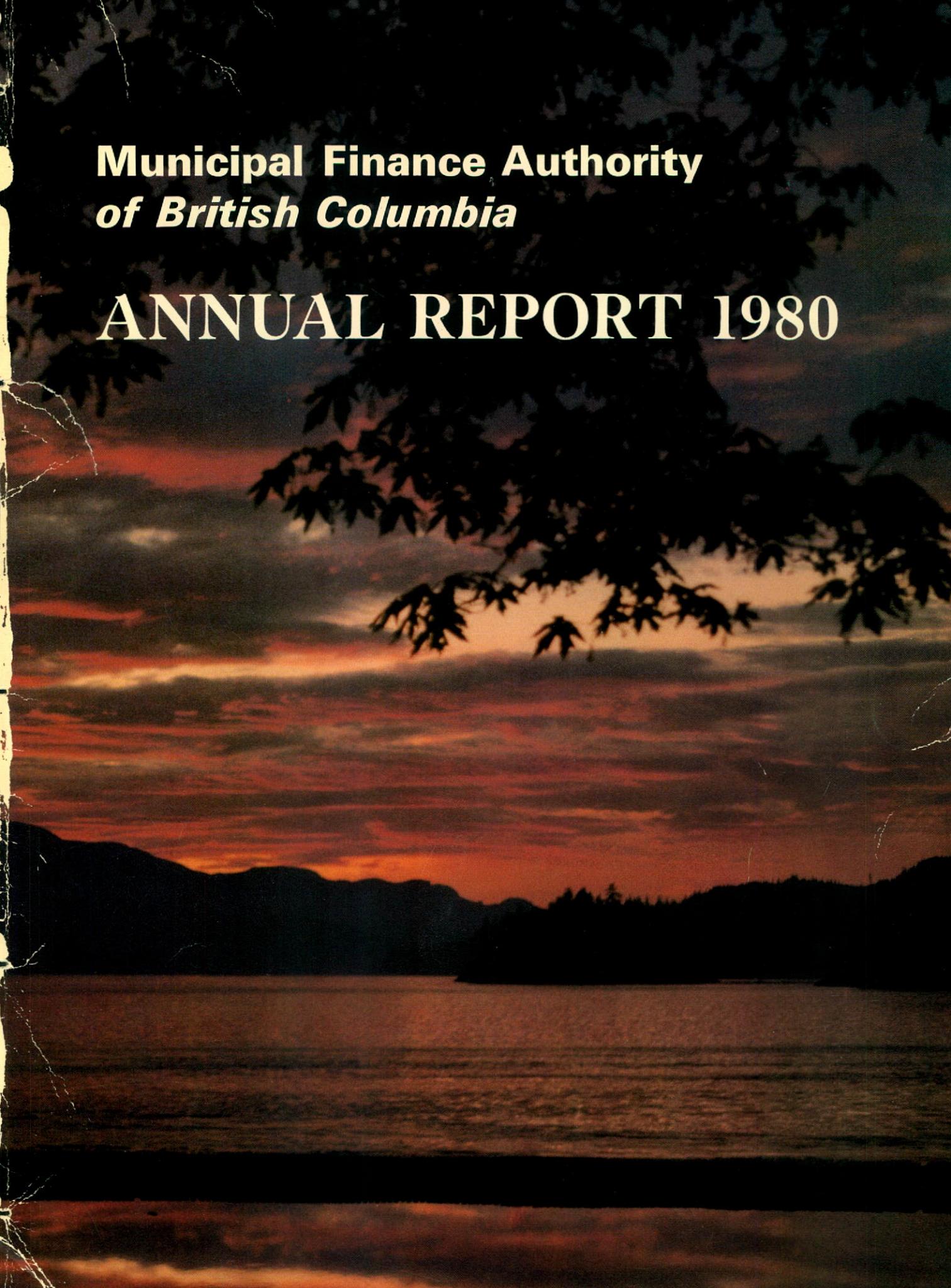


**Municipal Finance Authority
*of British Columbia***

ANNUAL REPORT 1980



Municipal Finance Authority of British Columbia

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

Annual report,

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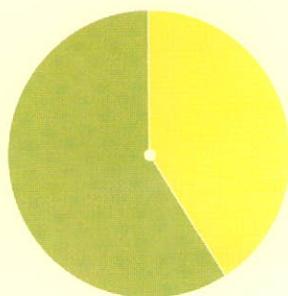
COVER PHOTO

Sunset on Quadra Island in the Gulf of Georgia
Courtesy B.C. Government

Annual Statement Highlights

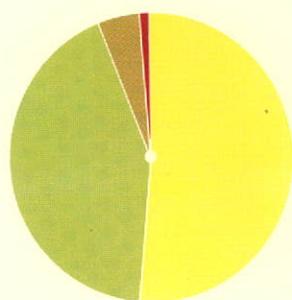
	DECEMBER 31 1980	DECEMBER 31 1979
Total assets — combined funds	\$751,872,737	\$604,589,521
Loans to Regional Districts outstanding	\$659,337,507	\$524,094,211
Long-term debt outstanding (net of sinking funds)	\$679,886,149	\$557,492,369
Investments (including sinking funds)	\$ 44,072,397	\$ 35,775,643
Number of Regional and Water Districts participating to date	29	29
Number of Municipalities participating to date	129	128

