

MUNICIPAL
FINANCE
AUTHORITY
OF
BRITISH
COLUMBIA

ANNUAL
REPORT

1993



117, 53, 11, 11, 11

100, 93, 100, 10

100, 100, 100, 100

Municipal Finance Authority of British Columbia

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

Contents

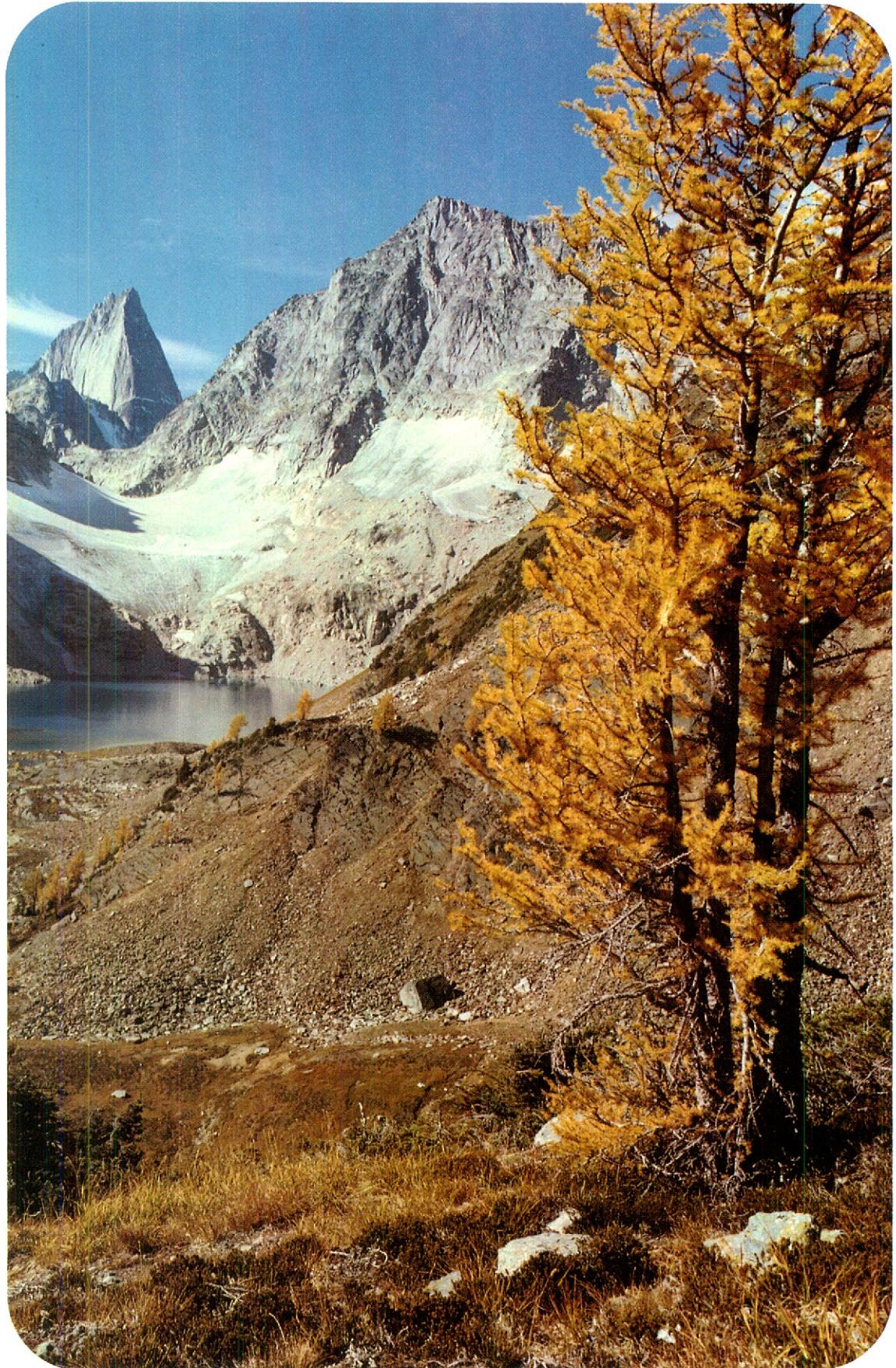
| | |
|--|----|
| FINANCIAL HIGHLIGHTS | 3 |
| MEMBERS AND OFFICERS | 4 |
| CHAIRMAN'S REPORT | 5 |
| HOW THE MUNICIPAL FINANCE AUTHORITY FUNCTIONS | 10 |
| CAPITAL FINANCING | |
| AUDITORS' REPORT AND FINANCIAL STATEMENTS | 13 |
| SCHEDULE OF LOANS TO REGIONAL DISTRICTS | 29 |
| TEN YEAR REVIEW—COMBINED FUNDS | 30 |
| BRIEF DESCRIPTION OF BOND ISSUES | |
| — Canadian Dollar Bonds issued in Canada | 32 |
| — Canadian Dollar Bonds issued in Europe | 42 |
| — US Dollar Bonds issued in the United States of America | 42 |
| POOLED INVESTMENTS | |
| AUDITORS' REPORT AND FINANCIAL STATEMENTS | 45 |
| PARTICIPANTS | 56 |
| INVESTMENT RETURNS | 56 |
| INTERIM FINANCING | |
| AUDITORS' REPORT AND FINANCIAL STATEMENTS | 57 |

McGILL LIBRARY

12584 APR 13 94

GOV. DOCS. DEPT.

COVER: Vancouver skyline, Greater Vancouver Regional District.



Bugaboo
and
Brenta Spires,
Bugaboo Park,
East Kootenay
Regional
District.

*Courtesy
Province of
British
Columbia*

Financial Highlights

THOUSANDS OF DOLLARS

| | 1993 | 1992 |
|---|------------------|-----------|
| CAPITAL FINANCING | | |
| AT DECEMBER 31: | | |
| Total assets—combined funds | 1,701,864 | 1,577,142 |
| Loans to Regional Districts outstanding | 1,215,831 | 1,128,617 |
| Long-term debt outstanding | 1,336,396 | 1,245,603 |
| Sinking funds | 149,923 | 144,778 |
| Long-term debt, net | 1,186,473 | 1,100,825 |
| Debt Reserve Fund | 174,693 | 163,684 |
| Investments (including sinking funds) | 505,184 | 480,952 |
| YEAR ENDED DECEMBER 31: | | |
| New loans to Regional Districts | 158,141 | 55,198 |
| Loan repayments from Regional Districts | 64,866 | 63,128 |
| New debt issued | 252,300 | 102,500 |
| Debt retired | 161,507 | 141,512 |
| Investments income | 49,306 | 46,878 |
| Interest paid | 141,810 | 142,953 |

POOLED INVESTMENTS

AT DECEMBER 31:

| | | |
|---------------------------------------|----------------|---------|
| Money Market Fund—Unitholders' Equity | 427,463 | 305,579 |
| Bond Fund—Unitholders' Equity | 150,842 | 74,241 |

INTERIM FINANCING

AT DECEMBER 31:

| | | |
|-------------------|--------------|--------|
| Loans outstanding | 7,944 | 21,199 |
|-------------------|--------------|--------|

Members and Officers 1993

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



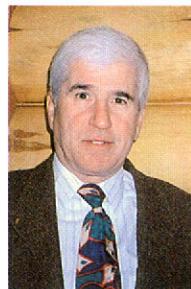
FOMICH



COELL



DRISCOLL



EDWARDS



LASSER



SIMPSON

BOARD OF TRUSTEES

R. D. Cumming, *Chairman*
 W. A. Fomich
 D. T. Driscoll
 C. Lasser
 D. Edwards
 S. Simpson
 M. Coell

OFFICERS

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

AUDITORS

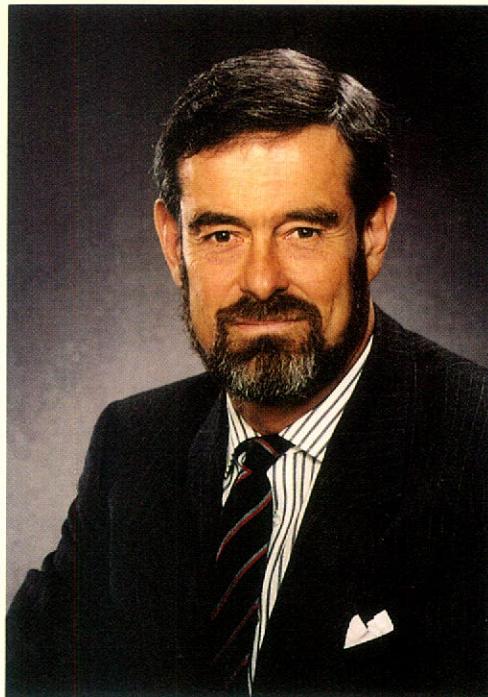
Ernst & Young
 Victoria, B.C.

SOLICITOR: BOND COUNSEL

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

SOLICITOR: GENERAL COUNSEL

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



CUMMING

Chairman's Report 1993

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

It is my great pleasure to file the twenty-third annual report of the Municipal Finance Authority of British Columbia.

British Columbia's economy continues to exhibit a stubborn strength despite gloomy conditions in the rest of the nation. Our population as of June, 1992 was 3.3 million, up 15% since 1986. We now accommodate 12.3% of Canada's population compared to 11.3% in 1981. The increase in B.C.'s G.D.P. of 2.4% in 1991 and 3.2% in 1992 shows economic growth which is accelerating.

Interest rates continue to remain stable and spreads between the Authority and Canada continue to narrow. Despite changes in federal leadership, our Canadian inflation performance is exceptional. Compared to other international lenders (Figure 1), our real rate of interest is still high. Expectations are for a further narrowing of spreads against the U.S. interest rates. U.S. rates are expected to rise in 1994 and this will possibly affect our rates as well.

By virtue of our location in Canada, B.C. and B.C.'s municipalities are poised to participate in the major growth of China and the "Four Tigers" – Taiwan, South Korea, Hong Kong and Singapore (Figure 2). China, with 1.2 billion people, provides an enormous export opportunity. Some have predicted a coming Japanese-style economic miracle on ten times the population base. This is coming at a time when the G7's aging populations and mature industries will benefit substantially from these newly developing countries. They will form incredible markets for Canada's technically sophisticated products and services, our infrastructure expertise and consumer products and natural resource wealth.

In launching the spring issue of \$65 million in April 1993, we took advantage of a steep yield curve and split the spring issue into two tranches. The first was a serial of \$15 million maturing 1994 to 2003, and the second was \$50 million maturing in 2013. The "all-in" cost was 8.79%. The coupons in the

This past year has been noteworthy in terms of offshore Canadian dollar issues:

| | 1990 | | 1991 | | 1992 | | 1993 | |
|--------------------------|------|--------|------|--------|------|--------|------|--------|
| | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| (in Billions of Dollars) | | | | | | | | |
| Straight Euro-CDN | 55 | 6,440 | 122 | 20,052 | 83 | 13,932 | 171 | 31,307 |
| CDN \$ Global | 1 | 1,250 | 5 | 5,015 | 3 | 4,500 | 5 | 6,500 |
| Total | 56 | 7,690 | 127 | 25,067 | 86 | 18,432 | 176 | 37,807 |

We will continue to explore the potential of this particular market during 1994.

TABLE 1

\$15 million serial issue ranged from 6.00% to 8.00% while the \$50 million bullet was 8.75%.

In late summer we exercised our option and called issue #30, a U.S. Euro-Bond issue originally priced at 17%. Incidentally, this issue was refinanced in 1985 at 11.25%, and this fall, using a creative U.S./Canadian swap, we were able to achieve a price of 4.772%. In addition, the debt was shortened by as much as seven years.

In the fall of '93 we approached the bond market with a requirement of \$98 million (\$49 million new issue requirement and a \$49 million rollover). The cost of doing this size issue in Canada at that time was about one half of one percent higher than the European market. Accordingly, on September 27th we launched a Euro-Canadian \$98 million bond issue at 7.25%. This issue was priced at a spread of 37.5 basis points off Government of Canada Bonds. Incidentally, the spread for the Province of British Columbia on the 27th of September was identical to

the Authority's spread. The "all-in-cost" to the Authority was 7.3925%. The issue was well-received by investors, due in part to our AAA credit rating which is very much appreciated in Europe. Relending rates for new requests ranged from 7.8% to 8.5% for the 5 to 25 year terms, whereas relending rates for the rollover of issue 34 were set at 7.25%. The borrowers involved in the rollover will see a considerable reduction in interest rates from the previous setting of 10.87% through to 11.5% (Table 1).

FIGURE 2

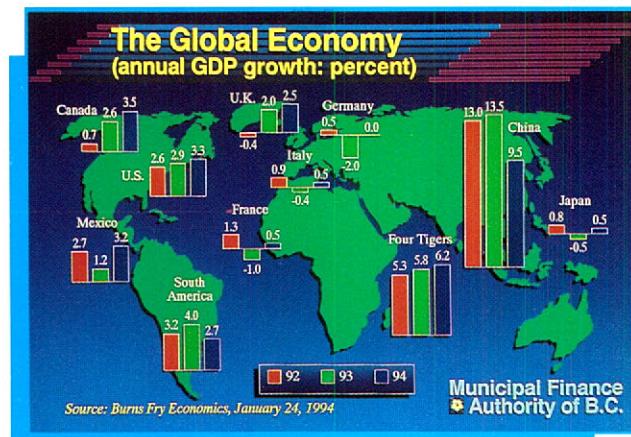


FIGURE 1

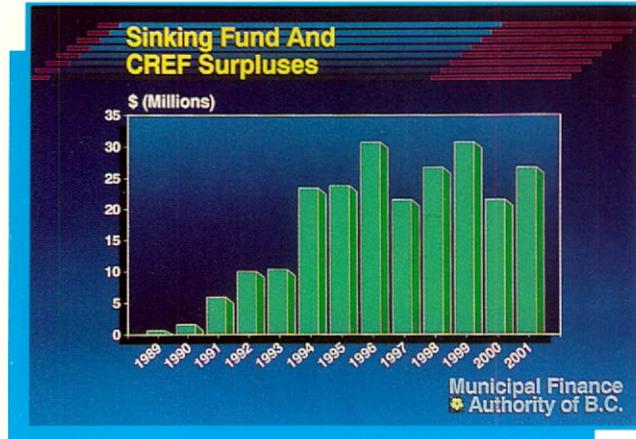


In addition to lowering the interest rate wherever possible, the Authority has been shortening the term of the debt. This is a large factor set to play itself out in many issues through the '90s (Figure 3).

