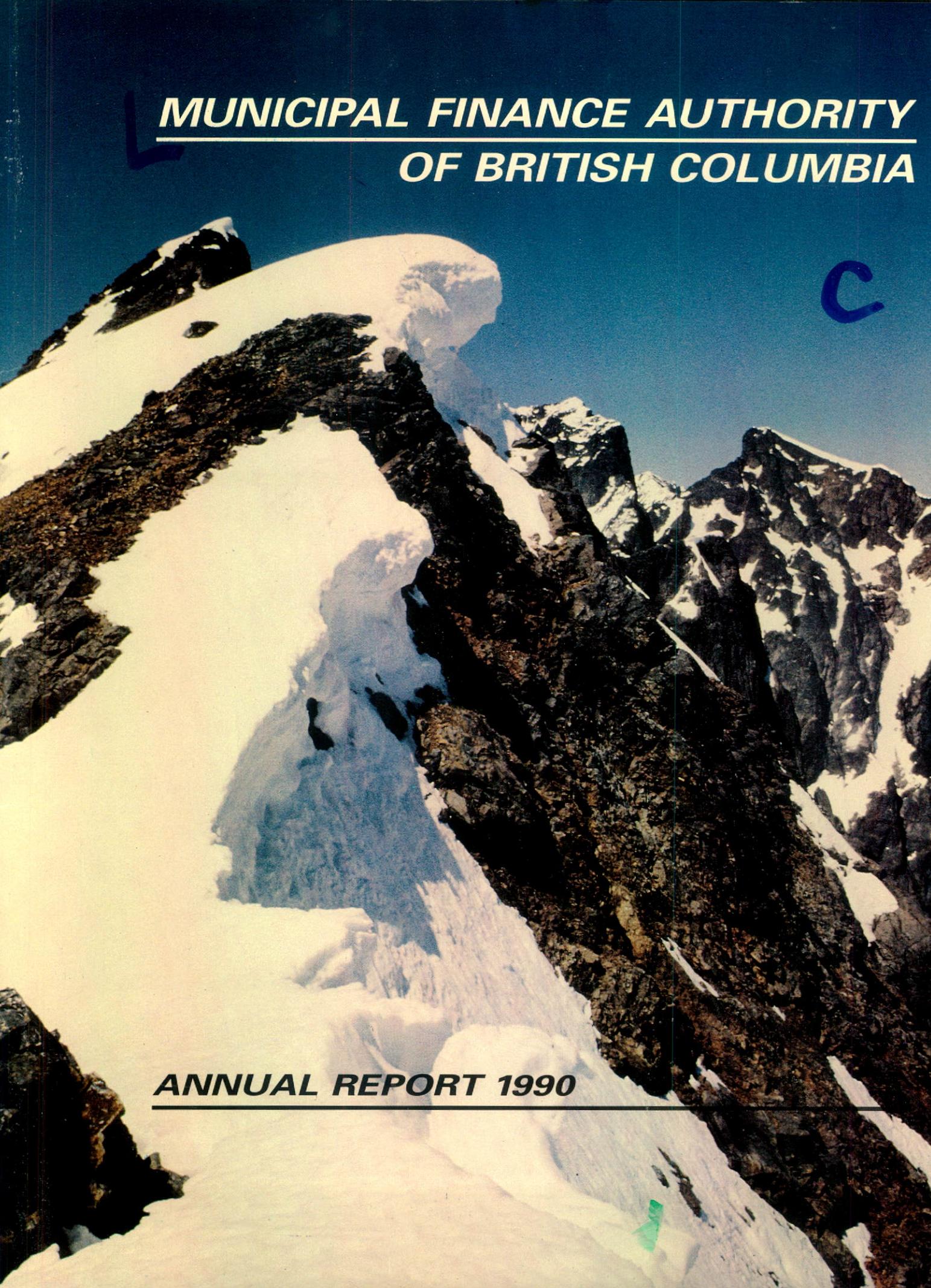


**MUNICIPAL FINANCE AUTHORITY**  
**OF BRITISH COLUMBIA**



**ANNUAL REPORT 1990**



# Municipal Finance Authority of British Columbia

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

*Annual Report*

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FRONT COVER

Hudson Bay Mountain *Courtesy Province of B.C.*

MCGILL LIBRARY



Pacific Rim National Park *Courtesy Province of B.C.*

# Financial Highlights

THOUSANDS OF DOLLARS

|                                                               | 1990             | 1989      |
|---------------------------------------------------------------|------------------|-----------|
| <b>CAPITAL FINANCING</b>                                      |                  |           |
| <b>AT DECEMBER 31:</b>                                        |                  |           |
| Total assets—combined funds                                   | <b>1,474,391</b> | 1,428,076 |
| Loans to Regional Districts outstanding                       | <b>1,113,342</b> | 1,119,256 |
| Long-term debt outstanding                                    | <b>1,229,249</b> | 1,220,688 |
| Sinking funds                                                 | <b>120,116</b>   | 103,710   |
| Long-term debt, net                                           | <b>1,109,133</b> | 1,116,978 |
| Debt Reserve Fund                                             | <b>152,845</b>   | 143,787   |
| Investments (including sinking funds)                         | <b>378,127</b>   | 313,303   |
| <b>IN THE YEARS ENDED DECEMBER 31:</b>                        |                  |           |
| New loans to Regional Districts                               | <b>49,633</b>    | 56,564    |
| Loan repayments from Regional Districts                       | <b>55,547</b>    | 52,187    |
| New debt issued                                               | <b>99,625</b>    | 56,500    |
| Debt retired                                                  | <b>91,064</b>    | 37,079    |
| Investments income                                            | <b>37,982</b>    | 30,317    |
| Interest paid                                                 | <b>137,041</b>   | 134,259   |
| <b>POOLED INVESTMENTS</b>                                     |                  |           |
| <b>AT DECEMBER 31 (1989—DECEMBER 29):</b>                     |                  |           |
| Money Market Fund—Net assets                                  | <b>130,292</b>   | 93,970    |
| Bond Fund—Net assets                                          | <b>33,355</b>    | 22,347    |
| <b>INTERIM FINANCING</b>                                      |                  |           |
| <b>AT DECEMBER 31:</b>                                        |                  |           |
| Loans to Regional Districts and<br>Municipalities outstanding | <b>400</b>       | N/A       |

# Members and Officers 1990

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



BLAIR



FOMICH



LASSER



MC FEE



SEALEY



SIMPSON

## BOARD OF TRUSTEES

R. D. Cumming, *Chairman*  
 W. A. Fomich  
 G. J. Blair  
 C. Lasser  
 G. E. McFee  
 N. L. Sealey  
 S. J. Simpson

## OFFICERS

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

## AUDITORS

Peat Marwick Thorne  
 Victoria, B.C.

## SOLICITORS: BOND COUNSEL

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

## SOLICITORS: GENERAL COUNSEL

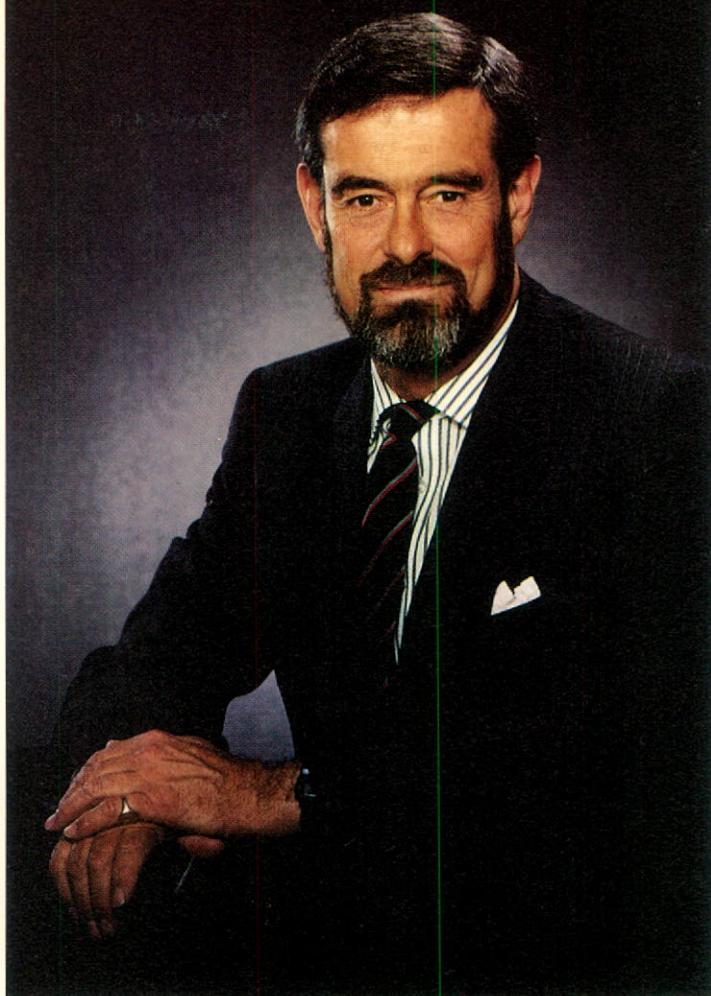
Cox, Taylor, Bryant  
 Victoria, B.C.

## **Chairman's Report 1990**

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

It is my distinct pleasure to submit the twentieth annual report of the Municipal Finance Authority of British Columbia on behalf of your board of trustees.

In British Columbia, the year 1990 continued with the prosperity of the previous year although by year's end there were signs of slower activity. Canada's firm policy of fighting inflation continues but rates drift lower. Our interest rate spread off the United States continues to narrow with little or no impact on the value of the Canadian dollar. Signs of malaise in the real estate market throughout eastern Canada and the United States are beginning to appear in British Columbia. This will have its gradual effect on recent assessment values although the declines are far more spectacular in the east.



CUMMING

Extensive trade and investment from Japan, Hong Kong and Korea appears to be cushioning the impact of the recession in British Columbia. On the whole, this province continues to move in the direction of a more diversified economy to the benefit of all British Columbians. Despite this optimistic note, we remain vitally interested in GATT discussions, Mexican free trade proposals, and any additional factors which might impair our ability to trade freely and manufacture competitively.

Municipalities and regional districts in British Columbia continue conservative financial policies, anticipating that they will finance only 26% of their next five-year capital budget requirements. Revenues and surpluses continue to grow—signs of mature

and stable financial management are reflected throughout the province. Aggressive, competitive attitudes relating to investment and borrowing are also typical of local government. In response to this we created an investment pool in May 1989. The use of this pool has steadily grown. At present the money market fund use is 34% higher year over year, and the bond fund is 50% higher. The money market and bond funds provide safety, liquidity and flexibility in a pleasing combination to municipalities and regional districts in British Columbia.

Following the success of the investment pool, we have created an interim borrowing pool which, for the first time, will allow us to handle financing requests of municipalities and regional districts for periods under five years. Perhaps the largest use of this interim borrowing pool will be in the category of borrowing in anticipation of annual tax collections. Slightly less will be required for interim financing of the capital projects which the Municipal Finance Authority eventually handles through their longer term debt issues. An important but smaller use of this interim borrowing facility will be for loans at fixed rates for periods of one to four years for capital assets with a short lifetime.

A logical progression for 1991/1992 could be the creation of a leasing pool which would enable municipalities and regional districts in British Columbia to obtain their leasing funds for office equipment, automotive stock, heavy equipment and even sewer and water plants from the Municipal Finance Authority. We will be working on that idea this year aware that certain private-sector capital cost allowances might usefully be taken into account in order to get the best possible lease rates for local government.

Our policy in creating any financial products for our members depends on these criteria:

1. It must save money for local government;
2. It must make money for the MFA which is then shared by the members;
3. The cost of each product must be supported by its user fees.

Financial products of this nature lessen our dependence on yearly tax levies for operating costs. It was only seven years ago that taxes formed 82% of our operating revenues; in 1990 they formed only 26%; in 1991 they will form 13%.

Since introduction, our investment pool and interim borrowing pool have caused healthy competitive pressure on financial institutions servicing local government. This spells success as far as your board is concerned. Whether our customers grow or we cause the end cost to fall through another combination of factors, there is no question that the combined local government financial presence is worth something. It is our task at the Authority to translate this worth into greater savings for all local government in this province while at the same time restrain the size of our staff which has stayed at five for the last seven years. We continue to handle new services with no growth in staff by contracting the additional work out to the private sector and by greater automation of our information systems.

New borrowing requirements of the Authority were met in the spring and fall. In the spring we raised \$77,925,000—11.625% debentures due May 15, 2000. In September we raised \$21,700,000—11.20% debentures due October 24, 2000 (retractable at the holder's option to October 24, 1995). This last issue was extremely well received and completely placed in two hours. We sold the issue at a spread of 21 basis points over Canada's, a rate which was the best issuing spread by any Canadian municipality or provincial government from September 19 to year end. Although some of the credit must go to the innovative structure of the financing the spread also illustrates the excellence of our credit.

During the year of 1990, we reviewed our Euro-Canadian syndicate; updating ourselves on the various roles that each firm plays in Europe and evaluating what part they might play in future. We continue to keep a watching brief on this matter. If we decide that conditions are better in Europe than in Canada for the issuance of Canadian denominated debt, we can instantly form a Euro syndicate in the most effective way possible.

Members will be interested to know that by the end of 1990 the MFA debt comprised 82.03% in Canadian funds, 17.77% in U.S. funds and 0.16% in Swiss francs and 0.04% in Deutschemarks. At December 31, 1990, long-term debt outstanding of the Authority was \$1.229 billion. During 1990, payments of principal and interest in excess of \$207 million were received from our regional districts and municipalities. At December 31, 1990, investments managed totalled \$378 million, broken down as follows:

|                                        |               |
|----------------------------------------|---------------|
| Debt Reserve Fund                      | \$59 million  |
| Sinking and other Debt Servicing Funds | \$319 million |
| Interest earnings in 1990 were         | \$38 million  |

The types of investment securities which may be held by the Municipal Finance Authority are regulated by our Act. At December 31, 1990, the Authority's portfolio consisted of \$79.5 million of securities of or guaranteed by the Government of Canada, \$166.9 million of securities of or guaranteed by provincial governments, \$53.2 million of securities of or guaranteed by Canadian chartered banks, \$26.5 million of securities of municipal governments in Canada and \$51.9 million of obligations of the Municipal Finance Authority.

It is noteworthy that a growing partnership continues to be developed between local government and this Authority. Heretofore we responded on a twice-yearly basis on the capital financing market. Since the opening of the investment pool and now the interim borrowing pool, our interaction is daily. Our policy of appearing at municipal officers' chapter meetings, and municipal association meetings will ensure that your feedback is available to us so we might serve you better. I am also aware that the help we get from the staff at the Ministry of Municipal Affairs, Recreation and Culture, and Finance and Corporate Relations is vital if we are to continue to serve you responsively.