NEW LONG-TERM DEBT ISSUED IN 1980 —
BY CURRENCY OF PAYMENT

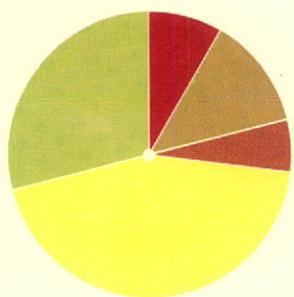


- █ CANADIAN DOLLARS
- █ U.S. DOLLARS
- █ SWISS FRANCS
- █ DEUTSCHE MARKS

LONG-TERM DEBT OUTSTANDING AT DECEMBER 31, 1980 —
BY CURRENCY OF PAYMENT

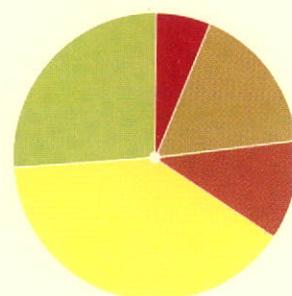


NEW LOANS TO REGIONAL DISTRICTS IN 1980 —
BY PURPOSE



- █ BUILDINGS
- █ PUBLIC WORKS
- █ RECREATION
- █ SEWER
- █ WATER

TOTAL LOANS TO REGIONAL DISTRICTS 1971-1980 —
BY PURPOSE



MC GILL LIBRARY

407473 AR.1131

Members and Officers — 1980

MEMBERS

Director G. A. McKnight	Mayor D. Humphreys
<i>Alberni-Clayoquot Regional District</i>	<i>Greater Vancouver Regional District</i>
Director G. E. McFee	Mayor J. E. Loucks
<i>Bulkley-Nechako Regional District</i>	<i>Greater Vancouver Regional District</i>
Director J. M. Campbell	Mayor D. A. Ross
<i>Capital Regional District</i>	<i>Greater Vancouver Regional District</i>
Mayor R. G. Marks	Mayor I. E. Young
<i>Cariboo Regional District</i>	<i>Greater Vancouver Regional District</i>
Director W. Deisman	Director R. Cooper
<i>Central Coast Regional District</i>	<i>Kitimat-Stikine Regional District</i>
Director W. C. Blair	Mayor I. Muzzin
<i>Central Fraser Valley Regional District</i>	<i>Kootenay-Boundary Regional District</i>
Director G. E. MacNeill	Director J. Eilertsen
<i>Central Kootenay Regional District</i>	<i>Mount Waddington Regional District</i>
Alderman J. H. Stuart	Director A. J. Kruyt
<i>Central Okanagan Regional District</i>	<i>Nanaimo Regional District</i>
Mayor L. M. Lund	Mayor N. R. P. Duke
<i>Columbia-Shuswap Regional District</i>	<i>North Okanagan Regional District</i>
Director K. Hudson	Director D. R. McDougall
<i>Comox-Strathcona Regional District</i>	<i>Okanagan-Similkameen Regional District</i>
Director M. Lukaitis	Director J. E. Mucci
<i>Cowichan Valley Regional District</i>	<i>Peace River-Liard Regional District</i>
Director A. Pelton	Director L. Emmonds
<i>Dewdney-Alouette Regional District</i>	<i>Powell River Regional District</i>
Director S. J. Atchison	Mayor P. J. Lester
<i>East Kootenay Regional District</i>	<i>Skeena-Queen Charlotte Regional District</i>
Director F. H. Bryant	Director R. D. Cumming
<i>Fraser-Cheam Regional District</i>	<i>Squamish-Lillooet Regional District</i>
Director A. Stauble	Director C. Lee
<i>Fraser-Fort George Regional District</i>	<i>Sunshine Coast Regional District</i>
Mayor M. S. Evers	Director W. E. Winter
<i>Greater Vancouver Regional District</i>	<i>Thompson-Nicola Regional District</i>

BOARD OF TRUSTEES

Alderman J. H. Stuart, CHAIRMAN
 Director J. M. Campbell
 Director R. D. Cumming
 Mayor M. S. Evers
 Mayor P. J. Lester
 Mayor R. G. Marks
 Mayor D. A. Ross

OFFICERS

CHAIRMAN: Alderman J. H. Stuart
 ACTING CHAIRMAN: Mayor M. S. Evers
 SECRETARY-TREASURER: D. N. Wilson, F.C.I.S.
 DEPUTY SECRETARY-TREASURER: W. C. Greer

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 — 1980

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA



Alderman James H. Stuart
CHAIRMAN

The first year of the eighties presented the Municipal Finance Authority with record-breaking amounts of financing requests, unprecedented high costs of long-term funds, extreme volatility in the capital markets, upgraded credit ratings and the opportunity to improve its administrative machinery.

Last year saw unexpected and dramatic changes in the capital markets, nearly all stemming, in one way or another, from double-digit inflation. For example, the Canadian chartered bank prime lending rate varied at least every two months — beginning the year at 15%, dropping to 12 1/4% at mid-year and ending the year at a new high of 18 1/4%. Long-term interest rates, too, swung dramatically. The yield on Municipal Finance Authority 20-year bonds varied from a low of 12% to a high of 14 1/4% during the year. It is interesting to note that last year I described 1979 as the most volatile year of the seventies in terms of interest rates and I believe I referred to it as a "rather hectic year." Clearly if 1979 was hectic, then 1980 was truly more hectic. The first two months of 1981 have not brought an improvement. I am afraid we may be in for more of the same this year.

During 1980, the Authority received and satisfied requests for capital funds totalling \$168.7 million. This established a record for new funds requested in one year. By December 31, we had raised a grand total of \$750.9 million through 27 bond issues since October of 1971.

As I noted earlier, interest rates fluctuated widely during the year. In March we received requests for \$62.7 million of new capital funds. At that time, long-term interest rates were near 14%. As we proceeded into spring, signs of weakening North American economies provided temporary relief and interest rates started to ease. During this time, new bond issues were not easy to place and negotiations were conducted with the Provincial Ministry of Finance. These negotiations were successful and on June 2nd, a private place-

ment of the entire issue was made with the Province of British Columbia and its agencies. The issue, \$62,705,000 of $11\frac{3}{8}\%$ instalment debentures, will mature on June 2, 1986. It was priced at \$99.47 to yield $11\frac{1}{2}\%$ to final maturity. Due to the short term of the financing, it will be necessary to roll over approximately \$50 million in 1986. Borrowers in the issue have been advised that they may face increased rates at that time should we be unable to match the rather favourable rate of $11\frac{3}{8}\%$.

This was the fourth year in a row that the Authority has placed bonds with the Provincial Government. Since the fall of 1977, a total of \$102.3 million has been borrowed directly from the Province of British Columbia on behalf of our regional districts and municipalities. I have commented previously on the co-operation which is extended to us in this area. I know you will join me in once again publicly expressing our appreciation to the Minister of Finance and the Provincial Government.

In September, the requests totalled \$105.9 million. Interest rates were again above the lows of late spring and we were faced with the further dilemma of our first issue in excess of \$100 million. These factors, combined with a U.S. interest rate advantage and a very low-valued Canadian dollar, made a U.S. dollar denominated issue attractive to the Board of Trustees. In December, \$90 million of $13\frac{3}{4}\%$ 25-year specific sinking fund debentures was sold in the U.S. public market at \$99 $\frac{5}{8}$ to yield 13.80% to maturity. The issue was successfully floated in an extremely volatile market. Interest rates and bond market conditions were changing rapidly requiring particular adeptness by our representatives. I would offer a word of congratulation to our U.S. underwriters for a difficult job well done.

While 1980 provided us with a rollercoaster ride in terms of markets and interest rates, it was not entirely without its moments of positive accomplishment. During the year, both Moody's Investors Service Inc. and Standard & Poor's Corporation of New York upgraded their ratings of all outstanding Municipal Finance Authority of British Columbia debentures in the U.S. market to Aaa and AAA respectively. Achievement of these ratings has given me a great deal of personal satisfaction. They reflect the highest obtainable recognition of credit worthiness and the value to the Authority and our regional districts and municipalities cannot be overstated. There has never been any doubt in my mind that the ratings were justified, and I am confident that the good record, which earned us the recognition, will be preserved in the future. Credit for accomplishing these upgradings must first go to the regional districts and municipalities which have such excellent fiscal records. Our role was to represent them and to co-ordinate our presentation with that of the Provincial Government which also achieved similar rating upgrades. I would be remiss if I did not acknowledge the tremendous co-operation and assistance provided us by various Provincial Ministries during our negotiations with the rating agencies.

During 1980, the Authority's administrative procedures underwent some major changes. Through leased lines and time sharing with the Capital Regional District, all of our debt records and accounting data were com-

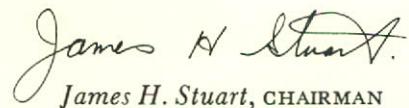
puterized. Principal and interest payments in excess of \$73.5 million were received from the regional districts and municipalities. In addition to the receipt of these moneys, payments in a similar amount were made to bond-holders throughout the world. The volume of such work has grown substantially over the years and the computerization of our systems will enable continuing good management of the Authority's affairs.

The Board of Trustees held twelve meetings during 1980. Three new members joined the Board last March and I must compliment each of them for the extra effort expended to learn the technical side of our financing activities. The 1980 Board was very competent and it was a pleasure to work with them. Director Jim Campbell (Capital Regional District), who has served as an M.F.A. Trustee since 1976, will not be returning to the Board this year. He has played an extremely active role on the Board of Trustees and I would like to acknowledge his interest and dedication to the work of the Board.