Many of our clients have appreciated the recent lowering of effective interest rates that has occurred

when the maturity of their debt arrives earlier than expected. Because of high Sinking Fund earnings, we have been able to shorten the lifetime of municipal/regional district debt by as much as five to eight years. In times of declining interest rates, unrealized capital gains occur in the Sinking Fund portfolios. Through portfolio management these gains become realized, and benefit our clients, when rollover opportunities present themselves in the form

FIGURE 3



of shortened terms of debt. We must stress, however, that this is as a result of the difference between the 5% predicted earnings for Sinking Funds and the historic actual earnings which have been much higher. Your trustees are examining what the long term effect of lower earnings might be on our Sinking Fund investment strategy.

Our contract with Ontario's municipalities continues to enhance our yield in the investment pools. Substantial and growing consulting revenues will flow to us each month for the next three years of our agreement.

Our pooled investments return on the Money Market Fund for the year was 5.31% while the one year return on the Bond Fund was 14.15%. Since inception, on a compounded basis, the Money Market Fund has returned 9.40%, and the Bond Fund's return has been 13.11%. The growth of the pools over the last four years has been very satisfying (Figure 4). We have felt for some time that there was another market opportunity for a fund between the short-term money market fund and the

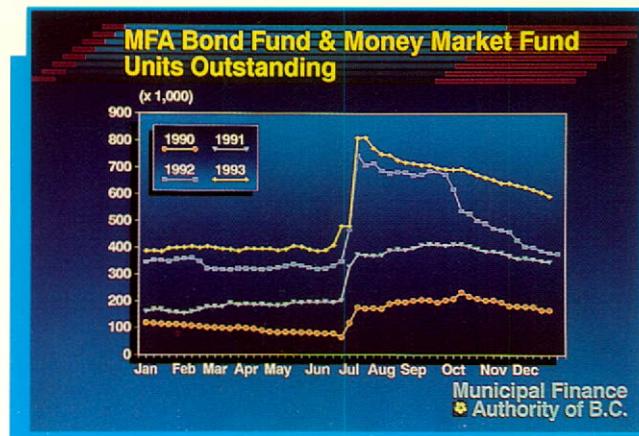


FIGURE 4

long-term bond fund. Some of our clients are investing in securities in the 90 day to 360 day range because of their more attractive yields without the potential volatility of the Bond Fund.

We are, therefore, taking this opportunity to announce the opening of an Intermediate Investment Fund with a time horizon of one year.

At the end of 1993 the Authority's debt comprised 94.33% in Canadian funds and 5.67% in U.S. funds. In 1982, our debt comprised 62.7% in Canadian funds and 33.2% in U.S. funds, with the balance in other funds. The movement to Canadian dollar currency continues. It should be noted that Moody's continues to rate our foreign denominated debt as triple A.

At December 31, 1993, long-term debt outstanding of the Authority was \$1.336 billion. During 1993, payments of principal and interest in excess of \$211 million were received from the regional districts and municipalities. At December 31, 1993, investments managed by our own staff totalled \$505 million, broken down as follows:

| | |
|--|---------------|
| Debt Reserve Fund | \$67 million |
| Sinking and other Debt Servicing Funds | \$438 million |
| Interest earnings in 1993 were | \$49 million |

The types of investment securities which may be held by the Authority are regulated by the Municipal Finance Authority Act. At December 31, 1993, the Authority's portfolio consisted of \$50 million of securities of or guaranteed by the Government of Canada, \$348 million of securities of or guaranteed by provincial governments, \$12 million of securities of or guaranteed by Canadian chartered banks, \$8 million of securities of British



FIGURE 5

Columbia credit unions, \$28 million of securities of municipal governments in Canada and \$59 million of obligations of the Authority.

Our investment pools crested near the \$900 million mark, and at December 31, 1993, investments managed by our Fund Manager Phillips, Hager & North Ltd., totalled \$580 million broken down as follows:

Money Market Fund \$428 million
Bond Fund \$152 million

The Authority continues to pursue other opportunities to make your financial costs and returns easier to bear. One project which we hope will be on the horizon in 1994 will be an examination of a pooled leasing approach.

We have managed to lower our debt management costs from 10 basis points to 7.5 basis points, and our debt issuance costs by one third, and still increase the dividend from \$125,000 in 1993 to \$250,000 in 1994. Our tax levy is holding at \$100,000± merely to maintain a presence on the tax roll (Figure 5). I think you may also take considerable pride in your membership and participation in the only government institution that I know of that pays a dividend.

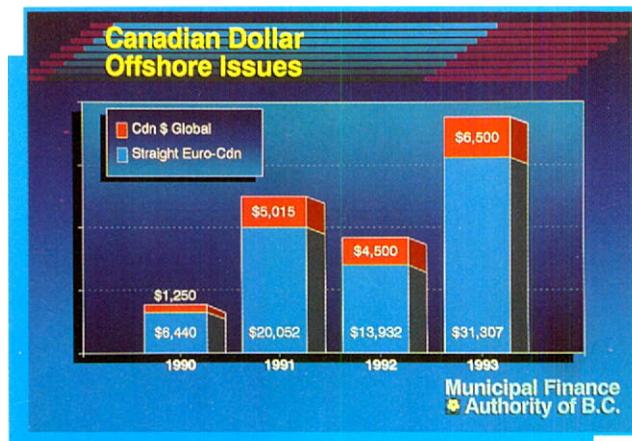


FIGURE 6

In short, we have had another grand year, and I would thank your trustees, many of whom will not be with us in 1994. As well, our thanks go to the staff of the Authority for all their efforts. Our continued cooperative relationship with the Ministry of Finance and the Ministry of Municipal Affairs is also much appreciated.

R. Dan Cumming, *chairman*



MFA/BC Staff, left to right: Steve Berna, Deputy Secretary-Treasurer; Audrey Harris, Accounting Clerk; Jim Craven, Executive Director/Secretary-Treasurer; Yvonne Meechan, Executive Secretary; and Ron Graham, Accountant.

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.

Money in the debt reserve fund may be invested in:

- (a) securities of the government of Canada or a province of Canada, or
- (b) securities, the principal and interest of which are guaranteed by the government of Canada or a province of Canada, or
- (c) deposits in, or investments guaranteed by a Canadian chartered bank, or
- (d) deposits in, or shares or other evidences of indebtedness of, a credit union incorporated under the British Columbia Credit Union Act.

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

ADDITIONAL PROTECTION FOR INVESTORS

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

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

POOLED INVESTMENTS

ORGANIZATION

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

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

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

PARTICIPATION

Participation in the funds by public institutions is voluntary.

INVESTMENT ACTIVITIES

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

INTERIM FINANCING

ORGANIZATION

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

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

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

PARTICIPATION

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

PURPOSES FOR WHICH INTERIM FINANCING MAY BE PROVIDED

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

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



Springtime
at the
Parliament
Buildings,
Victoria,
Capital Regional
District

*Courtesy
Jim Ryan Photos*

CAPITAL FINANCING

Auditors' Report 1993

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 (the "Authority") and the combined balance sheet of these Funds as at December 31, 1993, the statements of revenue, expenditure and surplus and cash flows of each of these Funds and the combined statements of revenue, expenditure and surplus and cash flows of these Funds for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of these Funds of the Authority as at December 31, 1993, and the results of their operations and the changes in their financial position for the year then ended in accordance with accounting principles described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

The financial statements for the preceding and prior years were audited by other auditors.

Ernst + Young

CHARTERED ACCOUNTANTS

Victoria, British Columbia, Canada
January 28, 1994

CAPITAL FINANCING

Balance Sheets

DECEMBER 31, 1993—WITH COMPARATIVE FIGURES FOR 1992

| | OPERATING FUND | | DEBT FUND | |
|---|----------------|-------|-----------|-----------|
| | 1993 | 1992 | 1993 | 1992 |
| ASSETS | | | | |
| Cash | \$ 549 | 363 | 405 | 383 |
| Due from Operating Fund | — | — | — | — |
| Due from Debt Fund | — | 9 | — | — |
| Due from Capital Repayment Equalization Fund | — | — | 38,702 | 61,602 |
| Due from Short Term Debt Fund | 7 | — | — | — |
| Accrued interest and other receivables | 108 | 163 | — | — |
| Investments (Note 3) | — | — | — | — |
| Demand notes receivable from Regional Districts, without interest | — | — | — | — |
| Loans to Regional Districts (Note 4) | — | — | 1,215,831 | 1,128,617 |
| Prepaid issue costs | — | — | — | 9 |
| Unamortized issue, refunding and exchange costs | — | — | 12,096 | 3,597 |
| Sinking fund assets in excess of related debt | — | — | 23,613 | 13,401 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$ 664 | 535 | 1,290,647 | 1,207,609 |
| LIABILITIES, RESERVES AND SURPLUS | | | | |
| Liabilities: | | | | |
| Accounts payable and unpresented matured debt | \$ 123 | 111 | 383 | 383 |
| Due to Operating Fund | — | — | — | 9 |
| Due to Debt Fund | — | — | — | — |
| Due to Market Development Fund | 18 | 2 | — | — |
| Due to sinking and other funds (Note 5) | — | — | 166 | 1,130 |
| Due to Short Term Debt Fund | — | — | 100 | 14,134 |
| Due to Regional Districts (Note 6) | — | — | — | — |
| Long-term debt, net (Notes 7, 8 and 9) (Schedule) | — | — | 1,186,473 | 1,100,825 |
| Total liabilities | 141 | 113 | 1,187,122 | 1,116,481 |
| Reserves for information systems enhancement | 90 | 83 | — | — |
| Surplus, per accompanying statement (Note 10) | 433 | 339 | 103,525 | 91,128 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$ 664 | 535 | 1,290,647 | 1,207,609 |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THOUSANDS OF DOLLARS

| CAPITAL REPAYMENT EQUALIZATION FUND | | DEBT RESERVE FUND | | MARKET DEVELOPMENT FUND | | COMBINED | |
|--|----------------|-------------------|----------------|----------------------------|----------|------------------|------------------|
| 1993 | 1992 | 1993 | 1992 | 1993 | 1992 | 1993 | 1992 |
| 1,307 | 980 | 451 | 623 | — | — | 2,712 | 2,349 |
| — | — | — | — | 18 | 2 | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | 7 | — |
| 4,758 | 3,918 | 1,331 | 885 | — | — | 6,197 | 4,966 |
| 268,289 | 261,987 | 67,302 | 62,775 | — | — | 335,591 | 324,762 |
| — | — | 105,817 | 99,441 | — | — | 105,817 | 99,441 |
| — | — | — | — | — | — | 1,215,831 | 1,128,617 |
| — | — | — | — | — | — | — | 9 |
| — | — | — | — | — | — | 12,096 | 3,597 |
| — | — | — | — | — | — | 23,613 | 13,401 |
| 274,354 | 266,885 | 174,901 | 163,724 | 18 | 2 | 1,701,864 | 1,577,142 |
| 277 | — | 208 | 40 | — | — | 991 | 534 |
| — | — | — | — | — | — | — | — |
| 38,702 | 61,602 | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | 166 | 1,130 |
| — | — | — | — | — | — | 100 | 14,134 |
| — | — | 174,693 | 163,684 | — | — | 174,693 | 163,684 |
| — | — | — | — | — | — | 1,186,473 | 1,100,825 |
| 38,979 | 61,602 | 174,901 | 163,724 | — | — | 1,362,423 | 1,280,307 |
| — | — | — | — | — | — | 90 | 83 |
| 235,375 | 205,283 | — | — | 18 | 2 | 339,351 | 296,752 |
| 274,354 | 266,885 | 174,901 | 163,724 | 18 | 2 | 1,701,864 | 1,577,142 |


O. Craven
SECRETARY-TREASURER

CAPITAL FINANCING

Statements of Revenue, Expenditure and Surplus

YEAR ENDED DECEMBER 31, 1993—WITH COMPARATIVE FIGURES FOR 1992

| | OPERATING FUND | | DEBT FUND | |
|---|----------------|--------------|----------------|----------------|
| | 1993 | 1992 | 1993 | 1992 |
| REVENUE | | | | |
| Prior year's surplus appropriated | \$ 339 | 214 | — | — |
| Operating levy | 106 | 110 | — | — |
| Recoveries from new issues | 115 | 150 | — | — |
| Management fees | 829 | 785 | — | — |
| Investment income | 24 | 34 | 16,751 | 16,101 |
| Interest from loans to Regional Districts | — | — | 1,625 | 1,788 |
| Principal from loans to Regional Districts | — | — | — | — |
| Recovery of deficiencies from Regional Districts | — | — | — | — |
| Transfers from Operating Fund | — | — | — | — |
| Transfers from Capital Repayment Equalization Fund | — | — | 138,812 | 142,001 |
| Transfers from Debt Reserve Fund | — | — | — | 137 |
| Other | 3 | 3 | — | — |
| Total revenue | <u>1,416</u> | <u>1,296</u> | <u>157,188</u> | <u>160,027</u> |
| EXPENDITURE | | | | |
| Legislative | 55 | 70 | — | — |
| Administrative | 853 | 837 | — | — |
| Transfers to Debt Fund—capital | — | — | — | — |
| Transfers to Debt Fund—revenue | — | — | — | — |
| Transfers to Market Development Fund | 75 | 50 | — | — |
| Interest | — | — | 141,810 | 142,953 |
| Amortization of issue, refunding and exchange costs | — | — | 1,960 | 1,723 |
| Management fees | — | — | 121 | 144 |
| Allocations to Regional Districts | — | — | 900 | 1,800 |
| Other | — | — | — | 443 |
| Total expenditure | <u>983</u> | <u>957</u> | <u>144,791</u> | <u>147,063</u> |
| Excess of revenue over expenditure for the year | <u>433</u> | <u>339</u> | <u>12,397</u> | <u>12,964</u> |
| Surplus, beginning of the year | | | | |
| not appropriated to current revenue | <u>—</u> | <u>—</u> | <u>91,128</u> | <u>78,164</u> |
| Surplus, end of the year | <u>\$ 433</u> | <u>339</u> | <u>103,525</u> | <u>91,128</u> |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THOUSANDS OF DOLLARS

| CAPITAL REPAYMENT EQUALIZATION FUND | | DEBT RESERVE FUND | | MARKET DEVELOPMENT FUND | | COMBINED | |
|--|---------|-------------------|-------|----------------------------|------|----------|---------|
| 1993 | 1992 | 1993 | 1992 | 1993 | 1992 | 1993 | 1992 |
| 205,283 | 183,601 | — | — | 2 | 5 | 205,624 | 183,820 |
| — | — | — | — | — | — | 106 | 110 |
| — | — | — | — | — | — | 115 | 150 |
| — | — | — | — | — | — | 463 | 347 |
| 26,342 | 24,143 | 6,189 | 6,600 | — | — | 49,306 | 46,878 |
| 148,640 | 153,418 | — | — | — | — | 150,265 | 155,206 |
| 63,267 | 61,374 | — | — | — | — | — | — |
| — | — | — | 136 | — | — | — | 136 |
| — | — | — | — | 75 | 50 | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — |
| 2,474 | — | — | — | — | — | 2,477 | 3 |
| 446,006 | 422,536 | 6,189 | 6,736 | 77 | 55 | 408,356 | 386,650 |
| — | — | — | — | — | — | 55 | 70 |
| — | — | — | — | — | — | 853 | 837 |
| 63,267 | 61,374 | — | 114 | — | — | — | — |
| 138,812 | 142,001 | — | 137 | — | — | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | 141,810 | 142,953 |
| — | — | — | — | — | — | 1,960 | 1,723 |
| 197 | 231 | 48 | 63 | — | — | — | — |
| 8,355 | 5,439 | 6,097 | 6,342 | — | — | 15,352 | 13,695 |
| — | 8,208 | 44 | 80 | 59 | 53 | 103 | 8,784 |
| 210,631 | 217,253 | 6,189 | 6,736 | 59 | 53 | 160,133 | 168,062 |
| 235,375 | 205,283 | — | — | 18 | 2 | 248,223 | 218,588 |
| — | — | — | — | — | — | 91,128 | 78,164 |
| 235,375 | 205,283 | — | — | 18 | 2 | 339,351 | 296,752 |

