

**Municipal Finance Authority
*of British Columbia***

ANNUAL REPORT

1979



Municipal Finance Authority of British Columbia

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

Annual report

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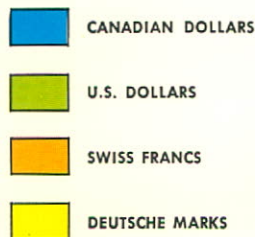
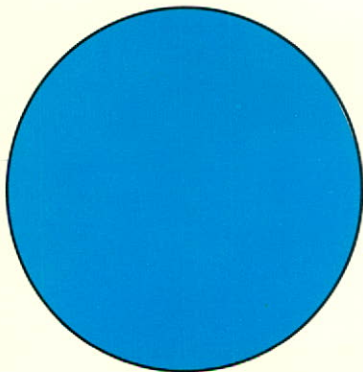
Vancouver Sea Festival

Courtesy B.C. Government

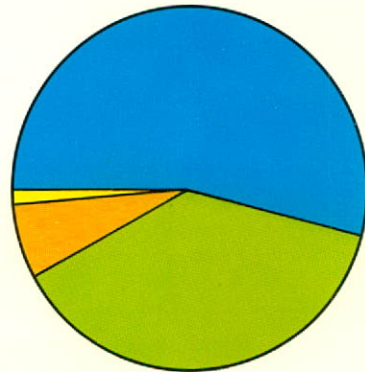
Annual Statement Highlights

	December 31 1979	December 31 1978
Total assets — combined funds	\$604,589,521	\$518,312,345
Loans to Regional Districts outstanding	\$524,094,211	\$450,270,090
Long-term debt outstanding (net of sinking funds)	\$557,492,369	\$481,337,178
Investments (including sinking funds)	\$ 35,775,643	\$ 22,871,919
Number of Regional and Water Districts participating to date	29	29
Number of Municipalities participating to date	128	124

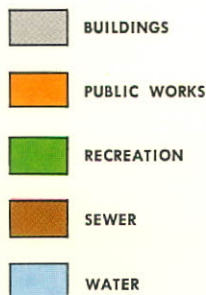
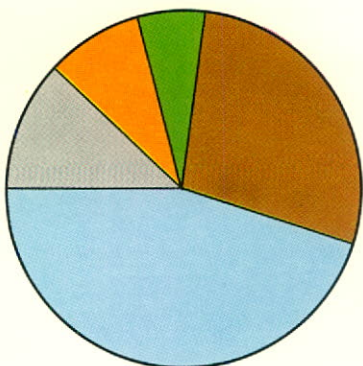
NEW LONG-TERM DEBT ISSUED IN 1979 —
BY CURRENCY OF PAYMENT



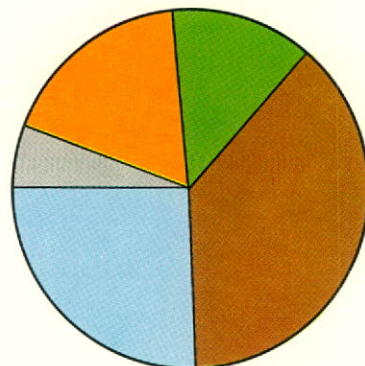
LONG-TERM DEBT OUTSTANDING AT DECEMBER 31, 1979 —
BY CURRENCY OF PAYMENT



NEW LOANS TO REGIONAL DISTRICTS IN 1979 —
BY PURPOSE



TOTAL LOANS TO REGIONAL DISTRICTS 1971-1979 —
BY PURPOSE



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Members and Officers — 1979

MEMBERS

Director G. A. McKnight
Alberni-Clayoquot Regional District

Director G. E. McFee
Bulkley-Nechako Regional District

Director J. M. Campbell
Capital Regional District

Mayor R. Marks
Cariboo Regional District

Director W. Deisman
Central Coast Regional District

Mayor H. DeJong
Central Fraser Valley Regional District

Director G. E. MacNeill
Central Kootenay Regional District

Alderman J. H. Stuart
Central Okanagan Regional District

Mayor L. M. Lund
Columbia-Shuswap Regional District

Director K. Hudson
Comox-Strathcona Regional District

Director W. Cools
Cowichan Valley Regional District

Director A. Pelton
Dewdney-Alouette Regional District

Director S. J. Atchison
East Kootenay Regional District

Director F. H. Bryant
Fraser-Cheam Regional District

Director A. Stauble
Fraser-Fort George Regional District

Mayor M. S. Evers
Greater Vancouver Regional District

Mayor W. M. Vogel
Greater Vancouver Regional District

Mayor D. Humphreys
Greater Vancouver Regional District

Mayor J. E. Loucks
Greater Vancouver Regional District

Mayor I. E. Young
Greater Vancouver Regional District

Director J. Banyay
Kitimat-Stikine Regional District

Mayor I. Muzzin
Kootenay-Boundary Regional District

Director J. Eilertsen
Mount Waddington Regional District

Director P. D. Smith
Nanaimo Regional District

Mayor N. R. P. Duke
North Okanagan Regional District

Director J. R. Tait
Okanagan-Similkameen Regional District

Mayor C. Lasser
Peace River-Liard Regional District

Director L. Emmonds
Powell River Regional District

Mayor P. J. Lester
Skeena-Queen Charlotte Regional District

Director R. D. Cumming
Squamish-Lillooet Regional District

Director C. Lee
Sunshine Coast Regional District

Director K. Simmerling
Thompson-Nicola Regional District

BOARD OF TRUSTEES

Alderman J. H. Stuart, CHAIRMAN

Director J. M. Campbell

Mayor M. S. Evers

Mayor C. Lasser

Mayor P. J. Lester

Director P. D. Smith

Mayor W. M. Vogel

OFFICERS

CHAIRMAN:
Alderman J. H. Stuart

ACTING CHAIRMAN:
Mayor M. S. Evers

SECRETARY-TREASURER:
D. N. Wilson, F.C.I.S.

AUDITORS

PEAT, MARWICK, MITCHELL & CO.
VANCOUVER, B.C.

SOLICITORS: BOND COUNSEL

FARRIS, VAUGHAN, WILLS
& MURPHY
VANCOUVER, B.C.

SOLICITORS: GENERAL COUNSEL

COX, TAYLOR, BRYANT
VICTORIA, B.C.

Chairman's Report — 1979

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA



Alderman James H. Stuart
CHAIRMAN

Submission of this report marks completion of the first ten years of operation by the Municipal Finance Authority of British Columbia. Before commenting specifically on the year just passed, I think it appropriate to pause and reflect upon these ten years of service. The inaugural meeting of the Board of this Authority was held in Victoria on April 22, 1970. At that time, the concept of the Authority was summed up in the words inscribed on a gavel presented to the meeting by the Provincial Government. It reads simply "In unity there is strength." The original aim of this Authority was to combine the financial strength of all regions and municipalities in order to secure capital funds at the best rates possible and to pass along those rates to all borrowers regardless of their size or location within the Province. During the seventies, the Authority completed twenty-five financings and issued securities totalling in excess of \$598 million. From its beginning as a virtually unknown, untried concept, the Authority has grown to be a well-recognized, well-accepted credit in the major capital markets of the world. I believe, as

we look back on our first ten years, we can all share a feeling of pride and accomplishment.

1979 must be described as the most volatile year of the seventies in terms of interest rates which reached unprecedented highs for both short and long-term funds in North America. At the beginning of the year the Canadian banks' prime interest rate was $11\frac{1}{2}\%$, and Municipal Finance Authority long-term bonds were yielding approximately $10\frac{1}{2}\%$ to maturity. By year's end, the prime interest rate had risen to 15% , and our long-term bonds were yielding $12\frac{1}{4}\%$. As we enter 1980, these rates have again increased. Many economists are predicting reductions in the prime interest rate by as much as three or four percent this year. These same economists, however, predict little, if any, improvement in long-term interest rates. I believe they are right and think it important that our member regional districts and municipalities be made aware of the higher cost of borrowing. In his remarks to a committee of Parliament on October 25, 1979, Mr. Gerald K. Bouey, Governor of the Bank of Canada, explained "that interest received by lenders is in effect reduced by the declining purchasing power of the money they have loaned and will eventually get back." He went on to say "that the nominal level of interest rates must be set against the rate at which inflation is reducing the value of money to discover the level of real interest rates". In other words, Mr. Bouey was stressing the point that interest rates must reflect inflation. In light of the projected inflation rates for North America, we simply cannot expect major improvements in long-term interest rates in the foreseeable future.