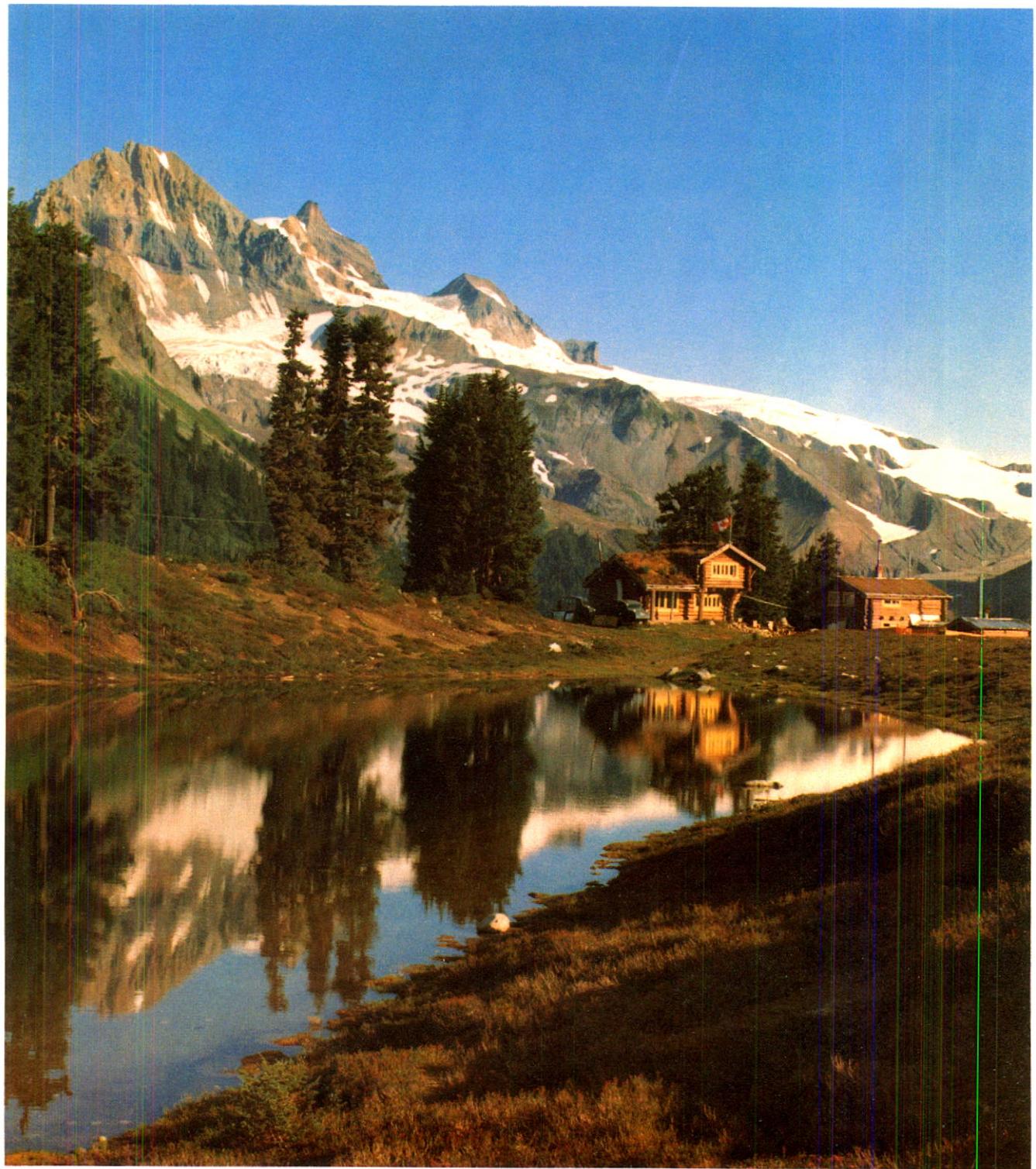
Our business relations with the Ministry of Municipal Affairs and the Ministry of Finance continued on the very high level which we have enjoyed in previous years. There is a tremendous amount of interrelationship with both Ministries and it is important that these good relations continue. Our staff has been very involved in the data processing changeover. As well, they have had to deal with the gyrating capital market situation on a day-to-day basis. The more debt issues we undertake, the more their workload increases. I am pleased to report that the staff performed extremely well during the year. Their total strength of only four persons, in itself, speaks well of their performance.

It seems that this report and my report for 1979 both contain a certain amount of doom and gloom insofar as the cost of capital funds is concerned. I see little hope for improvement at least until the inflation problem, we are all so aware of, is brought under control. In the meantime the municipal and regional government need for capital funds continues to expand. A glance at the types of projects being financed is all that's required to confirm that borrowings are for needed works. Over 73% of all funds secured in the past two years has been for sewer and water projects alone. In considering the historically high cost of funds today I do not call upon our member boards and councils to necessarily cut back their capital programmes but I do wish them to give full consideration to the cost of money. Over the next few years we could see the cost of long-term capital increase by as much as two to three percent over the fourteen percent plus level we face today.

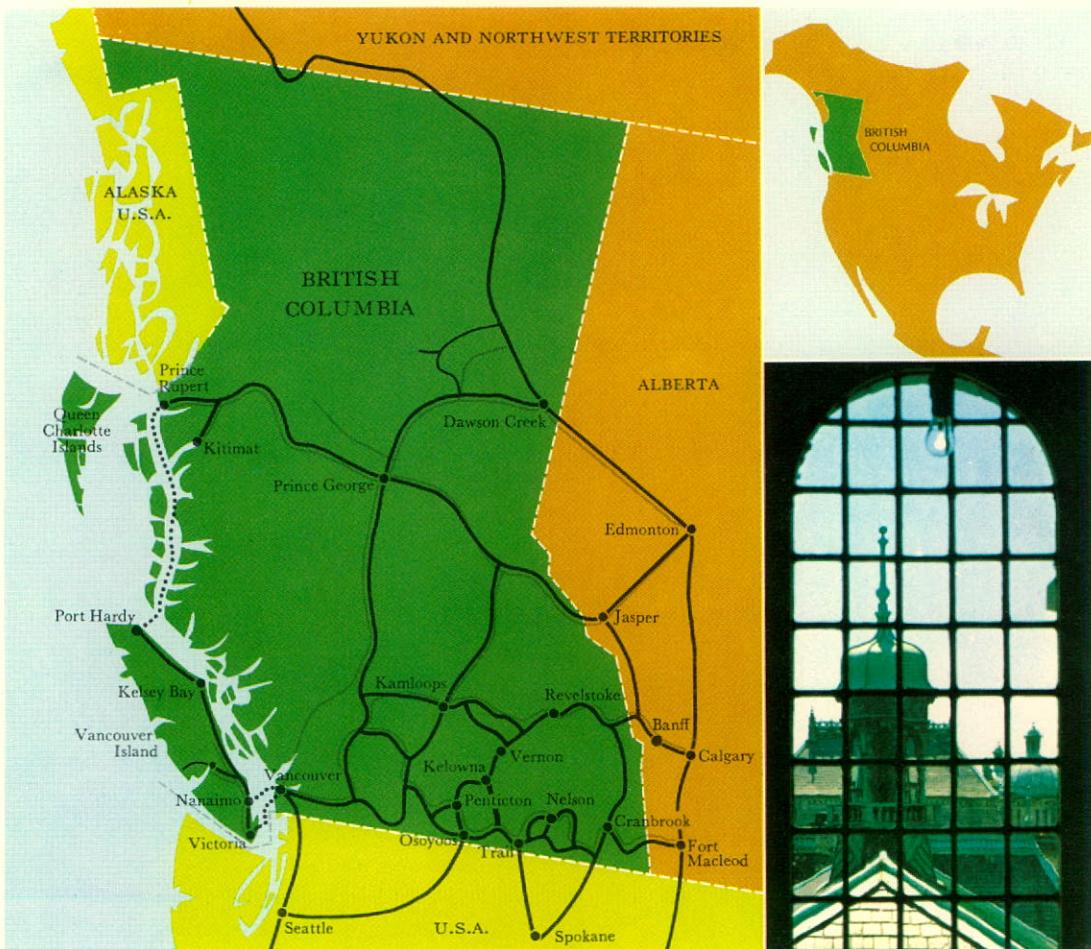
Serving as Chairman during the past year, and indeed for the past four years, has been an honour and a privilege. 1981 finds the Municipal Finance Authority fit and ready to meet both its objectives and the challenges which will be presented by the capricious capital markets in which we must function.