CAPITAL FINANCING

Statement of Cash Flows

YEAR ENDED DECEMBER 31, 1993—WITH COMPARATIVE FIGURES FOR 1992

| | OPERATING FUND | | DEBT FUND | |
|--|----------------|-------|-----------|-----------|
| | 1993 | 1992 | 1993 | 1992 |
| OPERATING ACTIVITIES | | | | |
| Excess of revenue over expenditure for the year | \$ 433 | 339 | 12,397 | 12,964 |
| Non-cash items: | | | | |
| Prior year's surplus appropriated | (339) | (214) | — | — |
| Gain on disposals of investments | — | — | (290) | (265) |
| Accretion of discounts on investments | — | — | (4,129) | (5,272) |
| Amortization of issue, refunding and exchange costs | — | — | 1,960 | 1,723 |
| Allocations to Regional Districts | — | — | 5,254 | — |
| Interfund transfers | 16 | (3) | (1,966) | (1,915) |
| Changes in amounts accrued and other | 67 | (57) | 2 | 296 |
| Cash provided by operating activities | 177 | 65 | 13,228 | 7,531 |
| FINANCING ACTIVITIES | | | | |
| New debt issued | — | — | 252,300 | 102,500 |
| Loan repayments from Regional Districts | — | — | 64,866 | 63,128 |
| Loan from (repayment to) Short Term Debt Fund | — | — | (14,034) | 14,134 |
| New loans to Regional Districts | — | — | (158,141) | (55,198) |
| Debt retired | — | — | (161,507) | (141,512) |
| Increase in unamortized issue, refunding and exchange costs | — | — | (10,459) | (2,277) |
| Increase in loans from sinking and other funds | — | — | (964) | 1,007 |
| Changes in interfund balances | 9 | (9) | 25,663 | 21,510 |
| Contributions from Regional Districts re new loans | — | — | — | — |
| Contributions and earnings thereon refunded to Regional Districts | — | — | — | — |
| Cash provided by (applied to) financing activities | 9 | (9) | (2,276) | 3,292 |
| INVESTING ACTIVITIES | | | | |
| Investments sold or matured | — | — | 68,439 | 36,915 |
| Investments purchased | — | — | (77,415) | (47,590) |
| Other | — | — | (1,954) | 119 |
| Cash provided by (applied to) investing activities | — | — | (10,930) | (10,556) |
| Increase (decrease) in cash for the year | 186 | 56 | 22 | 267 |
| Cash, beginning of the year | 363 | 307 | 383 | 116 |
| Cash, end of the year | \$ 549 | 363 | 405 | 383 |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THOUSANDS OF DOLLARS

| CAPITAL REPAYMENT EQUALIZATION FUND | | DEBT RESERVE FUND | | MARKET DEVELOPMENT FUND | | COMBINED | |
|--|-----------------|-------------------|----------------|----------------------------|----------|-----------------|-----------------|
| 1993 | 1992 | 1993 | 1992 | 1993 | 1992 | 1993 | 1992 |
| 235,375 | 205,283 | — | — | 18 | 2 | 248,223 | 218,588 |
| (205,283) | (183,601) | — | — | (2) | (5) | (205,624) | (183,820) |
| (1,927) | (291) | (151) | — | — | — | (2,368) | (556) |
| (2,922) | (6,363) | (500) | (1,259) | — | — | (7,551) | (12,894) |
| — | — | — | — | — | — | 1,960 | 1,723 |
| 806 | 4,636 | 6,100 | 6,342 | — | — | 12,160 | 10,978 |
| 1,966 | 1,915 | — | — | (16) | 3 | — | — |
| (563) | (994) | (278) | 3 | — | — | (772) | (752) |
| <u>27,452</u> | <u>20,585</u> | <u>5,171</u> | <u>5,086</u> | <u>—</u> | <u>—</u> | <u>46,028</u> | <u>33,267</u> |
| — | — | — | — | — | — | 252,300 | 102,500 |
| — | — | — | — | — | — | 64,866 | 63,128 |
| — | — | — | — | — | — | (14,034) | 14,134 |
| — | — | — | — | — | — | (158,141) | (55,198) |
| — | — | — | — | — | — | (161,507) | (141,512) |
| — | — | — | — | — | — | (10,459) | (2,277) |
| — | — | — | — | — | — | (964) | 1,007 |
| (25,672) | (21,501) | — | — | — | — | — | — |
| — | — | 1,581 | 552 | — | — | 1,581 | 552 |
| — | — | (3,043) | (6,070) | — | — | (3,043) | (6,070) |
| <u>(25,672)</u> | <u>(21,501)</u> | <u>(1,462)</u> | <u>(5,518)</u> | <u>—</u> | <u>—</u> | <u>(29,401)</u> | <u>(23,736)</u> |
| 260,934 | 173,924 | 36,984 | 16,355 | — | — | 366,357 | 227,194 |
| (262,387) | (173,197) | (40,865) | (15,946) | — | — | (380,667) | (236,733) |
| — | — | — | — | — | — | (1,954) | 119 |
| (1,453) | 727 | (3,881) | 409 | — | — | (16,264) | (9,420) |
| 327 | (189) | (172) | (23) | — | — | 363 | 111 |
| 980 | 1,169 | 623 | 646 | — | — | 2,349 | 2,238 |
| <u>1,307</u> | <u>980</u> | <u>451</u> | <u>623</u> | <u>—</u> | <u>—</u> | <u>2,712</u> | <u>2,349</u> |

CAPITAL FINANCING

Notes to Financial Statements—All Funds

DECEMBER 31, 1993

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 separately by the Authority.

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

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

OPERATING FUND

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

The Operating Fund receives management fees from the Pooled Investment Funds and the Short Term Debt Fund and pays the costs of their operations.

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

DEBT FUND

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

DEBT RESERVE FUND

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

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

MARKET DEVELOPMENT FUND

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

2 Significant accounting policies

PRIOR YEAR'S SURPLUS

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

INCOME RECOGNITION

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

OFFICE FURNITURE, FIXTURES AND EQUIPMENT

Office furniture, fixtures and equipment are reflected as expenditures in the year of acquisition.

INTEREST ACCRUALS

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

AMORTIZATION OF ISSUE, REFUNDING AND EXCHANGE COSTS

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

**FOREIGN CURRENCY
TRANSACTIONS**

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

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

INVESTMENTS

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

SINKING FUNDS

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

3

Investments

Investments consist of securities of:

| | 1993 | 1992 |
|--|-------------|-------------|
| | Par value | Book value |
| THOUSANDS OF DOLLARS | | |
| CAPITAL REPAYMENT EQUALIZATION FUND | | |
| Government of Canada, direct or guaranteed | \$ 13,696 | 11,097 |
| Provincial governments, direct or guaranteed | 204,886 | 203,665 |
| Chartered banks, direct or guaranteed | 12,375 | 12,374 |
| Credit Unions in the Province | 4,500 | 4,500 |
| Regional and municipal governments | 15,831 | 16,225 |
| The Authority | 20,330 | 20,428 |
| | <hr/> | <hr/> |
| | <hr/> | <hr/> |
| | \$ 271,618 | 268,289 |
| | <hr/> | <hr/> |
| | <hr/> | 261,987 |
| DEBT RESERVE FUND | | |
| Government of Canada, direct or guaranteed | \$ 5,510 | 5,506 |
| Provincial governments, direct or guaranteed | 58,679 | 60,796 |
| Chartered banks, direct or guaranteed | 1,000 | 1,000 |
| | <hr/> | <hr/> |
| | <hr/> | <hr/> |
| | \$ 65,189 | 67,302 |
| | <hr/> | <hr/> |
| | <hr/> | 62,775 |

4

**Loans to
regional districts**

Loans to regional districts include \$151,446,290 (1992—\$177,844,518) which are denominated in U.S. dollars.

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

The difference between the Authority's loans to regional districts in U.S. dollars of \$151,446,290 and loans payable in U.S. dollars of \$75,685,000 (Note 7) results from various re-fundings of U.S. denominated debt into Canadian dollars. The loans to regional districts under these re-fundings have remained in U.S. dollars.

When the Authority, under the 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:

| | 1993 | 1992 |
|----------------------|-------------|-------------|
| THOUSANDS OF DOLLARS | | |
| 1993 | \$ — | 64,760 |
| 1994 | 68,328 | 65,034 |
| 1995 | 70,217 | 67,133 |
| 1996 | 67,829 | 62,402 |
| 1997 | 58,911 | 53,485 |
| 1998 | 60,329 | — |

5**Due to sinking
and other funds**

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

In addition to its own securities purchased under this provision, loans to the Debt Fund of \$164,422 (1992–\$1,130,509) and the Short Term Debt Fund of \$362,000 (1992–\$375,000) together with accrued interest totalling \$16,276 (1992–\$34,802) were outstanding at December 31, 1993. Like the securities, the loans are included in the sinking fund assets and in investments and receivables in the Capital Repayment Equalization Fund and they have not been eliminated in the combined statements.

6**Due to regional
districts—
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.

If the Trustees of the Authority are of the opinion that the payments made from the Debt Reserve Fund may not be recovered under the terms of the loan agreements within a reasonable time, they may levy or impose upon substantially all taxable land and improvements in the Province rates sufficient to maintain the Debt Reserve Fund at a level not exceeding the amount which would have been in the fund had no such payments been made. Further, the Board of Trustees must impose such rates when the balance in the fund is less than fifty percent of the amount that would have been in the fund had no such payments been made.

7**Foreign Currencies**

The long-term debt payable includes \$75,685,000 (1992–\$130,985,000) payable in U.S. dollars. 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.

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 provision for early redemptions at the option of the bondholder):

| | 1993 | 1992 |
|------|----------------------|-------------|
| | THOUSANDS OF DOLLARS | |
| 1993 | \$ — | 133,339 |
| 1994 | 77,328 | 70,528 |
| 1995 | 49,604 | 42,429 |
| 1996 | 116,096 | 108,471 |
| 1997 | 121,103 | 113,053 |
| 1998 | 147,696 | — |

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.

Sinking funds

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

During 1993, the Authority, with the approval of the Inspector of Municipalities, distributed \$900,000 (1992-\$1,800,000) of sinking fund assets in excess of the related debt to the participating regional districts in two securities issues.

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

| | | 1993 | 1992 |
|--|-------------------------|----------------------|----------------------|
| | | Par value | Book value |
| | | THOUSANDS OF DOLLARS | |
| SECURITIES | | | |
| Government of Canada, direct or guaranteed | \$ 26,508 | 22,147 | 26,374 |
| Provincial governments, direct or guaranteed | 87,156 | 85,650 | 73,117 |
| Chartered banks, direct or guaranteed | 6,025 | 6,041 | 1,629 |
| Credit Unions in the Province | 2,250 | 2,250 | 1,505 |
| Regional and municipal governments | 11,430 | 11,545 | 10,809 |
| The Authority | 45,478 | 41,960 | 42,756 |
| | <hr/> \$ 178,847 | <hr/> 169,593 | <hr/> 156,190 |
| Cash | | 1,726 | 205 |
| Accrued interest and other | | <hr/> 2,217 | <hr/> 1,784 |
| Total assets | | 173,536 | 158,179 |
| Less: Assets in excess of the related debt | | <hr/> 23,613 | <hr/> 13,401 |
| | | <hr/> 149,923 | <hr/> 144,778 |
| Accumulated actuarial requirements for retirement of the related debt | | <hr/> 105,293 | <hr/> 96,965 |
| Excess of assets over accumulated actuarial requirements | <hr/> \$ 44,630 | <hr/> 47,813 | |

Capital Repayment Equalization Fund— surplus

The surplus relates directly to specific securities issues and, if not otherwise appropriated for payment of principal and/or interest during the term of such issues, will be paid over to the regional districts for which the financing was undertaken. In 1993, such a surplus of \$2,291,129 (1992-\$803,308) was returned to the participating regional districts.