In the midst of this rather hectic 1979, your Board of Trustees completed three financings totalling \$89.2 million, satisfying all requests received for the year. In the spring, \$24 million Euro-Canadian dollar debentures bearing interest at $10\frac{1}{4}\%$ payable annually were sold at par. In the fall, a Canadian domestic issue of \$54.1 million of $12\frac{1}{4}\%$ 20-year sinking fund debentures were sold at a price of \$99.50 to yield approximately 12.32% to maturity. In addition, a further \$11.1 million of $12\frac{1}{4}\%$ 25-year debentures were sold privately to the Province of British Columbia at a price of \$99.25 to yield approximately 12.35% to maturity.

In May our Euro-Canadian issue was floated at a rate of $10\frac{1}{4}\%$ payable annually. At that time our bonds were yielding $10\frac{1}{2}\%$ on the Canadian domestic market. After adjusting our Euro-rate to the Canadian style, our savings amounted to a full $\frac{1}{2}$ of one percent per year. This rate advantage, together with the fact that the bonds can be redeemed after the fifth year, made the issue most attractive to the Board of Trustees. Our experience in the fall was not quite so rewarding. With a total requirement of \$65.2 million to be satisfied, the Trustees decided to float a Euro-U.S. dollar financing in order to take advantage of interest rate differentials and early call features. In the midst of this financing, major adjustments took place in all capital markets when the Chairman of the U.S. Federal Reserve Board announced major changes in U.S. administered rates. The result for the Authority was a reluctant decision to withdraw the issue from the Euro market which had virtually closed. Our requirement for funds then put the Authority's acceptance in the Canadian capital market to test. The result was a successful \$54.1 million public issue at a time when any large financing was not considered easy to accomplish. While the interest rate was high, I was personally gratified to see that our Canadian syndicate was able to satisfy our requirement during such a volatile period. Again, as in earlier years, we received the support of our Provincial Government through the sale of \$11.1 million of 25-year bonds. This assistance enabled us to satisfy all requests on December 6th.

I mentioned earlier that the total of all securities issued by the Authority is now in excess of \$598 million. The twenty-five financings which make up this total have been completed in four currencies of payment, seventeen in Canadian dollars, six in U.S. dollars, one in Swiss francs and one in Deutsche marks. In terms of our total obligation, 53% is payable in Canadian dollars, 40% in U.S. dollars, 6% in Swiss francs and 1% in Deutsche marks. Narrower interest rate spreads between the U.S. and Canada, coupled with a conscious effort to develop a presence in the Canadian capital market, has enabled the Board of Trustees to increase our percentage of Canadian dollar obligations from 30% in 1976 to the present 53% of

all debt payable. In my report for 1977 I expressed concern over our rather high foreign exchange exposure. While we have managed to improve that picture, I wish to again point out that we cannot presume that all future issues will be denominated in Canadian dollars. Should the spread between U.S. and Canadian interest rates widen again, we would then be forced to consider borrowing offshore with the attendant foreign exchange risk.

The Authority's debt servicing and general operations expand annually as the number and size of our financings increase. During 1979, principal and interest payments from regional districts and municipalities totalled \$59 million. All payments were received by the due date. In the ten-year history of the Authority there has never been a case of default or late payment by a regional district or municipality. In addition to processing payments from our borrowers and payments to our bondholders, we continued to expand our sinking fund and debt reserve fund investment operations. The value of these investments increased during 1979 from \$22.9 million to \$35.8 million. These investments earned interest of \$2.8 million representing an average annual rate of return of 9.4%. Our investment portfolio at December 31, 1979 was made up of \$8.5 million of securities of the Government of Canada, \$3.3 million of securities of or guaranteed by Provincial Governments, \$15.2 million of securities of or guaranteed by Chartered Banks and Credit Unions, \$18 thousand of securities of B.C. Municipalities, and \$8.8 million of Municipal Finance Authority of British Columbia bonds.

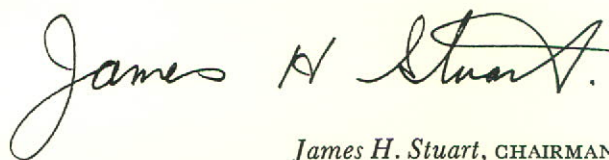
As in previous years, we continued to receive excellent co-operation from the Ministry of Municipal Affairs and the Ministry of Finance of the Provincial Government. No changes occurred within our own staff. The unsettled condition of debt and investment markets provided them with an extremely active year. I am pleased to report excellent performance by staff in 1979.

The Board of Trustees met monthly during the past year. It was at least the second year in office for all members and I must say their previous experience was invaluable in dealing with the problems we faced dur-

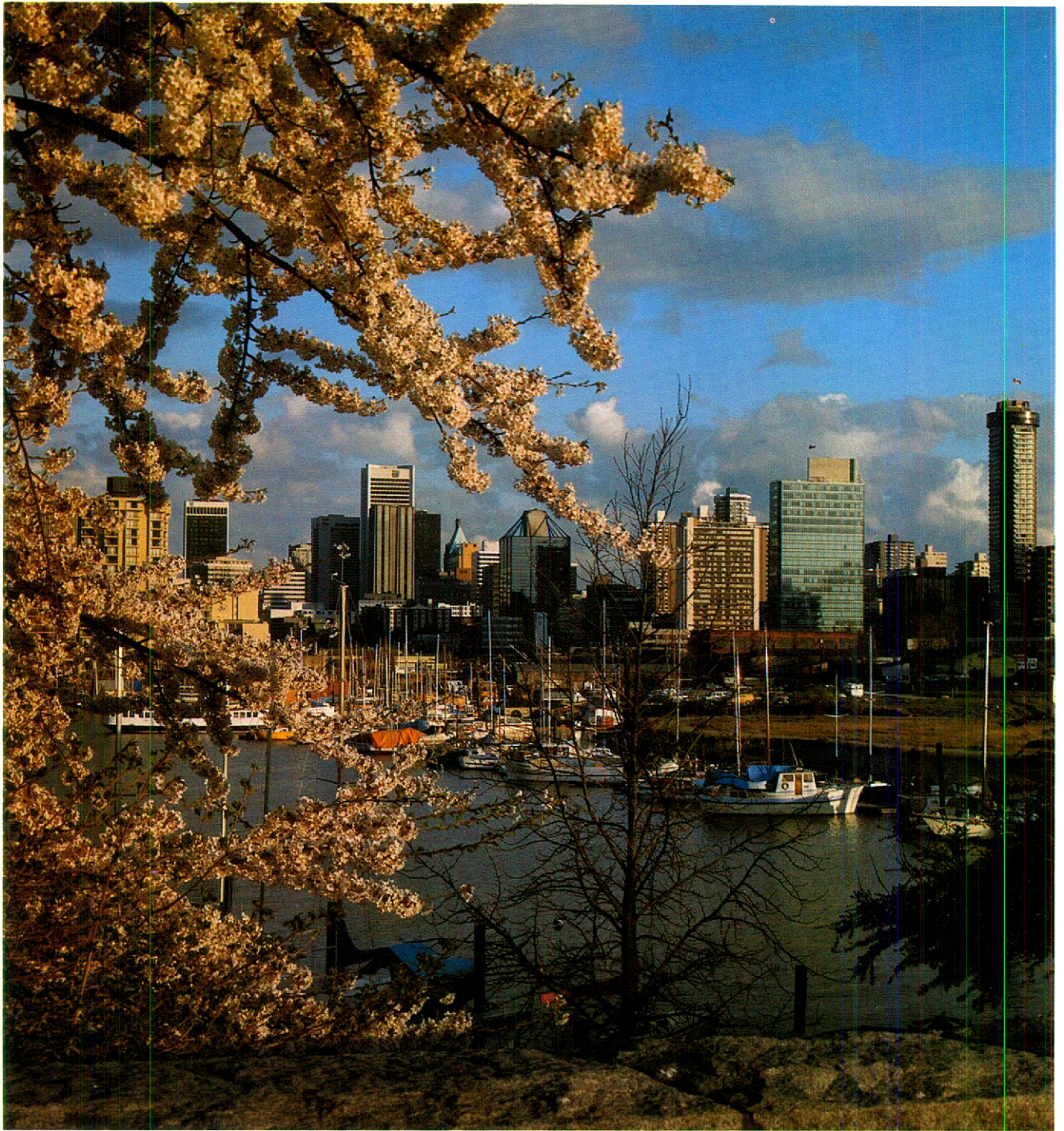
ing 1979. 1980 will see the departure of three members of the Board of Trustees, Director Paul Smith (Nanaimo Regional District) and Director Charles Lasser (Peace River-Liard Regional District) have both served continuously as trustees since 1977. Director Bill Vogel (Greater Vancouver Regional District) has served since 1978. All three took an active interest in the affairs of the Authority. Their contributions will indeed be missed.