James H. Stuart
James H. Stuart, CHAIRMAN



Diamond Head Chalet, Garibaldi Park, Southwestern, B.C. *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 from them to the regional district on whose request the financing is undertaken.”

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

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 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-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 and performed 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 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 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 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 debentures for which the sinking fund was created; however, debentures so purchased must be held to the credit of the sinking fund account 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 debt issues having a term to 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. 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.

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.

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

Moneys in the debt reserve fund may be invested 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 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 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 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.

Schedule of Loans to Regional Districts

OUTSTANDING AT DECEMBER 31, 1980

	Principal Outstanding Dec. 31, 1979	1980			Principal Outstanding Dec. 31, 1980
		New Loans Issued	Principal Repaid		
REGIONAL DISTRICTS					
Alberni-Clayoquot	\$ 2,951,560	1,004,614	188,713		3,767,461
Bulkley-Nechako	9,382,854	1,336,375	272,487		10,446,742
Capital	43,427,521	17,998,907	1,815,866		59,610,562
Cariboo	8,168,435	1,080,173	264,599		8,984,009
Central Coast	—	—	—		—
Central Fraser Valley	31,803,502	16,252,887	745,186		47,311,203
Central Kootenay	7,581,521	2,809,805	279,717		10,111,609
Central Okanagan	13,155,777	4,822,130	349,736		17,628,171
Columbia-Shuswap	11,714,046	1,392,540	366,645		12,739,941
Comox-Strathcona	11,026,787	3,922,891	384,732		14,564,946
Cowichan Valley	16,327,615	1,241,000	496,910		17,071,705
Dewdney-Alouette	8,140,966	5,184,601	224,958		13,100,609
East Kootenay	17,980,036	7,511,032	615,643		24,875,425
Fraser-Cheam	3,779,275	2,773,913	91,184		6,462,004
Fraser-Fort George	30,002,714	4,651,799	1,000,393		33,654,120
Greater Vancouver	173,487,150	15,585,499	6,188,516		182,884,133
Kitimat-Stikine	10,177,001	3,925,758	437,342		13,665,417
Kootenay-Boundary	3,883,409	1,254,757	129,949		5,008,217
Mount Waddington	2,283,803	567,443	78,894		2,772,352
Nanaimo	20,207,540	33,610,496	558,638		53,259,398
North Okanagan	13,117,038	1,119,552	417,290		13,819,300
Okanagan-Similkameen	10,074,577	3,166,444	262,937		12,978,084
Peace River-Liard	18,536,043	8,171,253	655,848		26,051,448
Powell River	6,986,231	—	224,670		6,761,561
Skeena-Queen Charlotte	6,882,740	199,658	168,960		6,913,438
Squamish-Lillooet	5,174,943	3,216,623	120,192		8,271,374
Sunshine Coast	3,878,015	611,790	105,018		4,384,787
Thompson-Nicola	28,696,016	9,054,327	736,467		37,013,876
WATER DISTRICTS					
Greater Campbell River	2,030,850	—	41,481		1,989,369
Greater Nanaimo	3,236,246	—	—		3,236,246
	\$524,094,211	152,466,267	17,222,971		659,337,507

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 levels.

The actual values of all properties in the Province in the years 1976 through 1980 were as follows:

1976	53.5 billion	1979	84.5 billion
1977	68.8 billion	1980	94.1 billion
1978	77.2 billion		

SOURCE: BRITISH COLUMBIA ASSESSMENT AUTHORITY

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

The assessed valuation taxable for general purposes increased from 13 billion in 1976 to 19.4 billion in 1980, an average annual compound rate of growth of 10.53%.

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 1975 through 1979:

Tax Levies and Collections by the Regional Districts and Municipalities Therein

MILLIONS OF DOLLARS

	1979	1978	1977	1976	1975
Current tax levy	1,034	964	863	798	679
Arrears	48	44	41	34	26
Total taxes	1,082	1,008	904	832	705
Current taxes collected	1,003	931	834	769	655
Current collections as per cent of current tax levy	96.96%	96.52%	96.55%	96.35%	96.38%
Arrears collected	36	33	30	26	19
Total collections as per cent of current tax levy	100.46%	99.97%	100.07%	99.62%	99.22%

SOURCE: MINISTRY OF MUNICIPAL AFFAIRS

Revenues and Expenditures of the Regional Districts and Municipalities therein

MILLIONS OF DOLLARS

	1979	1978	1977	1976	1975
REVENUES					
Real property taxes	425	402	376	340	300
Other taxes	72	69	65	60	53
Total taxation	497	471	441	400	353
Other revenues	213	170	147	155	121
Contributions, grants and subsidies:					
Federal	13	15	14	11	9
Provincial	195	171	141	153	132
Municipal	3	3	4	3	5
Miscellaneous	2	2	4	16	12
Transferred from surplus of prior years	81	54	38	39	30
Taxes collected for school authorities	535	497	431	404	338
Utility revenues ¹	142	128	117	64	56
Total revenues	1,681	1,511	1,337	1,245	1,056
EXPENDITURES					
General government	111	102	88	78	67
Fire and police	188	167	151	134	115
Public works and sanitation	149	139	126	125	109
Public health	25	17	16	14	12
Social welfare	28	27	36	60	55
Recreation and community services	123	110	102	86	71
Debt charges	142	126	107	112	83
Contributions to capital	90	69	73	74	67
Reserves and allowances	79	64	34	38	33
Miscellaneous	—	7	11	22	26
Operating surplus	33	26	24	29	22
Transmitted to school authorities	535	498	432	405	339
Utility expenditures ¹	178	159	137	68	57
Total expenditures	1,681	1,511	1,337	1,245	1,056

¹Includes sewer revenues and expenditures in 1977, 1978 and 1979



Nass River, Northwest B.C. *Courtesy B.C. Government*

Auditors' Report — 1980

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, 1980 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, 1980, 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, 1981

Peat, Marwick, Mitchell & Co.
CHARTERED ACCOUNTANTS

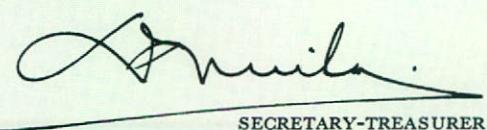
MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Balance Sheets

