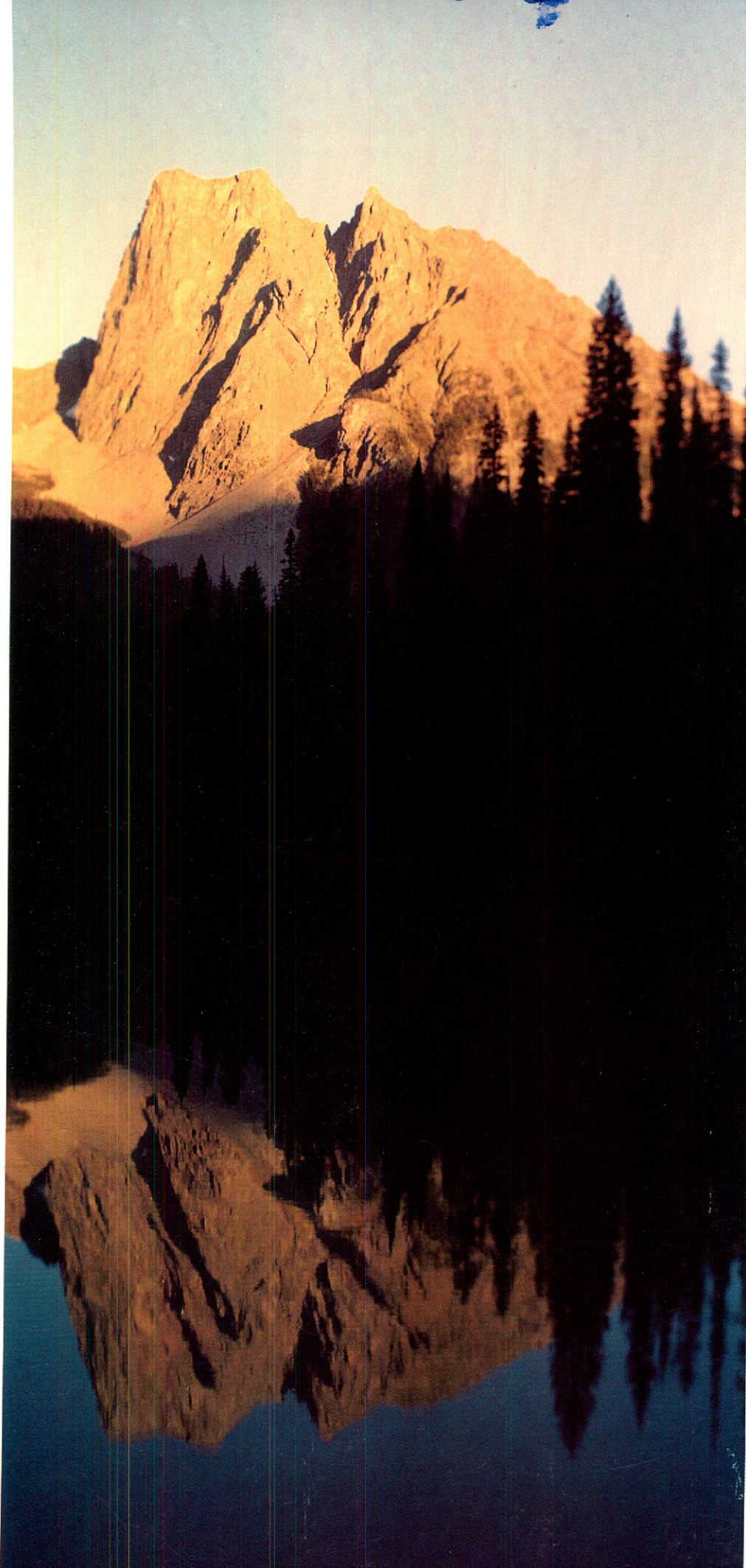
	1992	1991
OPERATING ACTIVITIES		
Excess of revenue over expenditure for the year	\$ 2	2
Prior year's surplus appropriated	(2)	—
(Increase) decrease in accrued interest receivable	2	(7)
Increase (decrease) in accrued interest payable	(2)	7
Cash provided by operating activities	—	2
FINANCING ACTIVITIES		
Increase in bank loan	17,622	3,195
Notes payable issued	—	175
Loans repaid	9,534	4,704
New loans issued	(27,052)	(7,980)
Notes payable retired	(105)	(95)
Cash applied to financing activities	(1)	(1)
Increase (decrease) in cash	(1)	1
Cash, beginning of the year	1	—
Cash, end of the year	\$ —	1

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

DECEMBER 31, 1992

1 Organization	The interim financing program was established in 1990 and operates under Section 9.1 of the Municipal Finance Authority Act (the "Act"). In 1992, the Act was amended to extend the interim financing program to other public institutions (as defined) in the Province of British Columbia.		
2 Significant accounting policies	A summary of significant accounting policies is as follows: (a) Interest income is recognized as earned, and (b) Interest payable is accrued on a daily basis.		
3 Notes receivable	The notes receivable relate to loans for the following purposes:		
		1992	1991
		THOUSANDS OF DOLLARS	
	Temporary financing of capital projects	\$ 4,763	2,520
	Short-term capital borrowing up to five years	2,302	1,163
	Bridge financing – Debt Fund	14,134	–
		\$ 21,199	3,683
4 Bank loan	The Authority has entered into an agreement under which the bank provides a revolving credit facility for the interim financing requirements subject to repayment within 30 days following demand by the bank.		
5 Management fees	The management fees are paid to the Operating Fund of the Authority.		



**Municipal
Finance
Authority
of
British Columbia**

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