I would like to acknowledge that we are losing two very valuable members from our board of trustees this year. One is Gil Blair, former Mayor of Richmond, and the other, Norma Sealey, former Mayor of Sidney. Both these members attended board of trustees' meetings regularly, and actively contributed in the development of new services.

Their support in our ongoing business of long-term capital financing is also acknowledged. I would like to recognize them both and thank them for their contribution. I think it is also important to recognize the other members of the board of trustees. We have included their pictures in the Annual Report and so I will not introduce them, but I would like to thank them all, particularly your acting chairman, Bill Fomich. The board's support during my second term as your chairman has been very valuable. As usual, our staff has played a strong role in the development of innovative ideas as well as the competent administration of these new concepts. In addition to achieving some very solid advancements in our drive to serve you, our members, better, we have continued to more than adequately fulfil our primary role of borrowing money on your behalf at the best possible rate.

I believe I speak for all your trustees and staff when I say it has been a memorable and enjoyable year.



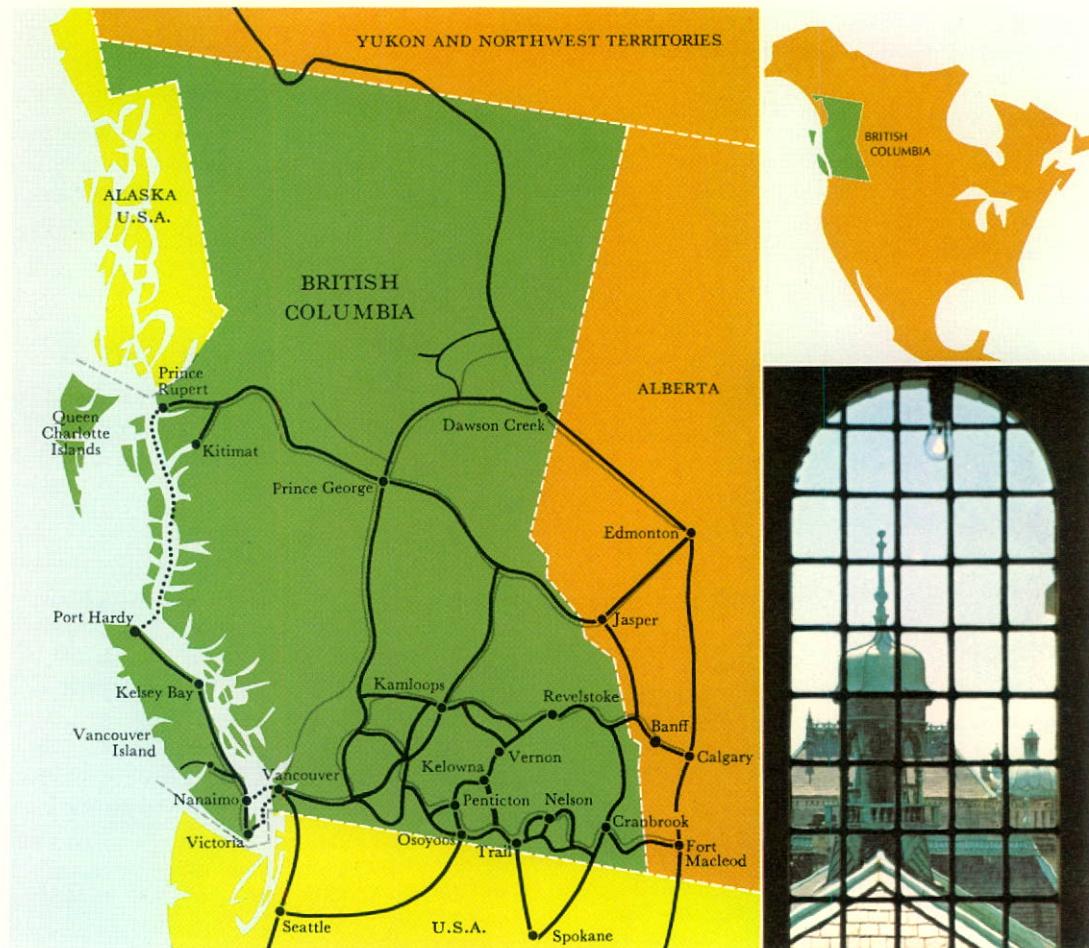
R. Dan Cumming, *Chairman*



O'Hara Lake and Mt. O'Daray *Courtesy Province of B.C.*

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

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



# 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.

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

#### **PARTICIPATION**

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

#### **INVESTMENT ACTIVITIES**

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

## **INTERIM FINANCING**

#### **ORGANIZATION**

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

The Short Term Debt Fund was established and commenced operations on December 31, 1990.

#### **PARTICIPATION**

Participation in the interim financing program by the regional districts and municipalities 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 under section 342 or 815 of the Municipal Act,
- (b) financing of short term debts of a capital nature under section 344 or 813 of the Municipal Act, and
- (c) borrowing in anticipation of tax revenues under section 346 or 812.1 of the Municipal Act.



Long Beach Sunset *Courtesy Province of B.C.*

# CAPITAL FINANCING

## Auditors' Report 1990

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, 1990, 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 the Authority as at December 31, 1990, and the results of its operations and the changes in its 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  
February 1, 1991

# CAPITAL FINANCING

## Balance Sheets

DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989

|                                                                   | OPERATING FUND |      | DEBT FUND |           |
|-------------------------------------------------------------------|----------------|------|-----------|-----------|
|                                                                   | 1990           | 1989 | 1990      | 1989      |
| <b>ASSETS</b>                                                     |                |      |           |           |
| Cash                                                              | \$ 303         | 266  | 141       | 166       |
| Due from Operating Fund                                           | —              | —    | —         | —         |
| Due from Capital Repayment Equalization Fund                      | —              | —    | 53,610    | 43,759    |
| Accrued interest and other                                        | 36             | 30   | —         | —         |
| Investments (Note 3)                                              | —              | —    | —         | —         |
| Demand notes receivable from Regional Districts, without interest | —              | —    | —         | —         |
| Loans to Regional Districts (Note 4)                              | —              | —    | 1,113,342 | 1,119,256 |
| Deferred receivables from Regional Districts (Note 5)             | —              | —    | 262       | 963       |
| Unamortized issue and refunding costs                             | —              | —    | 3,555     | 3,675     |
| Sinking fund assets in excess of related debt                     | —              | —    | 3,018     | 2,445     |
|                                                                   | \$ 339         | 296  | 1,173,928 | 1,170,264 |
| <b>LIABILITIES, RESERVES AND SURPLUS</b>                          |                |      |           |           |
| Liabilities:                                                      |                |      |           |           |
| Accounts payable and unpresented matured debt                     | \$ 63          | 54   | 141       | 166       |
| Due to Debt Fund                                                  | —              | —    | —         | —         |
| Due to Market Development Fund                                    | 16             | 42   | —         | —         |
| Due to sinking and other funds (Note 6)                           | —              | —    | 33        | 69        |
| Due to Regional Districts (Note 7)                                | —              | —    | —         | —         |
| Long-term debt, net (Notes 8, 9 and 10) (Schedule)                | —              | —    | 1,109,133 | 1,116,978 |
| Total liabilities                                                 | 79             | 96   | 1,109,307 | 1,117,213 |
| Reserves for information systems enhancement                      | 152            | 152  | —         | —         |
| Surplus, per accompanying statement (Note 11)                     | 108            | 48   | 64,621    | 53,051    |
|                                                                   | \$ 339         | 296  | 1,173,928 | 1,170,264 |
| Commitments (Note 12)                                             |                |      |           |           |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THOUSANDS OF DOLLARS

| CAPITAL REPAYMENT<br>EQUALIZATION FUND |                | DEBT RESERVE FUND |                | MARKET<br>DEVELOPMENT FUND |           | COMBINED         |                  |
|----------------------------------------|----------------|-------------------|----------------|----------------------------|-----------|------------------|------------------|
| 1990                                   | 1989           | 1990              | 1989           | 1990                       | 1989      | 1990             | 1989             |
| 1,599                                  | 983            | 743               | 280            | —                          | —         | 2,786            | 1,695            |
| —                                      | —              | —                 | —              | 16                         | 42        | —                | —                |
| —                                      | —              | —                 | —              | —                          | —         | —                | —                |
| 1,727                                  | 1,294          | 737               | 722            | —                          | —         | 2,500            | 2,046            |
| 197,557                                | 155,162        | 59,138            | 53,374         | —                          | —         | 256,695          | 208,536          |
| —                                      | —              | 92,233            | 89,460         | —                          | —         | 92,233           | 89,460           |
| —                                      | —              | —                 | —              | —                          | —         | 1,113,342        | 1,119,256        |
| —                                      | —              | —                 | —              | —                          | —         | 262              | 963              |
| —                                      | —              | —                 | —              | —                          | —         | 3,555            | 3,675            |
| —                                      | —              | —                 | —              | —                          | —         | 3,018            | 2,445            |
| <b>200,883</b>                         | <b>157,439</b> | <b>152,851</b>    | <b>143,836</b> | <b>16</b>                  | <b>42</b> | <b>1,474,391</b> | <b>1,428,076</b> |
| —                                      | —              | 6                 | 49             | —                          | —         | 210              | 269              |
| 53,610                                 | 43,759         | —                 | —              | —                          | —         | —                | —                |
| —                                      | —              | —                 | —              | —                          | —         | —                | —                |
| —                                      | —              | —                 | —              | —                          | —         | 33               | 69               |
| —                                      | —              | 152,845           | 143,787        | —                          | —         | 152,845          | 143,787          |
| —                                      | —              | —                 | —              | —                          | —         | 1,109,133        | 1,116,978        |
| 53,610                                 | 43,759         | 152,851           | 143,836        | —                          | —         | 1,262,221        | 1,261,103        |
| —                                      | —              | —                 | —              | —                          | —         | 152              | 152              |
| 147,273                                | 113,680        | —                 | —              | 16                         | 42        | 212,018          | 166,821          |
| <b>200,883</b>                         | <b>157,439</b> | <b>152,851</b>    | <b>143,836</b> | <b>16</b>                  | <b>42</b> | <b>1,474,391</b> | <b>1,428,076</b> |



Craven

SECRETARY-TREASURER

# CAPITAL FINANCING

## Statements of Revenue, Expenditure and Surplus

YEAR ENDED DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989

|                                                    | OPERATING FUND |            | DEBT FUND      |                |
|----------------------------------------------------|----------------|------------|----------------|----------------|
|                                                    | 1990           | 1989       | 1990           | 1989           |
| <b>REVENUE</b>                                     |                |            |                |                |
| Prior year's surplus appropriated                  | \$ 48          | 68         | —              | —              |
| Operating levy                                     | 193            | 242        | —              | —              |
| Recoveries from new issues                         | 109            | 105        | —              | —              |
| Management fees                                    | 373            | 263        | —              | —              |
| Investments income                                 | 34             | 25         | 12,872         | 11,105         |
| Interest from loans to Regional Districts          | —              | —          | 2,035          | 2,723          |
| Principal from loans to Regional Districts         | —              | —          | —              | —              |
| Recovery of deficiencies from Regional Districts   | —              | —          | —              | —              |
| Transfers from Operating Fund                      | —              | —          | —              | —              |
| Transfers from Capital Repayment Equalization Fund | —              | —          | 134,472        | 131,551        |
| Transfers from Debt Reserve Fund                   | —              | —          | 121            | 30             |
| Other                                              | 2              | 1          | —              | —              |
| Total revenue                                      | <u>759</u>     | <u>704</u> | <u>149,500</u> | <u>145,409</u> |
| <b>EXPENDITURE</b>                                 |                |            |                |                |
| Legislative                                        | 68             | 59         | —              | —              |
| Administrative                                     | 558            | 572        | —              | —              |
| Transfers to Debt Fund—capital                     | —              | —          | —              | —              |
| Transfers to Debt Fund—revenue                     | —              | —          | —              | —              |
| Transfers to Market Development Fund               | 25             | 25         | —              | —              |
| Interest                                           | —              | —          | 137,041        | 134,259        |
| Amortization of issue and refunding costs          | —              | —          | 546            | 529            |
| Management fees                                    | —              | —          | 109            | 93             |
| Allocations to Regional Districts                  | —              | —          | —              | —              |
| Other                                              | —              | —          | 234            | 113            |
| Total expenditure                                  | <u>651</u>     | <u>656</u> | <u>137,930</u> | <u>134,994</u> |
| Excess of revenue over expenditure for the year    | <u>108</u>     | <u>48</u>  | <u>11,570</u>  | <u>10,415</u>  |
| Surplus, beginning of the year                     | —              | —          | 53,051         | 42,636         |
| not appropriated to current revenue                | —              | —          | —              | —              |
| Surplus, end of the year                           | <u>\$ 108</u>  | <u>48</u>  | <u>64,621</u>  | <u>53,051</u>  |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THOUSANDS OF DOLLARS

| CAPITAL REPAYMENT<br>EQUALIZATION FUND |         | DEBT RESERVE FUND |       | MARKET<br>DEVELOPMENT FUND |      | COMBINED |         |
|----------------------------------------|---------|-------------------|-------|----------------------------|------|----------|---------|
| 1990                                   | 1989    | 1990              | 1989  | 1990                       | 1989 | 1990     | 1989    |
| 113,680                                | 87,919  | —                 | —     | 42                         | 48   | 113,770  | 88,035  |
| —                                      | —       | —                 | —     | —                          | —    | 193      | 242     |
| —                                      | —       | —                 | —     | —                          | —    | 109      | 105     |
| —                                      | —       | —                 | —     | —                          | —    | 50       | 1       |
| 18,775                                 | 13,708  | 6,301             | 5,479 | —                          | —    | 37,982   | 30,317  |
| 148,731                                | 144,760 | —                 | —     | —                          | —    | 150,766  | 147,483 |
| 54,564                                 | 50,605  | —                 | —     | —                          | —    | —        | —       |
| —                                      | —       | 145               | 241   | —                          | —    | 145      | 241     |
| —                                      | —       | —                 | —     | 25                         | 25   | —        | —       |
| —                                      | —       | —                 | —     | —                          | —    | —        | —       |
| —                                      | —       | —                 | —     | —                          | —    | —        | —       |
| 757                                    | —       | —                 | —     | —                          | —    | 759      | 1       |
| 336,507                                | 296,992 | 6,446             | 5,720 | 67                         | 73   | 303,774  | 266,425 |
| —                                      | —       | —                 | —     | —                          | —    | 68       | 59      |
| —                                      | —       | —                 | —     | —                          | —    | 558      | 572     |
| 54,564                                 | 50,605  | 114               | 114   | —                          | —    | —        | —       |
| 134,472                                | 131,551 | 121               | 30    | —                          | —    | —        | —       |
| —                                      | —       | —                 | —     | —                          | —    | —        | —       |
| —                                      | —       | —                 | —     | —                          | —    | 137,041  | 134,259 |
| —                                      | —       | —                 | —     | —                          | —    | 546      | 529     |
| 159                                    | 120     | 55                | 49    | —                          | —    | —        | —       |
| 39                                     | 49      | 6,120             | 5,508 | —                          | —    | 6,273    | 5,671   |
| —                                      | 987     | 36                | 19    | 51                         | 31   | 321      | 1,150   |
| 189,234                                | 183,312 | 6,446             | 5,720 | 51                         | 31   | 144,807  | 142,240 |
| 147,273                                | 113,680 | —                 | —     | 16                         | 42   | 158,967  | 124,185 |
| —                                      | —       | —                 | —     | —                          | —    | 53,051   | 42,636  |
| 147,273                                | 113,680 | —                 | —     | 16                         | 42   | 212,018  | 166,821 |