I am honoured to have served as Chairman of the Authority during its tenth year. As I have indicated earlier, I am proud of the organization and its performance to date. The future will indeed be interest-

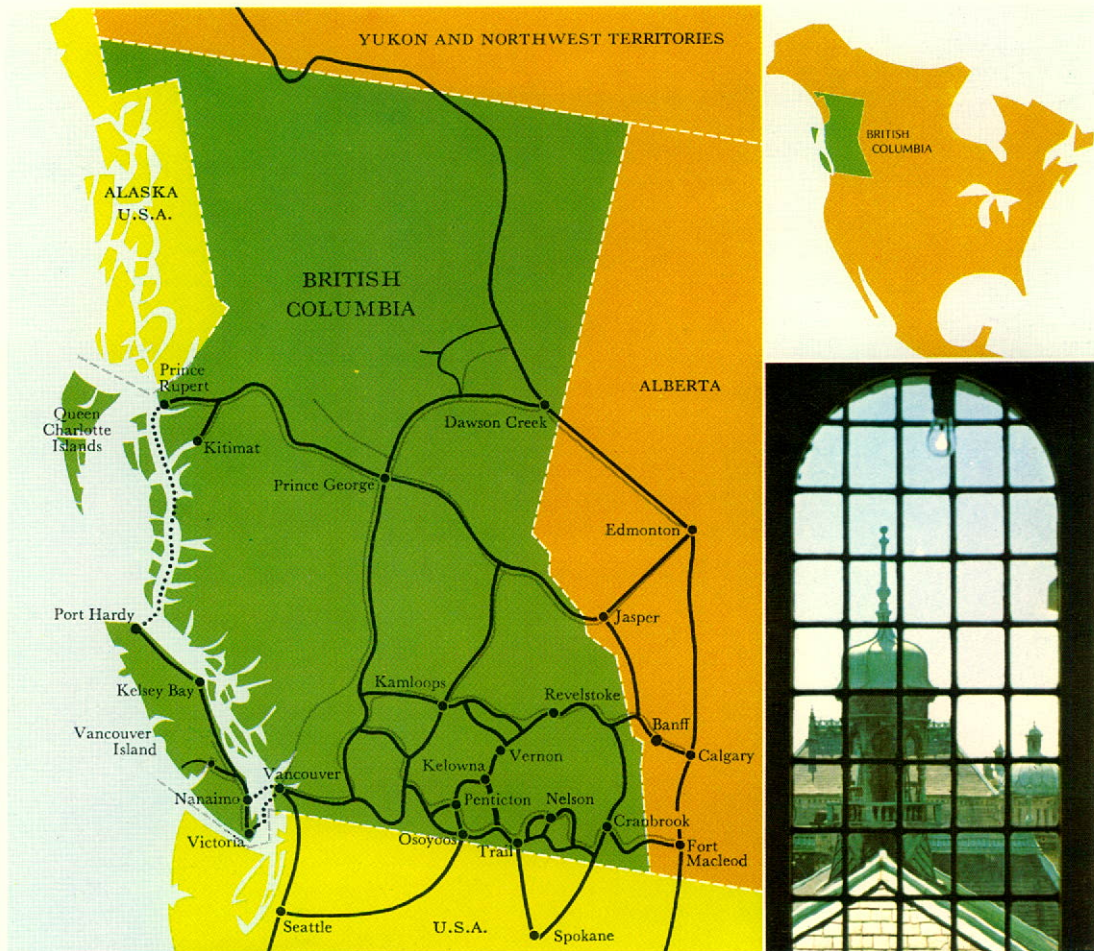
ing. Inflation, the supply of money and changes in investor attitudes will all combine to provide a challenge to the Authority and its officers in the future. We must be prepared to meet these challenges and to strive for good performance in the years ahead.

A handwritten signature in cursive script, reading "James H. Stuart". The signature is fluid and elegant, with a large initial "J" and a distinct "H".

James H. Stuart, CHAIRMAN



Vancouver Skyline *Courtesy B.C. Government*



“The object of the authority is to provide financing of capital requirements for regional districts and for their member municipalities by the issue of its debentures, or other evidence of indebtedness, and lending the proceeds therefrom to the regional district on whose request the financing is undertaken.”

*Municipal Finance
Authority of British
Columbia Act, Statutes of
British Columbia, 1970,
as amended.*

How the Municipal Finance Authority of British Columbia Functions

Responsibility

The Municipal Finance Authority of British Columbia was created in 1970 by the Municipal Finance Authority of British Columbia Act of the Legislative Assembly of the Province of British Columbia. The Act was amended in 1971, 1972, 1973 and 1977.

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 debentures to raise funds for 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-eight 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 by a Board of Trustees elected annually by the members and consisting of the Chairman of the Authority and six other members. 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 raise funds for 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 debentures in an amount sufficient to meet the requests.

Debentures, 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 Trustees may determine.

Both serial and sinking fund debentures may be issued. In the case of sinking fund debentures, the Act provides for the creation, management and application of sinking funds to secure the repayment of the debentures including the redemption of debentures issued subject to redemption in advance of maturity.

A separate account is maintained for each sinking fund debenture 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 or reinvested by the Trustees 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 regional district or municipality in British Columbia maturing not later than the debentures for which the sinking fund was created, or
 - (d) investments guaranteed by any Canadian chartered bank, or
 - (e) deposits in, or shares or other evidences of indebtedness of, a credit union incorporated under the British Columbia Credit Unions Act, or
 - (f) securities of the Municipal Finance Authority of British Columbia maturing not later than the debentures for which the sinking fund was created; however, debentures so purchased must be held to the credit of the sinking fund and cannot be resold.
-

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 all borrowers from the proceeds of debenture issues having a term to final maturity of over five years must contribute an amount equal to one-half the average annual instalment of principal and interest for repayment of each 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.

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 to debenture holders. In the event that the Authority is unable to borrow the necessary amount, the Province of British Columbia assures that the debt reserve fund will be maintained at the required level.

Moneys in the debt reserve fund may be invested or reinvested by the Trustees in:

- (a) securities of the Government of Canada or a Province of Canada, or
- (b) securities, the principal and interest of which is 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 Unions 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.

Moneys in the debt reserve fund are repaid to the regional districts when the final instalment of their loan has been repaid or applied to the final instalment.

Additional Protection for Investors

Regional districts and their member municipalities raising money through the Municipal Finance Authority must obtain the same provincial approvals as would be required if they were issuing their own debentures. In this way, all the safeguards imposed by the Provincial Legislature on the incurring of indebtedness by local 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 set out 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 in respect of which the municipality possesses a subsisting certificate of self-liquidation granted by the Inspector of Municipalities.