DECEMBER 31, 1980 — WITH COMPARATIVE FIGURES FOR 1979

	OPERATING FUND		DEBT FUND	
	1980	1979	1980	1979
ASSETS				
Cash and short-term deposits	\$ 91,053	96,905	410,179	196,051
Receivables:				
Due from Operating Fund	—	—	—	—
Due from Debt Reserve Fund	—	—	18,700	—
Due from Capital Repayment Equalization Fund	—	—	7,507,835	11,038,058
Accrued interest	2,184	1,743	—	—
Other	1,194	1,489	—	—
Total receivables	3,378	3,232	7,526,535	11,038,058
Investments (Note 2)	—	—	—	—
Demand notes receivable from Regional Districts, without interest	—	—	—	—
Loans to Regional Districts (Note 3)	—	—	659,337,507	524,094,211
Deferred receivables from Regional Districts (Note 4)	—	—	21,787,477	22,167,447
Unamortized issue costs	—	—	1,611,498	1,714,239
	<u>\$ 94,431</u>	<u>100,137</u>	<u>690,673,196</u>	<u>559,210,006</u>
LIABILITIES AND SURPLUS				
Liabilities:				
Accounts payable and unpresented matured debt	\$ 42,652	13,165	428,866	196,052
Due to bank	—	—	2,684,160	—
Due to Debt Fund	—	—	—	—
Due to Market Development Fund	25,604	8,632	—	—
Due to sinking and other funds	—	—	2,831,146	—
Due to Regional Districts (Note 5)	—	—	—	—
Reserves for furniture and fixtures acquisition and data processing implementation	25,000	78,000	—	—
Long-term debt, net (Notes 6, 7 and 8), Schedule	—	—	679,886,149	557,492,369
Total liabilities	<u>93,256</u>	<u>99,797</u>	<u>685,830,321</u>	<u>557,688,421</u>
Surplus, per accompanying statement (Note 9)	<u>1,175</u>	<u>340</u>	<u>4,842,875</u>	<u>1,521,585</u>
	<u><u>\$ 94,431</u></u>	<u><u>100,137</u></u>	<u><u>690,673,196</u></u>	<u><u>559,210,006</u></u>

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1980	1979	1980	1979	1980	1979	1980	1979
44,841	41,273	87,120	48,495	—	—	633,193	382,724
—	—	—	—	25,604	8,632	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
339,369	429,369	246,288	228,559	—	—	587,841	659,671
—	—	—	—	—	—	1,194	1,489
<u>339,369</u>	<u>429,369</u>	<u>246,288</u>	<u>228,559</u>	<u>25,604</u>	<u>8,632</u>	<u>589,035</u>	<u>661,160</u>
18,041,733	18,887,295	12,498,544	8,996,089	—	—	30,540,277	27,883,384
—	—	37,373,750	27,686,356	—	—	37,373,750	27,686,356
—	—	—	—	—	—	659,337,507	524,094,211
—	—	—	—	—	—	21,787,477	22,167,447
—	—	—	—	—	—	1,611,498	1,714,239
<u>18,425,943</u>	<u>19,357,937</u>	<u>50,205,702</u>	<u>36,959,499</u>	<u>25,604</u>	<u>8,632</u>	<u>751,872,737</u>	<u>604,589,521</u>
—	—	827	2,725	—	—	472,345	211,942
—	—	—	—	—	—	2,684,160	—
7,507,835	11,038,058	18,700	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	2,831,146	—
—	—	50,186,175	36,956,774	—	—	50,186,175	36,956,774
—	—	—	—	—	—	25,000	78,000
—	—	—	—	—	—	679,886,149	557,492,369
<u>7,507,835</u>	<u>11,038,058</u>	<u>50,205,702</u>	<u>36,959,499</u>	<u>—</u>	<u>—</u>	<u>736,084,975</u>	<u>594,739,085</u>
10,918,108	8,319,879	—	—	25,604	8,632	15,787,762	9,850,436
<u>18,425,943</u>	<u>19,357,937</u>	<u>50,205,702</u>	<u>36,959,499</u>	<u>25,604</u>	<u>8,632</u>	<u>751,872,737</u>	<u>604,589,521</u>



SECRETARY-TREASURER

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Statements of Revenue, Expenditure and Surplus

YEAR ENDED DECEMBER 31, 1980 — WITH COMPARATIVE FIGURES FOR 1979

	OPERATING FUND		DEBT FUND	
	1980	1979	1980	1979
REVENUE				
Prior year's surplus appropriated	\$ 340	632	—	—
Operating levy	270,374	225,092	—	—
Recoveries from new issues	48,000	38,550	—	—
Gain on purchases of own debentures	—	—	2,434,976	257,036
Interest from investments	6,343	6,375	958,027	486,935
Interest from loans to Regional Districts	—	—	15,992,015	15,146,414
Principal from loans to Regional Districts	—	—	—	—
Recovery of deficiencies from Regional Districts	—	—	—	—
Transfers from Operating Fund	—	—	—	—
Transfers from Capital Repayment Equalization Fund	—	—	40,059,928	27,632,737
Transfers from Debt Reserve Fund	—	—	556,318	659,657
Exchange gain	—	—	—	—
Total revenue	325,057	270,649	60,001,264	44,182,779
EXPENDITURE				
Legislative	48,326	42,860	—	—
Administrative	240,556	227,449	—	—
Transfers to Debt Fund — capital	—	—	—	—
Transfers to Debt Fund — revenue	—	—	—	—
Transfers to Market Development Fund	35,000	—	—	—
Interest on long-term debt	—	—	56,049,819	42,807,417
Exchange loss	—	—	279,260	281,933
Amortization of issue costs	—	—	341,620	328,370
Allocations to Regional Districts	—	—	—	—
Other	—	—	9,275	—
Total expenditure	323,882	270,309	56,679,974	43,417,720
Excess of revenue over expenditure for the year	1,175	340	3,321,290	765,059
Surplus at the beginning of the year not appropriated to current revenue	—	—	1,521,585	756,526
Surplus at the end of the year	\$ 1,175	340	4,842,875	1,521,585

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1980	1979	1980	1979	1980	1979	1980	1979
8,319,879	5,142,245	—	—	8,632	21,013	8,328,851	5,163,890
—	—	—	—	—	—	270,374	225,092
—	—	—	—	—	—	48,000	38,550
485,572	245,714	—	—	—	—	2,920,548	502,750
1,742,953	1,338,029	1,281,407	934,825	—	—	3,988,730	2,766,164
40,442,312	29,213,721	—	—	—	—	56,434,327	44,360,135
10,370,859	8,665,660	—	—	—	—	—	—
—	—	1,662,040	1,666,532	—	—	1,662,040	1,666,532
—	—	—	—	35,000	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	12,907	162,230	—	—	—	—	—
61,361,575	44,618,276	3,105,677	2,601,357	43,632	21,013	73,652,870	54,723,113
—	—	—	—	—	—	48,326	42,860
—	—	—	—	—	—	240,556	227,449
10,370,859	8,665,660	494,295	1,002,383	—	—	—	—
40,059,928	27,632,737	556,318	659,657	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	56,049,819	42,807,417
12,680	—	—	—	—	—	129,710	269,026
—	—	—	—	—	—	341,620	328,370
—	—	2,017,344	906,614	—	—	2,511,639	1,908,997
—	—	37,720	32,703	18,028	12,381	65,023	45,084
50,443,467	36,298,397	3,105,677	2,601,357	18,028	12,381	59,386,693	45,629,203
10,918,108	8,319,879	—	—	25,604	8,632	14,266,177	9,093,910
—	—	—	—	—	—	1,521,585	756,526
10,918,108	8,319,879	—	—	25,604	8,632	15,787,762	9,850,436

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — Statement of Debt Financing