CAPITAL FINANCING

Debt Fund—Schedule of Long-Term Debt

DECEMBER 31, 1993—WITH COMPARATIVE FIGURES FOR 1992

| ISSUE/ SERIES | YEAR OF ISSUE | MATURITY DATE | INTEREST RATE PERCENT | ORIGINAL AMOUNT |
|-------------------------------------|------------------|---|--------------------------|--------------------|
| PAYABLE IN CANADIAN DOLLARS: | | | | |
| 2 | 1971 | December 1, 1994-1996 | 7.750 | \$ 1,259 |
| 3 | 1972 | March 1, 1997 | 7.750 | 2,575 |
| 6 | 1973 | June 1, 1993 | 8.125 | 8,727 |
| 7 | 1974 | March 1, 1994 | 9.000 | 6,462 |
| 9 | 1974 | April 16, 1994 | 9.000 | 6,800 |
| 11 | 1974 | September 3, 1994 | 10.750 | 5,000 |
| 16 | 1975 | September 2, 1995 | 10.750 | 5,000 |
| 20 | 1977 | June 1, 1994/1997 June 1, 1997 | 9.000 9.875 | 25,000 20,000 |
| 21 | 1977 | December 1, 1997 December 1, 2002 | 9.500 9.500 | 33,500 7,000 |
| 23 | 1978 | November 15, 1993 November 15, 1998 | 9.625 9.950 | 890 30,000 |
| A23 | 1978 | November 15, 1998 November 15, 2003 | 9.950 10.000 | 6,735 3,265 |
| 25 | 1979 | December 6, 1999 | 12.250 | 54,100 |
| 26 | 1979 | December 6, 2004 | 12.250 | 11,133 |
| 33 | 1983 | June 15, 1993 June 15, 2003 | 11.750 12.375 | 25,000 63,300 |
| 34 | 1983 | November 22, 1993 November 22, 1993 | 12.000 12.125 | 58,000 21,000 |
| 36 | 1984 | December 5, 2004 | 13.000 | 30,500 |
| 37/CA | 1985 | June 12, 2005 | 12.000 | 21,800 |
| 38/CB | 1985 | December 12, 2005 | 11.000 | 15,500 |
| A29 | 1986 | April 29, 2001 | 14.000 | 91,362 |
| 39/EB | 1986 | June 2, 2001 | 9.375 | 65,500 |
| 40/CC | 1986 | October 23, 2006 | 10.125 | 26,000 |
| A24 | 1987 | May 15, 1994 | 8.750 | 5,000 |
| 42/CD | 1987 | July 30, 1997 | 10.000 | 90,000 |
| 44/CF | 1988 | May 11, 1998 | 9.500 | 17,500 |
| A32/CG | 1988 | October 27, 1998 | 10.875 | 88,000 |
| 45 | 1988 | October 27, 1994 October 27, 1995/1998 | 10.500 10.750 | 7,630 14,148 |
| 46/CH | 1989 | May 9, 1994/1999 | 10.900 | 27,100 |
| 47/CI | 1989 | November 9, 1999 | 10.250 | 29,400 |
| 48/CJ | 1990 | May 15, 2000 | 11.625 | 77,925 |
| | | Carried forward | | 1,002,111 |

Schedule

THOUSANDS OF DOLLARS

| OUTSTANDING | SINKING FUNDS | LONG-TERM DEBT, NET | 1992 | |
|-----------------|-----------------|------------------------|------------------------|--------------------|
| | | | LONG-TERM DEBT, NET | REFERENCES |
| 130 | — | 130 | 168 | (1) |
| 2,575 | 2,575 | — | — | (1) (2) |
| — | — | — | 1,208 | |
| 6,462 | 6,462 | — | — | (1) (2) |
| 6,800 | 6,800 | — | — | (1) (2) |
| 500 | — | 500 | 1,000 | (1) |
| 5,000 | 4,800 | 200 | 997 | (1) (2) |
| 2,406 20,000 | — 20,000 | 2,406 — | 2,406 — | (3) (1) (2) |
| 33,500 7,000 | 33,500 7,000 | — — | — — | (1) (2) (1) (2) |
| — 30,000 | — 30,000 | — — | 212 — | (1) (2) |
| 6,735 3,265 | 6,735 3,265 | — — | — — | (1) (2) (1) (2) |
| 28,500 | — | 28,500 | 31,700 | (4) |
| 11,133 | 7,696 | 3,437 | 4,387 | (2) (5) |
| — 63,300 | — — | — 63,300 | 3,779 63,300 | (6) |
| — — | — — | — — | 58,000 21,000 | |
| 30,500 | 12,982 | 17,518 | 19,555 | (2) (8) |
| 21,800 | 8,108 | 13,692 | 15,053 | (2) (9) |
| 15,500 | — | 15,500 | 15,500 | (10) |
| 91,362 | — | 91,362 | 91,362 | (1) |
| 65,500 | — | 65,500 | 65,500 | (7) |
| 26,000 | — | 26,000 | 26,000 | (11) |
| 2,600 | — | 2,600 | 5,000 | (1) |
| 90,000 | — | 90,000 | 90,000 | (1) |
| 17,500 | — | 17,500 | 17,500 | (1) |
| 88,000 | — | 88,000 | 88,000 | (1) |
| 1,170 14,148 | — — | 1,170 14,148 | 2,740 14,148 | (1) (1) |
| 27,100 | — | 27,100 | 27,100 | (1) (12) |
| 29,400 | — | 29,400 | 29,400 | (1) |
| 77,925 | — | 77,925 | 77,925 | (1) |
| 825,811 | 149,923 | 675,888 | 772,940 | |

continued

CAPITAL FINANCING

Debt Fund—Schedule of Long-Term Debt

DECEMBER 31, 1993—WITH COMPARATIVE FIGURES FOR 1992

| ISSUE/ SERIES | YEAR OF ISSUE | MATURITY DATE | INTEREST RATE PERCENT | ORIGINAL AMOUNT |
|--|------------------|--------------------------------------|--------------------------|--------------------|
| PAYABLE IN CANADIAN DOLLARS, CONTINUED: | | | Brought forward | \$1,002,111 |
| 49/CK | 1990 | October 24, 1995/2000 | 11.200 | 21,700 |
| 50/CL | 1991 | May 8, 1996/2006 | 9.875/10.250 | 46,000 |
| 51/CM | 1991 | October 31, 1996 | 9.500 | 41,000 |
| 52 | 1992 | November 1, 1993 November 1, 1994 | 7.250 7.500 | 14,300 18,900 |
| 53/CN | 1992 | May 13, 2002 | 9.625 | 55,000 |
| 54/CO | 1993 | January 12, 2003 | 7.800/8.300 | 57,300 |
| 55 | 1993 | May 13, 1994-2003 May 12, 2003 | 6.000/8.000 8.750 | 15,000 50,000 |
| 56/EC | 1993 | November 19, 2003 | 7.250 | 98,000 |
| 57 | 1993 | October 28, 1994-1998 | 5.000/6.250 | 32,000 |
| | | | | 1,451,311 |
| PAYABLE IN UNITED STATES DOLLARS: | | | | |
| 1 | 1971 | October 1, 1996 | 8.375 | 20,000 |
| 22 | 1978 | June 1, 1998 June 1, 2003 | 9.250 9.375 | 29,363 4,737 |
| 28 | 1980 | December 1, 2005 | 13.750 | 90,000 |
| 30/EA | 1985 | October 28, 2000/2005 | 11.250 | 50,000 |
| | | | | 194,100 |
| | | | | 1,645,411 |

Schedule

THOUSANDS OF DOLLARS

| 1993 | | 1992 | |
|-------------|---------------|---------------------|---------------------|
| OUTSTANDING | SINKING FUNDS | LONG-TERM DEBT, NET | LONG-TERM DEBT, NET |
| | | | REFERENCES |
| 825,811 | 149,923 | 675,888 | 772,940 |
| 21,700 | — | 21,700 | 21,700 (1) (13) |
| 46,000 | — | 46,000 | 46,000 (1) (14) |
| 41,000 | — | 41,000 | 41,000 (1) |
| — | — | — | 14,300 (1) |
| 18,900 | — | 18,900 | 18,900 (1) |
| 55,000 | — | 55,000 | 55,000 (1) |
| 57,300 | — | 57,300 | — (1) (17) |
| 15,000 | — | 15,000 | — (1) |
| 50,000 | — | 50,000 | — (1) |
| 98,000 | — | 98,000 | — (1) |
| 32,000 | — | 32,000 | — (18) |
| 1,260,711 | 149,923 | 1,110,788 | 969,840 |
| 2,172 | — | 2,172 | 2,787 (6) |
| 12,145 | — | 12,145 | 14,511 (6) |
| 3,140 | — | 3,140 | 3,325 (6) |
| 58,228 | — | 58,228 | 62,362 (15) |
| — | — | — | 48,000 (7) (16) |
| 75,685 | — | 75,685 | 130,985 |
| 1,336,396 | 149,923 | 1,186,473 | 1,100,825 |

CAPITAL FINANCING

Debt Fund—References to Schedule of Long-Term Debt

DECEMBER 31, 1993

- 1 Non-callable prior to maturity.
- 2 The sinking fund has been calculated to provide for retirement of the issue at maturity.
- 3 Redeemable at holder's option on June 1, 1994. Callable upon the imposition of withholding taxes at 101.50% reducing to 100% at maturity.
- 4 Non-callable prior to December 6, 1994 except for sinking fund purposes. Callable on December 6, 1994 and thereafter at any time at 100%.
- 5 Callable on December 6, 1997 and thereafter at any time at 100%.
- 6 Non-callable except for sinking fund purposes.
- 7 Callable upon the imposition of withholding taxes at any time at 100%.
- 8 Callable on December 5, 1999 and thereafter at any time at 100%.
- 9 Callable on June 12, 2000 and thereafter at any time at 100%.
- 10 Callable on December 12, 2000 and thereafter at any time at 100%.
- 11 Callable on October 23, 2003 and thereafter at any time at 100%.
- 12 Redeemable at holder's option on May 9, 1994.
- 13 Redeemable at holder's option on October 24, 1995.
- 14 Redeemable at holder's option on May 8, 1996.
- 15 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.
- 16 Called on October 28, 1993 at 103%. Refunded through Issue No. 57 on October 28, 1993.
- 17 Redeemable at holder's option on January 12, 1998. If not redeemed, coupon rate increases from 7.800% to 8.300% for the period January 13, 1998 to 2003.
- 18 During 1993, the Authority swapped its five year Canadian \$32,000,000 serial issue with the Canadian Imperial Bank of Commerce in exchange for the Bank's U.S. \$24,000,000 five year serial issue. The coupon rates on the U.S. serial issue are 4.190% to 5.050%.

CAPITAL FINANCING

Schedule of Loans to Regional Districts 1993 (Unaudited)

THOUSANDS OF DOLLARS (EXCEPT PER CAPITA)

| | PRINCIPAL OUTSTANDING DEC. 31, 1992 | 1993 | PRINCIPAL REPAID | PRINCIPAL OUTSTANDING DEC. 31, 1993 | PER CAPITA |
|--------------------------------|---|---------------------|---------------------|---|---------------|
| | | NEW LOANS ISSUED | | | |
| REGIONAL DISTRICTS | | | | | |
| Alberni-Clayoquot | \$ 6,863 | 299 | 452 | 6,710 | 215 |
| Bulkley-Nechako | 12,963 | 1,189 | 643 | 13,509 | 352 |
| Capital | 104,775 | 42,008 | 6,392 | 140,391 | 469 |
| Cariboo | 37,183 | 1,360 | 1,725 | 36,818 | 603 |
| Central Coast | — | — | — | — | — |
| Central Fraser Valley | 66,404 | 10,500 | 4,324 | 72,580 | 419 |
| Central Kootenay | 17,498 | 863 | 1,190 | 17,171 | 336 |
| Central Okanagan | 43,437 | 3,405 | 2,203 | 44,639 | 399 |
| Columbia Shuswap | 16,570 | 85 | 1,023 | 15,632 | 375 |
| Comox-Strathcona | 49,799 | 4,769 | 2,734 | 51,834 | 627 |
| Cowichan Valley | 20,156 | 537 | 1,169 | 19,524 | 322 |
| Dewdney-Alouette | 44,991 | — | 2,092 | 42,899 | 477 |
| East Kootenay | 52,361 | 2,130 | 2,632 | 51,859 | 990 |
| Fort Nelson-Liard | 5,596 | — | 198 | 5,398 | 1,071 |
| Fraser-Cheam | 16,534 | 961 | 548 | 16,947 | 247 |
| Fraser-Fort George | 51,849 | 8,356 | 3,114 | 57,091 | 629 |
| Greater Vancouver | 230,070 | 47,007 | 17,932 | 259,145 | 168 |
| Kitimat-Stikine | 14,561 | 251 | 810 | 14,002 | 333 |
| Kootenay Boundary | 10,250 | 445 | 1,113 | 9,582 | 307 |
| Mount Waddington | 4,417 | — | 285 | 4,132 | 297 |
| Nanaimo | 53,948 | 2,293 | 3,305 | 52,936 | 520 |
| North Okanagan | 31,340 | 11,295 | 1,865 | 40,770 | 660 |
| Okanagan-Similkameen | 23,127 | 880 | 1,426 | 22,581 | 339 |
| Peace River | 64,733 | 6,937 | 3,725 | 67,945 | 1,274 |
| Powell River | 7,173 | — | 430 | 6,743 | 365 |
| Skeena-Queen Charlotte | 24,463 | 1,750 | 1,440 | 24,773 | 1,042 |
| Squamish-Lillooet | 19,536 | 845 | 794 | 19,587 | 836 |
| Sunshine Coast | 6,570 | 1,127 | 438 | 7,259 | 349 |
| Thompson-Nicola | 66,422 | 8,849 | 5,316 | 69,955 | 670 |
| OTHER | | | | | |
| District of Campbell River | 2,621 | — | 107 | 2,514 | 119 |
| Greater Nanaimo Water District | 22,407 | — | 1,502 | 20,905 | 233 |
| | \$ 1,128,617 | 158,141 | 70,927 | 1,215,831 | 370 |

CAPITAL FINANCING

Ten Year Review—Combined Funds

| | 1993 | 1992 | 1991 | 1990 |
|--|--------------|-----------|-----------|-----------|
| ASSETS | | | | |
| Cash | \$ 2,712 | 2,349 | 2,238 | 2,786 |
| Due from Short Term Debt Fund | 7 | — | — | — |
| Accrued interest and other receivables | 6,197 | 4,966 | 3,892 | 2,500 |
| Investments | 335,591 | 324,762 | 317,984 | 256,695 |
| Demand notes receivable from Regional Districts | 105,817 | 99,441 | 97,159 | 92,233 |
| Loans to Regional Districts | 1,215,831 | 1,128,617 | 1,141,183 | 1,113,342 |
| Prepaid issue costs | — | 9 | — | — |
| Deferred receivables from Regional Districts | — | — | — | 262 |
| Unamortized issue, refunding and exchange costs | 12,096 | 3,597 | 3,043 | 3,555 |
| Sinking fund assets in excess of related debt | 23,613 | 13,401 | 6,081 | 3,018 |
| Total assets | \$ 1,701,864 | 1,577,142 | 1,571,580 | 1,474,391 |
| LIABILITIES, RESERVES AND SURPLUS | | | | |
| Accounts payable and unpresented matured debt | \$ 991 | 534 | 241 | 210 |
| Due to banks | — | — | — | — |
| Due to sinking and other funds | 166 | 1,130 | 85 | 33 |
| Due to Short Term Debt Fund | 100 | 14,134 | — | — |
| Due to Regional Districts | 174,693 | 163,684 | 160,576 | 152,845 |
| Long-term debt, net | 1,186,473 | 1,100,825 | 1,148,611 | 1,109,133 |
| Total liabilities | 1,362,423 | 1,280,307 | 1,309,513 | 1,262,221 |
| Reserves for information systems enhancement | 90 | 83 | 83 | 152 |
| Surplus | 339,351 | 296,752 | 261,984 | 212,018 |
| Total liabilities, reserves and surplus | \$ 1,701,864 | 1,577,142 | 1,571,580 | 1,474,391 |
| REVENUE | | | | |
| Prior year's surplus appropriated | \$ 205,624 | 183,820 | 147,397 | 113,770 |
| Operating levy | 106 | 110 | 108 | 193 |
| Recoveries from new issues | 115 | 150 | 119 | 109 |
| Investment income (including sinking funds) | 49,306 | 46,878 | 44,658 | 37,982 |
| Interest from loans to Regional Districts | 150,265 | 155,206 | 151,024 | 150,766 |
| Recovery of deficiencies from Regional Districts | — | 136 | 236 | 145 |
| Other | 2,940 | 350 | 1,108 | 809 |
| Total revenue | 408,356 | 386,650 | 344,650 | 303,774 |
| EXPENDITURE | | | | |
| Legislative | 55 | 70 | 69 | 68 |
| Administrative | 853 | 837 | 592 | 558 |
| Interest | 141,810 | 142,953 | 138,682 | 137,041 |
| Amortization of issue, refunding and exchange costs | 1,960 | 1,723 | 513 | 546 |
| Allocations to Regional Districts | 15,352 | 13,695 | 7,020 | 6,273 |
| Other | 103 | 8,784 | 411 | 321 |
| Total expenditure | 160,133 | 168,062 | 147,287 | 144,807 |
| Excess of revenue over expenditure for the year | 248,223 | 218,588 | 197,363 | 158,967 |
| Surplus, beginning of the year not appropriated to current revenue | 91,128 | 78,164 | 64,621 | 53,051 |
| Surplus, end of the year | \$ 339,351 | 296,752 | 261,984 | 212,018 |