# CAPITAL FINANCING

## Statements of Changes in Financial Position

YEAR ENDED DECEMBER 31, 1990— WITH COMPARATIVE FIGURES FOR 1989

|                                                                      | OPERATING FUND |             | DEBT FUND       |                 |
|----------------------------------------------------------------------|----------------|-------------|-----------------|-----------------|
|                                                                      | 1990           | 1989        | 1990            | 1989            |
| <b>OPERATING ACTIVITIES</b>                                          |                |             |                 |                 |
| Excess of revenue over expenditure for the year                      | \$ 108         | 48          | 11,570          | 10,415          |
| Non-cash items:                                                      |                |             |                 |                 |
| Prior year's surplus appropriated                                    | (48)           | (68)        | —               | —               |
| Gain on disposals of investments                                     | —              | —           | —               | (60)            |
| Accretion of discounts on investments                                | —              | —           | (6,463)         | (5,304)         |
| Amortization of issue and refunding costs                            | —              | —           | 546             | 529             |
| Allocations to Regional Districts                                    | —              | —           | —               | —               |
| Changes in interfund balances                                        | (26)           | (6)         | (546)           | (517)           |
| Increase in accrued interest and other receivables                   | (6)            | (16)        | —               | —               |
| Increase (decrease) in accounts payable                              | 9              | 2           | (25)            | (65)            |
| Cash provided by (applied to) operating activities                   | <u>37</u>      | <u>(40)</u> | <u>5,082</u>    | <u>4,998</u>    |
| <b>FINANCING ACTIVITIES</b>                                          |                |             |                 |                 |
| New debt issued                                                      | —              | —           | 99,625          | 56,500          |
| Loan repayments from Regional Districts                              | —              | —           | 55,547          | 52,187          |
| Decrease in deferred receivables from Regional Districts             | —              | —           | 701             | 642             |
| New loans to Regional Districts                                      | —              | —           | (49,633)        | (56,564)        |
| Debt retired                                                         | —              | —           | (91,064)        | (37,079)        |
| Increase in unamortized issue and refunding costs                    | —              | —           | (427)           | (10)            |
| Decrease in loans from sinking and other funds                       | —              | —           | (35)            | (1,552)         |
| Changes in interfund balances                                        | —              | —           | (9,305)         | (8,309)         |
| Contributions from Regional Districts re new loans                   | —              | —           | —               | —               |
| Contributions and earnings thereon<br>refunded to Regional Districts | —              | —           | —               | —               |
| Cash provided by financing activities                                | <u>—</u>       | <u>—</u>    | <u>5,409</u>    | <u>5,815</u>    |
| <b>INVESTING ACTIVITIES</b>                                          |                |             |                 |                 |
| Investments sold or matured                                          | —              | —           | 12,691          | 8,496           |
| Investments purchased                                                | —              | —           | (22,893)        | (19,425)        |
| Other                                                                | —              | —           | (314)           | 68              |
| Cash applied to investing activities                                 | <u>—</u>       | <u>—</u>    | <u>(10,516)</u> | <u>(10,861)</u> |
| Increase (decrease) in cash                                          | <u>37</u>      | <u>(40)</u> | <u>(25)</u>     | <u>(48)</u>     |
| Cash, beginning of the year                                          | <u>266</u>     | <u>306</u>  | <u>166</u>      | <u>214</u>      |
| Cash, end of the year                                                | <u>\$ 303</u>  | <u>266</u>  | <u>141</u>      | <u>166</u>      |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THOUSANDS OF DOLLARS

| CAPITAL REPAYMENT<br>EQUALIZATION FUND |               | DEBT RESERVE FUND |              | MARKET<br>DEVELOPMENT FUND |          | COMBINED      |               |
|----------------------------------------|---------------|-------------------|--------------|----------------------------|----------|---------------|---------------|
| 1990                                   | 1989          | 1990              | 1989         | 1990                       | 1989     | 1990          | 1989          |
| 147,273                                | 113,680       | —                 | —            | 16                         | 42       | 158,967       | 124,185       |
| (113,680)                              | (87,919)      | —                 | —            | (42)                       | (48)     | (113,770)     | (88,035)      |
| —                                      | (35)          | (152)             | —            | —                          | —        | (152)         | (95)          |
| (9,274)                                | (7,108)       | (1,997)           | (1,977)      | —                          | —        | (17,734)      | (14,389)      |
| —                                      | —             | —                 | —            | —                          | —        | 546           | 529           |
| —                                      | —             | 6,120             | 5,508        | —                          | —        | 6,120         | 5,508         |
| 546                                    | 517           | —                 | —            | 26                         | 6        | —             | —             |
| (433)                                  | (218)         | (15)              | (67)         | —                          | —        | (454)         | (301)         |
| —                                      | —             | (43)              | 45           | —                          | —        | (59)          | (18)          |
| <b>24,432</b>                          | <b>18,917</b> | <b>3,913</b>      | <b>3,509</b> | <b>—</b>                   | <b>—</b> | <b>33,464</b> | <b>27,384</b> |
| —                                      | —             | —                 | —            | —                          | —        | 99,625        | 56,500        |
| —                                      | —             | —                 | —            | —                          | —        | 55,547        | 52,187        |
| —                                      | —             | —                 | —            | —                          | —        | 701           | 642           |
| —                                      | —             | —                 | —            | —                          | —        | (49,633)      | (56,564)      |
| —                                      | —             | —                 | —            | —                          | —        | (91,064)      | (37,079)      |
| —                                      | —             | —                 | —            | —                          | —        | (427)         | (10)          |
| —                                      | —             | —                 | —            | —                          | —        | (35)          | (1,552)       |
| <b>9,305</b>                           | <b>8,309</b>  | <b>—</b>          | <b>—</b>     | <b>—</b>                   | <b>—</b> | <b>—</b>      | <b>—</b>      |
| —                                      | —             | 496               | 566          | —                          | —        | 496           | 566           |
| —                                      | —             | (331)             | (128)        | —                          | —        | (331)         | (128)         |
| <b>9,305</b>                           | <b>8,309</b>  | <b>165</b>        | <b>438</b>   | <b>—</b>                   | <b>—</b> | <b>14,879</b> | <b>14,562</b> |
| 312,666                                | 172,305       | 17,389            | 18,136       | —                          | —        | 342,746       | 198,937       |
| (345,787)                              | (199,323)     | (21,004)          | (22,016)     | —                          | —        | (389,684)     | (240,764)     |
| —                                      | —             | —                 | —            | —                          | —        | (314)         | 68            |
| (33,121)                               | (27,018)      | (3,615)           | (3,880)      | —                          | —        | (47,252)      | (41,759)      |
| 616                                    | 208           | 463               | 67           | —                          | —        | 1,091         | 187           |
| 983                                    | 775           | 280               | 213          | —                          | —        | 1,695         | 1,508         |
| <b>1,599</b>                           | <b>983</b>    | <b>743</b>        | <b>280</b>   | <b>—</b>                   | <b>—</b> | <b>2,786</b>  | <b>1,695</b>  |

# CAPITAL FINANCING

## Notes to Financial Statements—All Funds

DECEMBER 31, 1990

### 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 and distinct 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 on December 31, 1990 and is also reported as another division of the Authority.

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

#### OPERATING FUND

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

The operating fund receives management fees from the pooled investment funds and the Short Term Debt Fund and pays the costs of their operation.

#### DEBT FUND

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

#### CAPITAL REPAYMENT EQUALIZATION FUND

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

#### DEBT RESERVE FUND

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

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

#### MARKET DEVELOPMENT FUND

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

### 2 Significant accounting policies

#### PRIOR YEAR'S SURPLUS

A summary of significant accounting policies is as follows:

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

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.

#### INCOME RECOGNITION

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

#### OFFICE FURNITURE, FIXTURES AND EQUIPMENT

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.

#### INTEREST ACCRUALS

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

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

**INVESTMENTS**

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

**SINKING FUNDS**

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

**3****Investments**

|                                                    | <b>1990</b> |            | <b>1989</b> |
|----------------------------------------------------|-------------|------------|-------------|
|                                                    | Par value   | Book value | Book value  |
| THOUSANDS OF DOLLARS                               |             |            |             |
| <b>CAPITAL REPAYMENT EQUALIZATION FUND</b>         |             |            |             |
| Securities of:                                     |             |            |             |
| Government of Canada,<br>direct or guaranteed      | \$ 43,498   | 33,559     | 28,735      |
| Provincial governments,<br>direct or guaranteed    | 110,716     | 92,292     | 70,462      |
| Chartered banks,<br>direct or guaranteed           | 40,554      | 40,350     | 31,255      |
| Credit Unions in the Province                      | —           | —          | 2,875       |
| Regional Districts and<br>Municipalities in Canada | 19,126      | 19,008     | 15,206      |
| The Authority                                      | 12,671      | 12,348     | 6,629       |
|                                                    | <hr/>       | <hr/>      | <hr/>       |
|                                                    | \$ 226,565  | 197,557    | 155,162     |

**DEBT RESERVE FUND**

|                                                 |           |        |        |
|-------------------------------------------------|-----------|--------|--------|
| Securities of:                                  |           |        |        |
| Government of Canada,<br>direct or guaranteed   | \$ 14,140 | 12,844 | 13,925 |
| Provincial governments,<br>direct or guaranteed | 40,617    | 37,477 | 32,653 |
| Chartered banks,<br>direct or guaranteed        | 8,855     | 8,817  | 6,796  |
|                                                 | <hr/>     | <hr/>  | <hr/>  |
|                                                 | \$ 63,612 | 59,138 | 53,374 |

**4**  
**Loans to  
regional districts**

Loans to regional districts include \$216,200,914 (1989—\$234,282,219) denominated in U.S. dollars.

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

At the exchange rates prevailing at December 31, 1990, the scheduled payments under the agreements with the regional districts in respect of the securities payable in Swiss francs and Deutschemarks will not provide sufficient funds to meet the Authority's related obligations when due. Such deficiencies may be met from the Debt Reserve Fund (see Note 7).

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:

|      | <b>1990</b>          | <b>1989</b> |
|------|----------------------|-------------|
|      | THOUSANDS OF DOLLARS |             |
| 1990 | \$ 55,796            |             |
| 1991 | 58,690               | 57,252      |
| 1992 | 59,225               | 57,787      |
| 1993 | 60,447               | 59,009      |
| 1994 | 60,721               | 59,283      |
| 1995 | 62,820               |             |

## 5 Deferred receivables from regional districts

The deferred receivables from regional districts represent accumulated unrealized exchange losses which relate to the debt payable in Swiss francs. Amounts, in excess of the principal repayments per the loan agreements, recovered from the regional districts and applied to reduce the Swiss franc debt are credited to the deferred receivables from regional districts account. During 1990, \$700,915 was credited to this account.

## 6 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 and the Short Term Debt Fund totalling \$433,481 (1989—\$68,218) together with accrued interest of \$684 (1989—\$1,118) were outstanding at December 31, 1990. 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.

## 7 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 1990, a deficiency of \$235,630 (1989—\$144,745) in the amount of funds available to meet the principal and interest payments on the Deutschemark loan has been met by a transfer from the Debt Reserve Fund. Such deficiency is recovered in the following year from the participating regional districts under the terms of their loan agreements.

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

## 8 Long-term debt

The aggregate long-term debt maturities and sinking fund requirements in each of the next five years are as follows (including the debt payable in European currencies at the exchange rates prevailing at December 31, 1990 and provision for early redemptions at the option of the bondholder):

|      | <b>1990</b>          | <b>1989</b> |
|------|----------------------|-------------|
|      | THOUSANDS OF DOLLARS |             |
| 1990 | \$ 98,720            |             |
| 1991 | 44,060               | 43,990      |
| 1992 | 74,738               | 74,486      |
| 1993 | 134,277              | 134,277     |
| 1994 | 65,589               | 65,589      |
| 1995 | 60,027               |             |

Certain securities issues are subject to specific annual redemptions for sinking fund purposes. By purchasing the securities at discount in the open market in anticipation of the sinking fund requirements, the Authority has, to December 31, 1990, retired \$6,584,000 (1989—\$8,709,000) of such debt in advance of the scheduled redemptions for sinking fund purposes.

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

**9****Foreign currencies**

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

|                       |      | <b>1990</b>        | <b>1989</b> |
|-----------------------|------|--------------------|-------------|
| United States dollars | US\$ | <b>218,419,000</b> | 232,792,000 |
| Swiss francs          | SFr  | 2,072,500          | 3,029,879   |
| Deutschmarks          | DM   | <b>1,650,000</b>   | 2,475,000   |

No exchange gains or losses accrue to the Authority in respect of the debt payable in U.S. dollars since the related loans to the regional districts are denominated in U.S. dollars and the loan agreements provide for repayment to the Authority in U.S. dollars. In the case of other long-term debt denominated in European currencies, the Authority is not at exchange risk (see Note 2).