YEAR ENDED DECEMBER 31, 1980 — WITH COMPARATIVE FIGURES FOR 1979

	1980	1979
FINANCES ACQUIRED		
Gross proceeds from debt issues	\$152,705,000	89,232,953
Loan from Capital Repayment Equalization Fund	146	—
Accrued interest	68,750	—
	<u>152,773,896</u>	<u>89,232,953</u>
Principal repayments from Regional Districts	6,737,786	6,049,788
Transfers from Capital Repayment Equalization Fund — net	15,868,702	6,243,615
Transfers from Debt Reserve Fund	494,295	1,002,383
Bank loan	2,679,252	—
	<u>25,780,035</u>	<u>13,295,786</u>
Total finances acquired	<u>\$178,553,931</u>	<u>102,528,739</u>
FINANCES APPLIED		
Issue expenses	\$ 1,820,024	1,760,340
Advances to Regional Districts	149,429,209	86,573,876
Transfers to Debt Reserve Fund	1,524,663	898,737
	<u>152,773,896</u>	<u>89,232,953</u>
Bank loan	—	964,660
Debt maturities	24,543,742	9,018,067
Transfers to sinking funds — net	1,236,293	3,313,059
	<u>25,780,035</u>	<u>13,295,786</u>
Total finances applied	<u>\$178,553,931</u>	<u>102,528,739</u>

Notes to Financial Statements — All Funds

DECEMBER 31, 1980

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. Obligations of the Authority are not obligations of the Province and are not directly or indirectly guaranteed by the Province.

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 debt 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.

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1980

Organization of Municipal Finance Authority of British Columbia and significant accounting policies, continued:

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.

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 debt issues to which they relate.

LIABILITIES PAYABLE IN FOREIGN CURRENCIES

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

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1980

Organization of Municipal Finance Authority of British Columbia and significant accounting policies, continued:

A summary of significant accounting policies is as follows, continued:

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.

Debentures payable in U.S. dollars, purchased in anticipation of the scheduled annual redemptions for sinking fund purposes, are cancelled immediately in accordance with the terms of such issues.

2

Investments

Investments consist of securities of:

		1980	1979
		Par value	Book value
CAPITAL REPAYMENT EQUALIZATION FUND			
Government of Canada, direct or guaranteed	\$ 5,810,000	5,684,738	3,734,432
Provincial governments, direct or guaranteed	1,300,000	1,287,440	2,266,953
Chartered banks, direct or guaranteed	7,233,450	7,108,796	5,788,000
Credit Unions in the Province	—	—	2,983,795
Municipalities in the Province	12,000	11,613	11,115
The Authority	3,949,146	3,949,146	4,103,000
	<u>\$ 18,304,596</u>	<u>18,041,733</u>	<u>18,887,295</u>
DEBT RESERVE FUND			
Government of Canada, direct or guaranteed	\$ 5,675,000	5,635,128	2,846,250
Provincial governments, direct or guaranteed	3,180,000	3,159,082	566,918
Chartered banks, direct or guaranteed	2,970,100	2,970,100	3,495,000
Credit Unions in the Province	730,000	734,234	2,087,921
	<u>\$ 12,555,100</u>	<u>12,498,544</u>	<u>8,996,089</u>

3

Loans to Regional Districts

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

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1980

Loans to Regional Districts, continued:

At the exchange rates prevailing at December 31, 1980, 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 each of the next five years are as follows:

	1980	1979
1980	\$ 17,108,665	
1981	20,808,658	17,800,365
1982	21,279,265	18,118,714
1983	22,732,233	19,398,444
1984	24,216,063	20,685,168
1985	25,037,726	
	<hr/> \$114,073,945	<hr/> 93,111,356

4**Deferred receivables
from Regional Districts**

In 1978, the Authority redeemed the 6% bond issue of Swiss francs 50,000,000 from the proceeds of a 3 1/4% 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 are credited to the Deferred receivables from Regional Districts account.

5**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. 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 1980, deficiencies of \$509,228 and \$541,385 (1979 — \$565,898 and \$1,096,142) in

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1980

Debt Reserve Fund, continued:

the amount of 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 are 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 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 each of the next five years are as follows (including the debt payable in European currencies at the exchange rates prevailing at December 31, 1980 and 1979):

	1980	1979
1980	\$	24,226,363(1)
1981	24,976,438(1)	25,002,474(1)
1982	37,706,987	34,396,024
1983	21,088,780	17,364,817
1984	22,887,319	18,699,356
1985	49,410,064	
	<hr/> \$156,069,588	<hr/> 119,689,034

(1) Includes contingent maturities in the amount of \$2,000,000 representing the purchase fund requirements under the terms of the 9 1/4% 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:

	1980	1979
United States dollars	\$296,278,000	217,471,000
Swiss francs	SFr 51,600,000	51,600,000
Deutsche marks	DM 9,900,000	10,725,000

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1980

Foreign currencies, continued:

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 denominated 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, 1980, the liability for such debt would have exceeded the recorded amount by \$321,000 (1979 — \$4,573,000).

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 in the open market in anticipation of the sinking fund requirements, the Authority has, to date, retired \$3,129,000 (1979 — \$248,000) 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:

	1980		1979
	Par Value	Book Value	Book Value
Securities of:			
Government of Canada, direct or guaranteed	\$ 803,000	796,809	1,886,940
Provincial governments, direct or guaranteed	463,000	458,147	457,977
Chartered banks, direct or guaranteed	1,078,500	1,020,791	863,264
Municipalities in the Province	8,000	7,373	7,078
The Authority	11,249,000	11,249,000	4,677,000
	<hr/> \$ 13,601,500	<hr/> 13,532,120	<hr/> 7,892,259
Cash		70,042	20,219
Accrued interest		194,780	116,987
Total assets		<hr/> 13,796,942	<hr/> 8,029,465
Accumulated actuarial requirements for retirement of the related debt		<hr/> 11,133,993	<hr/> 7,151,933
Surplus	\$ 2,662,949		<hr/> 877,532

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1980

9**Capital Repayment
Equalization Fund
— surplus**

The surplus relates directly to specific debt 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.

10

Comparative figures

Certain 1979 figures have been reclassified for comparative purposes.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — Schedule of Long-Term Debt

DECEMBER 31, 1980 — WITH COMPARATIVE FIGURES FOR 1979

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, 1981-1996	7.750	Canadian	1,258,700
3	1972	March 1, 1981-1982	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, 1981-1992	6.750	West German	4,617,800
5	1978	November 15, 1987	3.250	Swiss	37,188,120
6	1973	June 1, 1981-1983	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, 1981	9.250	Canadian	15,000,000
11	1974	September 3, 1981-1984	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, 1981-1984	9.420	Canadian	40,341
14	1975	April 1, 1981-1985	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, 1981-1982	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

Outstanding	December 31, 1980		December 31, 1979		References
	Sinking funds	Long-term debt, net	Long-term debt, net		
15,218,000	99,711	15,118,289	15,932,164	(1)	
960,000	—	960,000	1,004,000		
454,000	—	454,000	658,000		
1,675,000	—	1,675,000	1,675,000	(2)	
2,575,000	—	2,575,000	2,575,000	(2)	
3,047,748	—	3,047,748	3,301,727	(3)	
37,188,120	—	37,188,120	37,188,120	(4)	
1,545,000	—	1,545,000	1,987,000	(5)	
8,727,000	—	8,727,000	8,727,000	(5)	
887,000	—	887,000	887,000	(5)	
6,462,000	1,683,575	4,778,425	5,127,815	(5) (6)	
—	—	—	806,000		
1,764,000	—	1,764,000	1,764,000		
6,800,000	1,733,241	5,066,759	5,429,990	(6)	
7,500,000	—	7,500,000	15,000,000	(7)	
1,600,000	—	1,600,000	2,000,000	(5)	
5,000,000	—	5,000,000	5,000,000	(5)	
28,355,000	11,037	28,343,963	30,821,186	(8)	
21,970	—	21,970	26,334	(5)	
327,300	—	327,300	376,700	(5)	
20,400,000	—	20,400,000	22,400,000	(9)	
—	—	—	550,000	(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)	
31,844,000	30,740	31,813,260	33,093,131	(11)	
44,781,000	25,620	44,755,380	48,592,505	(12)	
43,202,000	—	43,202,000	45,386,000	(13)	
10,000,000	—	10,000,000	10,000,000	(1)	
25,000,000	—	25,000,000	25,000,000	(14)	
20,000,000	2,207,329	17,792,671	18,625,926	(5) (6)	
365,000	—	365,000	526,000	(5)	
1,227,000	—	1,227,000	1,227,000	(5)	
961,000	—	961,000	961,000	(5)	
33,500,000	4,010,430	29,489,570	31,283,278	(5) (6)	
7,000,000	565,602	6,434,398	6,670,480	(5) (6)	
377,137,138	10,367,285	366,769,853	393,352,356		