Reservoir Construction, District of Langley

Schedule of Loans to Regional Districts

OUTSTANDING AT DECEMBER 31, 1979

	Principal Outstanding Dec. 31, 1978	1979		Principal Outstanding Dec. 31, 1979
		New Loans Issued	Principal Repaid	
REGIONAL DISTRICTS:				
Alberni-Clayoquot	\$ 2,827,112	289,000	164,552	2,951,560
Bulkley-Nechako	6,389,720	3,196,670	203,536	9,382,854
Capital	38,406,790	6,651,000	1,630,269	43,427,521
Cariboo	6,831,882	1,552,700	216,147	8,168,435
Central Coast	—	—	—	—
Central Fraser Valley	23,510,479	8,834,756	541,733	31,803,502
Central Kootenay	6,727,462	1,084,000	229,941	7,581,521
Central Okanagan	9,669,426	3,771,000	284,649	13,155,777
Columbia-Shuswap	9,532,961	2,467,000	285,915	11,714,046
Comox-Strathcona	9,272,507	2,054,061	299,781	11,026,787
Cowichan Valley	14,913,087	1,863,000	448,472	16,327,615
Dewdney-Alouette	4,471,463	3,838,141	168,638	8,140,966
East Kootenay	15,213,291	3,283,000	516,255	17,980,036
Fraser-Cheam	3,522,659	339,400	82,784	3,779,275
Fraser-Fort George	30,973,797	—	971,083	30,002,714
Greater Vancouver	158,235,060	20,836,044	5,583,954	173,487,150
Kitimat-Stikine	5,125,563	5,321,595	270,157	10,177,001
Kootenay-Boundary	3,449,927	549,300	115,818	3,883,409
Mount Waddington	953,593	1,373,180	42,970	2,283,803
Nanaimo	19,047,732	1,654,000	494,192	20,207,540
North Okanagan	12,134,438	1,355,624	373,024	13,117,038
Okanagan-Similkameen	9,489,723	820,000	235,146	10,074,577
Peace River-Liard	15,467,063	3,614,111	545,131	18,536,043
Powell River	7,205,715	—	219,484	6,986,231
Skeena-Queen Charlotte	4,743,649	2,268,812	129,721	6,882,740
Squamish-Lillooet	4,153,676	1,114,000	92,733	5,174,943
Sunshine Coast	2,731,457	1,221,000	74,442	3,878,015
Thompson-Nicola	19,963,208	9,302,500	569,692	28,696,016
WATER DISTRICTS:				
Greater Campbell River	2,070,404	—	39,554	2,030,850
Greater Nanaimo	3,236,246	—	—	3,236,246
	\$ 450,270,090	88,653,894	14,829,773	524,094,211

The Growth and Stability of British Columbia's Municipalities

ASSESSMENT

Amendments to the Assessment Act, which came into effect in 1978, provided for Province-wide equalization of assessments, actual value assessments and the equal taxation of land and improvements at a percentage of actual value. In order to avoid unexpected and dramatic change in under-assessed properties, a phase-in formula over a three-year period was also provided. By 1981, all properties will be assessed at their prescribed Order-in-Council levels.

The actual value of all properties in the Province in the years 1975 through 1979 were as follows:

1975	42.0 billion	1978	77.2 billion
1976	53.5 billion	1979	84.5 billion
1977	68.8 billion		

SOURCE: BRITISH COLUMBIA ASSESSMENT AUTHORITY

These totals include some Crown and other properties exempt or partially exempt from taxation under various statutes.

The assessment taxable by mill rate for general purposes increased from 12.8 billion in 1975 to 17.2 billion in 1979, an average annual compound rate of growth of 7.67%. This growth reflects the steady expansion in population and industry which has been experienced in British Columbia. This sound financial foundation has enabled the regional districts and municipalities to expand their capital works and other programmes in step with demand while continuing to set aside substantial amounts in reserve and other accounts.

TAX LEVIES AND COLLECTIONS

The following table sets forth the tax levies and the collection experience of the regional districts and municipalities in British Columbia for the years 1974 through 1978:

Tax Levies and Collections by the Regional Districts and Municipalities Therein

MILLIONS OF DOLLARS

	1978	1977	1976	1975	1974
Current tax levy	964	863	798	679	540
Arrears	44	41	34	26	17
Total taxes	1,008	904	832	705	557
Current taxes collected	931	834	769	655	521
Current collections as per cent of current tax levy	96.52%	96.55%	96.35%	96.38%	96.49%
Arrears collected	33	30	26	19	13
Total collections as per cent of current tax levy	99.97%	100.07%	99.62%	99.22%	98.96%

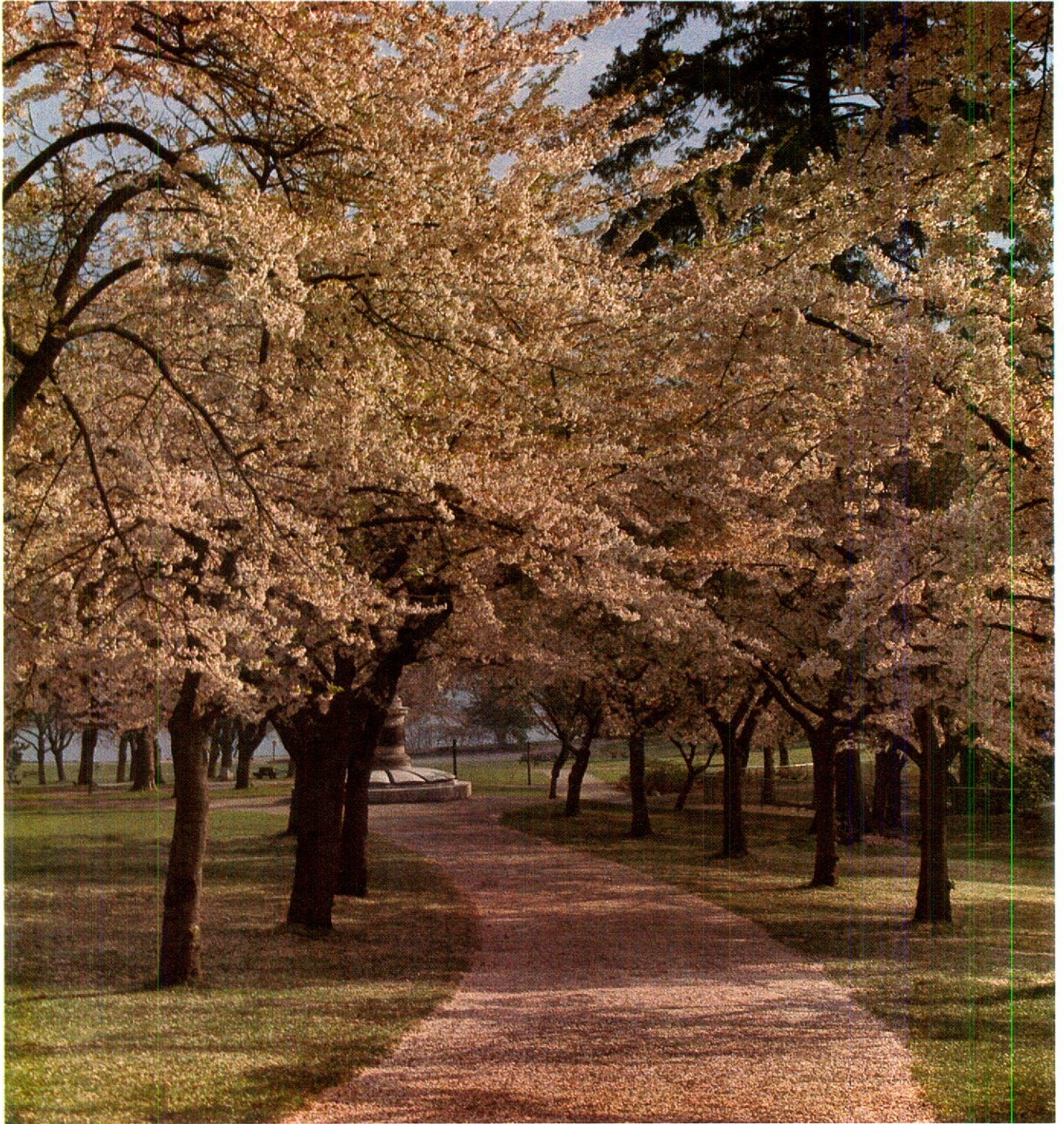
SOURCE: MINISTRY OF MUNICIPAL AFFAIRS

Revenues and Expenditures of the Regional Districts and Municipalities therein

MILLIONS OF DOLLARS

	1978	1977	1976	1975	1974
REVENUES					
Real property taxes	402	376	340	300	248
Other taxes	69	65	60	53	48
Total taxation	471	441	400	353	296
Other revenues	170	147	155	121	95
Contributions, grants and subsidies:					
Federal	15	14	11	9	7
Provincial	171	141	153	132	114
Municipal	3	4	3	5	5
Miscellaneous	2	4	16	12	12
Transferred from surplus of prior years	54	38	39	30	34
Taxes collected for school authorities	497	431	404	338	261
Utility revenues ¹	128	117	64	56	49
Total revenues	<u>1,511</u>	<u>1,337</u>	<u>1,245</u>	<u>1,056</u>	<u>873</u>
EXPENDITURES					
General government	102	88	78	67	58
Fire and police	167	151	134	115	91
Public works and sanitation	139	126	125	109	89
Public health	17	16	14	12	9
Social welfare	27	36	60	55	65
Recreation and community services	110	102	86	71	56
Debt charges	126	107	112	83	64
Contributions to capital	69	73	74	67	62
Reserves and allowances	64	34	38	33	31
Miscellaneous	7	11	22	26	20
Operating surplus	26	24	29	22	17
Transmitted to school authorities	498	432	405	339	262
Utility expenditures ¹	159	137	68	57	49
Total expenditures	<u>1,511</u>	<u>1,337</u>	<u>1,245</u>	<u>1,056</u>	<u>873</u>

¹Includes sewer revenues and expenditures in 1977 and 1978



Springtime in Stanley Park, Vancouver, B.C. *Courtesy B.C. Government*

Auditors' Report — 1979

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA



Peat, Marwick, Mitchell & Co.