THOUSANDS OF DOLLARS

| 1989 | 1988 | 1987 | 1986 | 1985 | 1984 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 1,695 | 1,508 | 2,386 | 2,881 | 3,186 | 3,658 |
| — | — | — | — | — | — |
| 2,046 | 1,745 | 1,276 | 1,768 | 1,627 | 1,724 |
| 208,536 | 168,518 | 137,428 | 139,133 | 100,630 | 91,736 |
| 89,460 | 86,321 | 85,140 | 82,611 | 80,243 | 77,863 |
| 1,119,256 | 1,114,879 | 1,124,501 | 1,127,662 | 1,122,746 | 1,127,416 |
| — | — | — | — | — | — |
| 963 | 1,605 | 2,183 | 14,122 | 19,318 | 21,573 |
| 3,675 | 4,194 | 3,918 | 3,099 | 2,066 | 1,100 |
| 2,445 | 974 | — | — | — | — |
| 1,428,076 | 1,379,744 | 1,356,832 | 1,371,276 | 1,329,816 | 1,325,070 |
| 269 | 287 | 690 | 1,945 | 2,256 | 2,507 |
| — | — | — | — | 1,455 | 4,939 |
| 69 | 1,621 | 3,200 | 3,993 | 6,363 | 464 |
| — | — | — | — | — | — |
| 143,787 | 134,702 | 125,206 | 115,338 | 112,320 | 108,430 |
| 1,116,978 | 1,112,311 | 1,126,765 | 1,158,670 | 1,138,934 | 1,153,524 |
| 1,261,103 | 1,248,921 | 1,255,861 | 1,279,946 | 1,261,328 | 1,269,864 |
| 152 | 152 | 102 | 115 | 92 | 66 |
| 166,821 | 130,671 | 100,869 | 91,215 | 68,396 | 55,140 |
| 1,428,076 | 1,379,744 | 1,356,832 | 1,371,276 | 1,329,816 | 1,325,070 |
| 88,035 | 67,423 | 65,515 | 36,579 | 30,371 | 25,045 |
| 242 | 245 | 253 | 360 | 361 | 351 |
| 105 | 95 | 87 | 86 | 82 | 190 |
| 30,317 | 24,487 | 22,132 | 19,851 | 17,474 | 15,268 |
| 147,483 | 147,359 | 144,410 | 144,234 | 144,557 | 137,420 |
| 241 | 4,279 | 7,130 | 3,237 | 489 | 735 |
| 1 | 753 | 1,903 | 2,014 | 1,173 | 2,199 |
| 266,424 | 244,641 | 241,430 | 206,361 | 194,507 | 181,208 |
| 59 | 45 | 48 | 47 | 53 | 57 |
| 572 | 530 | 466 | 477 | 473 | 467 |
| 134,259 | 137,174 | 137,521 | 140,009 | 146,027 | 138,879 |
| 529 | 471 | 540 | 353 | 403 | 213 |
| 5,671 | 8,980 | 9,379 | 5,707 | 3,605 | 3,903 |
| 1,149 | 216 | 18,307 | 370 | 319 | 82 |
| 142,239 | 147,416 | 166,261 | 146,963 | 150,880 | 143,601 |
| 124,185 | 97,225 | 75,169 | 59,398 | 43,627 | 37,607 |
| 42,636 | 33,446 | 25,700 | 31,817 | 24,769 | 17,533 |
| 166,821 | 130,671 | 100,869 | 91,215 | 68,396 | 55,140 |

Canadian Dollar Bonds Issued in Canada

| ISSUE/ SERIES | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1993 \$(000) | INTEREST |
|------------------|---|-------------------|-----------------------|---|---------------------------------------|
| 2 | 7.75% Serial Debentures due December 1, 1972-1996 | December 1, 1971 | 1,259 | 130 | Semi-annual June 1 December 1 |
| 3 | 7.75% Sinking Fund Debentures due March 1, 1997 | March 1, 1972 | 2,575 | 2,575 | Semi-annual March 1 September 1 |
| 7 | 9% Sinking Fund Debentures due March 1, 1994 | March 1, 1974 | 6,462 | 6,462 | Semi-annual March 1 September 1 |
| 9 | 9% Sinking Fund Debenture due April 16, 1994 | April 16, 1974 | 6,800 | 6,800 | Semi-annual April 16 October 16 |
| 11 | 10.75% Instalment Debentures due September 3, 1985-1994 | September 3, 1974 | 5,000 | 500 | Semi-annual March 3 September 3 |
| 16 | 10.75% Sinking Fund Debentures due September 2, 1995 | September 2, 1975 | 5,000 | 5,000 | Semi-annual March 2 September 2 |
| 20 | 9.875% Sinking Fund Debentures due June 1, 1997 | June 15, 1977 | 20,000 | 20,000 | Semi-annual June 1 December 1 |
| 21 | 9.50% Sinking Fund Debentures due December 1, 1997 | December 1, 1977 | 33,500 | 33,500 | Semi-annual June 1 December 1 |
| | 9.50% Sinking Fund Debentures due December 1, 2002 | " | 7,000 | 7,000 | " |
| 23 | 9.95% Sinking Fund Debentures due | November 15, 1998 | 30,000 | 30,000 | Semi-annual May 15 November 15 |
| A23 | 9.95% Sinking Fund Debentures due November 15, 1998 | November 15, 1978 | 6,735 | 6,735 | Semi-annual May 15 November 15 |
| | 10% Sinking Fund Debentures due November 15, 2003 | " | 3,265 | 3,265 | " |

| DENOMINATIONS | CALL | SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000) | RETRACTION OR EXTENSION | REGISTRAR AND TRANSFER AGENT |
|---|--------------|---|-------------------------------|--|
| Coupon-\$1,000 | Non-callable | 1994-40 1995-44 1996-46 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon-\$1,000 | Non-callable | Annual deposits 1983-1997 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon-\$1,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | Annual deposits 1975-1994 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Fully registered | Non-callable | Annual deposits 1975-1994 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Fully registered | Non-callable | 1994-500 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Fully registered | Non-callable | Annual deposits 1986-1995 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon-\$1,000 Coupon-\$5,000 Coupon-\$25,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | Annual deposits 1978-1997 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon-\$1,000 Coupon-\$5,000 Coupon-\$25,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | Annual deposits 1978-1997 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| " | " | Annual deposits 1978-2002 | " | |
| Coupon-\$1,000 Coupon-\$5,000 Coupon-\$25,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | Annual deposits 1979-1998 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Fully registered \$1,000 and multiples thereof | Non-callable | Annual deposits 1979-1998 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| " | " | Annual deposits 1979-2003 | " | |

continued

Canadian Dollar Bonds Issued in Canada

| ISSUE/ SERIES | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1993 \$(000) | INTEREST |
|------------------|---|-------------------|-----------------------|---|---------------------------------------|
| A24 | 7.75%-8.75% Serial Debentures due May 15, 1988-1994 | May 15, 1987 | 14,000 | 2,600 | Semi-annual May 15 November 15 |
| 25 | 12.25% Sinking Fund Debentures due December 6, 1999 | December 6, 1979 | 54,100 | 28,500 | Semi-annual June 6 December 6 |
| 26 | 12.25% Sinking Fund Debentures due December 6, 2004 | December 6, 1979 | 11,133 | 11,133 | Semi-annual June 6 December 6 |
| A29 | 14% Bonds due April 29, 2001 | April 29, 1986 | 91,362 | 91,362 | Semi-annual April 29 October 29 |
| 33 | 12.375% Sinking Fund Debentures due June 15, 2003 | June 15, 1983 | 63,300 | 63,300 | Semi-annual June 15 December 15 |
| 36 | 13% Sinking Fund Debentures due December 5, 2004 | December 5, 1984 | 30,500 | 30,500 | Semi-annual June 5 December 5 |
| 37/CA | 12% Sinking Fund Debentures due June 12, 2005 | June 12, 1985 | 21,800 | 21,800 | Semi-annual June 12 December 12 |
| 38/CB | 11% Debentures due December 12, 2005 | December 12, 1985 | 15,500 | 15,500 | Semi-annual June 12 December 12 |

| DENOMINATIONS | CALL | SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000) | RETRACTION OR EXTENSION | REGISTRAR AND TRANSFER AGENT |
|---|--|--|-------------------------------|--|
| Fully registered \$1,000 and multiples thereof | Non-callable | 1994-2,600 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |
| Coupon-\$1,000 Coupon-\$5,000 Coupon-\$25,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Callable at par on or after Dec. 6, 1994. Callable also for sinking fund purposes | 1994-3,600 1995-3,900 1996-4,300 1997-4,900 1998-5,500 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Fully registered \$1,000 and multiples thereof | Callable at par on or after Dec. 6, 1997 | Annual deposits 1980-2004 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon-\$1,000 Coupon-\$25,000 Coupon-\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon-\$1,000 Coupon-\$25,000 Coupon-\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable except for sinking fund purposes | 1994-3,830 1995-4,170 1996-4,690 1997-5,270 1998-5,920 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon-\$1,000 Coupon-\$25,000 Coupon-\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Callable at par on or after December 5, 1999 | Annual deposits 1985-2004 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon-\$1,000 Coupon-\$25,000 Coupon-\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Callable at par on or after June 12, 2000 | Annual deposits 1986-2005 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon-\$1,000 Coupon-\$25,000 Coupon-\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Callable at par on or after December 12, 2000 | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |

continued

Canadian Dollar Bonds Issued in Canada

| ISSUE / SERIES | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1993 \$(000) | INTEREST |
|-------------------|--|------------------|-----------------------|---|---------------------------------------|
| 40/CC | 10.125% Debentures due October 23, 2006 | October 23, 1986 | 26,000 | 26,000 | Semi-annual April 23 October 23 |
| 42/CD | 10% Debentures due July 30, 1997 | July 30, 1987 | 90,000 | 90,000 | Semi-annual January 30 July 30 |
| 44/CF | 9.50% Debentures due May 11, 1998 | May 11, 1988 | 17,500 | 17,500 | Semi-annual May 11 November 11 |
| 45 | 10.50% Serial Debentures due October 27, 1989-1994 | October 27, 1988 | 7,630 | 1,170 | Semi-annual April 27 October 27 |
| | 10.75% Serial Debentures Due October 27, 1995-1998 | .. | 14,148 | 14,148 | .. |
| A32/CG | 10.875% Debentures due October 27, 1998 | October 27, 1988 | 88,000 | 88,000 | Semi-annual April 27 October 27 |
| 46/CH | 10.90% Debentures due May 9, 1999 | May 9, 1989 | 27,100 | 27,100 | Semi-annual May 9 November 9 |

| DENOMINATIONS | CALL | SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000) | RETRACTION OR EXTENSION | REGISTRAR AND TRANSFER AGENT |
|--|--|---|--|--|
| Fully registered \$1,000 and multiples thereof | Callable at par on or after October 23, 2003 | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |
| Fully registered \$1,000 and multiples thereof | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |
| Fully registered \$1,000 and multiples thereof | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |
| Fully registered \$1,000 and multiples thereof | Non-callable | 1994-1,170 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| .. | .. | 1995-1,280 1996-1,400 1997-1,590 1998-9,878 | .. | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |
| Fully registered \$1,000 and multiples thereof | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |
| Fully registered \$1,000 and multiples thereof | Non-callable | None | Retractable at holder's option on May 9, 1994. Right may be exercised on February 9, 1994 and thereafter to April 11, 1994. | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |

continued

Canadian Dollar Bonds Issued in Canada

| ISSUE/ SERIES | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1993 \$(000) | INTEREST |
|------------------|--|-------------------|-----------------------|---|---|
| 47/CI | 10.25% Debentures due November 9, 1999 | November 9, 1989 | 29,400 | 29,400 | Semi-annual May 9 November 9 |
| 48/CJ | 11.625% Debentures due May 15, 2000 | May 1, 1990 | 77,925 | 77,925 | Semi-annual May 15 November 15 |
| 49/CK | 11.20% Debentures due October 24, 2000 | October 24, 1990 | 21,700 | 21,700 | Semi-annual April 24 October 24 |
| 50/CL | 9.875%/10.25% Debentures due May 8, 2006 | May 8, 1991 | 46,000 | 46,000 | Semi-annual May 8 November 8 9.875% to May 8, 1996, thereafter 10.25% |
| 51/CM | 9.50% Debentures due October 31, 1996 | October 31, 1991 | 41,000 | 41,000 | Semi-annual April 30 October 31 |
| 52 | 7.50% Serial Debentures due November 1, 1994 | February 20, 1992 | 47,500 | 18,900 | Semi-annual May 1 November 1 |

| DENOMINATIONS | CALL | SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000) | RETRACTION OR EXTENSION | REGISTRAR AND TRANSFER AGENT |
|--|--------------|---|---|--|
| Fully registered \$1,000 and multiples thereof | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |
| Fully registered \$1,000 and multiples thereof | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |
| Fully registered \$1,000 and multiples thereof | Non-callable | None | Retractable at holder's option on October 24, 1995. Right may be exercised on July 24, 1995 and thereafter to September 22, 1995 | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |
| Fully registered \$1,000 and multiples thereof | Non-callable | None | Retractable at holder's option on May 8, 1996. Right may be exercised on February 8, 1996 and thereafter to April 8, 1996 | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |
| Fully registered \$1,000 and multiples thereof | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |
| Fully registered \$1,000 and multiples thereof | Non-callable | 1994-18,900 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |

Continued

Canadian Dollar Bonds Issued in Canada

| ISSUE/ SERIES | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1993 \$(000) | INTEREST |
|------------------|---|------------------|-----------------------|---|---------------------------------------|
| 53/CN | 9.625% Debentures due May 13, 2002 | May 13, 1992 | 55,000 | 55,000 | Semi-annual May 13 November 13 |
| 54/CO | 7.800%/8.300% Debentures due January 12, 2003 | January 12, 1993 | 57,300 | 57,300 | Semi-annual January 12 July 12 |
| 55 | 6.000%-8.000 Serial Debentures due May 12, 1994-2003 | May 12, 1993 | 15,000 | 15,000 | Semi-annual May 12 November 12 |
| | 8.750% Debentures due May 12, 2013 | May 12, 1993 | 50,000 | 50,000 | .. |
| 57 | 5.000%-6.250% Serial Debentures due October 28, 1994-1998 | October 28, 1993 | 32,000 | 32,000 | Semi-annual April 28 October 28 |

| DENOMINATIONS | CALL | SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000) | RETRACTION OR EXTENSION | REGISTRAR AND TRANSFER AGENT |
|--|--------------|--|---|--|
| Fully registered \$1,000 and multiples thereof | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |
| Fully registered \$1,000 and multiples thereof | Non-callable | None | Retractable at holder's option on January 12, 1998. Right may be exercised on October 15, 1997 and thereafter to December 15, 1997. | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |
| Fully registered \$1,000 and multiples thereof | Non-callable | 1994-1,100 1995-1,150 1996-1,250 1997-1,300 1998-1,400 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| " | " | None | " | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |
| Fully registered \$1,000 and multiples thereof | Non-callable | 1994-5,700 1995-6,025 1996-6,375 1997-6,750 1998-7,150 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Montreal Trust Company of Canada 510 Burrard Street Vancouver, B.C. V6C 3B9 151 Front Street West Toronto, Ontario M5J 2N1 |

Canadian Dollar Bonds Issued in Europe

| ISSUE/ SERIES | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1993 \$(000) | INTEREST |
|------------------|---------------------------------------|-------------------|-----------------------|---|-----------------------|
| 20 | 9% Bonds due June 1, 1985/1997 | June 1, 1977 | 25,000 | 2,406 | Annual June 1 |
| 39/EB | 9.375% Bonds due June 2, 2001 | June 2, 1986 | 65,500 | 65,500 | Annual June 2 |
| 56/EC | 7.250% Bonds due November 19, 2003 | November 19, 1993 | 98,000 | 98,000 | Annual November 19 |

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

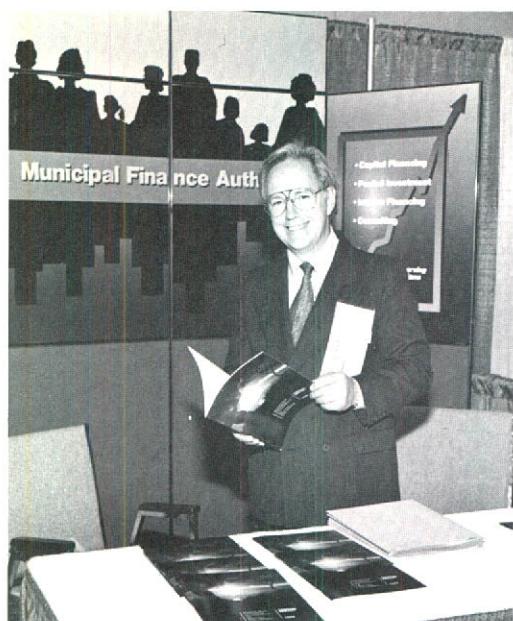
| ISSUE/ SERIES | DESCRIPTION | DATED | AUTHORIZED U.S. \$(000) | OUTSTANDING DECEMBER 31, 1993 U.S. \$(000) | INTEREST |
|------------------|---|------------------|----------------------------|--|-------------------------------------|
| 1 | 8.375% Sinking Fund Debentures due October 1, 1996 | October 1, 1971 | 20,000 | 2,172 | Semi-annual April 1 October 1 |
| 22 | 9.25% Sinking Fund Debentures due June 1, 1998 | June 1, 1978 | 29,363 | 12,145 | Semi-annual June 1 December 1 |
| | 9.375% Sinking Fund Debentures due June 1, 2003 | " | 4,737 | 3,140 | " |
| 28 | 13.75% Sinking Fund Debentures due December 1, 2005 | December 1, 1980 | 90,000 | 58,228 | Semi-annual June 1 December 1 |

| DENOMINATIONS | CALL | SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000) | RETRACTION OR EXTENSION | PRINCIPAL PAYING AGENT/TRUSTEE/ STOCK EXCHANGE LISTING |
|---|--|---|---|--|
| Coupon-\$1,000 | Non-callable except upon imposition of withholding taxes | None | Retractable at holder's option on June 1, 1994. Right may be exercised not more than 360 or less than 90 days prior to June 1 | Kredietbank S.A. Luxembourg Luxembourg Finimtrust S.A. Luxembourg Luxembourg Stock Exchange Luxembourg |
| Coupon-\$1,000 | Non-callable except upon imposition of withholding taxes | None | N/A | Kredietbank S.A. Luxembourg Luxembourg Luxembourg Stock Exchange Luxembourg |
| Coupon-\$1,000 -\$10,000 -\$100,000 | Non-callable except upon imposition of withholding taxes | None | N/A | Hambros Bank Limited Luxembourg Stock Exchange Luxembourg |

America

| DENOMINATIONS | CALL | SINKING FUND NEXT FIVE YEARS U.S. \$(000) | AUTHENTICATING AND PAYING AGENT |
|---|---|--|---|
| Fully registered U.S. \$1,000 and multiples thereof | Non-callable except for sinking fund purposes | 1994-666 1995-722 1996-784 | Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005 |
| Fully registered U.S. \$1,000 and multiples thereof | Non-callable except for sinking fund purposes. Optional redemption— Tenders may be called from all holders | 1994-2,476 1995-2,705 1996-2,119 1997-2,315 1998-2,530 | Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005 |
| " | " | 1994-203 1995-222 1996-242 1997-266 1998-290 | |
| Fully registered U.S. \$1,000 and multiples thereof | Non-callable except for sinking fund purposes prior to Dec. 1, 1995. On Dec. 1, 1995 and thereafter at 105.02% declining by 0.56% on each Dec. 1, to 100% on or after Dec. 1, 2004 | 1994-4,705 1995-5,354 1996-5,956 1997-6,778 1998-7,713 | Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005 |

GFOA Conference, Vancouver 1993



Jim and Yvonne, MFA offices



Steve, Audrey and Ron, MFA offices

POOLED INVESTMENTS

Auditors' Report 1993

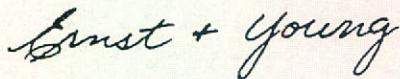
TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

We have audited the balance sheets of the Money Market Fund and the Bond Fund of the Municipal Finance Authority of British Columbia (the "Authority") and the combined balance sheet of these Funds as at December 31, 1993, and the statements of operations and unitholders' equity and cash flows for these Funds for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Money Market Fund and the Bond Fund of the Authority as at December 31, 1993, and the results of their operations and the changes in their financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The financial statements for the preceding year were audited by other auditors.



CHARTERED ACCOUNTANTS

Victoria, British Columbia, Canada
January 28, 1994

POOLED INVESTMENTS

Balance Sheets

DECEMBER 31, 1993—WITH COMPARATIVE FIGURES FOR 1992

THOUSANDS OF DOLLARS

| | MONEY MARKET FUND | | BOND FUND | | COMBINED | |
|---------------------------------|----------------------|----------------|----------------|---------------|----------------|----------------|
| | 1993 | 1992 | 1993 | 1992 | 1993 | 1992 |
| ASSETS | | | | | | |
| Cash | \$ 249 | 294 | 48 | — | 297 | 294 |
| Investments (Schedules 2 and 3) | 427,689 | 304,500 | 151,917 | 72,225 | 579,606 | 376,725 |
| Accrued interest receivable | — | 826 | 2,987 | 2,029 | 2,987 | 2,855 |
| Settlements receivable | — | — | 9,703 | — | 9,703 | — |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$ 427,938 | 305,620 | 164,655 | 74,254 | 592,593 | 379,874 |
| LIABILITIES | | | | | | |
| Accrued management fees | \$ 60 | 40 | 24 | 13 | 84 | 53 |
| Unitholder payable | 415 | 1 | — | — | 415 | 1 |
| Settlements payable | — | — | 13,789 | — | 13,789 | — |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 475 | 41 | 13,813 | 13 | 14,288 | 54 |
| UNITHOLDERS' EQUITY | 427,463 | 305,579 | 150,842 | 74,241 | 578,305 | 379,820 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$ 427,938 | 305,620 | 164,655 | 74,254 | 592,593 | 379,874 |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS



SECRETARY-TREASURER

POOLED INVESTMENTS

Statements of Operations and Unitholders' Equity

YEAR ENDED DECEMBER 31, 1993—WITH COMPARATIVE FIGURES FOR 1992

THOUSANDS OF DOLLARS

| | MONEY MARKET FUND | | BOND FUND | | COMBINED | |
|--|----------------------|----------------|----------------|---------------|----------------|----------------|
| | 1993 | 1992 | 1993 | 1992 | 1993 | 1992 |
| INVESTMENT INCOME | | | | | | |
| Interest income | \$ 22,149 | 26,171 | 7,811 | 6,155 | 29,960 | 32,326 |
| Less management fees | 665 | 560 | 204 | 149 | 869 | 709 |
| | <u>21,484</u> | <u>25,611</u> | <u>7,607</u> | <u>6,006</u> | <u>29,091</u> | <u>31,617</u> |
| GAIN (LOSS) ON INVESTMENTS (SCHEDULE 1) | | | | | | |
| Net realized gain (loss) | 565 | (2,321) | 1,972 | 2,356 | 2,537 | 35 |
| Net unrealized gain (loss) | — | — | 4,060 | (2,483) | 4,060 | (2,483) |
| | <u>565</u> | <u>(2,321)</u> | <u>6,032</u> | <u>(127)</u> | <u>6,597</u> | <u>(2,448)</u> |
| Net gain (loss) on investments | | | | | | |
| NET EARNINGS DISTRIBUTED | \$ 22,049 | 23,290 | 13,639 | 5,879 | 35,688 | 29,169 |
| UNITHOLDERS' EQUITY | | | | | | |
| Units outstanding, beginning of the year | \$ 305,579 | 273,521 | 74,241 | 70,002 | 379,820 | 343,523 |
| Units subscribed | 994,183 | 871,878 | 86,299 | 52,241 | 1,080,482 | 924,119 |
| Distributions reinvested | 22,049 | 23,290 | 13,639 | 5,879 | 35,688 | 29,169 |
| Units redeemed | (894,348) | (863,110) | (23,337) | (53,881) | (917,685) | (916,991) |
| Units outstanding, end of the year | <u>\$ 427,463</u> | <u>305,579</u> | <u>150,842</u> | <u>74,241</u> | <u>578,305</u> | <u>379,820</u> |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

POOLED INVESTMENTS

Statement of Cash Flows

YEAR ENDED DECEMBER 31, 1993—WITH COMPARATIVE FIGURES FOR 1992 THOUSANDS OF DOLLARS

| | MONEY MARKET FUND | | BOND FUND | | COMBINED | |
|--|----------------------|--------------------|------------------|------------------|--------------------|--------------------|
| | 1993 | 1992 | 1993 | 1992 | 1993 | 1992 |
| OPERATING ACTIVITIES | | | | | | |
| Net earnings distributed | \$ 22,049 | 23,290 | 13,639 | 5,879 | 35,688 | 29,169 |
| Non-cash items: | | | | | | |
| Increase (decrease) in accrued interest receivable | 826 | (215) | (958) | (987) | (132) | (1,202) |
| Increase in accrued management fees | 20 | 2 | 11 | 2 | 31 | 4 |
| Net realized (gain) loss | (565) | 2,321 | (1,972) | (2,356) | (2,537) | (35) |
| Net unrealized (gain) loss | — | — | (4,060) | 2,483 | (4,060) | 2,483 |
| Accretion of discounts on investments | (21,944) | (24,627) | (545) | (522) | (22,489) | (25,149) |
| Increase in settlements payable | — | — | 13,789 | — | 13,789 | — |
| Increase in settlements receivable | — | — | (9,703) | — | (9,703) | — |
| Cash provided by operating activities | 386 | 771 | 10,201 | 4,499 | 10,587 | 5,270 |
| FINANCING ACTIVITIES | | | | | | |
| Subscriptions | 994,183 | 871,878 | 86,299 | 52,241 | 1,080,482 | 924,119 |
| Redemptions | (894,348) | (863,110) | (23,337) | (53,881) | (917,685) | (916,991) |
| Unitholder payable | 414 | 1 | — | — | 414 | 1 |
| Cash provided by (applied to) financing activities | 100,249 | 8,769 | 62,962 | (1,640) | 163,211 | 7,129 |
| INVESTING ACTIVITIES | | | | | | |
| Proceeds on investments matured or sold | 3,417,346 | 2,983,229 | 355,219 | 288,146 | 3,772,565 | 3,271,375 |
| Investments purchased | (3,518,026) | (2,992,578) | (428,334) | (297,984) | (3,946,360) | (3,290,562) |
| Cash applied to investing activities | (100,680) | (9,349) | (73,115) | (9,838) | (173,795) | (19,187) |
| (Decrease) increase in cash for the year | (45) | 191 | 48 | (6,979) | 3 | (6,788) |
| Cash, beginning of the year | 294 | 103 | — | 6,979 | 294 | 7,082 |
| Cash, end of the year | \$ 249 | 294 | 48 | — | 297 | 294 |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

POOLED INVESTMENTS

Notes to Financial Statements

DECEMBER 31, 1993

1 Organization

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

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

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

In 1992, the Act was amended to extend the investment opportunity program from municipalities and regional districts to also include other public institutions (as defined) in the Province of British Columbia.

2 Summary of Significant accounting policies

MONEY MARKET FUND

- (a) Investments are carried at cost amortized for discounts and premiums which approximates market value except the investments may be marked to market value at the discretion of the Board of Trustees of the Authority should the yield on the net assets of the fund vary by more than 100 basis points from the market yield on Government of Canada 30-day treasury bills.
- (b) Interest income is recognized as earned.
- (c) Management fees are accrued daily at the rate of $\frac{3}{20}$ of 1 percent per annum of the net assets of the fund and are paid monthly to the Operating Fund of the Authority.
- (d) Net earnings from operations are distributed to unitholders daily as additional units of the fund.