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Schedule of Long-Term Debt / continued

DECEMBER 31, 1980 — WITH COMPARATIVE FIGURES FOR 1979

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, 1981-1983	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
27	1980	June 2, 1981-1986	11.375	Canadian	62,705,000
28	1980	December 1, 2005	13.750	United States	90,000,000
					\$750,924,040
				Canadian	\$381,018,120
				United States	328,100,000
				Swiss	37,188,120
				West German	4,617,800
					\$750,924,040

Schedule

Outstanding	December 31, 1980		December 31, 1979		References
	Sinking funds	Long-term debt, net	Long-term debt, net		
377,137,138	10,367,285	366,769,853	393,352,356		
28,251,000	—	28,251,000	28,832,000	(1)	
4,627,000	—	4,627,000	4,685,000	(1)	
490,000	—	490,000	626,000	(5)	
1,150,000	—	1,150,000	1,150,000	(5)	
890,000	—	890,000	890,000	(5)	
30,000,000	2,415,617	27,584,383	29,004,285	(5) (6)	
6,735,000	537,855	6,197,145	6,527,969	(5) (6)	
3,265,000	172,042	3,092,958	3,191,806	(5) (6)	
24,000,000	—	24,000,000	24,000,000	(15)	
53,300,000	—	53,300,000	54,100,000	(16)	
11,132,953	304,143	10,828,810	11,132,953	(6) (17)	
62,705,000	—	62,705,000	—	(18)	
90,000,000	—	90,000,000	—	(19)	
693,683,091	13,796,942	679,886,149	557,492,369		
357,169,223					
296,278,000					
37,188,120					
3,047,748					
693,683,091					

Debt Fund — References to Schedule of Long-Term Debt

DECEMBER 31, 1980

- 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 on October 1, 1981 and annually thereafter at 104% reducing to 100.25% in 1991. Callable annually, also, at 102% in 1981 reducing to 100% in 1991, upon the imposition of withholding taxes.
- 4 Callable at 100% 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 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% on or after May 15, 1980.
- 8 Non-callable prior to January 15, 1990 except for sinking fund purposes. Callable on January 15, 1990 and thereafter at any time at 103.50% reducing to 100% on or after January 16, 1999.
- 9 Callable (minimum \$1,000,000 or an integral multiple thereof) at 100.75% during the year beginning June 30, 1980 and at 100% thereafter. The Authority is obliged to purchase notes during the six months beginning January 1, 1981 in the aggregate principal amount of \$2,000,000 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% on or after November 2, 1998.
- 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% on or after May 2, 1999.
- 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% on or after October 16, 1999.

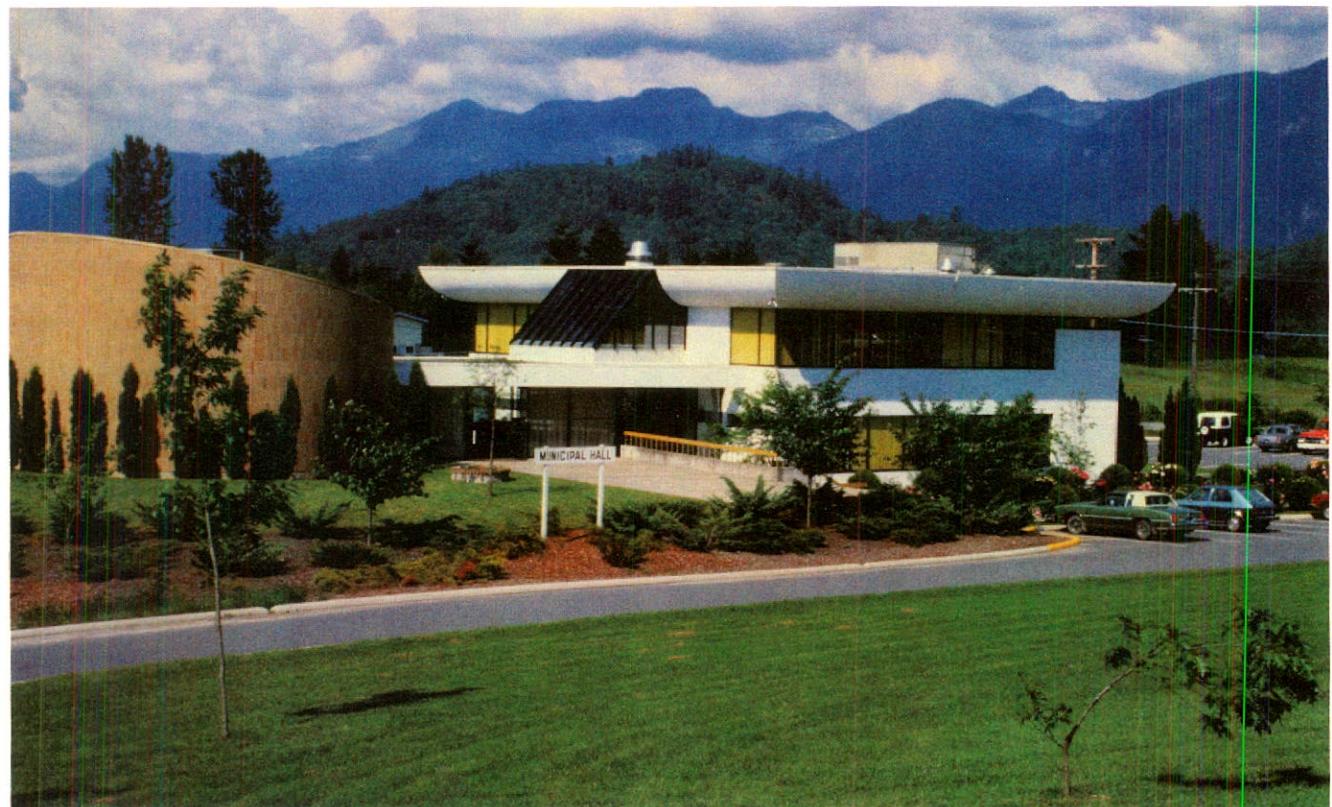
Debt Fund — References to Schedule of Long-Term Debt / continued

DECEMBER 31, 1980

- 14 Redeemable at holder's option on June 1 of 1985, 1988, 1991 or 1994. Callable, upon the imposition of withholding taxes, at 101.50% reducing to 100.25% over the remainder of the term to maturity.
- 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 100.50% thereafter. Callable also, at any time, upon the imposition of withholding taxes, at 101% if called on or before May 15, 1994 and at 100.50% 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%.
- 18 Callable at 103.50% reducing to 101.75% on June 2 in each of the years 1983 to 1985.
- 19 Non-callable prior to December 1, 1995 except for sinking fund purposes. Callable on December 1, 1995 and thereafter at any time at 105.02% reducing to 100% on or after December 1, 2004.