Chartered Accountants

Suite 2100, One Bentall Centre
505 Burrard Street
Vancouver, British Columbia V7X 1M6
(604) 685-8221

We have examined the balance sheets of the Operating Fund, Debt Fund, Capital Repayment Equalization Fund, Debt Reserve Fund and Market Development Fund of Municipal Finance Authority of British Columbia and the combined balance sheet of these funds as at December 31, 1979 and the statements of revenue, expenditure and surplus of each of these funds and the combined statement of revenue, expenditure and surplus of these funds and the Debt Fund statement of debt financing for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1979, and the results of its operations and the acquisition and application of its financing for the year then ended in accordance with accounting principles described in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Vancouver, British Columbia, Canada
January 30, 1980

CHARTERED ACCOUNTANTS

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA


Balance Sheets

DECEMBER 31, 1979 — WITH COMPARATIVE FIGURES FOR 1978

	OPERATING FUND		DEBT FUND	
	1979	1978	1979	1978
ASSETS				
Cash and short-term deposits	\$ 96,905	72,423	196,051	74,384
Receivables:				
Due from Operating Fund	—	—	—	—
Due from Debt Fund	—	—	—	—
Due from Capital Repayment Equalization Fund	—	—	11,038,058	8,287,642
Accrued interest	1,743	1,682	—	—
Other	1,489	382	—	—
Total receivables	3,232	2,064	11,038,058	8,287,642
Investments (Note 2)	—	—	—	—
Demand notes receivable from Regional Districts, without interest	—	—	—	—
Loans to Regional Districts (Note 3)	—	—	524,094,211	450,270,090
Deferred receivables from Regional Districts (Note 4)	—	—	22,167,447	23,055,505
Unamortized issue costs	—	—	1,714,239	1,463,550
	<u>\$100,137</u>	<u>74,487</u>	<u>559,210,006</u>	<u>483,151,171</u>
LIABILITIES AND SURPLUS				
Liabilities:				
Accounts payable and unrepresented matured debt	\$ 13,165	8,842	196,052	82,007
Due to bank	—	—	—	972,056
Due to Debt Fund	—	—	—	—
Due to Debt Reserve Fund	—	—	—	3,404
Due to Market Development Fund	8,632	21,013	—	—
Due to Regional Districts (Note 5)	—	—	—	—
Reserves for furniture and fixtures acquisition and data processing implementation	78,000	44,000	—	—
Long-term debt, net (Notes 6, 7, and 8), Schedule	—	—	557,492,369	481,337,178
Total liabilities	99,797	73,855	557,688,421	482,394,645
Surplus, per accompanying statement (Note 9)	340	632	1,521,585	756,526
	<u>\$100,137</u>	<u>74,487</u>	<u>559,210,006</u>	<u>483,151,171</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1979	1978	1979	1978	1979	1978	1979	1978
41,273	15,320	48,495	38,345	—	—	382,724	200,472
—	—	—	—	8,632	21,013	—	—
—	—	—	3,404	—	—	—	—
—	—	—	—	—	—	—	—
429,369	308,004	228,559	233,591	—	—	659,671	543,277
—	1,318,126	—	—	—	—	1,489	1,318,508
429,369	1,626,130	228,559	236,995	8,632	21,013	661,160	1,861,785
18,887,295	11,788,437	8,996,089	7,205,018	—	—	27,883,384	18,993,455
—	—	27,686,356	22,467,488	—	—	27,686,356	22,467,488
—	—	—	—	—	—	524,094,211	450,270,090
—	—	—	—	—	—	22,167,447	23,055,505
—	—	—	—	—	—	1,714,239	1,463,550
19,357,937	13,429,887	36,959,499	29,947,846	8,632	21,013	604,589,521	518,312,345
—	—	2,725	3,093	—	—	211,942	93,942
—	—	—	—	—	—	—	972,056
11,038,058	8,287,642	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	36,956,774	29,944,753	—	—	36,956,774	29,944,753
—	—	—	—	—	—	78,000	44,000
—	—	—	—	—	—	557,492,369	481,337,178
11,038,058	8,287,642	36,959,499	29,947,846	—	—	594,739,085	512,391,929
8,319,879	5,142,245	—	—	8,632	21,013	9,850,436	5,920,416
19,357,937	13,429,887	36,959,499	29,947,846	8,632	21,013	604,589,521	518,312,345


 SECRETARY-TREASURER

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Statements of Revenue, Expenditure and Surplus

YEAR ENDED DECEMBER 31, 1979 — WITH COMPARATIVE FIGURES FOR 1978

	OPERATING FUND		DEBT FUND	
	1979	1978	1979	1978
REVENUE				
Prior year's surplus appropriated	\$ 632	335	—	—
Operating levy	225,092	205,159	—	—
Recoveries from new issues	38,550	36,000	—	—
Gain on purchases of own debentures	—	—	257,036	162,876
Interest from investments	6,375	4,138	486,935	216,782
Interest from loans to Regional Districts	—	—	15,146,414	15,625,891
Principal from loans to Regional Districts	—	—	—	—
Recovery of deficiencies from Regional Districts	—	—	—	—
Allocations from Regional Districts	—	—	—	—
Transfers from Capital Repayment Equalization Fund	—	—	27,632,737	22,823,007
Transfers from Debt Reserve Fund	—	—	659,657	1,552,207
Exchange gain	—	—	—	—
Total revenue	<u>270,649</u>	<u>245,632</u>	<u>44,182,779</u>	<u>40,380,763</u>
EXPENDITURE				
Legislative	42,860	40,170	—	—
Administrative	227,449	204,830	—	—
Transfers to Debt Fund — capital	—	—	—	—
Transfers to Debt Fund — revenue	—	—	—	—
Interest on long-term debt	—	—	42,807,417	38,674,838
Exchange loss	—	—	281,933	249,353
Amortization of issue and redemption costs	—	—	328,370	1,070,700
Allocations to Regional Districts	—	—	—	—
Other	—	—	—	5,180
Total expenditure	<u>270,309</u>	<u>245,000</u>	<u>43,417,720</u>	<u>40,000,071</u>
Excess of revenue over expenditure for the year	340	632	765,059	380,692
Surplus at the beginning of the year not appropriated to current revenue	—	—	756,526	375,834
Surplus at the end of the year	<u>\$ 340</u>	<u>632</u>	<u>1,521,585</u>	<u>756,526</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1979	1978	1979	1978	1979	1978	1979	1978
5,142,245	4,606,329	—	—	21,013	30,034	5,163,890	4,636,698
—	—	—	—	—	—	225,092	205,159
—	—	—	—	—	—	38,550	36,000
245,714	81,186	—	—	—	—	502,750	244,062
1,338,029	928,170	934,825	731,078	—	—	2,766,164	1,880,168
29,213,721	22,349,567	—	—	—	—	44,360,135	37,975,458
8,665,660	6,768,309	—	—	—	—	—	—
—	—	1,666,532	663,687	—	—	1,666,532	663,687
—	—	—	229,701	—	—	—	115,376
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
12,907	—	—	38,328	—	—	12,907	38,328
44,618,276	34,733,561	2,601,357	1,662,794	21,013	30,034	54,736,020	45,794,936
—	—	—	—	—	—	42,860	40,170
—	—	—	—	—	—	227,449	204,830
8,665,660	6,768,309	1,002,383	114,325	—	—	—	—
27,632,737	22,823,007	659,657	1,552,207	—	—	—	—
—	—	—	—	—	—	42,807,417	38,674,838
—	—	—	—	—	—	281,933	249,353
—	—	—	—	—	—	328,370	1,070,700
—	—	906,614	—	—	—	1,908,997	—
—	—	32,703	(3,738)	12,381	9,021	45,084	10,463
36,298,397	29,591,316	2,601,357	1,662,794	12,381	9,021	45,642,110	40,250,354
8,319,879	5,142,245	—	—	8,632	21,013	9,093,910	5,544,582
—	—	—	—	—	—	756,526	375,834
8,319,879	5,142,245	—	—	8,632	21,013	9,850,436	5,920,416