**10****Sinking funds**

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

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

|                                                                          |                   | <b>1990</b>    | <b>1989</b>    |            |
|--------------------------------------------------------------------------|-------------------|----------------|----------------|------------|
|                                                                          |                   | Par value      | Book value     | Book value |
| THOUSANDS OF DOLLARS                                                     |                   |                |                |            |
| Securities of:                                                           |                   |                |                |            |
| Government of Canada,<br>direct or guaranteed                            | \$                | <b>45,496</b>  | 33,154         | 30,191     |
| Provincial governments,<br>direct or guaranteed                          |                   | <b>44,789</b>  | 37,119         | 28,578     |
| Chartered banks,<br>direct or guaranteed                                 |                   | <b>4,281</b>   | 4,063          | 4,311      |
| Regional Districts and<br>Municipalities in Canada                       |                   | <b>7,691</b>   | 7,523          | 6,619      |
| The Authority                                                            |                   | <b>44,902</b>  | 39,573         | 35,068     |
|                                                                          | <b>\$ 147,159</b> | <b>121,432</b> |                | 104,767    |
| Cash                                                                     |                   |                | 677            | 527        |
| Accrued interest and other                                               |                   |                | <b>1,025</b>   | 861        |
| Total assets                                                             |                   |                | <b>123,134</b> | 106,155    |
| Less: Assets in excess of<br>the related debt                            |                   |                | <b>3,018</b>   | 2,445      |
|                                                                          |                   |                | <b>120,116</b> | 103,710    |
| Accumulated actuarial requirements for<br>retirement of the related debt |                   |                | <b>78,509</b>  | 69,156     |
| Excess of assets over<br>accumulated actuarial requirements              | \$                | <b>41,607</b>  |                | 34,554     |

**11****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.

**12****Commitments**

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

|           |    | <b>Premises</b> | <b>Equipment</b> | <b>Total</b> |
|-----------|----|-----------------|------------------|--------------|
| 1991      | \$ | 41,615          | 7,722            | 49,337       |
| 1992      |    | 46,371          | 7,722            | 54,093       |
| 1993      |    | 46,371          | 7,722            | 54,093       |
| 1994      |    | 46,371          | 7,722            | 54,093       |
| 1995-1996 |    | 77,285          | 5,370            | 82,655       |

# CAPITAL FINANCING

## Debt Fund—Schedule of Long-Term Debt

DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989

| ISSUE/<br>SERIES                    | YEAR OF<br>ISSUE | MATURITY DATE          | INTEREST RATE<br>PERCENT | ORIGINAL<br>AMOUNT |
|-------------------------------------|------------------|------------------------|--------------------------|--------------------|
| <b>PAYABLE IN CANADIAN DOLLARS:</b> |                  |                        |                          |                    |
| 2                                   | 1971             | December 1, 1991-1996  | 7.750                    | \$ 1,259           |
| 3                                   | 1972             | March 1, 1992          | 7.750                    | 1,675              |
|                                     |                  | March 1, 1997          | 7.750                    | 2,575              |
| 6                                   | 1973             | June 1, 1991-1993      | 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, 1991-1994 | 10.750                   | 5,000              |
| 16                                  | 1975             | September 2, 1995      | 10.750                   | 5,000              |
| 20                                  | 1977             | June 1, 1991/1997      | 9.000                    | 25,000             |
|                                     |                  | June 1, 1997           | 9.875                    | 20,000             |
| 21                                  | 1977             | December 1, 1991-1992  | 9.250                    | 961                |
|                                     |                  | December 1, 1997       | 9.500                    | 33,500             |
|                                     |                  | December 1, 2002       | 9.500                    | 7,000              |
| 23                                  | 1978             | November 15, 1991-1993 | 9.625                    | 890                |
|                                     |                  | November 15, 1998      | 9.950                    | 30,000             |
| A23                                 | 1978             | November 15, 1998      | 9.950                    | 6,735              |
|                                     |                  | November 15, 2003      | 10.000                   | 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          | 11.750                   | 25,000             |
|                                     |                  | June 15, 2003          | 12.375                   | 63,300             |
| 34                                  | 1983             | November 22, 1993      | 12.000                   | 58,000             |
|                                     |                  | November 22, 1993      | 12.125                   | 21,000             |
| 35                                  | 1984             | May 15, 1990           | 12.625                   | 60,300             |
| 36                                  | 1984             | December 5, 2004       | 13.000                   | 30,500             |
| CA                                  | 1985             | June 12, 2005          | 12.000                   | 21,800             |
| CB                                  | 1985             | December 12, 2005      | 11.000                   | 15,500             |
| A29                                 | 1986             | April 29, 2001         | 14.000                   | 91,362             |
| EB                                  | 1986             | June 2, 2001           | 9.375                    | 65,500             |
| 40                                  | 1986             | October 23, 1990       | 9.500                    | 1,120              |
|                                     |                  | October 23, 1991       | 9.500                    | 1,120              |
| CC                                  | 1986             | October 23, 2006       | 10.125                   | 26,000             |
| A24                                 | 1987             | May 15, 1990           | 8.250                    | 1,800              |
|                                     |                  | May 15, 1991           | 8.500                    | 2,000              |
|                                     |                  | May 15, 1992           | 8.500                    | 2,200              |
|                                     |                  | May 15, 1993           | 8.750                    | 2,400              |
|                                     |                  | May 15, 1994           | 8.750                    | 2,600              |
| 42                                  | 1987             | July 30, 1990          | 9.500                    | 4,200              |
|                                     |                  | July 30, 1991          | 9.500                    | 4,500              |
|                                     |                  | July 30, 1992          | 9.500                    | 5,000              |
| CD                                  | 1987             | July 30, 1997          | 10.000                   | 90,000             |

Carried forward

## Schedule

THOUSANDS OF DOLLARS

| DECEMBER 31, 1990                     |                      | DECEMBER 31, 1989                     |                                                           |
|---------------------------------------|----------------------|---------------------------------------|-----------------------------------------------------------|
| OUTSTANDING                           | SINKING FUNDS        | LONG-TERM DEBT, NET                   | LONG-TERM DEBT, NET                                       |
|                                       |                      |                                       | REFERENCES                                                |
| 300                                   | —                    | 300                                   | 390 (1)                                                   |
| 1,675<br>2,575                        | 1,675<br>1,672       | —<br>903                              | 219 (1) (2)<br>1,270 (1) (2)                              |
| 3,361                                 | —                    | 3,361                                 | 4,317 (1)                                                 |
| 6,462                                 | 6,462                | —                                     | — (1) (2)                                                 |
| 6,800                                 | 6,800                | —                                     | — (1) (2)                                                 |
| 2,000                                 | —                    | 2,000                                 | 2,500 (1)                                                 |
| 5,000                                 | 2,549                | 2,451                                 | 3,075 (1) (2)                                             |
| 3,265<br>20,000                       | —<br>19,463          | 3,265<br>537                          | 3,265 (3)<br>3,278 (1) (2)                                |
| 435<br>33,500<br>7,000                | —<br>29,797<br>4,314 | 435<br>3,703<br>2,686                 | 626 (1)<br>7,804 (1) (2)<br>3,280 (1) (2)                 |
| 582<br>30,000                         | —<br>23,660          | 582<br>6,340                          | 743 (1)<br>9,728 (1) (2)                                  |
| 6,735<br>3,265                        | 5,312<br>1,784       | 1,423<br>1,481                        | 2,184 (1) (2)<br>1,736 (1) (2)                            |
| 37,000                                | —                    | 37,000                                | 39,300 (4)                                                |
| 11,133                                | 5,016                | 6,117                                 | 6,854 (2) (5)                                             |
| 10,282<br>63,300                      | —<br>—               | 10,282<br>63,300                      | 13,039 (6) (7)<br>63,300 (6)                              |
| 58,000<br>21,000                      | —<br>—               | 58,000<br>21,000                      | 58,000 (1)<br>21,000 (8)                                  |
| —                                     | —                    | —                                     | 60,298                                                    |
| 30,500                                | 7,306                | 23,194                                | 24,757 (2) (9)                                            |
| 21,800                                | 4,306                | 17,494                                | 18,550 (2) (10)                                           |
| 15,500                                | —                    | 15,500                                | 15,500 (11)                                               |
| 91,362                                | —                    | 91,362                                | 91,362 (1)                                                |
| 65,500                                | —                    | 65,500                                | 65,500 (7)                                                |
| 1,120<br>26,000                       | —<br>—               | 1,120<br>26,000                       | 1,120 (1)<br>26,000 (12)                                  |
| —<br>2,000<br>2,200<br>2,400<br>2,600 | —<br>—<br>—<br>—     | —<br>2,000<br>2,200<br>2,400<br>2,600 | 1,800<br>2,000 (1)<br>2,200 (1)<br>2,400 (1)<br>2,600 (1) |
| —<br>4,500<br>5,000<br>90,000         | —<br>—<br>—          | —<br>4,500<br>5,000<br>90,000         | 4,200<br>4,500 (1)<br>5,000 (1)<br>90,000 (1)             |
| 694,152                               | 120,116              | 574,036                               | 664,815                                                   |

*continued*

# CAPITAL FINANCING

## Debt Fund—Schedule of Long-Term Debt

DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989

| ISSUE/<br>SERIES                               | YEAR OF<br>ISSUE | MATURITY DATE                                  | INTEREST RATE<br>PERCENT | ORIGINAL<br>AMOUNT |
|------------------------------------------------|------------------|------------------------------------------------|--------------------------|--------------------|
|                                                |                  |                                                | Brought forward          | \$                 |
| <b>PAYABLE IN CANADIAN DOLLARS, CONTINUED:</b> |                  |                                                |                          |                    |
| 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, 1991-1994<br>October 27, 1995-1998 | 10.500<br>10.750         | 7,630<br>14,148    |
| 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             |
| <b>PAYABLE IN UNITED STATES DOLLARS:</b>       |                  |                                                |                          |                    |
| 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<br>June 1, 2003                   | 9.250<br>9.375           | 29,363<br>4,737    |
| 28                                             | 1980             | December 1, 2005                               | 13.750                   | 90,000             |
| EA                                             | 1985             | October 28, 2000/2005                          | 11.250                   | 50,000             |
| <b>PAYABLE IN SWISS FRANCS:</b>                |                  |                                                |                          |                    |
| A5                                             | 1987             | November 16, 1991-1992                         | 5.400                    | 4,556              |
| <b>PAYABLE IN DEUTSCHEMARKS:</b>               |                  |                                                |                          |                    |
| 4                                              | 1972             | October 1, 1991-1992                           | 6.750                    | 4,618              |

## Schedule

THOUSANDS OF DOLLARS

| DECEMBER 31, 1990   |                | DECEMBER 31, 1989   |                     |
|---------------------|----------------|---------------------|---------------------|
| OUTSTANDING         | SINKING FUNDS  | LONG-TERM DEBT, NET | LONG-TERM DEBT, NET |
|                     |                | REFERENCES          |                     |
| 694,152             | 120,116        | 574,036             | 664,815             |
| 33,000              | —              | 33,000              | 33,000 (1)          |
| 17,500              | —              | 17,500              | 17,500 (1) (13)     |
| 88,000              | —              | 88,000              | 88,000 (1)          |
| 5,430               | —              | 5,430               | 6,585 (1)           |
| 14,148              | —              | 14,148              | 14,148 (1)          |
| 27,100              | —              | 27,100              | 27,100 (1) (14)     |
| 29,400              | —              | 29,400              | 29,400 (1)          |
| 77,925              | —              | 77,925              | — (1)               |
| 21,700              | —              | 21,700              | — (1) (15)          |
| 1,008,355           | 120,116        | 888,239             | 880,548             |
| 4,495               | —              | 4,495               | 6,035 (6)           |
| 11,485              | —              | 11,485              | 13,478 (16)         |
| 15,421              | —              | 15,421              | 17,683 (17)         |
| 20,219              | —              | 20,219              | 21,231 (18)         |
| 27,301              | —              | 27,301              | 29,959 (19)         |
| 18,660              | —              | 18,660              | 19,982 (6)          |
| 3,650               | —              | 3,650               | 3,791 (6)           |
| 69,188              | —              | 69,188              | 72,633 (20)         |
| 48,000              | —              | 48,000              | 48,000 (7) (21)     |
| 218,419             | —              | 218,419             | 232,792             |
| 1,967               | —              | 1,967               | 2,876               |
| 508                 | —              | 508                 | 762 (22)            |
| <b>\$ 1,229,249</b> | <b>120,116</b> | <b>1,109,133</b>    | <b>1,116,978</b>    |

# CAPITAL FINANCING

## Debt Fund—References to Schedule of Long-Term Debt

DECEMBER 31, 1990

- 1 Non-callable prior to maturity.
- 2 The sinking fund has been calculated to provide for retirement of the issue at maturity.
- 3 Redeemable at holder's option on June 1, 1991 or 1994. Callable upon the imposition of withholding taxes at 101.50% reducing to 100% 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 Callable on January 15, 1991 and thereafter at any time at 103.50% reducing to 100% on or after January 16, 1999.
- 17 Callable on November 1, 1991 and thereafter at any time at 103.25% reducing to 100% on or after November 2, 1998.
- 18 Non-callable prior to May 1, 1991 except for sinking fund purposes. Callable on May 1, 1991 and thereafter at any time at 102.75% reducing to 100% on or after May 2, 1999.
- 19 Non-callable prior to October 15, 1991 except for sinking fund purposes. Callable on October 15, 1991 and thereafter at any time at 102.75% reducing to 100% on or after October 16, 1999.
- 20 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.
- 21 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.
- 22 Callable on October 1, 1991 at 100.25%. Callable, also, upon the imposition of withholding taxes at 100%.