Fire Hall, Village of 100 Mile House



Municipal Hall, District of Mission



Clayton Falls, near Bella Coola *Courtesy B.C. Government*

Ten Year Review — Combined Funds

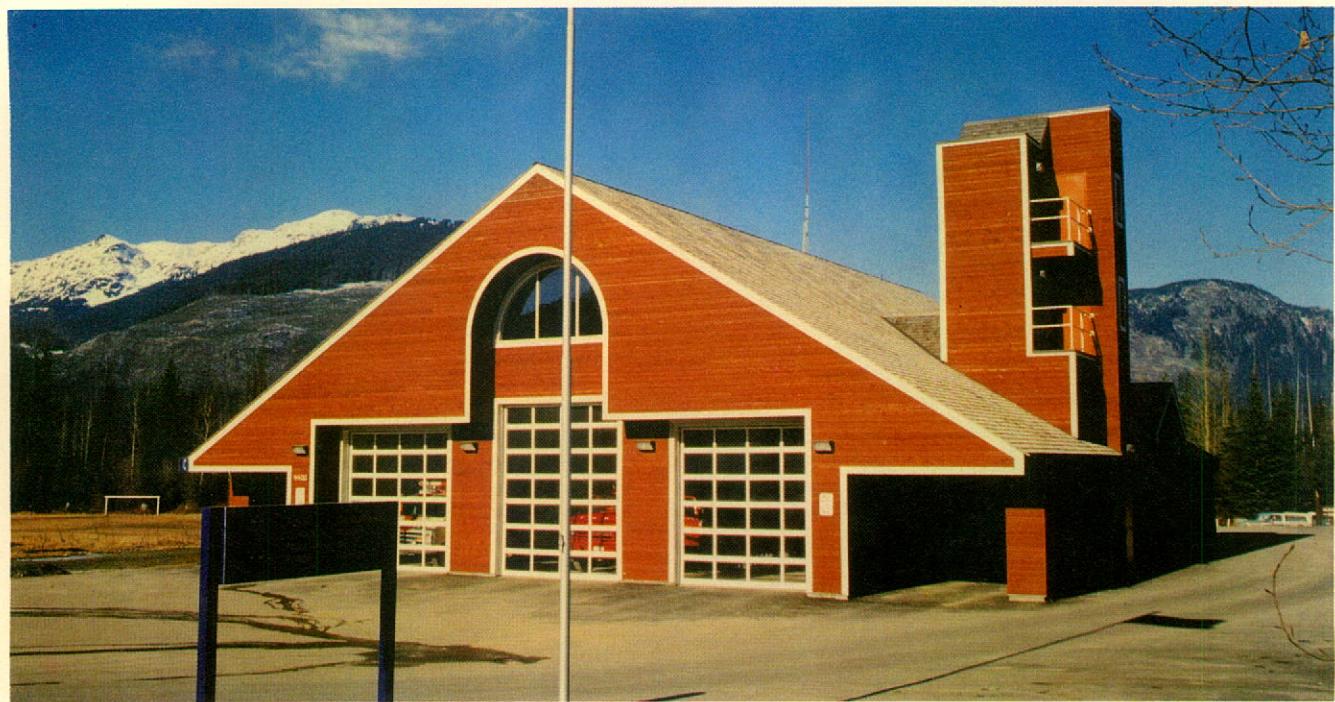
THOUSANDS OF DOLLARS

	1980	1979	1978	1977
ASSETS				
Cash	633	383	201	175
Receivables	589	662	1,862	368
Investments	30,540	27,883	18,993	16,235
Demand notes receivable from Regional Districts	37,374	27,686	22,467	18,493
Loans to Regional Districts	659,338	524,094	450,270	385,900
Deferred receivables from Regional Districts	21,787	22,167	23,055	—
Unamortized issue costs	1,612	1,714	1,464	1,379
Total assets	751,873	604,589	518,312	422,550
LIABILITIES AND SURPLUS				
Accounts payable and unpresented matured debt	473	212	94	111
Due to bank	2,684	—	972	—
Due to sinking and other funds	2,831	—	—	—
Reserves for furniture and fixtures acquisition and data processing implementation	25	78	44	25
Due to Regional Districts	50,186	36,957	29,945	25,431
Long-term debt, net	679,886	557,492	481,337	391,971
Total liabilities	736,085	594,739	512,392	417,538
Surplus	15,788	9,850	5,920	5,012
Total liabilities and surplus	751,873	604,589	518,312	422,550
REVENUE				
Prior year's surplus appropriated	8,329	5,164	4,637	2,596
Operating levy	270	225	205	210
Recoveries from new issues	48	39	36	—
Gain on purchase of own debentures	2,921	503	244	7
Interest from investments	3,989	2,766	1,880	1,340
Interest from loans to Regional Districts	56,434	44,360	37,975	30,683
Recovery of deficiencies from Regional Districts	1,662	1,666	664	295
Allocations from Regional Districts	—	—	115	—
Other	—	—	—	—
Total revenue	73,653	54,723	45,756	35,131
EXPENDITURE				
Legislative	48	43	40	36
Administrative	240	228	205	179
Interest on long-term debt	56,050	42,807	38,675	29,543
Exchange loss	130	269	211	80
Amortization of issue and redemption costs	342	328	1,071	236
Allocations to Regional Districts	2,512	1,909	—	236
Other	65	45	10	41
Total expenditure	59,387	45,629	40,212	30,351
Excess of revenue over expenditure for the year	14,266	9,094	5,544	4,780
Surplus at beginning of the year not appropriated to current revenue	1,522	756	376	232
Surplus at end of the year	15,788	9,850	5,920	5,012

1976	1975	1974	1973	1972	1971
178	269	139	75	202	16
811	3,661	122	38	69	22
11,112	8,086	4,504	2,874	2,331	1,098
13,760	8,670	2,824	527	—	—
306,795	199,836	95,377	56,157	44,474	21,259
—	—	—	—	—	—
1,039	1,252	488	—	—	—
333,695	221,774	103,454	59,671	47,076	22,395
77	113	88	44	191	24
—	—	—	—	—	—
—	—	—	—	—	—
12	13	13	13	—	—
19,605	16,384	5,894	3,004	2,390	1,095
311,173	203,034	96,653	56,550	44,474	21,259
330,867	219,544	102,648	59,611	47,055	22,378
2,828	2,230	806	60	21	17
333,695	221,774	103,454	59,671	47,076	22,395
2,120	759	60	21	17	80
182	174	162	116	105	64
—	—	—	—	—	—
37	27	47	—	—	—
973	557	354	177	87	17
21,300	11,268	6,036	4,008	2,001	—
232	79	—	—	—	—
—	—	—	18	—	—
—	—	—	—	—	3
24,844	12,864	6,659	4,340	2,210	164
29	26	21	20	17	22
167	118	89	97	80	69
21,208	10,142	5,433	4,054	2,001	—
72	33	33	58	—	—
213	148	52	—	—	—
425	198	208	—	78	18
12	16	17	51	13	38
22,126	10,681	5,853	4,280	2,189	147
2,718	2,183	806	60	21	17
110	47	—	—	—	—
2,828	2,230	806	60	21	17



Chilcotin River, Cariboo Region *Courtesy B.C. Government*



Public Safety Building, Resort Municipality of Whistler



Public Safety Building, District of Richmond