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — Statement of Debt Financing

YEAR ENDED DECEMBER 31, 1979 — WITH COMPARATIVE FIGURES FOR 1978

	1979	1978
FINANCES ACQUIRED		
Gross proceeds from debt issues and refinancing	\$ 89,232,953	114,078,120
Exchange gain	—	3,832,840
	<u>89,232,953</u>	<u>117,910,960</u>
Principal repayments from Regional Districts	6,049,788	5,635,028
Transfers from Capital Repayment Equalization Fund	8,665,660	6,768,309
Transfers from Debt Reserve Fund	1,002,383	114,325
Transfers from Sinking Funds	32,039	78,236
Bank loan	—	964,660
	<u>15,749,870</u>	<u>13,560,558</u>
Total finances acquired	<u>\$104,982,823</u>	<u>131,471,518</u>
FINANCES APPLIED		
Issue and refinancing expenses	\$ 1,760,340	1,777,650
Exchange loss	—	23,055,505
Debt redeemed	—	12,979,495
Advances to Regional Districts	86,573,876	79,241,585
Transfers to Debt Reserve Fund	898,737	856,725
	<u>89,232,953</u>	<u>117,910,960</u>
Bank loan	964,660	—
Debt maturities	9,018,067	9,245,823
Transfers to Sinking Funds	3,345,098	2,165,726
Advances to Capital Repayment Equalization Fund	2,422,045	2,149,009
	<u>15,749,870</u>	<u>13,560,558</u>
Total finances applied	<u>\$104,982,823</u>	<u>131,471,518</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Notes to Financial Statements — All Funds

DECEMBER 31, 1979

**1
Organization of
Municipal Finance Authority
of British Columbia
and significant
accounting policies**

The Municipal Finance Authority of British Columbia (the "Authority") was created in 1970 by the Municipal Finance Authority of British Columbia Act (the "Act") of the Legislative Assembly of the Province of British Columbia (the "Province"). It provides financing of capital requirements (other than for schools and hospitals) for regional districts in the Province and their member municipalities by the issue of its debentures or other evidence of indebtedness and lending the proceeds to the regional districts on whose request the financing is undertaken.

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

OPERATING FUND

The Act provides for the establishment of an operating fund to meet the annual operating budget. For this purpose, the Authority may impose, annually, a rate not exceeding one-fiftieth of one mill upon all taxable land and improvements within the Province.

DEBT FUND

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

CAPITAL REPAYMENT EQUALIZATION FUND

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

DEBT RESERVE FUND

Under the Act, the Authority is required to establish a Debt Reserve Fund. Each regional district sharing in the proceeds of a debenture 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 debenture issues is segregated in the Market Development Fund. It is funded by transfers from the Operating Fund.

A summary of significant accounting policies is as follows:

PRIOR YEAR'S SURPLUS

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

INCOME RECOGNITION

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

OFFICE FURNITURE, FIXTURES AND EQUIPMENT

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

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1979

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 COSTS

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

LIABILITIES PAYABLE IN FOREIGN CURRENCIES

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

losses are recognized in the year in which the repayment is made.

INVESTMENTS

Investments are carried at cost adjusted for amortization of premiums and accretion of discounts on a yield basis except the investments in its own debentures which are carried at par value.

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, and shall not be resold.

However, debentures payable in U.S. dollars purchased in anticipation of a sinking fund requirement are cancelled immediately in accordance with the terms of such issues.

2**Investments consist of securities of**

	1979	1978
CAPITAL REPAYMENT EQUALIZATION FUND		
Government of Canada, direct or guaranteed	\$ 3,734,432	96,372
Provincial governments, direct or guaranteed	2,266,953	2,227,606
Chartered banks, direct or guaranteed	5,788,000	3,414,000
Credit Unions in the Province	2,983,795	4,073,795
Municipalities in the Province	11,115	10,664
The Authority	4,103,000	1,966,000
	<u>\$ 18,887,295</u>	<u>11,788,437</u>
DEBT RESERVE FUND		
Government of Canada, direct or guaranteed	\$ 2,846,250	—
Provincial governments, direct or guaranteed	566,918	563,090
Chartered banks, direct or guaranteed	3,495,000	4,161,744
Credit Unions in the Province	2,087,921	2,480,184
	<u>\$ 8,996,089</u>	<u>7,205,018</u>

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1979

**3
Loans to
Regional Districts**

Under the Act, each regional district sharing in the proceeds of a debenture issue must pay over to the Authority such sums as are required to discharge its obligations to the Authority in respect of such debenture 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 debenture issue, the deficiency is a liability of the regional district to the Authority.

At the exchange rates prevailing at the end of 1979, the scheduled payments under the agreements with the regional districts in respect of the debts payable in Swiss francs and Deutsche marks will not provide sufficient funds to meet the Authority's related obligations in every case when due. Such deficiencies may be met from the Debt Reserve Fund.

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

	1979	1978
1979 \$		14,715,449
1980	17,108,665	15,366,904
1981	17,800,365	15,955,095
1982	18,118,714	16,157,236
1983	19,398,444	17,306,498
1984	20,685,168	
	<u>\$93,111,356</u>	<u>79,501,182</u>

**4
Deferred receivables
from Regional Districts**

On November 15, 1978, the Authority redeemed the 6% bond issue of Swiss francs 50,000,000 from the proceeds of a 3¼% bank loan in the amount of Swiss francs 51,600,000. As a result, the Authority incurred an exchange loss of \$23,055,505, being the difference between the Canadian dollar equivalent of Swiss francs 50,000,000 at the date of borrowing in 1972 and the

Canadian dollar equivalent of Swiss francs 50,000,000 used from the proceeds of the bank loan to finance the redemption.

Under the terms of the loan agreements with the regional districts which participated in the original issue, the exchange loss is a liability of the regional districts to the Authority. Accordingly, it has been recorded in the accounts as Deferred receivables from Regional Districts.

For the remainder of the term of the loan agreements, the Authority will recover additional amounts, on a sinking fund basis, from the regional districts so that, at the end of the term of such loan agreements, a fund, the contributions to which will have been adjusted for exchange rate variations on a cumulative basis, will be available to retire the related foreign currency debt. The additional payments from the regional districts will be credited to the Deferred receivables from Regional Districts account and \$888,058 has been so credited to this account in 1979.

**5
Debt Reserve Fund**

The amount due to the regional districts will be repaid to them when they have made the final payment under their respective loan agreements. If, at any time, the Authority does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions must be made from the Debt Reserve Fund. During 1979, deficiencies of \$565,898 and \$1,096,142 (1978 — \$519,818 and \$1,146,714) in the funds available to meet the principal and interest payments on the Deutsche mark loan and the interest and sinking fund payments on the Swiss franc loan respectively were met by transfers from the Debt Reserve Fund. These deficiencies will be recovered in the following year from the participating regional districts under the terms of their loan agreements.

The Board of Trustees of the Authority may levy or impose upon substantially all taxable land and improvements within the Province a rate sufficient to maintain the Debt Reserve Fund at a level not exceeding the

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1979

amount which would have been in the fund had no such payments been made. Further, the Board of Trustees must impose such rate 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.

6**Long-term Debt**

The aggregate long-term debt maturities and sinking fund requirements in the next five years are as follows

(including the debt payable in European currencies at the exchange rates prevailing at the end of 1979):

		1979			1978
		Actual	Contingent	Total	Total
1979	\$				13,543,101
1980		22,226,363	2,000,000	24,226,363	23,173,776
1981		23,002,474	2,000,000	25,002,474	23,849,887
1982		34,396,024	—	34,396,024	32,643,437
1983		17,364,817	—	17,364,817	15,912,230
1984		18,699,356	—	18,699,356	
		<u>\$115,689,034</u>	<u>4,000,000</u>	<u>119,689,034</u>	<u>109,122,431</u>

The contingent maturities represent the purchase fund requirements under the terms of the 9¼% notes due June 30, 1982, which are subject to the availability of the securities at or below par value.

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

7**Foreign currencies**

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

	1979	1978
United States dollars	\$217,471,000	222,982,000
Swiss francs	51,600,000	51,600,000
Deutsche marks	10,725,000	11,550,000

No 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 were made in U.S. dollars and the agreements provide for repayment to the Authority in U.S. dollars.