# CAPITAL FINANCING

## Schedule of Loans to Regional Districts 1990

THOUSANDS OF DOLLARS (EXCEPT PER CAPITA)

|                                           | PRINCIPAL<br>OUTSTANDING<br>DEC. 31, 1989 | 1990                | PRINCIPAL<br>REPAID                       | PRINCIPAL<br>OUTSTANDING<br>DEC. 31, 1990 | PER<br>CAPITA |
|-------------------------------------------|-------------------------------------------|---------------------|-------------------------------------------|-------------------------------------------|---------------|
| PRINCIPAL<br>OUTSTANDING<br>DEC. 31, 1989 | NEW LOANS<br>ISSUED                       | PRINCIPAL<br>REPAID | PRINCIPAL<br>OUTSTANDING<br>DEC. 31, 1990 | PER<br>CAPITA                             |               |
| <b>REGIONAL DISTRICTS</b>                 |                                           |                     |                                           |                                           |               |
| Alberni-Clayoquot                         | \$ 6,856                                  | —                   | 477                                       | 6,379                                     | 210           |
| Bulkley-Nechako                           | 13,112                                    | 585                 | 559                                       | 13,138                                    | 351           |
| Capital                                   | 101,836                                   | 6,900               | 4,916                                     | 103,820                                   | 391           |
| Cariboo                                   | 35,764                                    | 1,305               | 1,456                                     | 35,613                                    | 589           |
| Central Coast                             | —                                         | —                   | —                                         | —                                         | —             |
| Central Fraser Valley                     | 67,175                                    | 900                 | 2,944                                     | 65,131                                    | 476           |
| Central Kootenay                          | 16,327                                    | 1,516               | 844                                       | 16,999                                    | 346           |
| Central Okanagan                          | 41,518                                    | 4,785               | 1,929                                     | 44,374                                    | 495           |
| Columbia-Shuswap                          | 19,145                                    | —                   | 965                                       | 18,180                                    | 453           |
| Comox-Strathcona                          | 47,478                                    | 3,088               | 2,092                                     | 48,474                                    | 681           |
| Cowichan Valley                           | 21,660                                    | 87                  | 1,131                                     | 20,616                                    | 392           |
| Dewdney-Alouette                          | 46,141                                    | 3,033               | 1,658                                     | 47,516                                    | 684           |
| East Kootenay                             | 59,386                                    | 521                 | 2,486                                     | 57,421                                    | 1,082         |
| Fort Nelson-Liard                         | 6,290                                     | —                   | 295                                       | 5,995                                     | 1,167         |
| Fraser-Cheam                              | 16,172                                    | —                   | 502                                       | 15,670                                    | 270           |
| Fraser-Fort George                        | 57,030                                    | 1,703               | 2,714                                     | 56,019                                    | 627           |
| Greater Vancouver                         | 209,820                                   | 5,694               | 12,590                                    | 202,924                                   | 160           |
| Kitimat-Stikine                           | 16,218                                    | 246                 | 832                                       | 15,632                                    | 396           |
| Kootenay Boundary                         | 13,081                                    | 40                  | 944                                       | 12,177                                    | 401           |
| Mount Waddington                          | 5,093                                     | 31                  | 293                                       | 4,831                                     | 323           |
| Nanaimo                                   | 56,569                                    | 4,747               | 2,728                                     | 58,588                                    | 713           |
| North Okanagan                            | 27,615                                    | 580                 | 1,322                                     | 26,873                                    | 488           |
| Okanagan-Similkameen                      | 25,180                                    | 1,270               | 1,235                                     | 25,215                                    | 427           |
| Peace River                               | 70,469                                    | 2,623               | 4,005                                     | 69,087                                    | 1,329         |
| Powell River                              | 6,471                                     | 1,900               | 383                                       | 7,988                                     | 435           |
| Skeena-Queen Charlotte                    | 22,634                                    | 1,800               | 1,086                                     | 23,348                                    | 1,012         |
| Squamish-Lillooet                         | 17,686                                    | —                   | 615                                       | 17,071                                    | 865           |
| Sunshine Coast                            | 7,344                                     | 282                 | 340                                       | 7,286                                     | 435           |
| Thompson-Nicola                           | 61,782                                    | 5,997               | 3,484                                     | 64,295                                    | 653           |
| <b>OTHER</b>                              |                                           |                     |                                           |                                           |               |
| District of Campbell River                | 2,946                                     | —                   | 110                                       | 2,836                                     | 167           |
| Greater Nanaimo Water District            | 20,458                                    | —                   | 612                                       | 19,846                                    | 274           |
|                                           | \$ 1,119,256                              | 49,633              | 55,547                                    | 1,113,342                                 | 386           |

# CAPITAL FINANCING

## Eight Year Review—Combined Funds

|                                                                    | 1990         | 1989      | 1988      |
|--------------------------------------------------------------------|--------------|-----------|-----------|
| <b>ASSETS</b>                                                      |              |           |           |
| Cash                                                               | \$ 2,786     | 1,695     | 1,508     |
| Accrued interest and other receivables                             | 2,500        | 2,046     | 1,745     |
| Investments                                                        | 256,695      | 208,536   | 168,518   |
| Demand notes receivable from Regional Districts                    | 92,233       | 89,460    | 86,321    |
| Loans to Regional Districts                                        | 1,113,342    | 1,119,256 | 1,114,879 |
| Deferred receivables from Regional Districts                       | 262          | 963       | 1,605     |
| Unamortized issue and refunding costs                              | 3,555        | 3,675     | 4,194     |
| Sinking fund assets in excess of related debt                      | 3,018        | 2,445     | 974       |
| Total assets                                                       | \$ 1,474,391 | 1,428,076 | 1,379,744 |
| <b>LIABILITIES, RESERVES AND SURPLUS</b>                           |              |           |           |
| Accounts payable and unpresented matured debt                      | \$ 210       | 269       | 287       |
| Due to banks                                                       | —            | —         | —         |
| Due to sinking and other funds                                     | 33           | 69        | 1,621     |
| Due to Regional Districts                                          | 152,845      | 143,787   | 134,702   |
| Long-term debt, net                                                | 1,109,133    | 1,116,978 | 1,112,311 |
| Total liabilities                                                  | 1,262,221    | 1,261,103 | 1,248,921 |
| Reserves for information systems enhancement                       | 152          | 152       | 152       |
| Surplus                                                            | 212,018      | 166,821   | 130,671   |
| Total liabilities, reserves and surplus                            | \$ 1,474,391 | 1,428,076 | 1,379,744 |
| <b>REVENUE</b>                                                     |              |           |           |
| Prior year's surplus appropriated                                  | \$ 113,770   | 88,035    | 67,423    |
| Operating levy                                                     | 193          | 242       | 245       |
| Recoveries from new issues                                         | 109          | 105       | 95        |
| Investment income (including sinking funds)                        | 37,982       | 30,317    | 24,487    |
| Interest from loans to Regional Districts                          | 150,766      | 147,483   | 147,359   |
| Recovery of deficiencies from Regional Districts                   | 145          | 241       | 4,279     |
| Other                                                              | 809          | 1         | 753       |
| Total revenue                                                      | 303,774      | 266,424   | 244,641   |
| <b>EXPENDITURE</b>                                                 |              |           |           |
| Legislative                                                        | 68           | 59        | 45        |
| Administrative                                                     | 558          | 572       | 530       |
| Interest                                                           | 137,041      | 134,259   | 137,174   |
| Amortization of issue and refunding costs                          | 546          | 529       | 471       |
| Allocations to Regional Districts                                  | 6,273        | 5,671     | 8,980     |
| Other                                                              | 321          | 1,149     | 216       |
| Total expenditure                                                  | 144,807      | 142,239   | 147,416   |
| Excess of revenue over expenditure for the year                    | 158,967      | 124,185   | 97,225    |
| Surplus, beginning of the year not appropriated to current revenue | 53,051       | 42,636    | 33,446    |
| Surplus, end of the year                                           | \$ 212,018   | 166,821   | 130,671   |

THOUSANDS OF DOLLARS

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

# Canadian Dollar Bonds Issued in Canada

| ISSUE/<br>SERIES | DESCRIPTION                                                   | DATED             | AUTHORIZED<br>\$(000) | OUTSTANDING<br>DECEMBER 31, 1990<br>\$(000) | INTEREST                              |
|------------------|---------------------------------------------------------------|-------------------|-----------------------|---------------------------------------------|---------------------------------------|
| 2                | 7.75% Serial<br>Debentures due<br>December 1, 1972-1996       | December 1, 1971  | 1,259                 | 300                                         | Semi-annual<br>June 1<br>December 1   |
| 3                | 7.75% Sinking Fund<br>Debentures due<br>March 1, 1992         | March 1, 1972     | 1,675                 | 1,675                                       | Semi-annual<br>March 1<br>September 1 |
|                  | 7.75% Sinking Fund<br>Debentures due<br>March 1, 1997         | "                 | 2,575                 | 2,575                                       | "                                     |
| 6                | 8.125% Serial<br>Debentures due<br>June 1, 1984-1993          | June 1, 1973      | 8,727                 | 3,361                                       | Semi-annual<br>June 1<br>December 1   |
| 7                | 9% Sinking Fund<br>Debentures due<br>March 1, 1994            | March 1, 1974     | 6,462                 | 6,462                                       | Semi-annual<br>March 1<br>September 1 |
| 9                | 9% Sinking Fund<br>Debenture due<br>April 16, 1994            | April 16, 1974    | 6,800                 | 6,800                                       | Semi-annual<br>April 16<br>October 16 |
| 11               | 10.75% Instalment<br>Debentures due<br>September 3, 1985-1994 | September 3, 1974 | 5,000                 | 2,000                                       | Semi-annual<br>March 3<br>September 3 |
| 16               | 10.75% Sinking Fund<br>Debentures due<br>September 2, 1995    | September 2, 1975 | 5,000                 | 5,000                                       | Semi-annual<br>March 2<br>September 2 |
| 20               | 9.875% Sinking Fund<br>Debentures due<br>June 1, 1997         | June 15, 1977     | 20,000                | 20,000                                      | Semi-annual<br>June 1<br>December 1   |
| 21               | 9.25% Serial<br>Debentures due<br>December 1, 1988-1992       | December 1, 1977  | 961                   | 435                                         | Semi-annual<br>June 1<br>December 1   |
|                  | 9.50% Sinking Fund<br>Debentures due<br>December 1, 1997      | "                 | 33,500                | 33,500                                      | "                                     |
|                  | 9.50% Sinking Fund<br>Debentures due<br>December 1, 2002      | "                 | 7,000                 | 7,000                                       | "                                     |

| DENOMINATIONS                                                                                                             | CALL         | SINKING FUND<br>OR MATURITIES<br>NEXT 5 YEARS \$(000) | RETRACTION<br>OR<br>EXTENSION | REGISTRAR<br>AND<br>TRANSFER AGENT                                                               |
|---------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------|-------------------------------|--------------------------------------------------------------------------------------------------|
| Coupon—\$1,000                                                                                                            | Non-callable | 1991—97<br>1992—35<br>1993—38<br>1994—40<br>1995—44   | N/A                           | Municipal Finance Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000                                                                                                            | Non-callable | Annual deposits<br>1983-1992                          | N/A                           | Municipal Finance Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7 |
| "                                                                                                                         | "            | Annual deposits<br>1983-1997                          | "                             |                                                                                                  |
| Coupon—\$1,000                                                                                                            | Non-callable | 1991—1,034<br>1992—1,119<br>1993—1,208                | N/A                           | Municipal Finance Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000<br>Fully registered<br>\$1,000 and multiples<br>thereof. Exchangeable                                      | Non-callable | Annual deposits<br>1975-1994                          | N/A                           | Municipal Finance Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7 |
| Fully registered                                                                                                          | Non-callable | Annual deposits<br>1975-1994                          | N/A                           | Municipal Finance Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7 |
| Fully registered                                                                                                          | Non-callable | 1991—500<br>1992—500<br>1993—500<br>1994—500          | N/A                           | Municipal Finance Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7 |
| Fully registered                                                                                                          | Non-callable | Annual deposits<br>1986-1995                          | N/A                           | Municipal Finance Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000<br>Coupon—\$5,000<br>Coupon—\$25,000<br>Fully registered<br>\$1,000 and multiples<br>thereof. Exchangeable | Non-callable | Annual deposits<br>1978-1997                          | N/A                           | Municipal Finance Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000<br>Fully registered<br>\$1,000 and multiples<br>thereof. Exchangeable                                      | Non-callable | 1991—208<br>1992—227                                  | N/A                           | Municipal Finance Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000<br>Coupon—\$5,000<br>Coupon—\$25,000<br>Fully registered<br>\$1,000 and multiples<br>thereof. Exchangeable | "            | Annual deposits<br>1978-1997                          | "                             |                                                                                                  |
| "                                                                                                                         | "            | Annual deposits<br>1978-2002                          | "                             |                                                                                                  |

*continued*

# Canadian Dollar Bonds Issued in Canada

| ISSUE/<br>SERIES | DESCRIPTION                                               | DATED             | AUTHORIZED<br>\$(000) | OUTSTANDING<br>DECEMBER 31, 1990<br>\$(000) | INTEREST                              |
|------------------|-----------------------------------------------------------|-------------------|-----------------------|---------------------------------------------|---------------------------------------|
| 23               | 9.625% Serial<br>Debentures due<br>November 15, 1989-1993 | November 15, 1978 | 890                   | 582                                         | Semi-annual<br>May 15<br>November 15  |
|                  | 9.95% Sinking Fund<br>Debentures due<br>November 15, 1998 | "                 | 30,000                | 30,000                                      | "                                     |
| A23              | 9.95% Sinking Fund<br>Debentures due<br>November 15, 1998 | November 15, 1978 | 6,735                 | 6,735                                       | Semi-annual<br>May 15<br>November 15  |
|                  | 10% Sinking Fund<br>Debentures due<br>November 15, 2003   | "                 | 3,265                 | 3,265                                       | "                                     |
| A24              | 7.75%-8.75% Serial<br>Debentures due<br>May 15, 1988-1994 | May 15, 1987      | 14,000                | 9,200                                       | Semi-annual<br>May 15<br>November 15  |
| 25               | 12.25% Sinking Fund<br>Debentures due<br>December 6, 1999 | December 6, 1979  | 54,100                | 37,000                                      | Semi-annual<br>June 6<br>December 6   |
| 26               | 12.25% Sinking Fund<br>Debentures due<br>December 6, 2004 | December 6, 1979  | 11,133                | 11,133                                      | Semi-annual<br>June 6<br>December 6   |
| A29              | 14% Bonds due<br>April 29, 2001                           | April 29, 1986    | 91,362                | 91,362                                      | Semi-annual<br>April 29<br>October 29 |
| 33               | 12.375% Sinking Fund<br>Debentures due<br>June 15, 2003   | June 15, 1983     | 63,300                | 63,300                                      | Semi-annual<br>June 15<br>December 15 |
| 34               | 12% Bonds due<br>November 22, 1993                        | December 15, 1983 | 58,000                | 58,000                                      | Semi-annual<br>May 22<br>November 22  |

| DENOMINATIONS                                                                                                               | CALL                                                                                             | SINKING FUND<br>OR MATURITIES<br>NEXT 5 YEARS \$(000)              | RETRACTION<br>OR<br>EXTENSION | REGISTRAR<br>AND<br>TRANSFER AGENT                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Coupon—\$1,000<br>Fully registered<br>\$1,000 and multiples<br>thereof. Exchangeable                                        | Non-callable                                                                                     | 1991—177<br>1992—193<br>1993—212                                   | N/A                           | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
| Coupon—\$1,000<br>Coupon—\$5,000<br>Coupon—\$25,000<br>Fully registered<br>\$1,000 and multiples<br>thereof. Exchangeable   | ..                                                                                               | Annual deposits<br>1979-1998                                       | ..                            |                                                                                                                                    |
| Fully registered<br>\$1,000 and multiples<br>thereof                                                                        | Non-callable                                                                                     | Annual deposits<br>1979-1998                                       | N/A                           | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
| ..                                                                                                                          | ..                                                                                               | Annual deposits<br>1979-2003                                       | ..                            |                                                                                                                                    |
| Fully registered<br>\$1,000 and multiples<br>thereof                                                                        | Non-callable                                                                                     | 1991—2,000<br>1992—2,200<br>1993—2,400<br>1994—2,600               | N/A                           | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
|                                                                                                                             |                                                                                                  |                                                                    |                               | Central Guaranty Trust Company<br>800 West Pender St.<br>Vancouver, B.C. V6C 2V7<br>88 University Ave.<br>Toronto, Ontario M5J 1T8 |
| Coupon—\$1,000<br>Coupon—\$5,000<br>Coupon—\$25,000<br>Fully registered<br>\$1,000 and multiples<br>thereof. Exchangeable   | Callable at par<br>on or after<br>Dec. 6, 1994.<br>Callable also<br>for sinking fund<br>purposes | 1991—2,500<br>1992—2,800<br>1993—3,200<br>1994—3,600<br>1995—3,900 | N/A                           | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
| Fully registered<br>\$1,000 and multiples<br>thereof                                                                        | Callable at par<br>on or after<br>Dec. 6, 1997                                                   | Annual deposits<br>1980-2004                                       | N/A                           | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
| Coupon—\$1,000<br>Coupon—\$25,000<br>Coupon—\$100,000<br>Fully registered<br>\$1,000 and multiples<br>thereof. Exchangeable | Non-callable                                                                                     | None                                                               | N/A                           | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
| Coupon—\$1,000<br>Coupon—\$25,000<br>Coupon—\$100,000<br>Fully registered<br>\$1,000 and multiples<br>thereof. Exchangeable | Non-callable<br>except for<br>sinking fund<br>purposes                                           | 1994—3,830<br>1995—4,170                                           | N/A                           | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
| Coupon—\$1,000<br>Coupon—\$25,000<br>Coupon—\$100,000<br>Fully registered<br>\$1,000 and multiples<br>thereof. Exchangeable | Non-callable                                                                                     | None                                                               | N/A                           | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |

*continued*

# Canadian Dollar Bonds Issued in Canada

| ISSUE/<br>SERIES | DESCRIPTION                                          | DATED             | AUTHORIZED<br>(\$000) | OUTSTANDING<br>DECEMBER 31, 1990<br>(\$000) | INTEREST                              |
|------------------|------------------------------------------------------|-------------------|-----------------------|---------------------------------------------|---------------------------------------|
| 36               | 13% Sinking Fund Debentures due December 5, 2004     | December 5, 1984  | 30,500                | 30,500                                      | Semi-annual<br>June 5<br>December 5   |
| CA               | 12% Sinking Fund Debentures due June 12, 2005        | June 12, 1985     | 21,800                | 21,800                                      | Semi-annual<br>June 12<br>December 12 |
| CB               | 11% Debentures due December 12, 2005                 | December 12, 1985 | 15,500                | 15,500                                      | Semi-annual<br>June 12<br>December 12 |
| 40               | 9%-9.50% Serial Debentures due October 23, 1987-1991 | October 23, 1986  | 5,600                 | 1,120                                       | Semi-annual<br>April 23<br>October 23 |
| CC               | 10.125% Debentures due October 23, 2006              | ..                | 26,000                | 26,000                                      | ..                                    |
| 42               | 9%-9.50% Serial Debentures due July 30, 1988-1992    | July 30, 1987     | 21,000                | 9,500                                       | Semi-annual<br>January 30<br>July 30  |
| CD               | 10% Debentures due July 30, 1997                     | ..                | 90,000                | 90,000                                      | ..                                    |
| CE               | 11.25% Debentures due November 15, 1992              | November 17, 1987 | 33,000                | 33,000                                      | Semi-annual<br>May 15<br>November 15  |
| CF               | 9.50% Debentures due May 11, 1998                    | May 11, 1988      | 17,500                | 17,500                                      | Semi-annual<br>May 11<br>November 11  |

| DENOMINATIONS                                                                                                               | CALL                                                | SINKING FUND<br>OR MATURITIES<br>NEXT 5 YEARS \$(000) | RETRACTION<br>OR<br>EXTENSION                                                                                                                     | REGISTRAR<br>AND<br>TRANSFER AGENT                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Coupon—\$1,000<br>Coupon—\$25,000<br>Coupon—\$100,000<br>Fully registered<br>\$1,000 and multiples<br>thereof. Exchangeable | Callable at par<br>on or after<br>December 5, 1999  | Annual deposits<br>1985-2004                          | N/A                                                                                                                                               | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
| Coupon—\$1,000<br>Coupon—\$25,000<br>Coupon—\$100,000<br>Fully registered<br>\$1,000 and multiples<br>thereof. Exchangeable | Callable at par<br>on or after<br>June 12, 2000     | Annual deposits<br>1986-2005                          | N/A                                                                                                                                               | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
| Coupon—\$1,000<br>Coupon—\$25,000<br>Coupon—\$100,000<br>Fully registered<br>\$1,000 and multiples<br>thereof. Exchangeable | Callable at par<br>on or after<br>December 12, 2000 | None                                                  | N/A                                                                                                                                               | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
|                                                                                                                             |                                                     |                                                       |                                                                                                                                                   | Central Guaranty Trust Company<br>800 West Pender St.<br>Vancouver, B.C. V6C 2V7<br>88 University Ave.<br>Toronto, Ontario M5J 1T8 |
| Fully registered<br>\$1,000 and multiples<br>thereof                                                                        | Non-callable                                        | 1991—1,120                                            | N/A                                                                                                                                               | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
| "                                                                                                                           | Callable at par<br>on or after<br>October 23, 2003  | None                                                  |                                                                                                                                                   | Central Guaranty Trust Company<br>800 West Pender St.<br>Vancouver, B.C. V6C 2V7<br>88 University Ave.<br>Toronto, Ontario M5J 1T8 |
| Fully registered<br>\$1,000 and multiples<br>thereof                                                                        | Non-callable                                        | 1991—4,500<br>1992—5,000                              | N/A                                                                                                                                               | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
| "                                                                                                                           | "                                                   | None                                                  | "                                                                                                                                                 | Central Guaranty Trust Company<br>800 West Pender St.<br>Vancouver, B.C. V6C 2V7<br>88 University Ave.<br>Toronto, Ontario M5J 1T8 |
| Fully registered<br>\$1,000 and multiples<br>thereof                                                                        | Non-callable                                        | None                                                  | N/A                                                                                                                                               | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
|                                                                                                                             |                                                     |                                                       |                                                                                                                                                   | Central Guaranty Trust Company<br>800 West Pender St.<br>Vancouver, B.C. V6C 2V7<br>88 University Ave.<br>Toronto, Ontario M5J 1T6 |
| Fully registered<br>\$1,000 and multiples<br>thereof                                                                        | Non-callable                                        | None                                                  | Retractable at<br>holder's option<br>on May 11, 1993.<br>Right may be<br>exercised on<br>February 11, 1993<br>and thereafter<br>to April 12, 1993 | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
|                                                                                                                             |                                                     |                                                       |                                                                                                                                                   | Central Guaranty Trust Company<br>800 West Pender St.<br>Vancouver, B.C. V6C 2V7<br>88 University Ave.<br>Toronto, Ontario M5J 1T6 |

*continued*

# Canadian Dollar Bonds Issued in Canada

| ISSUE/<br>SERIES | DESCRIPTION                                        | DATED            | AUTHORIZED<br>\$(000) | OUTSTANDING<br>DECEMBER 31, 1990<br>\$(000) | INTEREST                              |
|------------------|----------------------------------------------------|------------------|-----------------------|---------------------------------------------|---------------------------------------|
| 45               | 10.50% Serial Debentures due October 27, 1989-1994 | October 27, 1988 | 7,630                 | 5,430                                       | Semi-annual<br>April 27<br>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<br>April 27<br>October 27 |
| CH               | 10.90% Debentures due May 9, 1999                  | May 9, 1989      | 27,100                | 27,100                                      | Semi-annual<br>May 9<br>November 9    |
| CI               | 10.25% Debentures due November 9, 1999             | November 9, 1989 | 29,400                | 29,400                                      | Semi-annual<br>May 9<br>November 9    |
| CJ               | 11.625% Debentures due May 15, 2000                | May 1, 1990      | 77,925                | 77,925                                      | Semi-annual<br>May 15<br>November 15  |
| CK               | 11.20% Debentures due October 24, 2000             | October 24, 1990 | 21,700                | 21,700                                      | Semi-annual<br>April 24<br>October 24 |

| DENOMINATIONS                                        | CALL         | SINKING FUND<br>OR MATURITIES<br>NEXT 5 YEARS \$(000) | RETRACTION<br>OR<br>EXTENSION                                                                                                                         | REGISTRAR<br>AND<br>TRANSFER AGENT                                                                                                 |
|------------------------------------------------------|--------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Fully registered<br>\$1,000 and multiples<br>thereof | Non-callable | 1991—1,275<br>1992—1,415<br>1993—1,570<br>1994—1,170  | N/A                                                                                                                                                   | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
| "                                                    | "            | 1995—1,280                                            | "                                                                                                                                                     | Central Guaranty Trust Company<br>800 West Pender St.<br>Vancouver, B.C. V6C 2V7<br>88 University Ave.<br>Toronto, Ontario M5J 1T6 |
| Fully registered<br>\$1,000 and multiples<br>thereof | Non-callable | None                                                  | N/A                                                                                                                                                   | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
| Fully registered<br>\$1,000 and multiples<br>thereof | Non-callable | None                                                  | Retractable at<br>holder's option<br>on May 9, 1994.<br>Right may be<br>exercised on<br>February 9, 1994<br>and thereafter<br>to April 11, 1994       | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
| Fully registered<br>\$1,000 and multiples<br>thereof | Non-callable | None                                                  | N/A                                                                                                                                                   | Central Guaranty Trust Company<br>800 West Pender St.<br>Vancouver, B.C. V6C 2V7<br>88 University Ave.<br>Toronto, Ontario M5J 1T6 |
| Fully registered<br>\$1,000 and multiples<br>thereof | Non-callable | None                                                  | N/A                                                                                                                                                   | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
| Fully registered<br>\$1,000 and multiples<br>thereof | Non-callable | None                                                  | N/A                                                                                                                                                   | Central Guaranty Trust Company<br>800 West Pender St.<br>Vancouver, B.C. V6C 2V7<br>88 University Ave.<br>Toronto, Ontario M5J 1T6 |
| Fully registered<br>\$1,000 and multiples<br>thereof | Non-callable | None                                                  | Retractable at<br>holder's option<br>on October 24, 1995.<br>Right may be<br>exercised on<br>July 24, 1995<br>and thereafter<br>to September 22, 1995 | Municipal Finance<br>Authority of British Columbia<br>200-880 Douglas St.<br>Victoria, B.C. V8W 2B7                                |
|                                                      |              |                                                       |                                                                                                                                                       | Central Guaranty Trust Company<br>800 West Pender St.<br>Vancouver, B.C. V6C 2V7<br>88 University Ave.<br>Toronto, Ontario M5J 1T6 |

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

| ISSUE/<br>SERIES | DESCRIPTION                                               | DATED            | AUTHORIZED<br>U.S. \$'000) | OUTSTANDING<br>DECEMBER 31, 1990<br>U.S. \$'000) | INTEREST                              |
|------------------|-----------------------------------------------------------|------------------|----------------------------|--------------------------------------------------|---------------------------------------|
| 1                | 8.375% Sinking Fund<br>Debentures due<br>October 1, 1996  | October 1, 1971  | 20,000                     | 4,495                                            | Semi-annual<br>April 1<br>October 1   |
| 12               | 9.75% Sinking Fund<br>Debentures due<br>January 15, 2000  | January 15, 1975 | 34,500                     | 11,485                                           | Semi-annual<br>January 15<br>July 15  |
| 17               | 9.875% Sinking Fund<br>Debentures due<br>November 1, 2000 | November 1, 1975 | 37,000                     | 15,421                                           | Semi-annual<br>May 1<br>November 1    |
| 18               | 8.875% Sinking Fund<br>Debentures due<br>May 1, 2001      | May 1, 1976      | 52,500                     | 20,219                                           | Semi-annual<br>May 1<br>November 1    |
| 19               | 8.75% Sinking Fund<br>Debentures due<br>October 15, 2001  | October 15, 1976 | 50,000                     | 27,301                                           | Semi-annual<br>April 15<br>October 15 |
| 22               | 9.25% Sinking Fund<br>Debentures due<br>June 1, 1998      | June 1, 1978     | 29,363                     | 18,660                                           | Semi-annual<br>June 1<br>December 1   |
|                  | 9.375% Sinking Fund<br>Debentures due<br>June 1, 2003     | “                | 4,737                      | 3,650                                            | “                                     |
| 28               | 13.75% Sinking Fund<br>Debentures due<br>December 1, 2005 | December 1, 1980 | 90,000                     | 69,188                                           | Semi-annual<br>June 1<br>December 1   |