BOND FUND

- (a) Investments are carried at market values which are determined as follows:
 - Bonds and debentures—at the quoted mid-market value; and
 - Treasury bills, short-term notes, etc.—at amortized cost which approximates market value.
- (b) Investment transactions are accounted for on the trade date and gains/losses from such transactions are calculated on an average cost basis.
- (c) Interest income is recognized as earned.
- (d) Management fees are accrued weekly, and at month-end at the rate of $\frac{1}{5}$ of 1 percent per annum of the net assets of the fund and are paid monthly to the Operating Fund of the Authority.
- (e) Net earnings from operations are distributed to unitholders weekly and at month-end as additional units of the fund.

POOLED INVESTMENTS

Schedule of Realized and Unrealized Gain (Loss) on Investments

(Schedule 1)

YEAR ENDED DECEMBER 31, 1993—WITH COMPARATIVE FIGURES FOR 1992

THOUSANDS OF DOLLARS

| | MONEY MARKET FUND | | BOND FUND | | COMBINED | |
|--|----------------------|----------------|------------------|----------------|------------------|----------------|
| | 1993 | 1992 | 1993 | 1992 | 1993 | 1992 |
| REALIZED GAIN (LOSS) ON INVESTMENTS | | | | | | |
| Proceeds from investments sold or matured | \$3,417,346 | 2,983,229 | 355,219 | 288,146 | 3,772,565 | 3,271,375 |
| Investments at market, beginning of the year | 304,500 | 272,845 | 72,479 | 59,763 | 376,979 | 332,608 |
| Cost of investments purchased | 3,518,026 | 2,992,578 | 428,334 | 297,984 | 3,946,360 | 3,290,562 |
| Accretion of discounts | 21,944 | 24,627 | 545 | 522 | 22,489 | 25,149 |
| Investments at market, end of the year | (427,689) | (304,500) | (148,111) | (72,479) | (575,800) | (376,979) |
| Cost of investments sold or matured | 3,416,781 | 2,985,550 | 353,247 | 285,790 | 3,770,028 | 3,271,340 |
| NET REALIZED GAIN (LOSS) ON INVESTMENTS | \$ 565 | (2,321) | 1,972 | 2,356 | 2,537 | 35 |
| UNREALIZED GAIN (LOSS) ON INVESTMENTS | | | | | | |
| Appreciation (depreciation), beginning of the year | \$ — | — | (254) | 2,229 | (254) | 2,229 |
| Appreciation (depreciation), end of the year | — | — | 3,806 | (254) | 3,806 | (254) |
| NET UNREALIZED GAIN (LOSS) ON INVESTMENTS | \$ — | — | 4,060 | (2,483) | 4,060 | (2,483) |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

POOLED INVESTMENTS

Money Market Fund—Schedule of Investments

(Schedule 2)

DECEMBER 31, 1993

THOUSANDS OF DOLLARS

| | MATURITY | PAR | COST | % |
|---|-------------------|---------|---------|-------|
| MONEY MARKET SECURITIES CONSIST | | | | |
| OF: | | | | |
| Government of Canada | | | | |
| Treasury bills | January 13, 1994 | \$ 100 | 100 | |
| Treasury bills | January 27, 1994 | 4,150 | 4,135 | |
| Treasury bills | February 3, 1994 | 11,750 | 11,705 | |
| Treasury bills | February 10, 1994 | 5,500 | 5,474 | |
| Treasury bills | February 17, 1994 | 5,500 | 5,471 | |
| Treasury bills | February 24, 1994 | 22,800 | 22,663 | |
| Treasury bills | March 3, 1994 | 23,900 | 23,736 | |
| Treasury bills | March 10, 1994 | 6,400 | 6,353 | |
| Treasury bills | March 24, 1994 | 9,450 | 9,367 | |
| Treasury bills | March 31, 1994 | 11,600 | 11,490 | |
| Treasury bills | April 28, 1994 | 7,400 | 7,306 | |
| Treasury bills | May 19, 1994 | 14,500 | 14,281 | |
| | | 123,050 | 122,081 | 28.54 |
| Provincial and Provincial Guaranteed | | | | |
| British Columbia Treasury bills | February 16, 1994 | 5,600 | 5,565 | |
| Ontario Hydro | January 4, 1994 | 12,450 | 12,445 | |
| | | 18,050 | 18,010 | 4.21 |
| Corporate Bonds, Coupons and Notes—Financial: | | | | |
| Avco Financial Services Limited | January 6, 1994 | 6,900 | 6,895 | |
| Avco Financial Services Limited | January 24, 1994 | 1,000 | 997 | |
| Avco Financial Services Limited | February 1, 1994 | 5,000 | 4,982 | |
| Avco Financial Services Limited | February 3, 1994 | 10,000 | 9,962 | |
| Caisse Centrale Desjardin | January 10, 1994 | 8,000 | 7,992 | |
| Canadian Imperial Bank of Commerce | January 6, 1994 | 10,000 | 9,994 | |
| First NHA Mortgage | January 21, 1994 | 10,000 | 9,972 | |
| Household Financial Corporation | January 25, 1994 | 4,000 | 3,989 | |
| Household Financial Corporation | March 18, 1994 | 4,700 | 4,660 | |
| Household Financial Corporation | March 25, 1994 | 15,000 | 14,860 | |
| Woodbridge Financial | January 17, 1994 | 10,000 | 9,980 | |
| | | 84,600 | 84,283 | 19.71 |
| Balance carry forward | | 225,700 | 224,374 | |

continued

POOLED INVESTMENTS

Money Market Fund—Schedule of Investments

(Schedule 2)

DECEMBER 31, 1993

THOUSANDS OF DOLLARS

| | MATURITY | PAR | COST | % |
|---|-------------------|------------|---------|--------|
| Balance brought forward | | 225,700 | 224,374 | |
| Corporate Bonds—Utilities: | | | | |
| Bell Canada | March 1, 1994 | 11,300 | 14,944 | |
| Gas Metropolitan Inc. | January 27, 1994 | 13,000 | 12,961 | |
| Gas Metropolitan Inc. | February 9, 1994 | 2,000 | 1,991 | |
| Gas Metropolitan Inc. | February 16, 1994 | 5,900 | 5,868 | |
| Gas Metropolitan Inc. | February 23, 1994 | 2,700 | 2,683 | |
| Union Gas Limited | March 16, 1994 | 22,600 | 22,413 | |
| | | 57,500 | 60,860 | 14.23 |
| Corporate Bonds, Coupons and Notes—Other: | | | | |
| Alberta Natural Gas | January 13, 1994 | 3,000 | 2,995 | |
| Alberta Natural Gas | February 24, 1994 | 6,000 | 5,962 | |
| Alberta Natural Gas | March 2, 1994 | 6,000 | 5,958 | |
| Alberta Natural Gas | April 7, 1994 | 10,000 | 9,890 | |
| B.C. Gas Utility Ltd. | January 6, 1994 | 7,500 | 7,495 | |
| B.C. Gas Utility Ltd. | January 7, 1994 | 5,000 | 4,996 | |
| B.C. Gas Utility Ltd. | February 24, 1994 | 5,000 | 4,969 | |
| B.C. Gas Utility Ltd. | March 24, 1994 | 5,000 | 4,954 | |
| Ford Credit Corporation of Canada | January 6, 1994 | 20,000 | 19,985 | |
| Ford Credit Corporation of Canada | March 21, 1994 | 5,000 | 4,955 | |
| G.E. Capital Canada Inc. | January 6, 1994 | 6,700 | 6,695 | |
| G.E. Capital Canada Inc. | January 11, 1994 | 2,100 | 2,097 | |
| G.E. Capital Canada Inc. | February 14, 1994 | 9,500 | 9,453 | |
| Nova Scotia Power Corporation | January 20, 1994 | 15,000 | 14,965 | |
| Seagrams | January 11, 1994 | 2,600 | 2,597 | |
| Sears Receivable Trust | March 4, 1994 | 7,400 | 7,347 | |
| Top Gas Holdings Ltd. | March 16, 1994 | 10,000 | 9,972 | |
| Westcoast Energy | January 27, 1994 | 5,500 | 5,483 | |
| Xerox Canada | January 4, 1994 | 5,500 | 5,497 | |
| Xerox Canada | January 14, 1994 | 6,200 | 6,190 | |
| | | 143,000 | 142,455 | 33.31 |
| | | \$ 426,200 | 427,689 | 100.00 |

POOLED INVESTMENTS

Bond Fund—Schedule of Investments

(Schedule 3)

DECEMBER 31, 1993

THOUSANDS OF DOLLARS

| | MATURITY | PAR | MARKET | % |
|---|-------------------|----------|--------|-------|
| BOND FUND SECURITIES CONSIST OF: | | | | |
| Government of Canada Bonds | | | | |
| Treasury bills | January 6, 1994 | \$ 1,500 | 1,499 | |
| Treasury bills | January 20, 1994 | 350 | 347 | |
| Treasury bills | January 27, 1994 | 3,600 | 3,565 | |
| Treasury bills | February 3, 1994 | 200 | 198 | |
| Treasury bills | February 10, 1994 | 1,000 | 990 | |
| Treasury bills | February 17, 1994 | 2,000 | 2,179 | |
| Treasury bills | February 24, 1994 | 3,350 | 3,318 | |
| Treasury bills | March 3, 1994 | 500 | 495 | |
| Treasury bills | March 10, 1994 | 700 | 693 | |
| Treasury bills | March 17, 1994 | 5,200 | 5,158 | |
| Treasury bills | March 24, 1994 | 1,300 | 1,287 | |
| Treasury bills | March 31, 1994 | 1,000 | 991 | |
| | | 20,700 | 20,720 | 13.63 |
| Government of Canada Bonds, Coupons and NHA Mortgage-backed Securities | | | | |
| Government of Canada | March 15, 1998 | 3,750 | 2,918 | |
| Government of Canada | April 1, 1998 | 6,508 | 5,050 | |
| Government of Canada | December 15, 1995 | 4,250 | 4,732 | |
| Government of Canada | June 1, 1996 | 13,475 | 14,641 | |
| Government of Canada | July 1, 1997 | 12,500 | 13,356 | |
| Government of Canada | February 1, 1998 | 5,030 | 5,156 | |
| Government of Canada | March 15, 1998 | 15,060 | 17,906 | |
| Government of Canada | September 1, 2000 | 6,250 | 8,022 | |
| NHA MBS – Pool #96401682 | August 1, 1994 | 363 | 373 | |
| NHA MBS – Pool #96402268 | January 1, 1995 | 166 | 174 | |
| NHA MBS – Pool #99001729 | December 1, 1995 | 811 | 898 | |
| NHA MBS – Pool #99003048 | July 1, 1996 | 686 | 724 | |
| NHA MBS – Pool #96405634 | June 1, 1997 | 1,695 | 1,761 | |
| | | 70,544 | 75,711 | 49.84 |
| Balance carry forward | | 91,244 | 96,431 | |

Continued

POOLED INVESTMENTS

Bond Fund—Schedule of Investments

(Schedule 3)

DECEMBER 31, 1993

THOUSANDS OF DOLLARS

| | MATURITY | PAR | MARKET | % |
|---|--------------------|---------|---------|-------|
| Balance brought forward | | 91,244 | 96,431 | |
| Provincial Government Bonds and Coupons | | | | |
| Province of New Brunswick | September 25, 1996 | 2,500 | 2,797 | |
| Province of New Brunswick | November 23, 1998 | 900 | 1,052 | |
| Nova Scotia Municipal Financing Corporation | September 7, 1998 | 200 | 251 | |
| Nova Scotia Power Corporation | August 22, 2002 | 1,395 | 1,289 | |
| Ontario Hydro | February 19, 1997 | 5,300 | 6,074 | |
| Ontario Hydro Coupon | February 19, 1997 | 700 | 585 | |
| Ontario Hydro | March 29, 1999 | 7,100 | 8,428 | |
| Province of Ontario | July 15, 1998 | 3,975 | 4,631 | |
| Hydro-Quebec | July 31, 1996 | 1,000 | 1,082 | |
| | | 23,070 | 26,189 | 17.24 |
| Corporate Bonds and Notes—Financial: | | | | |
| Canada Trust Mortgage Corporation | March 20, 1996 | 600 | 533 | |
| Canadian Imperial Bank of Commerce | March 15, 2003 | 1,500 | 1,748 | |
| Canadian Imperial Bank of Commerce | December 3, 2001 | 500 | 542 | |
| Ford Credit Canada Limited | December 14, 1995 | 590 | 631 | |
| Household Financial Corporation | July 15, 1996 | 1,000 | 1,126 | |
| Household Financial Corporation | September 8, 1997 | 3,500 | 3,616 | |
| Montreal Trust Company | November 15, 1994 | 900 | 940 | |
| Royal Trust Corporation of Canada | April 1, 1999 | 2,300 | 2,735 | |
| Scotiabank Mortgage Corporation | March 18, 1997 | 500 | 551 | |
| Toronto Dominion Bank | December 30, 2001 | 400 | 434 | |
| Toronto Dominion Bank | May 15, 2002 | 2,400 | 2,635 | |
| | | 14,190 | 15,491 | 10.20 |
| Corporate Bonds—Utilities: | | | | |
| BCE Inc. | June 28, 1996 | 4,500 | 4,995 | |
| | | 4,500 | 4,995 | 3.29 |
| Balance carry forward | | 133,004 | 143,106 | |

Continued

POOLED INVESTMENTS

Bond Fund—Schedule of Investments

(Schedule 3)

DECEMBER 31, 1993

THOUSANDS OF DOLLARS

| | MATURITY | PAR | MARKET | % |
|------------------------------------|-------------------|------------|---------|--------|
| Balance brought forward | | 133,004 | 143,106 | |
| Corporate Bonds and Coupons—Other: | | | | |
| Canadian Imperial Bank of Commerce | June 30, 1998 | 900 | 1,112 | |
| Ford Credit Canada Limited | June 5, 1996 | 2,000 | 2,222 | |
| Imasco Limited | April 4, 1995 | 550 | 587 | |
| Imasco Limited | July 17, 1995 | 500 | 538 | |
| Imasco Limited | June 13, 1996 | 1,000 | 1,108 | |
| Imasco Limited | November 20, 1996 | 1,000 | 1,125 | |
| Loblaw Companies Limited | May 23, 1995 | 747 | 697 | |
| TransCanada Pipelines Limited | October 20, 1996 | 500 | 546 | |
| George Weston Limited | May 8, 1997 | 1,075 | 876 | |
| | | 8,272 | 8,811 | 5.80 |
| | | \$ 141,276 | 151,917 | 100.00 |