Had the debt payable in Swiss francs and Deutsche marks been translated into Canadian dollars at the exchange rates prevailing at December 31, 1979, the liability for such debt would have exceeded the recorded amount by \$4,573,000 (1978 — \$4,746,000).

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1979

**8
Sinking funds**

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

The debt payable in U.S. dollars is subject to specific annual redemptions for sinking fund purposes. By purchasing the debentures at discount on the open

market in anticipation of the sinking fund requirements, the Authority has, to date, retired \$248,000 (1978 — \$143,000) of such debt in advance of the scheduled redemptions for sinking fund purposes.

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

	1979	1978
Securities of		
Government of Canada, direct or guaranteed	\$1,886,940	—
Provincial Governments, direct or guaranteed	457,977	457,833
Chartered banks, direct or guaranteed	863,264	564,850
Municipalities in the Province	7,078	9,781
The Authority	4,677,000	2,846,000
	<u>7,892,259</u>	<u>3,878,464</u>
Cash	20,219	20,426
Accrued interest	116,987	70,879
Total assets	<u>8,029,465</u>	<u>3,969,769</u>
Accumulated actuarial requirements for retirement of the related debt	7,151,933	3,582,407
Surplus	<u>\$ 877,532</u>	<u>387,362</u>

**9
Capital Repayment
Equalization Fund
— surplus**

The surplus is related directly to the following issues:

ISSUE #		1979	1978
5	3.25% Swiss franc bank loan — 1987	\$ 198,942	(101,384)
10	9.25% Notes — 1980 and 1981	1,382,274	1,062,020
11	10.375%-10.75% Debentures — 1980-1994	273,408	167,249
15	9.25% Notes — 1982	2,848,340	2,245,138
16	9.75%-10.375% Debentures — 1980-1985	381,666	219,700
19	8.2%-8.75% Debentures — 1986 and 2001	196,606	52,558
20	9% Bonds — 1985/1997	1,856,872	1,514,487
21	8.5%-9.5% Debentures — 1980-2002	(28,804)	(17,863)
22	9.25%-9.375% Debentures — 1998 and 2003	1,314	349
23	9.375%-10% Debentures — 1980-2003	(11,980)	(9)
24	10.25% Bonds — 1989/1999	1,221,336	—
25	12.25% Debentures — 1999	(95)	—
		<u>\$8,319,879</u>	<u>5,142,245</u>

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — Schedule of Long-Term Debt

DECEMBER 31, 1979 — WITH COMPARATIVE FIGURES FOR 1978

Issue	Year of issue	Maturity date	Interest rate percent	Currency of payment	Original amount
1	1971	October 1, 1996	8.375	United States	20,000,000
2	1971	December 1, 1980-1996	7.750	Canadian	1,258,700
3	1972	March 1, 1980-1982	7.250	Canadian	1,750,000
		March 1, 1992	7.750	Canadian	1,675,000
		March 1, 1997	7.750	Canadian	2,575,000
4	1972	October 1, 1980-1992	6.750	West German	4,617,800
5	1978	November 15, 1987	3.250	Swiss	37,188,120
6	1973	June 1, 1980-1983	7.750	Canadian	4,049,126
		June 1, 1984-1993	8.125	Canadian	8,727,000
7	1974	March 1, 1985-1989	9.000	Canadian	887,000
		March 1, 1994	9.000	Canadian	6,462,000
8	1974	April 15, 1980	8.500	Canadian	3,267,000
		April 15, 1981-1984	8.500	Canadian	1,764,000
9	1974	April 16, 1994	9.000	Canadian	6,800,000
10	1974	May 15, 1980-1981	9.250	Canadian	15,000,000
11	1974	September 3, 1980-1984	10.375	Canadian	2,000,000
		September 3, 1985-1994	10.750	Canadian	5,000,000
12	1975	January 15, 2000	9.750	United States	34,500,000
		January 15, 1980-1984	9.420	Canadian	40,341
14	1975	April 1, 1980-1985	9.500	Canadian	535,000
15	1975	June 30, 1982	9.250	Canadian	25,000,000
16	1975	September 2, 1980	9.750	Canadian	2,250,000
		September 2, 1981	9.875	Canadian	600,000
		September 2, 1982	10.000	Canadian	670,000
		September 2, 1983	10.125	Canadian	750,000
		September 2, 1984	10.250	Canadian	820,000
		September 2, 1985	10.375	Canadian	910,000
		September 2, 1995	10.750	Canadian	5,000,000
17	1975	November 1, 2000	9.875	United States	37,000,000
18	1976	May 1, 2001	8.875	United States	52,500,000
19	1976	October 15, 2001	8.750	United States	50,000,000
		October 15, 1986	8.200	United States	10,000,000
20	1977	June 1, 1985/1997	9.000	Canadian	25,000,000
		June 1, 1997	9.875	Canadian	20,000,000
21	1977	December 1, 1980-1982	8.500	Canadian	812,000
		December 1, 1983-1987	8.750	Canadian	1,227,000
		December 1, 1988-1992	9.250	Canadian	961,000
		December 1, 1997	9.500	Canadian	33,500,000
		December 1, 2002	9.500	Canadian	7,000,000
Carried forward					432,096,087

Schedule

December 31, 1979			December 31, 1978	
Outstanding	Sinking funds	Long-term debt, net	Long-term debt, net	References
16,010,000	77,836	15,932,164	16,627,257	(1)
1,004,000	—	1,004,000	1,045,000	
658,000	—	658,000	848,000	
1,675,000	—	1,675,000	1,675,000	(2)
2,575,000	—	2,575,000	2,575,000	(2)
3,301,727	—	3,301,727	3,555,706	(3)
37,188,120	—	37,188,120	37,188,120	(4)
1,987,000	—	1,987,000	2,397,000	(5)
8,727,000	—	8,727,000	8,727,000	(5)
887,000	—	887,000	887,000	(5)
6,462,000	1,334,185	5,127,815	5,461,039	(5) (6)
806,000	—	806,000	1,596,000	
1,764,000	—	1,764,000	1,764,000	
6,800,000	1,370,010	5,429,990	5,760,587	(6)
15,000,000	—	15,000,000	15,000,000	(7)
2,000,000	—	2,000,000	2,000,000	(5)
5,000,000	—	5,000,000	5,000,000	(5)
30,853,000	31,814	30,821,186	31,869,860	(8)
26,334	—	26,334	30,321	(5)
376,700	—	376,700	421,800	(5)
22,400,000	—	22,400,000	23,400,000	(9)
550,000	—	550,000	1,050,000	(5)
600,000	—	600,000	600,000	(5)
670,000	—	670,000	670,000	(5)
750,000	—	750,000	750,000	(5)
820,000	—	820,000	820,000	(5)
910,000	—	910,000	910,000	(5)
5,000,000	—	5,000,000	5,000,000	(10)
33,094,000	869	33,093,131	34,214,531	(11)
48,611,000	18,495	48,592,505	49,030,160	(12)
45,386,000	—	45,386,000	47,078,000	(13)
10,000,000	—	10,000,000	10,000,000	(1)
25,000,000	—	25,000,000	25,000,000	(14)
20,000,000	1,374,074	18,625,926	19,351,768	(5) (6)
526,000	—	526,000	675,000	(5)
1,227,000	—	1,227,000	1,227,000	(5)
961,000	—	961,000	961,000	(5)
33,500,000	2,216,722	31,283,278	32,432,173	(5) (6)
7,000,000	329,520	6,670,480	6,848,856	(5) (6)
400,105,881	6,753,525	393,352,356	404,447,178	

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Schedule of Long-Term Debt / continued

DECEMBER 31, 1979 — WITH COMPARATIVE FIGURES FOR 1978

Issue	Year of issue	Maturity date	Interest rate percent	Currency of payment	Original amount
			Brought forward		\$432,096,087
22	1978	June 1, 1998	9.250	United States	29,363,000
		June 1, 2003	9.375	United States	4,737,000
23	1978	November 15, 1980-1983	9.375	Canadian	750,000
		November 15, 1984-1988	9.500	Canadian	1,150,000
		November 15, 1989-1993	9.625	Canadian	890,000
		November 15, 1998	9.950	Canadian	30,000,000
A23	1978	November 15, 1998	9.950	Canadian	6,735,000
		November 15, 2003	10.000	Canadian	3,265,000
24	1979	May 15, 1989/1999	10.250	Canadian	24,000,000
25	1979	December 6, 1999	12.250	Canadian	54,100,000
26	1979	December 6, 2004	12.250	Canadian	11,132,953
					<u>\$598,219,040</u>
				Canadian	\$318,313,120
				United States	238,100,000
				Swiss	37,188,120
				West German	4,617,800
					<u>\$598,219,040</u>