| DENOMINATIONS                                             | CALL                                                                                                                                                                                                       | SINKING FUND<br>NEXT FIVE YEARS<br>U.S. \$(000)                    | AUTHENTICATING<br>AND PAYING AGENT                                           |
|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------|
| Fully registered<br>U.S. \$1,000 and<br>multiples thereof | Non-callable except<br>for sinking fund purposes                                                                                                                                                           | 1991—1,585<br>1992— 567<br>1993— 615<br>1994— 666<br>1995— 722     | Bank of Montreal Trust<br>Company<br>77 Water Street<br>New York, N.Y. 10005 |
| Fully registered<br>U.S. \$1,000 and<br>multiples thereof | Non-callable except<br>for sinking fund purposes<br>prior to Jan. 15, 1990.<br>To Jan. 15, 1993—103.50%<br>To Jan. 15, 1996—102.25%<br>To Jan. 15, 1999—101%                                               | 1991—1,725<br>1992—1,893<br>1993—2,077<br>1994—2,280<br>1995—2,503 | Bank of Montreal Trust<br>Company<br>77 Water Street<br>New York, N.Y. 10005 |
| Fully registered<br>U.S. \$1,000 and<br>multiples thereof | Non-callable except<br>for sinking fund purposes<br>prior to Nov. 1, 1990.<br>To Nov. 1, 1993—103.25%<br>To Nov. 1, 1996—101.75%<br>To Nov. 1, 1998—100.75%                                                | 1991—2,290<br>1992—2,517<br>1993—2,766<br>1994—3,038<br>1995—3,339 | Bank of Montreal Trust<br>Company<br>77 Water Street<br>New York, N.Y. 10005 |
| Fully registered<br>U.S. \$1,000 and<br>multiples thereof | Non-callable except<br>for sinking fund purposes<br>prior to May 1, 1991.<br>To May 1, 1994—102.75%<br>To May 1, 1997—101.50%<br>To May 1, 1999—100.75%                                                    | 1991—2,981<br>1992—2,960<br>1993—3,223<br>1994—3,510<br>1995—3,820 | Bank of Montreal Trust<br>Company<br>77 Water Street<br>New York, N.Y. 10005 |
| Fully registered<br>U.S. \$1,000 and<br>multiples thereof | Non-callable except<br>for sinking fund purposes<br>prior to Oct. 15, 1991.<br>To Oct. 15, 1994—102.75%<br>To Oct. 15, 1997—101.625%<br>To Oct. 15, 1999—100.625%                                          | 1991—3,595<br>1992—3,890<br>1993—4,228<br>1994—4,595<br>1995—4,992 | Bank of Montreal Trust<br>Company<br>77 Water Street<br>New York, N.Y. 10005 |
| Fully registered<br>U.S. \$1,000 and<br>multiples thereof | Non-callable except<br>for sinking fund purposes.<br>Optional redemption—<br>Tenders may be called<br>from all holders                                                                                     | 1991—1,983<br>1992—2,166<br>1993—2,366<br>1994—2,476<br>1995—2,705 | Bank of Montreal Trust<br>Company<br>77 Water Street<br>New York, N.Y. 10005 |
| "                                                         | "                                                                                                                                                                                                          | 1991— 155<br>1992— 170<br>1993— 185<br>1994— 203<br>1995— 222      |                                                                              |
| Fully registered<br>U.S. \$1,000 and<br>multiples thereof | Non-callable except<br>for sinking fund purposes<br>prior to Dec. 1, 1995.<br>On Dec. 1, 1995<br>and thereafter at 105.02%<br>declining by 0.56%<br>on each Dec. 1,<br>to 100% on or after<br>Dec. 1, 2004 | 1991—3,193<br>1992—3,633<br>1993—4,134<br>1994—4,705<br>1995—5,354 | Bank of Montreal Trust<br>Company<br>77 Water Street<br>New York, N.Y. 10005 |

## Canadian Dollar Bonds Issued in Europe

| ISSUE/<br>SERIES | DESCRIPTION                       | DATED         | AUTHORIZED<br>\$(000) | OUTSTANDING<br>DECEMBER 31, 1990<br>\$(000) | INTEREST          |
|------------------|-----------------------------------|---------------|-----------------------|---------------------------------------------|-------------------|
| 20               | 9% Bonds due<br>June 1, 1985/1997 | June 1, 1977  | 25,000                | 3,265                                       | Annual<br>June 1  |
| 33               | 11.75% Bonds due<br>June 15, 1993 | June 15, 1983 | 25,000                | 10,282                                      | Annual<br>June 15 |
| EB               | 9.375% Bonds due<br>June 2, 2001  | June 2, 1986  | 65,500                | 65,500                                      | Annual<br>June 2  |

## U.S. Dollar Bonds Issued in Europe

| ISSUE/<br>SERIES | DESCRIPTION                                       | DATED            | AUTHORIZED<br>U.S. \$(000) | OUTSTANDING<br>DECEMBER 31, 1990<br>U.S. \$(000) | INTEREST                                                                                                            |
|------------------|---------------------------------------------------|------------------|----------------------------|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| EA               | Retractable Bonds<br>due October 28,<br>2000/2005 | October 28, 1985 | 50,000                     | 48,000                                           | Annual<br>October 28<br>Rate 11.25%<br>until<br>October, 2000.<br>Rate will be<br>reset from<br>October 29,<br>2000 |

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

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

# POOLED INVESTMENTS

## Auditors' Report 1990

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 as at December 31, 1990, and the statements of operations and changes in net assets and changes in investments for each of these funds for the period 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 Authority as at December 31, 1990 and the results of its operations and the changes in its net assets for the period from December 30, 1989 to December 31, 1990 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

*Peat Marwick Thorne*

CHARTERED ACCOUNTANTS

*Victoria, British Columbia, Canada*  
*February 1, 1991*

# POOLED INVESTMENTS

## Balance Sheets

DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989

THOUSANDS OF DOLLARS

|                                     | MONEY             |               | BOND FUND       |               | COMBINED         |                |
|-------------------------------------|-------------------|---------------|-----------------|---------------|------------------|----------------|
|                                     | MARKET FUND       |               |                 |               |                  |                |
|                                     | 1990              | 1989          | 1990            | 1989          | 1990             | 1989           |
| <b>ASSETS</b>                       |                   |               |                 |               |                  |                |
| Cash                                | \$ 17             | —             | 43              | 174           | 60               | 174            |
| Investments (Note 2) (Schedules)    | <b>130,294</b>    | 94,351        | <b>32,845</b>   | 20,985        | <b>163,139</b>   | 115,336        |
| Accrued interest receivable         | —                 | 3             | <b>969</b>      | 719           | <b>969</b>       | 722            |
| Due from investment dealers         | —                 | —             | —               | 480           | —                | 480            |
| Unitholder receivable               | —                 | —             | —               | 1             | —                | 1              |
|                                     | <b>\$ 130,311</b> | <u>94,354</u> | <b>33,857</b>   | <u>22,359</u> | <b>164,168</b>   | <u>116,713</u> |
| <b>LIABILITIES</b>                  |                   |               |                 |               |                  |                |
| Due to bank                         | \$ —              | 375           | —               | —             | —                | 375            |
| Accrued management fees             | <b>18</b>         | 8             | <b>4</b>        | 2             | <b>22</b>        | 10             |
| Due to investment dealers           | —                 | —             | <b>498</b>      | —             | <b>498</b>       | —              |
| Unitholder payable                  | <b>1</b>          | 1             | —               | 10            | <b>1</b>         | 11             |
|                                     | <b>19</b>         | <u>384</u>    | <b>502</b>      | <u>12</u>     | <b>521</b>       | <u>396</u>     |
| Net assets                          | <b>\$ 130,292</b> | <u>93,970</u> | <b>33,355</b>   | <u>22,347</u> | <b>163,647</b>   | <u>116,317</u> |
| <b>UNITHOLDERS' EQUITY (NOTE 1)</b> |                   |               |                 |               |                  |                |
| Units outstanding, beginning        | \$ 93,970         | —             | 22,347          | —             | <b>116,317</b>   | —              |
| Subscriptions                       | <b>409,761</b>    | 333,984       | <b>22,208</b>   | 36,992        | <b>431,969</b>   | 370,976        |
| Distributions reinvested            | <b>15,162</b>     | 8,700         | <b>2,606</b>    | 890           | <b>17,768</b>    | 9,590          |
| Redemptions                         | <b>(388,601)</b>  | (248,714)     | <b>(13,806)</b> | (15,535)      | <b>(402,407)</b> | (264,249)      |
|                                     | <b>\$ 130,292</b> | <u>93,970</u> | <b>33,355</b>   | <u>22,347</u> | <b>163,647</b>   | <u>116,317</u> |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

SECRETARY-TREASURER



# POOLED INVESTMENTS

## Statements of Operations

DECEMBER 30, 1989 TO DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989

THOUSANDS OF DOLLARS

|                                                     | MONEY<br>MARKET FUND      |                 | BOND FUND                  |                 | COMBINED         |                  |
|-----------------------------------------------------|---------------------------|-----------------|----------------------------|-----------------|------------------|------------------|
|                                                     | MAY 1—<br>DEC. 29<br>1990 |                 | MAY 10—<br>DEC. 29<br>1989 |                 | 1990             | 1989             |
|                                                     | 1990                      | 1989            | 1990                       | 1989            | 1990             | 1989             |
| <b>INVESTMENT INCOME</b>                            |                           |                 |                            |                 |                  |                  |
| Income—interest                                     | \$ 15,309                 | 8,795           | 2,465                      | 1,202           | 17,774           | 9,997            |
| Expense—management fees                             | 177                       | 73              | 34                         | 13              | 211              | 86               |
| Net investment income                               | <b>15,132</b>             | <b>8,722</b>    | <b>2,431</b>               | <b>1,189</b>    | <b>17,563</b>    | <b>9,911</b>     |
| <b>REALIZED GAIN (LOSS) ON<br/>INVESTMENTS</b>      |                           |                 |                            |                 |                  |                  |
| Proceeds from investments<br>sold or matured        | <b>1,203,325</b>          | <b>583,130</b>  | <b>93,263</b>              | <b>90,827</b>   | <b>1,296,588</b> | <b>673,957</b>   |
| Investments at cost, beginning                      | <b>94,351</b>             | <b>—</b>        | <b>21,162</b>              | <b>—</b>        | <b>115,513</b>   | <b>—</b>         |
| Cost of investments purchased                       | <b>1,224,030</b>          | <b>668,759</b>  | <b>104,533</b>             | <b>111,830</b>  | <b>1,328,563</b> | <b>780,589</b>   |
| Accretion of discounts                              | <b>15,208</b>             | <b>8,744</b>    | <b>415</b>                 | <b>281</b>      | <b>15,623</b>    | <b>9,025</b>     |
| Investments at cost, end                            | <b>(130,294)</b>          | <b>(94,351)</b> | <b>(32,692)</b>            | <b>(21,162)</b> | <b>(162,986)</b> | <b>(115,513)</b> |
| Cost of investments sold or matured                 | <b>1,203,295</b>          | <b>583,152</b>  | <b>93,418</b>              | <b>90,949</b>   | <b>1,296,713</b> | <b>674,101</b>   |
| Net realized gain (loss) on<br>investments          | <b>30</b>                 | <b>(22)</b>     | <b>(155)</b>               | <b>(122)</b>    | <b>(125)</b>     | <b>(144)</b>     |
| <b>UNREALIZED GAIN (LOSS) ON<br/>INVESTMENTS</b>    |                           |                 |                            |                 |                  |                  |
| Appreciation (depreciation),<br>beginning           | —                         | —               | (177)                      | —               | (177)            | —                |
| Appreciation (depreciation),<br>end                 | —                         | —               | <b>153</b>                 | (177)           | <b>153</b>       | (177)            |
| Net unrealized gain (loss) on<br>investments        | —                         | —               | <b>330</b>                 | (177)           | <b>330</b>       | (177)            |
| Net gain (loss) on investments                      | <b>30</b>                 | <b>(22)</b>     | <b>175</b>                 | (299)           | <b>205</b>       | (321)            |
| <b>NET CHANGE IN NET<br/>ASSETS FROM OPERATIONS</b> | <b>\$ 15,162</b>          | <b>8,700</b>    | <b>2,606</b>               | <b>890</b>      | <b>17,768</b>    | <b>9,590</b>     |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

# POOLED INVESTMENTS

## Statements of Changes in Net Assets

DECEMBER 30, 1989 TO DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989

THOUSANDS OF DOLLARS

|                                              | MONEY<br>MARKET FUND      |           | BOND FUND                  |          | COMBINED  |           |
|----------------------------------------------|---------------------------|-----------|----------------------------|----------|-----------|-----------|
|                                              | MAY 1—<br>DEC. 29<br>1990 |           | MAY 10—<br>DEC. 29<br>1989 |          | 1990      | 1989      |
|                                              | \$                        | —         | —                          | —        | —         | —         |
| NET ASSETS, beginning                        | \$ 93,970                 | —         | 22,347                     | —        | 116,317   | —         |
| Changes during the period<br>resulting from: |                           |           |                            |          |           |           |
| Operations                                   | 15,162                    | 8,700     | 2,606                      | 890      | 17,768    | 9,590     |
| Distributions to unitholders                 | (15,162)                  | (8,700)   | (2,606)                    | (890)    | (17,768)  | (9,590)   |
| Units, issue and redemption:                 |                           |           |                            |          |           |           |
| Proceeds from issue                          | 409,761                   | 333,984   | 22,208                     | 36,992   | 431,969   | 370,976   |
| Reinvestment of distributions                | 15,162                    | 8,700     | 2,606                      | 890      | 17,768    | 9,590     |
| Payments on redemption                       | (388,601)                 | (248,714) | (13,806)                   | (15,535) | (402,407) | (264,249) |
|                                              | 36,322                    | 93,970    | 11,008                     | 22,347   | 47,330    | 116,317   |
| Net change in net assets                     | 36,322                    | 93,970    | 11,008                     | 22,347   | 47,330    | 116,317   |
| NET ASSETS, end                              | \$ 130,292                | 93,970    | 33,355                     | 22,347   | 163,647   | 116,317   |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

# POOLED INVESTMENTS

## Notes to Financial Statements

DECEMBER 31, 1990

1

### Organization

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

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### Significant accounting policies

#### MONEY MARKET FUND

- (a) Investments are carried at amortized cost which approximates market value.

- (b) Interest income is recognized as earned.

- (c) Management fees are accrued daily at the rate of  $\frac{3}{20}$  of 1 percent per annum of the net assets of the fund and are paid monthly to the Operating Fund of the Municipal Finance Authority of British Columbia.

- (d) Net 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  $\frac{3}{20}$  of 1 percent per annum of the net assets of the fund and are paid monthly to the Operating Fund of the Municipal Finance Authority of British Columbia.