POOLED INVESTMENTS

Participants 1993

| REGIONAL DISTRICTS | MUNICIPALITIES | Duncan | Lillooet | Penticton | Sechelt |
|------------------------|-----------------|----------------------|----------------|--------------------|----------------|
| Alberni-Clayoquot | Abbotsford | Elkford | Logan Lake | Pitt Meadows | Sicamous |
| Bulkley-Nechako | Armstrong | Esquimalt | Lumbly | Port Alberni | Sidney |
| Cariboo | Ashcroft | Fernie | Mackenzie | Port Alice | Silverton |
| Central Kootenay | Burnaby | Fort St. James | Maple Ridge | Port Coquitlam | Smithers |
| Central Okanagan | Burns Lake | Fort St. John | Matsqui | Port Edward | Sparwood |
| Columbia-Shuswap | Cache Creek | Gibsons | McBride | Port Hardy | Stewart |
| Cowichan Valley | Campbell River | Golden | Merritt | Port McNeill | Summerland |
| East Kootenay | Castlegar | Gold River | Metchosin | Port Moody | Surrey |
| Fort Nelson-Liard | Central Saanich | Granisle | Midway | Pouce Coupe | Tahsis |
| Fraser-Cheam | Chase | Greenwood | Mission | Powell River | Taylor |
| Fraser-Fort George | Chetwynd | Harrison Hot Springs | Nakusp | Prince George | Terrace |
| Kitimat-Stikine | Chilliwack | Hope | Nanaimo | Prince Rupert | Trail |
| Kootenay Boundary | Clinton | Houston | Nelson | Princeton | Tumbler Ridge |
| Mount Waddington | Coldstream | Invermere | New Denver | Qualicum Beach | Valemount |
| Nanaimo | Colwood | Kamloops | New Hazelton | Quesnel | Vanderhoof |
| North Okanagan | Comox | Kelowna | North Cowichan | Radium Hot Springs | Vernon |
| Okanagan-Similkameen | Coquitlam | Kent | North Saanich | Revelstoke | Victoria |
| Peace River | Courtenay | Kitimat | Oliver | Richmond | View Royal |
| Powell River | Cranbrook | Ladysmith | 100 Mile House | Rossland | West Vancouver |
| Skeena-Queen Charlotte | Creston | Lake Cowichan | Parksville | Saanich | White Rock |
| Squamish-Lillooet | Cumberland | Langford | Peachland | Salmon Arm | Williams Lake |
| Sunshine Coast | Dawson Creek | Langley-City | Pemberton | | |

HOSPITALS

British Columbia's Children's Hospital
 Bulkley Valley District Hospital Society
 Campbell River and District General Hospital
 Chase Diagnostic and Treatment Centre
 Chemainus Hospital
 Creston Valley Hospital Association
 Delta Centennial Hospital Society
 Lillooet District Hospital Society
 Mater Misericordiae Health Care Facility
 Matsqui-Sumas-Abbotsford Hospital
 Peace Lutheran Care Centre
 Penticton Hospital Society
 Port McNeill and District Hospital
 Saanich Peninsula Hospital Society
 Shuswap Lake Health Care Society

Sparwood General Hospital Society

Terrace Regional Health Care Society
 Trail Regional Hospital
 Vernon Jubilee Hospital Society

REGIONAL HOSPITAL DISTRICTS

Alberni-Clayoquot
 Bulkley-Nechako
 Cariboo
 East Kootenay
 Fraser-Fort George
 Nanaimo
 North Okanagan
 Peace River
 Skeena-Queen Charlotte
 Sunshine Coast

SCHOOL DISTRICTS/ COLLEGES/UNIVERSITIES

#29 Lillooet
 #45 West Vancouver
 #50 Queen Charlotte
 #75 Mission
 #76 Agassiz-Harrison
 East Kootenay Community College
 Emily Carr College of Art and Design
 University of Northern British Columbia

OTHERS

Municipal Finance Authority
 Municipal Insurance Association
 Union of B.C. Municipalities
 Vancouver Island Municipal Association

Investment Returns to December 31, 1993*

| | MONEY MARKET FUND | BOND FUND | | MONEY MARKET FUND | BOND FUND |
|----------|-------------------|-----------|-----------------|-------------------|-----------|
| 1 Month | 0.37% | 1.39% | 1 Year | 5.31% | 14.15% |
| 3 Months | 1.12% | 4.40% | 2 Years | 6.11% | 11.56% |
| 6 Months | 2.28% | 7.02% | 3 Years | 7.39% | 13.97% |
| | | | Since inception | 9.40% | 13.11% |

* Represents historical total returns for the periods to December 31, 1993, including reinvestment of all distributions, as follows:

Up to 1 year—percentage change in value Over 1 year—average annual compound rate of return

INTERIM FINANCING

Auditors' Report 1993

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 (the "Authority") as at December 31, 1993, and the statements of revenue, expenditure and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Short Term Debt Fund of the Authority as at December 31, 1993, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The financial statements for the preceding year were audited by other auditors.

Ernst + Young

CHARTERED ACCOUNTANTS

Victoria, British Columbia, Canada
January 28, 1994

INTERIM FINANCING

Short Term Debt Fund

Balance Sheet

DECEMBER 31, 1993—WITH COMPARATIVE FIGURES FOR 1992

THOUSANDS OF DOLLARS

| | 1993 | 1992 |
|---|---------------------|----------------------|
| ASSETS | | |
| Cash | \$ 11 | — |
| Notes receivable—including accrued interest (Note 3) | <u>7,944</u> | <u>21,199</u> |
| | <u><u>7,955</u></u> | <u><u>21,199</u></u> |
| LIABILITIES AND SURPLUS | | |
| Bank loan payable—including accrued interest (Note 4) | \$ 7,680 | 20,817 |
| Notes payable—including accrued interest | 265 | 380 |
| Management fees payable | 7 | — |
| | <u>7,952</u> | <u>21,197</u> |
| Surplus | <u>3</u> | <u>2</u> |
| | <u><u>7,955</u></u> | <u><u>21,199</u></u> |

Statement of Revenue, Expenditure and Surplus

YEAR ENDED DECEMBER 31, 1993—WITH COMPARATIVE FIGURES FOR 1992

THOUSANDS OF DOLLARS

| | 1993 | 1992 |
|--|-------------------|-------------------|
| REVENUE | | |
| Prior year's surplus appropriated | \$ 2 | 2 |
| Interest | <u>358</u> | <u>553</u> |
| | <u><u>360</u></u> | <u><u>555</u></u> |
| EXPENDITURE | | |
| Interest | 350 | 538 |
| Management fees (Note 5) | <u>7</u> | <u>15</u> |
| | <u><u>357</u></u> | <u><u>553</u></u> |
| Surplus, being excess of revenue over expenditure for the year | <u>\$ 3</u> | <u>2</u> |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS


Craven
SECRETARY-TREASURER

INTERIM FINANCING

Short Term Debt Fund

Statement of Cash Flows

YEAR ENDED DECEMBER 31, 1993—WITH COMPARATIVE FIGURES FOR 1992

THOUSANDS OF DOLLARS

| | 1993 | 1992 |
|---|----------|----------|
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenditure for the year | \$ 3 | 2 |
| Add (deduct) non-cash items: | | |
| Prior year's surplus appropriated | (2) | (2) |
| Change in management fees payable | 7 | — |
| Cash provided by operating activities | 8 | — |
| FINANCING ACTIVITIES | | |
| (Decrease) increase in bank loan | (13,137) | 17,622 |
| Loans repaid | 24,113 | 9,534 |
| New loans issued | (10,860) | (27,052) |
| Notes payable retired | (113) | (105) |
| Cash provided by (used in) financing activities | 3 | (1) |
| Net increase (decrease) in cash during the year | 11 | (1) |
| Cash, beginning of the year | — | 1 |
| Cash, end of the year | \$ 11 | — |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

INTERIM FINANCING

Notes to Financial Statements

DECEMBER 31, 1993

1 Organization

The interim financing program was established in 1990 and operates under Section 9.1 of the Municipal Finance Authority Act (the "Act"). In 1992, the Act was amended to extend the interim financing program to other public institutions (as defined) in the Province of British Columbia.

This program provides a revolving credit facility for tax revenue interim funding requirements, temporary financing of capital projects and funding for the purchase of capital assets with short term useful lives.

2 Significant Accounting Policies

A summary of significant accounting policies is as follows:

- (a) Interest income is recognized as earned; and
- (b) Interest payable is accrued on a daily basis.

3 Notes receivable

The notes receivable relate to loans for the following purposes:

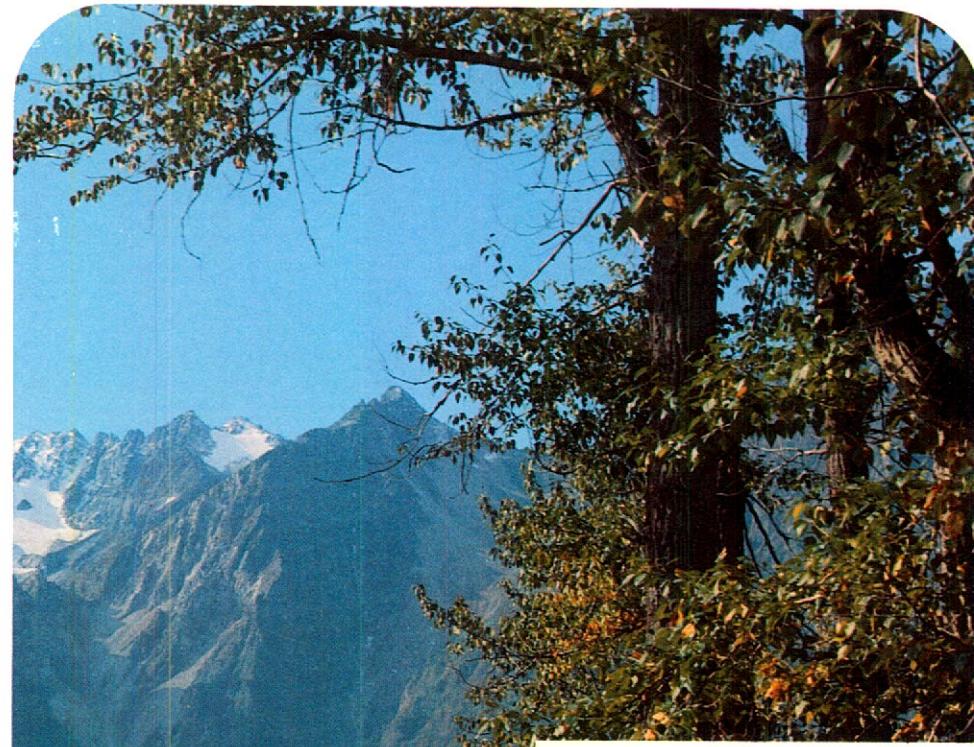
| | 1993 | 1992 |
|---|-----------------------|---------------------|
| | THOUSANDS OF DOLLARS | |
| Temporary financing of capital projects | \$ 1,628 | 4,763 |
| Short-term capital borrowing up to five years | 6,216 | 2,302 |
| Debt Fund | 100 | 14,134 |
| | <hr/> \$ 7,944 | <hr/> 21,199 |

4 Bank Loan

The Authority has an agreement under which the bank provides a revolving credit facility for the interim requirements subject to repayment within 30 days following demand by the bank.

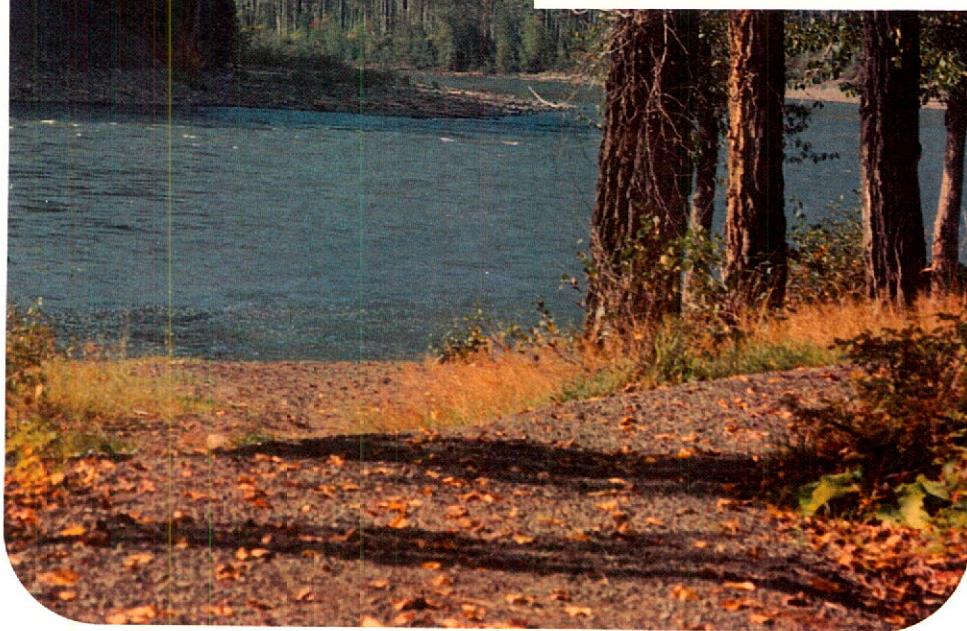
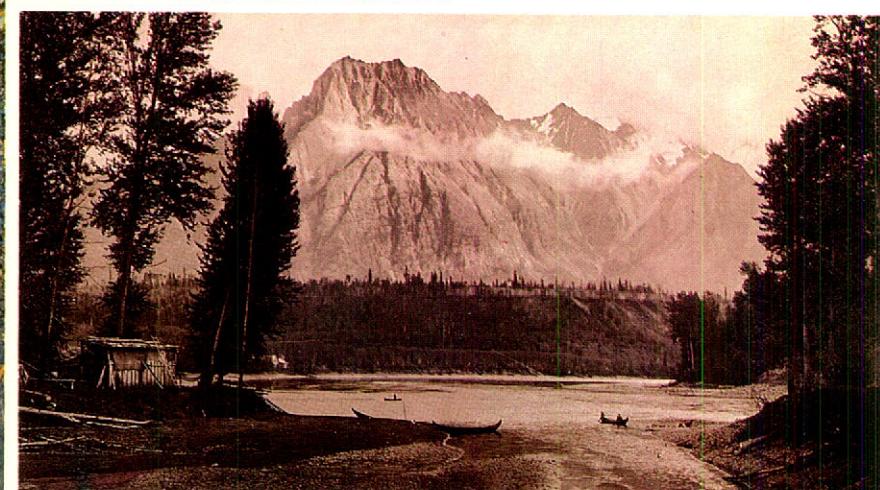
5 Management fees

The management fees are paid to the Operating Fund of the Municipal Finance Authority of British Columbia.



Confluence of the
Skeena and Bulkley rivers,
early 1900s and 1970s.
Near this site stands
Ksan Village, First Nations
Cultural Centre. Kitimat-
Stikine Regional District.

Colour photo courtesy
Province of British Columbia
Inset photo BCARS
59764 D-419



Municipal
Finance
Authority
of
British Columbia

200
International House
880 Douglas Street
Victoria
B.C., Canada
V8W 2B7