Schedule

December 31, 1979			December 31, 1978	
Outstanding	Sinking funds	Long-term debt, net	Long-term debt, net	References
400,105,881	6,753,525	393,352,356	404,447,178	
28,832,000	—	28,832,000	29,363,000	(1)
4,685,000	—	4,685,000	4,737,000	(1)
626,000	—	626,000	750,000	(5)
1,150,000	—	1,150,000	1,150,000	(5)
890,000	—	890,000	890,000	(5)
30,000,000	995,715	29,004,285	30,000,000	(5) (6)
6,735,000	207,031	6,527,969	6,735,000	(5) (6)
3,265,000	73,194	3,191,806	3,265,000	(5) (6)
24,000,000	—	24,000,000	—	(15)
54,100,000	—	54,100,000	—	(16)
11,132,953	—	11,132,953	—	(6) (17)
<u>565,521,834</u>	<u>8,029,465</u>	<u>557,492,369</u>	<u>481,337,178</u>	
307,560,987				
217,471,000				
37,188,120				
3,301,727				
<u>565,521,834</u>				

Debt Fund — References to Schedule of Long-Term Debt

DECEMBER 31, 1979

1. Non-callable except for sinking fund purposes.
2. The sinking fund to provide for retirement of the issue at maturity will begin in 1983.
3. Callable at 104% reducing to 100.25% from October 1, 1980 to October 1, 1991. Also callable upon the imposition of withholding taxes at 102.5% reducing to 100% over the remainder of the term to maturity.
4. Callable without penalty on November 15, 1981 or November 15, 1984 (minimum Swiss francs 10,000,000 or an integral multiple thereof). The interest rate is effective until November 15, 1981; it will be reset on that date and again on November 15, 1984.
5. Non-callable prior to maturity.
6. The sinking fund has been calculated to provide for retirement of the issue at maturity.
7. Callable at 100.75% if called during the year beginning May 15, 1979 and at 100% thereafter.
8. Non-callable prior to January 15, 1990 except for sinking fund purposes. Callable on January 15, 1990 and thereafter at any time at 103.5% reducing to 100% over the remainder of the term to maturity.
9. Callable on June 30, 1980 and thereafter at any time (minimum \$1,000,000 or an integral multiple thereof) at 100.75% if called during the year beginning June 30, 1980 and at 100% thereafter. The Authority is obliged to purchase notes during the six-month periods beginning January 1 in each of the years 1980 and 1981 in the aggregate principal amount of \$2,000,000 in each year provided the price is not in excess of 100% of the principal amount of such notes.
10. The sinking fund to provide for retirement of the issue at maturity will begin in 1986.
11. Non-callable prior to November 1, 1990 except for sinking fund purposes. Callable on November 1, 1990 and thereafter at any time at 103.25% reducing to 100% over the remainder of the term to maturity.
12. Non-callable prior to May 1, 1991 except for sinking fund purposes. Callable on May 1, 1991 or thereafter at any time at 102.75% reducing to 100% over the remainder of the term to maturity.
13. Non-callable prior to October 15, 1991 except for sinking fund purposes. Callable on October 15, 1991 and thereafter at any time at 102.75% reducing to 100% over the remainder of the term to maturity.
14. Redeemable at holder's option on June 1 of 1985, 1988, 1991 or 1994. Callable upon the imposition of withholding taxes at 101.5% reducing to 100.25% over the remainder of the term to maturity.
15. Redeemable at holder's option on May 15 of 1989 or 1994. Callable on May 15, 1984 and annually thereafter at 101% if called on or before May 15, 1994 and at 100.5% thereafter. Also, callable at any time upon the imposition of withholding taxes at 101% if called on or before May 15, 1994 and at 100.5% thereafter.
16. Non-callable prior to December 6, 1994 except for sinking fund purposes. Callable on December 6, 1994 and thereafter at any time at 100%.
17. Callable on December 6, 1997 and thereafter at any time at 100%.



Firehall, District of Richmond



Arena, District of Delta

Ten Year Review — Combined Funds

THOUSANDS OF DOLLARS

	1979	1978	1977	1976
ASSETS				
Cash	383	201	175	178
Receivables	662	1,862	368	811
Investments	27,883	18,993	16,235	11,112
Demand notes receivable from Regional Districts	27,686	22,467	18,493	13,760
Loans to Regional Districts	524,094	450,270	385,900	306,795
Deferred receivables from Regional Districts	22,167	23,055	—	—
Unamortized issue costs	1,714	1,464	1,379	1,039
Total assets	604,589	518,312	422,550	333,695
LIABILITIES AND SURPLUS				
Accounts payable and unrepresented matured debt	212	94	111	77
Due to bank	—	972	—	—
Reserves for furniture and fixtures acquisition and data processing implementation	78	44	25	12
Due to Regional Districts	36,957	29,945	25,431	19,605
Long-term debt, net	557,492	481,337	391,971	311,173
Total liabilities	594,739	512,392	417,538	330,867
Surplus	9,850	5,920	5,012	2,828
Total liabilities and surplus	604,589	518,312	422,550	333,695
REVENUE				
Prior year's surplus appropriated	5,164	4,637	2,596	2,120
Operating levy	225	205	210	182
Recoveries from new issues	39	36	—	—
Gain on purchases of own debentures	503	244	7	37
Interest from investments	2,766	1,880	1,340	973
Interest from loans to Regional Districts	44,360	37,975	30,683	21,300
Recovery of deficiencies from Regional Districts	1,666	664	295	232
Allocations from Regional Districts	—	115	—	—
Other	13	38	—	—
Total revenue	54,736	45,794	35,131	24,844
EXPENDITURE				
Legislative	43	40	36	29
Administrative	228	205	179	167
Interest on long-term debt	42,807	38,675	29,543	21,208
Exchange loss	282	249	80	72
Amortization of issue and redemption costs	328	1,071	236	213
Allocations to Regional Districts	1,909	—	236	425
Other	45	10	41	12
Total expenditure	45,642	40,250	30,351	22,126
Excess of revenue over expenditure for the year	9,094	5,544	4,780	2,718
Surplus at beginning of the year not appropriated to current revenue	756	376	232	110
Surplus at end of the year	9,850	5,920	5,012	2,828

1975	1974	1973	1972	1971	1970
269	139	75	202	16	21
3,661	122	38	69	22	—
8,086	4,504	2,874	2,331	1,098	70
8,670	2,824	527	—	—	—
199,836	95,377	56,157	44,474	21,259	—
—	—	—	—	—	—
1,252	488	—	—	—	—
<u>221,774</u>	<u>103,454</u>	<u>59,671</u>	<u>47,076</u>	<u>22,395</u>	<u>91</u>
113	88	44	191	24	11
—	—	—	—	—	—
13	13	13	—	—	—
16,384	5,894	3,004	2,390	1,095	—
<u>203,034</u>	<u>96,653</u>	<u>56,550</u>	<u>44,474</u>	<u>21,259</u>	<u>—</u>
219,544	102,648	59,611	47,055	22,378	11
2,230	806	60	21	17	80
<u>221,774</u>	<u>103,454</u>	<u>59,671</u>	<u>47,076</u>	<u>22,395</u>	<u>91</u>
759	60	21	17	80	—
174	162	116	105	64	118
—	—	—	—	—	—
27	47	—	—	—	—
557	354	177	87	17	1
11,268	6,036	4,008	2,001	—	—
79	—	—	—	—	—
—	—	18	—	—	—
—	—	—	—	3	—
<u>12,864</u>	<u>6,659</u>	<u>4,340</u>	<u>2,210</u>	<u>164</u>	<u>119</u>
26	21	20	17	22	13
118	89	97	80	69	26
10,142	5,433	4,054	2,001	—	—
33	33	58	—	—	—
148	52	—	—	—	—
198	208	—	78	18	—
16	17	51	13	38	—
<u>10,681</u>	<u>5,853</u>	<u>4,280</u>	<u>2,189</u>	<u>147</u>	<u>39</u>
2,183	806	60	21	17	80
47	—	—	—	—	—
<u>2,230</u>	<u>806</u>	<u>60</u>	<u>21</u>	<u>17</u>	<u>80</u>



Bridge over Quesnel River, City of Quesnel



Dusk at Second Beach, Vancouver, B.C. *Courtesy B.C. Government*