- (e) Net 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, 1990

THOUSANDS OF DOLLARS

|                                                         | MATURITY          | PAR      | COST   | %     |
|---------------------------------------------------------|-------------------|----------|--------|-------|
| <b>MONEY MARKET SECURITIES OF</b>                       |                   |          |        |       |
| Government of Canada:                                   |                   |          |        |       |
| Treasury bills                                          | February 1, 1991  | \$ 5,000 | 4,948  |       |
| Treasury bills                                          | March 1, 1991     | 3,100    | 3,040  |       |
| Treasury bills                                          | March 15, 1991    | 1,700    | 1,660  |       |
| Treasury bills                                          | March 22, 1991    | 5,300    | 5,164  |       |
| Treasury bills                                          | March 28, 1991    | 4,000    | 3,889  |       |
| Treasury bills                                          | April 26, 1991    | 300      | 289    |       |
|                                                         |                   | 19,400   | 18,990 | 14.57 |
| Provinces:                                              |                   |          |        |       |
| British Columbia                                        | February 28, 1991 | 4,000    | 3,922  |       |
| British Columbia                                        | March 4, 1991     | 2,900    | 2,841  |       |
| Manitoba                                                | January 23, 1991  | 2,200    | 2,183  |       |
| Saskatchewan                                            | February 20, 1991 | 4,100    | 4,032  |       |
| Ontario Hydro                                           | August 6, 1991    | 1,500    | 1,395  |       |
|                                                         |                   | 14,700   | 14,373 | 11.03 |
| Regional Districts and Municipalities:                  |                   |          |        |       |
| Edmonton                                                | January 31, 1991  | 4,900    | 4,849  |       |
| Greater Vancouver Regional District                     | January 16, 1991  | 2,000    | 1,990  |       |
|                                                         |                   | 6,900    | 6,839  | 5.25  |
| Corporations—Financial:                                 |                   |          |        |       |
| Avco Financial Services Canada Limited                  | January 7, 1991   | 4,000    | 3,990  |       |
| Bank of Nova Scotia                                     | January 3, 1991   | 2,000    | 1,998  |       |
| Banque Nationale de Paris                               | February 6, 1991  | 500      | 494    |       |
| Caisse Centrale Desjardins                              | January 31, 1991  | 1,225    | 1,212  |       |
| Ford Credit Canada Limited                              | January 9, 1991   | 4,000    | 3,988  |       |
| Ford Credit Canada Limited                              | January 15, 1991  | 3,000    | 2,985  |       |
| General Motors Acceptance Corporation of Canada Limited | January 4, 1991   | 1,850    | 1,831  |       |
| General Motors Acceptance Corporation of Canada Limited | February 5, 1991  | 1,900    | 1,877  |       |
| General Motors Acceptance Corporation of Canada Limited | March 12, 1991    | 4,000    | 3,910  |       |
| General Motors Acceptance Corporation of Canada Limited | October 23, 1991  | 5,000    | 4,560  |       |
| Hongkong Bank of Canada                                 | January 3, 1991   | 2,000    | 1,998  |       |
| Household Finance Corporation                           | January 10, 1991  | 5,000    | 4,983  |       |
| Household Finance Corporation                           | February 1, 1991  | 1,600    | 1,583  |       |
| Montreal Trust Company                                  | January 17, 1991  | 1,000    | 994    |       |
| National Trust Company                                  | January 31, 1991  | 2,000    | 1,979  |       |
| National Trust Company                                  | February 8, 1991  | 1,200    | 1,185  |       |
| National Trust Company                                  | March 28, 1991    | 1,500    | 1,459  |       |
| National Westminster Bank                               | January 24, 1991  | 400      | 397    |       |
| Royal Trust Corporation of Canada                       | January 18, 1991  | 3,400    | 3,379  |       |
| Societe Generale Canada                                 | January 8, 1991   | 3,000    | 2,992  |       |
| Union Bank of Switzerland (Canada)                      | February 6, 1991  | 1,700    | 1,679  |       |
|                                                         |                   | 50,275   | 49,473 | 37.97 |

*continued*

# POOLED INVESTMENTS

## Money Market Fund—Schedule of Investments

DECEMBER 31, 1990

THOUSANDS OF DOLLARS

|                                     | MATURITY          | PAR        | COST    | %      |
|-------------------------------------|-------------------|------------|---------|--------|
| Corporations—Utilities:             |                   |            |         |        |
| BCE Inc.                            | January 4, 1991   | \$ 2,300   | 2,297   |        |
| BCE Inc.                            | January 29, 1991  | 4,000      | 3,961   |        |
| Consumers Gas Company Limited       | January 15, 1991  | 2,000      | 1,990   |        |
| Union Gas Limited                   | January 9, 1991   | 3,000      | 2,970   |        |
|                                     |                   | 11,300     | 11,218  | 8.62   |
| Corporations—Other:                 |                   |            |         |        |
| Alberta Energy Limited              | January 22, 1991  | 1,000      | 993     |        |
| Alberta Natural Gas Company Limited | April 8, 1991     | 3,200      | 3,099   |        |
| Alcan Aluminum Limited              | February 25, 1991 | 2,500      | 2,454   |        |
| Canadian Pacific Limited            | January 4, 1991   | 5,000      | 4,993   |        |
| Imasco Limited                      | January 10, 1991  | 4,000      | 3,986   |        |
| Maclean Hunter Limited              | February 8, 1991  | 5,000      | 4,936   |        |
| Noranda Inc.                        | March 25, 1991    | 1,600      | 1,558   |        |
| Noranda Inc.                        | April 22, 1991    | 3,000      | 2,896   |        |
| Seagram Company Limited             | January 11, 1991  | 1,000      | 996     |        |
| Sears Canada Inc.                   | January 3, 1991   | 500        | 499     |        |
| Sears Canada Inc.                   | January 9, 1991   | 3,000      | 2,991   |        |
|                                     |                   | 29,800     | 29,401  | 22.56  |
|                                     |                   | \$ 132,375 | 130,294 | 100.00 |

# POOLED INVESTMENTS

## Bond Fund—Schedule of Investments

DECEMBER 31, 1990

THOUSANDS OF DOLLARS

|                                                                 | MATURITY           | PAR      | MARKET | %     |
|-----------------------------------------------------------------|--------------------|----------|--------|-------|
| Government of Canada Bonds:                                     |                    |          |        |       |
| 8.750% Government of Canada                                     | July 1, 1993       | \$ 8,830 | 8,477  |       |
| 9.250% Government of Canada                                     | October 1, 1994    | 2,700    | 2,608  |       |
| 8.750% Government of Canada                                     | June 1, 1996       | 1,830    | 1,714  |       |
|                                                                 |                    | 13,360   | 12,799 | 38.97 |
| Provincial Government Bonds and Coupons:                        |                    |          |        |       |
| 10.750% Province of Alberta                                     | January 15, 1996   | 500      | 498    |       |
| 0.000% British Columbia Hydro and Power Corporation             | April 14, 1991     | 109      | 105    |       |
| 0.000% British Columbia Hydro and Power Corporation             | October 14, 1991   | 109      | 100    |       |
| 12.250% Province of British Columbia                            | November 29, 1991  | 1,000    | 1,002  |       |
| 9.250% Province of British Columbia                             | March 3, 1993      | 250      | 240    |       |
| 0.000% Hydro-Quebec                                             | February 15, 1993  | 682      | 538    |       |
| 9.625% Province of Manitoba                                     | September 3, 1992  | 300      | 294    |       |
| 9.875% Province of Manitoba                                     | July 13, 1992/1998 | 750      | 732    |       |
| 11.625% Province of New Brunswick                               | June 6, 1995       | 300      | 300    |       |
| 11.000% Ontario Hydro                                           | October 1, 1997    | 2,250    | 2,262  |       |
|                                                                 |                    | 6,250    | 6,071  | 18.48 |
| Municipal Bonds:                                                |                    |          |        |       |
| 13.000% Metro-Toronto                                           | October 31, 1994   | 400      | 416    | 1.27  |
| Corporate Notes—Financial:                                      |                    |          |        |       |
| 10.750% Avco Financial Services Canada Limited                  | April 2, 1991      | 500      | 496    |       |
| 10.400% Bank of Nova Scotia                                     | March 1, 1993      | 500      | 490    |       |
| 10.300% Bank of Nova Scotia                                     | June 22, 1993      | 300      | 293    |       |
| 9.800% CIBC Mortgage Corporation                                | February 16, 1993  | 800      | 776    |       |
| 9.900% CIBC Mortgage Corporation                                | March 15, 1993     | 250      | 243    |       |
| 13.450% General Motors Acceptance Corporation of Canada Limited | September 25, 1992 | 1,000    | 1,024  |       |
| 12.850% General Motors Acceptance Corporation of Canada Limited | May 17, 1993       | 500      | 509    |       |
| 0.000% Montreal Trust Company                                   | January 15, 1991   | 450      | 448    |       |
| 10.300% Montreal Trust Company                                  | August 3, 1993     | 900      | 872    |       |
| 10.200% National Trust Company                                  | October 2, 1991    | 500      | 493    |       |
| 11.375% National Trust Company                                  | February 8, 1993   | 365      | 362    |       |
| 10.625% National Trust Company                                  | June 1, 1993       | 500      | 482    |       |
| 10.870% Royal Bank of Canada                                    | May 3, 1993        | 500      | 494    |       |
| 10.250% Royal Trust Corporation of Canada                       | June 1, 1993       | 400      | 388    |       |
| 10.300% Royal Trust Corporation of Canada                       | July 7, 1993       | 300      | 291    |       |
| 10.800% TD Mortgage Corporation                                 | November 15, 1993  | 500      | 492    |       |
| 13.400% TD Mortgage Corporation                                 | October 27, 1994   | 350      | 371    |       |
|                                                                 |                    | 8,615    | 8,524  | 25.95 |

Continued

# POOLED INVESTMENTS

## Bond Fund—Schedule of Investments

DECEMBER 31, 1990

THOUSANDS OF DOLLARS

|                                                    | MATURITY          | PAR       | MARKET | %      |
|----------------------------------------------------|-------------------|-----------|--------|--------|
| Corporate Bonds and Notes—Utilities:               |                   |           |        |        |
| 9.625% Bell Canada                                 | April 29, 1993    | \$ 1,000  | 960    |        |
| 16.375% British Columbia Telephone                 | April 1, 1992     | 496       | 522    |        |
|                                                    |                   | 1,496     | 1,482  | 4.52   |
| Corporate Bonds, Coupons and Notes—Other:          |                   |           |        |        |
| 10.500% Imasco Limited                             | July 7, 1993      | 250       | 240    |        |
| 11.850% Imasco Limited                             | February 15, 1996 | 250       | 251    |        |
| 11.500% International Thomson Organization Limited | February 4, 1994  | 500       | 491    |        |
| 0.000% George Weston Limited                       | November 8, 1993  | 152       | 110    |        |
| 0.000% George Weston Limited                       | May 8, 1994       | 711       | 486    |        |
|                                                    |                   | 1,863     | 1,578  | 4.80   |
| Government of Canada:                              |                   |           |        |        |
| Treasury bills                                     | February 15, 1991 | 1,050     | 1,034  |        |
| Treasury bills                                     | March 1, 1991     | 75        | 74     |        |
| Treasury bills                                     | April 5, 1991     | 250       | 242    |        |
| Treasury bills                                     | November 1, 1991  | 685       | 625    |        |
|                                                    |                   | 2,060     | 1,975  | 6.01   |
|                                                    |                   | \$ 34,044 | 32,845 | 100.00 |

# POOLED INVESTMENTS

## Participants 1990

| REGIONAL DISTRICTS     | MUNICIPALITIES |               |                |                |
|------------------------|----------------|---------------|----------------|----------------|
| Alberni-Clayoquot      | Armstrong      | Gold River    | Nanaimo        | Rossland       |
| Bulkley-Nechako        | Ashcroft       | Granisle      | Nelson         | Saanich        |
| Cariboo                | Burnaby        | Greenwood     | North Saanich  | Salmon Arm     |
| Central Kootenay       | Burns Lake     | Houston       | Parksville     | Sayward        |
| Central Okanagan       | Cache Creek    | Invermere     | Peachland      | Sechelt        |
| Columbia-Shuswap       | Castlegar      | Kamloops      | Pemberton      | Sidney         |
| East Kootenay          | Chase          | Kelowna       | Penticton      | Silverton      |
| Fraser-Fort George     | Chetwynd       | Kent          | Port Alberni   | Smithers       |
| Kitimat-Stikine        | Chilliwack     | Kitimat       | Port Alice     | Sparwood       |
| Kootenay Boundary      | Colwood        | Lake Cowichan | Port Coquitlam | Summerland     |
| Mount Waddington       | Coquitlam      | Lillooet      | Port Hardy     | Surrey         |
| Nanaimo                | Courtenay      | Logan Lake    | Port McNeill   | Tahsis         |
| Okanagan-Similkameen   | Cranbrook      | Lumby         | Prince George  | Terrace        |
| Peace River            | Creston        | Mackenzie     | Prince Rupert  | Tumbler Ridge  |
| Powell River           | Dawson Creek   | Maple Ridge   | Princeton      | Valemount      |
| Skeena-Queen Charlotte | Duncan         | McBride       | Powell River   | Vernon         |
| Squamish-Lillooet      | Elkford        | Metchosin     | Qualicum Beach | Victoria       |
| Sunshine Coast         | Esquimalt      | Midway        | Quesnel        | View Royal     |
|                        | Fort St. John  | Mission       | Revelstoke     | West Vancouver |
|                        | Gibsons        | Nakusp        | Richmond       | White Rock     |
|                        | Golden         |               |                |                |

## Net Asset Value and Distributions to Unitholders—1990

|                                                              | MONEY<br>MARKET FUND | BOND FUND   |
|--------------------------------------------------------------|----------------------|-------------|
| Net asset value per unit                                     | \$ 1,000.00          | \$ 1,000.00 |
| Distributions per unit—December 30, 1989 – December 31, 1990 | \$ 134.63            | \$ 115.82   |
| Distributions per unit—May 1 – December 29, 1989             | \$ 82.30             |             |
| Distributions per unit—May 10 – December 29, 1989            |                      | \$ 72.81    |
| Distributions as percentage of net asset value—1990          | 13.46%               | 11.58%      |
| Distributions as percentage of net asset value—1989          | 8.23%                | 7.28%       |
| Distributions—annualized, 1990                               | 13.39%               | 11.52%      |
| Distributions—annualized, 1989                               | 12.41%               | 11.41%      |

# INTERIM FINANCING

Inauguration—December 1990



# INTERIM FINANCING

## Auditors' Report 1990

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

We have audited the balance sheet of the Short Term Debt Fund of the Municipal Finance Authority of British Columbia as at December 31, 1990. This financial statement is the responsibility of the Authority's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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, this financial statement presents fairly, in all material respects, the financial position of the Authority as at December 31, 1990 in accordance with generally accepted accounting principles.

*Peat Marwick Thorne*

CHARTERED ACCOUNTANTS

*Victoria, British Columbia, Canada*  
*February 1, 1991*

# INTERIM FINANCING

## Short Term Debt Fund Balance Sheet

DECEMBER 31, 1990

THOUSANDS OF DOLLARS

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### ASSETS

|                  |    |     |
|------------------|----|-----|
| Notes receivable | \$ | 400 |
|------------------|----|-----|

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### LIABILITIES

|               |    |     |
|---------------|----|-----|
| Notes payable | \$ | 400 |
|---------------|----|-----|

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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS



SECRETARY-TREASURER

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## Notes to Financial Statement

DECEMBER 31, 1990

**1  
Organization**

The interim financing program was established on December 31, 1990 and operates under Section 9.1 of the Municipal Finance Authority Act.

**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.



Municipal  
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of British Columbia

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